

ECONOMIC DEVELOPMENT DEPARTMENT

CITY OF SACRAMENTO

February 1, 2005

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: AMENDMENT TO THE SACRAMENTO REGIONAL COUNTY SANITATION DISTRICT ECONOMIC DEVELOPMENT TREATMENT CAPACITY BANK SEWER CREDIT GUIDELINESS

LOCATION AND COUNCIL DISTRICT: Citywide

RECOMMENDATION:

It is recommended that City Council:

- a) Approve the resolution amending the guidelines and criteria (Exhibit A) for the City's Economic Development Treatment Capacity Bank Sewer Credit Program.
- b) Approve the resolution awarding Sacramento Regional County Sanitation District (SRCSD) connection fee credits to the described businesses known as Homewood Suites, Hampton Inn and Holiday Inn Express.

CONTACT PERSONS: Micah Runner, Sr. Project Manager, 808-5448
Wendy S. Saunders, Economic Development Director, 808-8196

FOR COUNCIL MEETING OF: February 8, 2005

SUMMARY:

The City of Sacramento's Economic Development Department recommends approval of the attached resolution amending the guidelines and criteria for awarding Economic Development Treatment Capacity Bank sewer credits. The recommended changes to the guidelines clarify the targeted infill areas where we want to encourage business development and also emphasize the importance of local owned and operated businesses.

The second recommendation approves a resolution to award SRCSD sewer credits to the businesses known as Homewood Suites, Hampton Inn and Holiday Inn Express on Advantage Way. These candidates for sewer credits meet currently approved criteria for the granting of sewer credits by the creation of new employment of 20 jobs or more.

Building on Our History ~ Creating The Place to Be.

BACKGROUND INFORMATION:

On March 20, 2001, City Council authorized the City Manager to sign a Memorandum of Understanding (MOU) to initiate City participation in the Sacramento Regional County Sanitation District economic connection fee credits for award by the City. The MOU allocated a total of 7,971 Regional Sanitation sewer credits to the City of Sacramento for award by the City to qualifying development projects.

Approval of the MOU followed prior action by the City Council to approve Resolution No. 2000-539 on September 12, 2000, which established the original guidelines and criteria by which credits would be granted. The guidelines and criteria have been amended by City Council approval on two separate occasions and the currently approved guidelines can be seen in the comparison of the current and proposed guidelines in Exhibit A.

The proposed revisions and rational to the program guidelines are summarized as follows:

1. **The geographic criteria in Section A will be changed to the City Council designated infill area** (see Attachment 1 to Resolution, page 12). There was some confusion over the exact areas that qualified for the geographic incentive areas so the use of a mapped area will further define that area.
2. **The job creation number will be increased from 20 to 35 employees.** Staff has observed that some applicants being awarded credits in the new growth area would clearly locate in this area regardless of the incentive. This adjustment will help save the credits for more appropriate projects where incentives are required to stimulate development.
3. **Language was added to allow locally owned and operated businesses that don't meet the geographic criteria to be approved under Section B.** The intent of the Economic Development Treatment Capacity Bank program was to provide an incentive for small businesses. It is important to help those local small businesses compete with the larger chains even in the non-infill areas of the City. This added language will give locally owned and operated small businesses the ability to obtain credits even in non-infill areas.
4. **Projects that use less than 15 sewer credits can be approved at staff level with all projects using 15 or more credits obtaining City Council approval.** Many of the applicants for the sewer credit program are very small and bringing each one forward for City Council approval can be time consuming and costly for the applicant. This would allow staff to be more responsive to the needs of the business community.

Exhibit A compares the current guidelines to the proposed guidelines and provides a detail of the exact changes.

From the original 6,775 allotment, the City has awarded 730 credits to 56 different applicants' credits for economic development. Provided in Exhibit B is a list of the businesses that have received credits via the sewer credit program since its inception.

At this time we are recommending sewer credit awards of 161.5 to Homewood Suites, Hampton Inn and Holiday Inn Express. Although these businesses do not comply with the

recommended amendment to the guidelines, they did comply with the guidelines that existed when they made application. In the spirit of predictability and fairness, staff recommends their approval. These approvals will leave a total of 5,883.5 sewer credits for future award by the City to support economic development projects.

