



**Sacramento
Housing &
Redevelopment
Agency**

**REPORT TO REDEVELOPMENT AGENCY AND CITY COUNCIL
OF THE CITY OF SACRAMENTO**

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www.CityofSacramento.org

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STAFF REPORT
August 22, 2006

Honorable Mayor and Members of the City Council and Redevelopment Agency of the City of Sacramento

Title: Northern Sacramento Enterprise Zone Application

Location/Council District: Districts: 1, 2, 3
Redevelopment Areas: Auburn Boulevard, Del Paso Heights, North Sacramento, Richards Boulevard

Recommendation: **1) Adopt a City Resolution** authorizing the Executive Director of the Sacramento Housing and Redevelopment Agency ("Agency") to a) submit an application to the California Department of Housing and Community Development (HCD) for designation of a new Enterprise Zone; b) execute the Memorandum of Understanding and other documents necessary for the implementation of the Enterprise Zone; and c) budget for and provide staffing necessary to maintain the Enterprise Zone program; and **2) adopt a Redevelopment Agency Resolution** authorizing the Executive Director of the Sacramento Housing and Redevelopment Agency ("Agency") to a) submit an application to the California Department of Housing and Community Development (HCD) for designation of a new Enterprise Zone; b) execute the Memorandum of Understanding and other documents necessary for the implementation of the Enterprise Zone; and c) budget for and provide staffing necessary to maintain the Enterprise Zone program.

Contact: Christine Weichert, Assistant Director, Community Development, 440-1353
Brad Satterwhite, Development Services Analyst, Community Development, 440-1399 x 1291

Presenters: Christine Weichert, Assistant Director, Community Development

Department: Sacramento Housing and Redevelopment Agency

Division: Community Development

Issue: The Northgate/Norwood Enterprise Zone is one of 23 zones expiring across the State in 2007. Staff recommends applying to the California Department of Housing and Community Development (HCD) for a new Enterprise Zone designation with expanded boundaries. Currently, the Agency administers, on behalf of the City and County, three Enterprise Zones. These zones help the City and the County attract businesses by

Enterprise Zone Application for Designation

lowering their tax burden. In the last five years 221 employers took advantage of the program to hire 2,600 new employees.

The core of the application is an economic development plan to provide quality employment opportunities for targeted individuals, increase per capita income, reduce unemployment, and encourage economic investment in distressed commercial and industrial areas. In addition, with the application comes a unique opportunity to modify the boundaries. Staff is recommending expanding the boundaries as shown in Attachment A.

Policy Considerations: The proposed action is consistent with the City's Economic Development Strategy and the General Plan which calls for the strengthening and diversifying of the City's economy. In addition, this action will promote strategic development of vacant, underutilized, and infill land, especially along transportation and commercial corridors and create and maintain a broad range of jobs that are accessible to all residents. Finally, this action contains a strong workforce development component, focuses investment and revitalization in distressed areas, and provides incentives to draw clean energy industries to Sacramento.

Committee/Commission Actions: The Del Paso Heights, North Sacramento, and Alkali Flat Redevelopment Advisory Committees were informed of the expiration of the existing Northgate/Norwood Enterprise Zone and also the application for designation of a new Enterprise Zone.

At its meeting on August 2, 2006, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolution. The votes were as follows:

AYES: Burns, Burruss, Coriano, Fowler, Gore, Hoag, Piatkowski, Shah, Stivers.

NOES: Simon.

ABSENT: None.

Commissioner Simon expressed concerns regarding the inclusion of the Richards Boulevard Redevelopment Plan within the proposed new Enterprise Zone boundaries.

Environmental Considerations: This action is in furtherance of the creation of a government funding mechanism, which does not involve any commitment to any specific project that may result in a significant impact on the environment; and therefore, pursuant to CEQA Guidelines Section 15378(b)(4) does not constitute a project. In any event, an Initial Study and Notice of Preparation will be prepared as part of the conditional designation application process and we will proceed to prepare an EIR if the application is approved. The Enterprise Zone, the boundaries affiliated with this action, and any actions taken pursuant to adoption of the Enterprise Zone will be reviewed to ensure compliance with CEQA.

Enterprise Zone Application for Designation

Rationale for Recommendation: The proposed Enterprise Zone would include the existing Northgate/Norwood Enterprise Zone, with the exception of two areas that are either currently residential or are planned for residential (El Monte Triangle and the residential area north of I-80 and east of Norwood Avenue) and adds an additional 2,280 acres. The additional areas are shown on Attachment A and include Richards Boulevard Redevelopment Area, Auburn Boulevard Redevelopment Area and additional industrial areas.

