



# REPORT TO COUNCIL

## City of Sacramento

915 I Street, Sacramento, CA 95814-2604  
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Staff Report  
**January 27, 2009**

**Honorable Mayor and  
 Members of the City Council**

**Honorable Chair and  
 Members of the Redevelopment Agency**

**Title:** 2006 Workforce Housing Grant and Economic Development

**Location/Council District:** Citywide/All Districts

**Recommendation:** Adopt 1) a **Resolution** authorizing the use of \$1,019,134 from the 2006 Workforce Housing Reward Grant Funds for the City's Deferred Facility Maintenance Program (C13000500); and adopt 2) a **Resolution** authorizing the transfer of General Fund monies made available from the City's Deferred Facility Maintenance Program (C13000500) to the Shovel-Ready Sites Program (D21001300) to support economic development through planning efforts for the Downtown and the Technology Village (Ramona Avenue) Area.

**Contact:** Desmond Parrington, AICP, Infill Coordinator, 808-5044, Carol Shearly, Director, Planning Department, 808-5893; and David Spaur, Director, Economic Development Department, 808-8196

**Presenters:** Desmond Parrington, Infill Coordinator, Planning

**Department:** Planning Department and Economic Development Department

**Division:** Infill

**Organization No:** 22001311

### **Description/Analysis**

**Issue:** In 2007, the City received \$2,239,134 from the State Workforce Housing Reward (WFH) Grant Program (described in detail in Attachment 1), which was over \$1 million more than anticipated based on previous annual awards from the program. Given these extra grant funds, staff is recommending that the additional funds be used to replace General Fund monies committed to the Deferred Facility Maintenance Program (C13000500). Furthermore, staff is recommending that the General Fund monies made available through the use of the WFH grant funds be transferred to the Shovel-Ready Sites Program fund (D21001300) to assist with economic development efforts. These efforts would include funding for a Technology Village Specific Plan to support office and research development near

Sacramento State University and a Downtown Plan to address infrastructure, environmental and design issues that are costly obstacles to development in the Central Business District. Both efforts are expected to foster economic development over the next five years.

The goal of this effort is two-fold. First, it is to replace General Fund dollars which are currently being used for facility maintenance projects with grant funds (refer to Attachment 2 for the list of maintenance projects). The second goal is to use that General Fund money to stimulate economic development that will generate new revenue which will return to the General Fund and will thus be able to fund other essential City services.

With the significant decline of the housing market followed by the rest of the economy, unemployment has been steadily increasing in our region and is now the highest it has been since 1994 (now 8.1% for Sacramento County). By using these funds to foster near-term economic development, the City will not only create much needed jobs, but use of the funds will help spur the development of new office, commercial, and industrial uses as well as re-tenanting vacant buildings.

As noted in the Shovel-Ready Sites Program Funding staff report (January 27, 2008), the Shovel-Ready Sites Program was established in FY2004/05 with the intent of encouraging economic development at key locations in the City. The goal of the program is to promote economic development by leveraging and attracting private investment. The program works to address and provide solutions to infrastructure, transportation, planning and environmental challenges. By preparing key sites for development, the City can help create new jobs and grow our sales and property tax base, thus increasing General Fund revenues.

Staff's recommendation is to fund two planning efforts that will help foster development and job-creation in the Downtown and the Technology Village (Ramona Avenue) Area. Both plans will help remove significant obstacles to development in these areas by determining infrastructure needs and financing strategies, providing proper land use entitlements, and environmental clearance. Detailed information is provided in Attachment 1.

**Committee/Commission Action:** None

**Policy Considerations:** The use of the WFH grant funds to make funding available for the Shovel-Ready Sites Program is consistent with the City's Infill Strategy and supports the City's 2005-2008 Strategic Action Plan goal of expanding economic development opportunities throughout the City. Lastly, the work of the program is also consistent with the City's 2030 General Plan vision of being the most livable city in America.

**Environmental Considerations:** The proposed actions are exempt under CEQA Guidelines section 15262 as a planning activity for possible future action. Environmental review will be performed in conjunction with the development of

the plans which are part of these efforts.

**Sustainability Considerations:** The use of the Shovel Ready Sites Program funds for these projects fosters sustainability by encouraging infill and economic development in these areas. Ultimately, by attracting private investment, these efforts will create additional housing and jobs in close proximity to one another and to transit, thereby reducing vehicle trips and greenhouse gas emissions.

**Rationale for Recommendation:** The primary goal behind the funding recommendation is to replace General Fund monies with grant funds and utilize those funds to spur economic development in order to increase the City's revenues.

**Financial Considerations:** In 2007, the City received \$2,239,134 in a reimbursable grant from the State Workforce Housing Grant Program. Based on prior years' allocations, the City identified three projects that utilized \$1,220,000 per Council resolutions (2007-149, 2007-971, and 2008-185). As a result, over \$1,019,134 remains unallocated. Staff proposes to use this amount for projects in the Deferred Facility Maintenance Program (C13000500). This would replace \$900,000 of General Fund monies. The \$900,000 of General Fund monies would be transferred to the Shovel-Ready Sites Program (D21001300). The remaining \$119,134 would be used for urgent and much needed facility improvements by General Services. The General Fund dollars made available through the use of grant funds would be used to foster near-term economic development that would generate new revenue for the City. No new General Fund dollars would be used for the Shovel-Ready Sites Program.

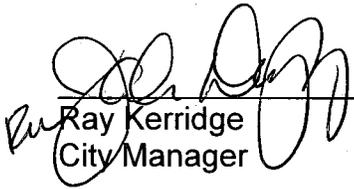
**Emerging Small Business Development (ESBD):** When available and appropriate, Emerging Small Business Development consultants will be used for consultant services.