FINANCIAL CONSIDERATIONS:

Approval of the resolution imposes no additional expense upon the City beyond the minimal administrative costs associated with processing the approved credits.

ENVIRONMENTAL CONSIDERATIONS:

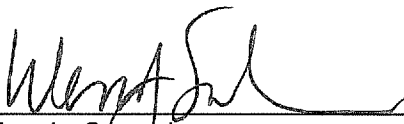
All applicants for credits are subject to the environmental review process as part of the approval of their development application.

POLICY CONSIDERATIONS:

The City of Sacramento supports the development and success of new and existing businesses of all sizes within the City of Sacramento. The Economic Development Bank Treatment Capacity Program assists in providing an additional incentive for investing in targeted Neighborhood Commercial Corridors, Redevelopment Areas and locally owned and operated businesses. This program fits in with the City's strategic plan of promoting and supporting economic vitality.

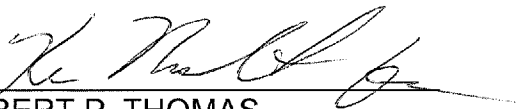
ESBD CONSIDERATIONS: None.

Respectfully submitted:



Wendy Saunders
Economic Development Director

RECOMMENDATION APPROVED:



ROBERT P. THOMAS
City Manager

Table of Contents

- Exhibit A – Comparison of current Guidelines to Proposed, pg 4-5
- Exhibit B – Summary of Sewer Credit Activity, pg 6-9
- Resolution approving amended guidelines, pg 10-12
- Resolution approving award of sewer credits, pg 13-14

**SACRAMENTO REGIONAL COUNTY SANITATION DISTRICT ECONOMIC
DEVELOPMENT TREATMENT CAPACITY BANK SEWER CREDITS
PROGRAM GUIDELINES**

~~A. A prospective project must meet at least one of the following criteria:~~

- ~~1. Project is located in redevelopment, CDBG and/or infill development areas.~~
- ~~2. Project is located in neighborhood commercial corridors identified in the adopted City Economic Development Strategy.~~
- ~~3. Project is located at a targeted key development opportunity site identified in the adopted City Economic Development Strategy.~~

And

~~The prospective project must create additional, new employment aside from the employment of the project applicant (s).~~

- A. If the project is located in a City Council designated infill area the prospective project must create one additional Full-time job, new employment aside from the employment of the project applicant (s). (See attached infill map)**
- B. In the event the prospective project is not located as described in the criteria outlined above, a prospective project ~~may~~ **will** be considered if it meets at least one of the following ~~two~~ **three** conditions:
1. It is a high job creation project. The project must create a minimum of 20 new jobs **35 new full-time jobs.**
 2. **It is a locally owned and operated business and creates at minimum 3 new full-time jobs.**
 3. It is a "catalyst project." In order to be awarded credits, the City Council must find that the proposed project is a "catalyst project," i.e. a project that furthers economic development activity consistent with the adopted Economic Development Strategy.
- C. Projects falling under any of the following criteria may be disqualified from receiving credits from the Economic Development Treatment Capacity Bank:

1. Projects where the applicant is changing locations within the City of Sacramento without creating any new job opportunities.
2. Projects that will be owned and/or operated by a jurisdiction that is a member of the Economic Development Treatment Capacity Bank.
3. Projects that are relocating from a neighboring jurisdiction that is a member of the Economic Development Treatment Capacity Bank
4. Projects that add more undesirable uses to an already saturated area (Undesirable uses defined in an Urban Master Plan, Streetscape plan or Special Planning District).
5. The project is part of a franchise operation or conglomeration of company-owned stores.

D. Any project that falls into the above criteria and uses less than 15 credits can be approved at staff level. All projects using more than 15 credits will be approved by the City Council.