The proposed Enterprise Zone consists mostly of industrial or commercial areas with high potential for employment and growth, or requires additional incentives for attracting employers. A new zone designation will be for 15 years and allow the City and County to continue to attract and retain businesses in these areas. In addition, businesses currently using the Enterprise Zone will continue to receive state tax incentives when creating jobs and investing in the surrounding area.

State tax credits and incentives available through the Enterprise Zone program a) encourage businesses to hire individuals that typically have barriers to employment; b) provide tax incentives to businesses and allows private sector market forces to revive the local economy; and c) are an economic development tool used by the Agency, the City Economic Development Department, and the Sacramento Area Trade and Commerce Organization to increase Sacramento's global competitiveness.

The Sacramento Housing and Redevelopment Agency (SHRA) has utilized the Enterprise Zone program jointly with the Local Area Military Base Reuse Agency (LAMBRA) since 1986, when the program was established.

Financial Considerations: The actions recommended in this report allow the Agency to administer the program for the life of the Enterprise Zone. Funding for administering the program comes from a variety of sources including appropriate tax increment funds.


M/WBE Considerations: The items discussed in this report have no M/WBE impact; therefore, M/WBE considerations do not apply.

Respectfully Submitted by:



ANNE M. MOORE
Executive Director

Recommendation Approved:



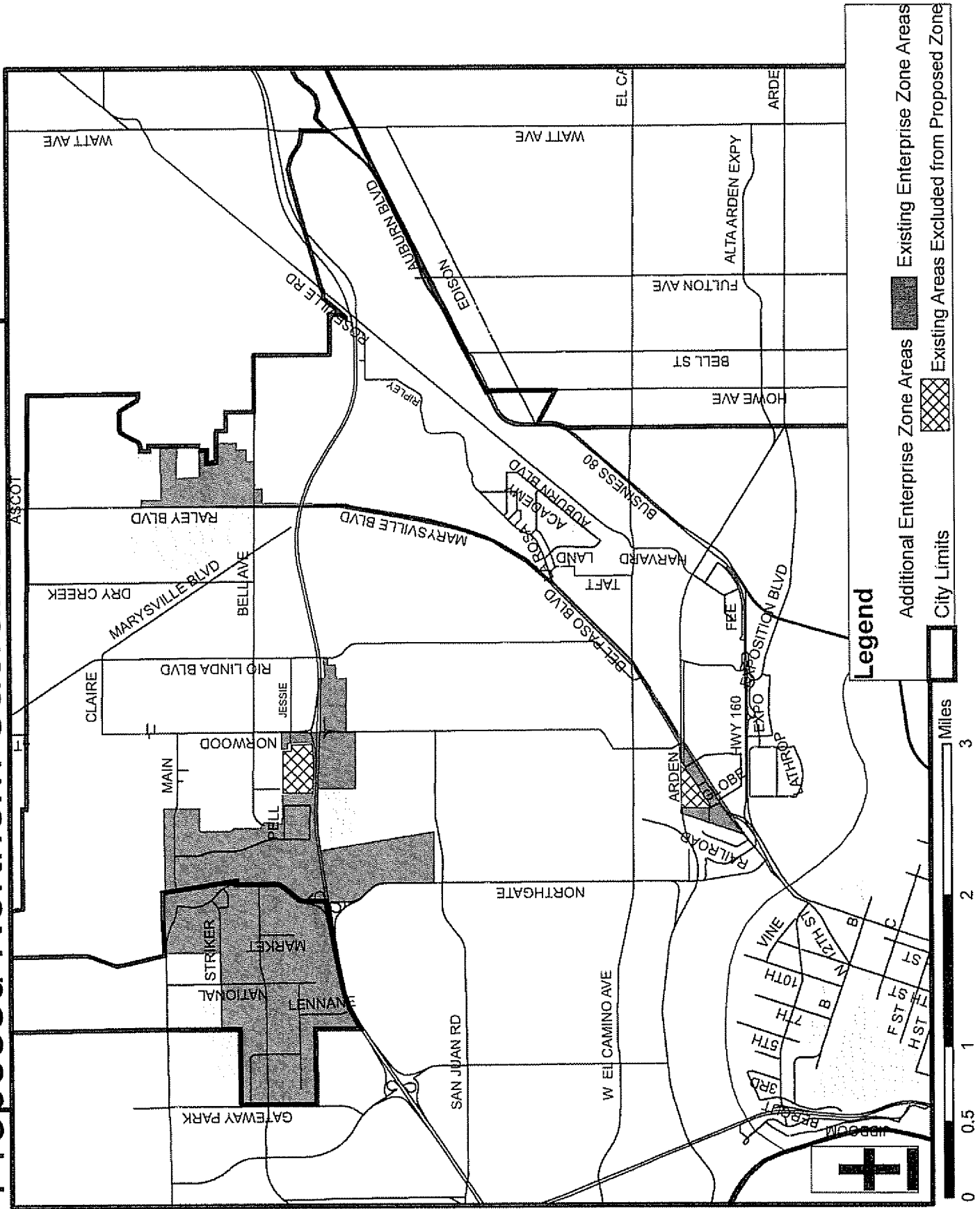
RAY KERRIDGE
City Manager

Enterprise Zone Application for Designation

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Proposed Northern Sacramento Enterprise Zone



Legend

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- Existing Areas Excluded from Proposed Zone
- City Limits

RESOLUTION NO. 2006 –

Adopted by the Sacramento City Council

AUTHORIZING THE APPLICATION FOR DESIGNATION FOR THE NORTHERN SACRAMENTO ENTERPRISE ZONE

BACKGROUND

- A. The Northgate/Norwood Enterprise Zone expires in October 2006;
- B. The California Department of Housing and Community Development (HCD) has released an application for designation for 23 new Enterprise Zones;
- C. The City of Sacramento ("City") through its agent, the Sacramento Housing and Redevelopment Agency ("Agency"), wishes to submit an application for designation of a new Enterprise Zone which provides state tax incentives to businesses to enhance economic investment and job creation in the application area;
- D. It has been determined that the application area is a depressed and blighted area and that designation of the area as an Enterprise Zone is necessary in order to attract private sector investment to the application area; and

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The Executive Director of the Agency is authorized to submit, in the name of the City or in the name of the Agency on behalf of the City an application for designation of the Northern Sacramento Enterprise Zone;
- Section 2. The City authorizes and supports job development, job creation, and economic development;
- Section 3. The City authorizes that staffing shall be made available to maintain record-keeping, monthly updates on zone activities, and to discuss these activities with program auditors,
- Section 4. The City through its agent, the Agency, shall develop a self-evaluation process to measure its progress in meeting its goals and objectives; and,

said process shall be submitted to the Department for review, approval and inclusion in the Memorandum of Understanding (MOU) prior to Final Designation;

Section 5. The City through its agent, the Agency, agrees to complete all actions stated within the application that apply to its jurisdiction should the proposed Enterprise Zone be awarded designation;

Section 6. The City of Sacramento authorizes the Executive Director of the Agency to sign the application, the MOU and other documents necessary for the implementation of the Enterprise Zone on behalf of the City or by the Agency on behalf of the City,

Section 7. Pursuant to Section 33445 of the Health and Safety Code of the State of California, the City makes the following findings in support of the Application;

(a) The Northern Sacramento Enterprise Zone is of benefit to the Alkali Flat, Auburn Boulevard, Del Paso Heights and North Sacramento areas;

(b) There is no other reasonable means of financing the Project except from tax increment funds; and

(c) The use of tax increment funds for the Project will result in the prevention and elimination of blighting conditions in each of the respective project areas, including, but not limited to adverse economic conditions and underemployment.

Section 8 This resolution shall take effect from and after its passage, approval and adoption.

CERTIFICATION OF RESOLUTION

The undersigned hereby states and certifies:

(1) I am the duly qualified and acting _____ of the City of Sacramento, and, as such, am familiar with the facts herein certified and am fully authorized to certify the same.

(2) Attached hereto is a true, correct and complete copy of the resolution of the legislative body of the City of Sacramento authorizing the Executive Director of the Sacramento Housing and Redevelopment Agency or her designee to a) submit an application to the California Department of Housing and Community Development for designation of a new Enterprise Zone, b) execute the MOU and other documents necessary for the implementation of the Enterprise Zone, and c) budget and provide staffing necessary to maintain the Enterprise Zone program; adopted at a meeting thereof duly held on the date set forth in such resolution, of which meeting all of the members of said governing body had due notice and at which a quorum was present and acting throughout.