CITY OF SACRAMENTO
ECONOMIC DEVELOPMENT DEPARTMENT

Exhibit B

REGIONAL SANITATION DISTRICT SEWER FEE CREDIT LOG

Updated: 1/28/2005

Business Name	Business Address	Council Date	Council District	Status	No. of Emp.	Credits Awarded	Credits Balance
							6775
Celestin's Restaurant	1815 K Street	5/1/2001	3	Approved Res. #2001-256	12	17.87	6757.13
Selland's Market Café	5340 H Street	5/1/2001	3	Approved Res. #2001-257	20	6.87	6750.26
Embassy Suites Hotel	100 Capitol Mall	5/15/2001	1	Approved Res. #2001-294	150	11.60	6738.66
Landry's Restaurant	Waterfornt Site A	5/15/2001	1	Approved Res. #2001-295	60	55.83	6682.83
Jag's India Restaurant	2416 18th Street	7/3/2001	4	Approved Res. #2001-486	5	5.25	6677.58
Carneceria 2000 Restaurant	5637 Mack Road	7/31/2001	8	Approved Res. #2001-530	7	4.04	6673.54
Lee's Legacy Café	1910 Frutiridge Rd	8/14/2001	4	Approved Res. #2001-562	5	5.70	6667.84
Nishiki Sushi	1501 16th Street #111	8/21/2001	3	Approved Res. #2001-574	30	13.64	6654.2
Zen Toro Sushi Expansion	900 15th Street	9/4/2001	1	Approved Res. #2001-603	5	5.48	6648.72
Candy Express @ Macy's	414 K Street	10/16/2001	1	Approved Res. #2001-682	12	8.79	6639.93
The Naked Lounge Coffee Shop	1500 Q Street	10/23/2001	4	Approved Res. #2001-709	7	5.06	6634.87
Deboo's Indian Cuisine	1518 West El Camino Ave.	11/27/2001	1	Approved Res. #2001-799	4	4.39	6630.48
Embassy Suites Hotel	100 Capitol Mall	1/15/2002	1	Approved Res. #2002-016	0	15.60	6614.88
Woodruff Hotel/Guild Theatre	3456/3428/3418 3rd Avenue	1/22/2002	5	Approved Res. #2002-028	67	14.00	6600.88
Gim Lea Sang Restaurant	918 S Street	2/5/2002	4	Approved Res. #2002-061	3	5.72	6595.16
Milgard Window	6050 88th Street	2/5/2002	6	Approved Res. #2002-060	100	68.26	6526.9
Frank's Quality Meats	6580 Belleau Wood Lane	4/25/2002	4	Approved Res. #2002-212	8	2.40	6524.5

6

Business Name	Business Address	Council Date	Council District	Status	No. of Emp.	Credits Awarded	Credits Balance
							6775
Hot Rods Burgers	2007 K Street	4/25/2002	3	Approved Res. #2002-213	15	1.65	6522.85
Togo's/Baskin & Robbins	1441 Meadowview Rd. #114	5/14/2002	8	Approved Res. #2002-269	20	3.58	6519.27
Lucca Restaurant	1615 J Street	6/11/2002	3	Approved Res. #2002-358	85	9.00	6510.27
New Blends, Inc.	1031 Arden Way	6/11/2002	2	Approved Res. #2002-357	50	21.19	6489.08
Inderkum's	Arena Blvd & Truxel Rd., NW	6/25/2002	1	Approved Res. #2002-418	15	4.50	6484.58
Superior Auto	E. Stockton Blvd	8/13/2002	8	Approved Res. #2002-549	11	1.00	6483.58
Baja Fresh Mexican Grill	2600 Gateway Oaks Drive, Suite 100	9/3/2002	1	Approved Res. #2002-586	24	5.40	6478.18
Starbucks	2620 Gateway Oaks Drive, Suite 200	9/3/2002	1	Approved Res. #2002-585	10	2.79	6475.39
Togo's Baskin Robbins	2620 Gateway Oaks Drive	9/3/2002	1	Approved Res. #2002-584	25	3.87	6471.52
Del Paso Pipe & Steel, Inc.	5519 Raley Blvd.	9/24/2002	2	Approved Res. #2002-638	10	14.85	6456.67
The Arnold Brothers Building	1801 Capitol Avenue	12/3/2002	3	Approved Res. #2002-789	100	19.02	6437.65
KBAR	1200 K Street, #9	1/23/2003	1	Approved Res. #2003-018	15	1.50	6436.15
Venture Oaks Hotel, L.L.C.	Venture Oaks Way	2/4/2003	1	Approved Res. #2003-050	30	39.00	6397.15
Maria's Tacos	6367 Power Inn Road	3/4/2003	6	Approved Res. #2003-094	15	4.68	6392.47
Natomas Surgery Center	616 Northfield Drive	3/4/2003	1	Approved Res. #2003-093	14	2.34	6390.13
Fulcrum Capital	1530 "J" Street	4/29/2003	1	Approved Res. #2003-230	0	1.05	6389.08
Mikuni's Midtown	1530 J Street, Suite 150	4/29/2003	1	Approved Res. #2003-229	75	12.96	6376.12
Jamba Juice - Gateway Oaks Dr	2600 Gateway Oaks Drive, Suite 300	6/3/2003	1	Approved Res. #2003-340	30	2.66	6373.46
Oshima Sushi	2071 Natomas Crossing Drive, #200	8/26/2003	1	Approved Res. #2003-597	30	7.74	6365.72

Business Name	Business Address	Council Date	Council District	Status	No. of Emp.	Credits Awarded	Credits Balance
							6775
Perfection Bakery Building	1720 - 15th Street	8/26/2003	3	Approved Res. #2003-598	0	1.59	6364.13
Fresh Cleaners	4261 Truxel Blvd., #100	9/3/2003	1	Approved Res. #2003-606	10	2.56	6361.57
Brew It Up!	801 - 14th street	9/9/2003	1	Approved Res. #2003-715	50	11.00	6350.57
The Cheesecake Factory	1765 Arden Way	9/9/2003	3	Approved Res. #2003-624	200	19.00	6331.57
The Melting Pot	814 - 15th Street	9/9/2003	1	Approved Res. #2003-623	30	11.20	6320.37
Pyramid Alehouse	1029 K Street	9/23/2003	1	Approved Res. #2003-654	115	7.21	6313.16
Q-Cup	5635 Freeport Blvd, Suite 4	10/9/2003	5	Approved Res. #2003-698	15	2.16	6311
Campus Plaza Associates	3801 West Pacific Avenue	11/13/2003	5	Approved Res. #2003-785	5	1.00	6310
Freeport Annexation	Hwy 160 / Freeport Blvd	11/13/2003	7	Pending	0	121.90	6188.1
Sub Express	4301 Truxel Blvd	11/13/2003	1	Approved Res. #2003-784	8	1.77	6186.33
Cheesecake Factory	1765 Arden Way	12/9/2003	3	Approved Res. #2003-861	200	4.00	6182.33
Marriott Residence Inn	1501 "L" Street	12/16/2003	1	Approved Res. #2003-877	45	96.24	6086.09
Subway Sandwiches	8765 Center Parkway	12/16/2003	8	Approved Res. #2003-876	9	1.98	6084.11
Tony's Food Finds	800 "H" Street, Suite 10L	12/16/2003	1	Approved Res. #2003-878	6	4.59	6079.52
Bountiful Deli	1301 "I" Street, Suite 100	1/13/2004	1	Approved Res. #2004-017	6	2.06	6077.462
Long Sandwich Deli & Bakery	6434 Stockton Blvd.	1/27/2004	6	Approved	12	4.09	6073.372
Studio Café	6730 Folsom Boulevard	3/16/2004	3	Approved	3	2.61	6070.762
Wok in the Park	1427 L Street	5/4/2004	1	approved	80	17.31	6053.452
La Pizza Cocina	2600 Gateway Oaks	10/12/2004	1	Pending	20	2.54	6050.912
Trinity Cyber Café	1030 Florin Road	10/12/2004	7	Pending	20	2.88	6048.032

Business Name	Business Address	Council Date	Council District	Status	No. of Emp.	Credits Awarded	Credits Balance
							6775
Tupelo Coffee House	5700 Elvas	10/12/2004	3	Pending	15	3.03	6045.002
Hampton Inn	3021 Advantage Way	10/26/2004	1	Pending	25	55.54	5989.462
Holiday Inn Express	2981 Advantage Way	10/26/2004	1	Pending	25	55.96	5933.502
Homewood Suites	3001 Advantage Way	2/8/2005	1	Pending	25	50.00	5883.502
					1993	891.50	

RESOLUTION NO. ____

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON THE DATE OF _____

RESOLUTION AMENDING THE CITY OF SACRAMENTO'S CRITERIA AND GUIDELINES FOR ALLOCATING SACRAMENTO COUNTY REGIONAL SANITATION DISTRICT ECONOMIC DEVELOPMENT TREATMENT CAPACITY BANK CREDITS FOR ECONOMIC DEVELOPMENT PURPOSES

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO THAT:

WHEREAS, on March 20, 2001, City Council authorized the City Manager to sign a Memorandum Of Understanding (MOU) to initiate City participation in the Sacramento Regional County Sanitation District Economic Development Treatment Capacity Bank (CC2001-177).