(3) I further certify that I have carefully compared the attached copy of the resolution with the original minutes of said meeting on file and of record in my office; that said copy is a true, correct and complete copy of the original resolution duly adopted by said governing body at said meeting and entered in said minutes; and that said resolution has not been amended, modified or rescinded since its adoption and is in full force and effect as of the date hereof.

(4) I further certify that in accordance with Government Code section 54954.2, the agenda of the meeting contained a brief description of the resolution to be considered at the meeting, and a copy thereof was posted at least seventy-two (72) hours before the meeting in a location freely accessible to members of the public.

Dated: _____, _____

City of Sacramento

By _____
Clerk

RESOLUTION NO. 2006 –

Adopted by the Redevelopment Agency of the City of Sacramento

on date of

AUTHORIZATION OF THE APPLICATION FOR DESIGNATION FOR THE NORTHERN SACRAMENTO ENTERPRISE ZONE

BACKGROUND

- A. The Northgate/Norwood Enterprise Zone expires in October 2006;
- B. The California Department of Housing and Community Development (HCD) has released an application for designation for 23 new Enterprise Zones;
- C. The Redevelopment Agency of the City of Sacramento through its agent, the Sacramento Housing and Redevelopment Agency ("Agency"), wishes to submit an application for designation of a new Enterprise Zone which provides state tax incentives to businesses to enhance economic investment and job creation in the application area;
- D. It has been determined that the application area is a depressed and blighted area and that designation of the area as an Enterprise Zone is necessary in order to attract private sector investment to the application area; and

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO RESOLVES AS FOLLOWS:

Section 1. The Executive Director of the Agency is authorized to submit, in the name of the Redevelopment Agency of the City of Sacramento or in the name of the Agency on behalf of the City an application for designation of the Northern Sacramento Enterprise Zone;

Section 2. The Redevelopment Agency of the City of Sacramento authorizes and supports job development, job creation, and economic development;

Section 3. The Redevelopment Agency of the City of Sacramento authorizes that staffing shall be made available to maintain record-keeping, monthly updates on zone activities, and to discuss these activities with program auditors;

Section 4. The Redevelopment Agency of the City of Sacramento through its agent, the Agency, shall develop a self-evaluation process to measure its progress in meeting its goals and objectives; and, said process shall be submitted to the Department for review, approval and inclusion in the Memorandum of Understanding (MOU) prior to Final Designation;

Section 5. The Redevelopment Agency of the City of Sacramento through its agent, the Agency, agrees to complete all actions stated within the application that apply to its jurisdiction should the proposed Enterprise Zone be awarded designation;

Section 6. The Redevelopment Agency of the City of Sacramento authorizes the Executive Director of the Agency to sign the application, the MOU and other documents necessary for the implementation of the Enterprise Zone on behalf of the City or by the Agency on behalf of the City;

Section 7. Pursuant to Section 33445 of the Health and Safety Code of the State of California, the City makes the following findings in support of the Application;

(a) The Northern Sacramento Enterprise Zone is of benefit to the Alkali Flat, Auburn Boulevard, Del Paso Heights and North Sacramento areas;

(b) There is no other reasonable means of financing the Project except from tax increment funds; and

(c) The use of tax increment funds for the Project will result in the prevention and elimination of blighting conditions in each of the respective project areas, including, but not limited to adverse economic conditions and underemployment.

Section 8. This resolution shall take effect from and after its passage, approval and adoption.

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The undersigned hereby states and certifies:

(1) I am the duly qualified and acting _____ of the City of Sacramento, and, as such, am familiar with the facts herein certified and am fully authorized to certify the same.

(2) Attached hereto is a true, correct and complete copy of the resolution of the legislative body of the Redevelopment Agency of the City of Sacramento authorizing the Executive Director of the Sacramento Housing and Redevelopment Agency or her designee to a) submit an application to the California Department of Housing and Community Development for designation of a new Enterprise Zone, b) execute the MOU and other documents necessary for the implementation of the Enterprise Zone, and c) budget and provide staffing necessary to maintain the Enterprise Zone program; adopted at a meeting thereof duly held on the date set forth in such resolution, of which meeting all of the members of said governing body had due notice and at which a quorum was present and acting throughout.

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Dated: _____, _____

Redevelopment Agency of the City of Sacramento

By _____
Clerk