WHEREAS, the City of Sacramento's Economic Development Department has had another year by which to monitor and review the Economic Development Bank program and recommends the program guidelines be amended to the following:

SACRAMENTO REGIONAL COUNTY SANITATION DISTRICT ECONOMIC DEVELOPMENT TREATMENT CAPACITY BANK SEWER CREDITS PROGRAM GUIDELINES

- A. If the project is located in a City Council designated infill area the prospective project must create one additional Full-time job, new employment aside from the employment of the project applicant (s). (See attached infill map)
- B. In the event the prospective project is located outside the designated infill area, a prospective project will be considered if it meets at least one of the following three conditions:
 - 1. It is a high job creation project. The project must create a minimum of 35 new full-time jobs.
 - 2. It is a locally owned and operated business and creates at minimum 3 new full-time jobs.
 - 3. It is a "catalyst project." In order to be awarded credits, the City Council must find that the proposed project is a "catalyst project," i.e. a project that furthers

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RESOLUTION NO.: _____

DATE ADOPTED: _____

economic development activity consistent with the adopted Economic Development Strategy.

C. Projects falling under any of the following criteria may be disqualified from receiving credits from the Economic Development Treatment Capacity Bank:

1. Projects where the applicant is changing locations within the City of Sacramento without creating any new job opportunities.
2. Projects that will be owned and/or operated by a jurisdiction that is a member of the Economic Development Treatment Capacity Bank.
3. Projects that are relocating from a neighboring jurisdiction that is a member of the Economic Development Treatment Capacity Bank
4. Projects that add more undesirable uses to an already saturated area (Undesirable uses defined in an Urban Master Plan, Streetscape plan or Special Planning District).
5. The project is part of a franchise operation or conglomeration of company-owned stores.

D. Any project that falls into the above criteria and uses less than 15 credits can be approved at staff level. All projects using more than 15 credits will be approved by the City Council.

Approved: February 8, 2005

MAYOR

ATTEST:

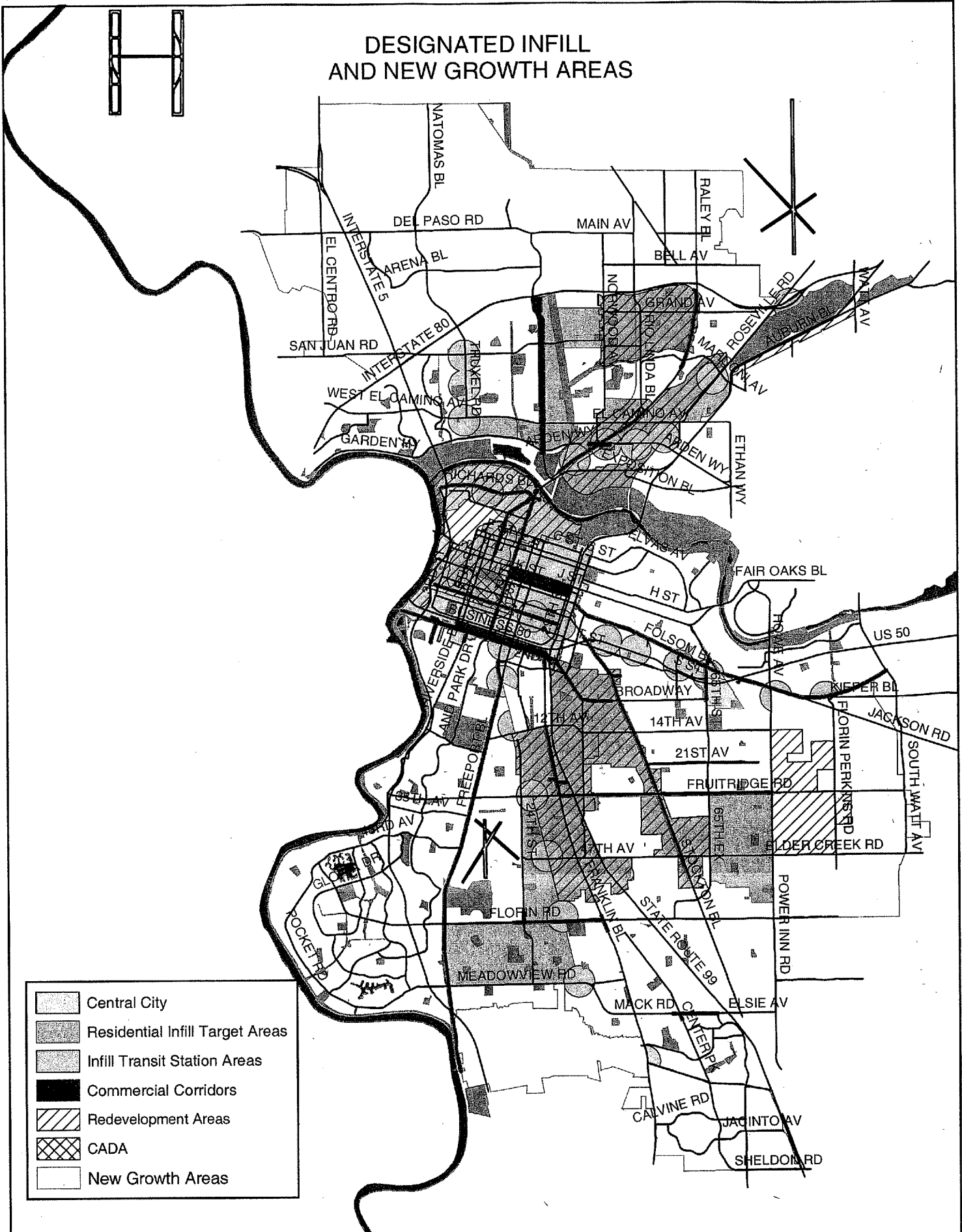
CITY CLERK

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RESOLUTION NO.: _____

DATE ADOPTED: _____

DESIGNATED INFILL AND NEW GROWTH AREAS



RESOLUTION NO. ____

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON THE DATE OF _____

**A RESOLUTION AWARDED ECONOMIC
DEVELOPMENT TREATMENT CAPACITY BANK
CONNECTION FEE CREDITS BY SACRAMENTO
REGIONAL COUNTY SANITATION DISTRICT (SRCSD)
FOR HOMEWOOD SUITES, HAMPTON INN AND
HOLIDAY INN EXPRESS.**

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO THAT:

WHEREAS, on March 20, 2001, City Council authorized the City Manager to sign a Memorandum Of Understanding (MOU) to initiate City participation in the Sacramento Regional County Sanitation District Economic Development Treatment Capacity Bank (CC2001-177);

WHEREAS, eighty five percent (85%), or 6,775 of the total 7,971ESD's (Equivalent Single-family Dwelling units) made available to the City of Sacramento under the MOU are allocated for economic development projects, the award of which must be approved by City Council resolution;

WHEREAS, Homewood Suites, Hampton Inn and Holiday Inn Express are located on Advantage Way in Sacramento and each project meets City economic development objectives by the creation of new employment of 20 or more new jobs.

NOW THEREFORE, be it resolved by the City Council of the City of Sacramento, as follows:

1. City Council hereby awards a maximum of 161.5 ESD credits from the Sacramento Regional County Sanitation District Economic Development Treatment Capacity Bank to Homewood Suites, Hampton Inn and Holiday Inn Express are located on Advantage Way in Sacramento).
2. Any and all credits awarded herein to each individual recipient shall expire if said individual recipient has not paid its requisite sewer impact fee to SRCSD within one-year from the date of approval of this resolution.

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RESOLUTION NO.: _____

DATE ADOPTED: _____

3. Any and all credits awarded herein to each individual recipient will expire if said individual recipient has not been issued a building permit for its respective above referenced development project within one year after the City Council has awarded use of the aforementioned sewer credits.

4. Award herein of 161.5 sewer credits will leave a total of 5,883.5 sewer credits for future award by the City to support economic development projects.

MAYOR

ATTEST:

CITY CLERK

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DATE ADOPTED: _____

14