Respectfully Submitted by:   
Desmond Parrington  
Infill Coordinator

Approved by:   
Carol Shearly  
Director of Planning

Approved by:   
David Spaur  
Director of Economic Development

Recommendation Approved:

  
Ray Kerridge  
City Manager

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**Attachment 1****Background**

On May 14, 2002, the City Council adopted Resolution 2002-279, the Infill Strategy, and directed staff to pursue the State Workforce Housing Reward (WFH) Grant Program grant to support infill development and neighborhood revitalization.

The WFH program is a three-year, statewide, non-competitive formula-based grant for local jurisdictions with state-certified Housing Elements and is overseen by the State Housing and Community Development Department (HCD). Over the past three years, the City has typically received between \$800,000 and \$900,000 each year from the grant. In the past, the City has spent this money, as well as Jobs-Housing Grant Program funds to support the following projects: 1) Globe Mills mixed-use, mixed-income housing project (District 1); 2) streetscape improvements on Del Paso Boulevard (District 2) and 65th Street (District 3); 3) street lighting at Tahoe Park (District 6) and in Midtown (District 3); 4) development of pocket parks in South Natomas (District 1); 5) water conservation and other park improvements to several parks throughout the city; 6) combined sewer infrastructure improvements in the R Street corridor to assist housing development there (District 4); and 7) park acquisition in the R Street Corridor (District 4).

In 2007, the City received \$2,239,134, which was significantly more than anticipated. This was due to the fact that Sacramento in 2006 produced more affordable housing than any other jurisdiction in California and because there were fewer applicants to the program. As part of the application process the City identified in Resolution 2007-149 three projects, including the 65<sup>th</sup> Street detention basin (Basin 31), Steve Jones Park play equipment, and intersection improvements at Broadway and Martin Luther King Blvd to support infill development there. However, the amount identified for these three projects was \$1,220,000. As a result of this record award, the City received \$1,019,134 more than anticipated. Staff is proposing to use these funds to replace General Fund monies currently allocated to the City's Deferred Facility Maintenance Program (C13000500). While the funding is currently frozen due to the State budget impasse, staff does expect to receive these funds once the State budget is approved given the existing contract that the City has with the State for these funds.

Staff proposes to use the General Fund monies that were supplanted by the WFH grant funds for the City's Shovel-Ready Sites Program. This program, as described in more detail in the preceding staff report (see Shovel-Ready Sites Program Funding staff report), would use this funding to foster economic development. Specifically, the program's aim is to identify and find solutions to the obstacles that prevent key sites and General Plan opportunity areas from being economic development engines, where development fosters new better-paying jobs, higher sales tax revenue, and higher property values. Through this work, the City can grow its General Fund and this additional revenue can be used to support critical City services.

In order to get some of these areas closer to the status of "shovel-ready," staff recommends funding plans for both the Downtown and the Technology Village (Ramona Avenue) Area. Development in the Downtown and in the Ramona Avenue Area adjacent to 65<sup>th</sup> Street faces significant obstacles to development despite strong market interest. For example, dense development in Downtown has often run into issues with inadequate infrastructure and traffic (e.g., 500 Capitol Mall and Caltrans). In addition, when each project is required to do its own Environmental Impact Report (EIR) and traffic study those add to higher project cost and delays. Similarly, properties adjacent to Sacramento State University in the Ramona Avenue Area often have to deal with a rezone process or infrastructure improvements before the type of desirable development that creates higher paying jobs can occur. Therefore, staff believes that a planning process done now while the economy is slow will help to get these areas "shovel-ready" when the market improves. Plans for these areas would include: 1) land use entitlement, rezonings, and urban design guidelines; 2) public facilities and infrastructure analysis and planning; 3) market/economic study; 4) preservation strategy (Downtown only); 5) financing plan; and 6) environmental review.

While the use of the WFH grant funds is a departure from prior Council direction to use them to support infill development, the transfer of General Fund revenue to the Shovel-Ready Sites Program should achieve this same goal given the program's focus on infill areas. The primary difference is the emphasis on economic development in infill areas rather than infill neighborhood revitalization. However, with the current economic conditions, staff believes that the shift in focus is warranted.

**Attachment 2**

**Additional Projects Recommended for Grant Funding  
Deferred Facilities Maintenance Program**

**Robertson Community Center** - Fire Alarm System. System is obsolete. The estimated age is 30 years old and the typical lifespan is 15 years. Project would involve renewal/replacement of old original horns, strobes, detectors and main panel system.

**Sacramento History Museum** - New energy efficient HVAC/humidity controls. Estimated age is 25+ years old and lifespan is 20 years. Museum needs new chiller, new hot water boiler and all the piping/pumps replaced.

**Belle Coledge Community Center** - New energy efficient air conditioning (chiller). Age of current system is 30+ years old and typical lifespan is 15-20 years. The Center needs a new chiller and piping.

**Coloma Community Center** (circa 1923) - Window replacement. Center has original windows and needs new energy efficient windows throughout. Old windows are worn out and the frames, mullions and casing have dry rot.

**Camp Sacramento** - Exterior lighting. Existing lighting at camp is 15 years old and at the end of its useful life. Currently, the controls are inoperative, burned out and inefficient. Project would involve replacement of exterior lighting including lamps, fixtures, ballasts, and controls.

Total cost for these improvement projects would be \$1,019,134 and staff recommends that the City utilize 2006 Workforce Housing Reward Grant Program to cover these costs.

**RESOLUTION NO. 2008-\_\_\_\_\_**

Adopted by the Sacramento City Council

**APPROVING THE USE OF \$1,019,134 FROM THE 2006  
WORKFORCE HOUSING REWARD GRANT FUNDS  
FOR THE CITY'S DEFERRED FACILITY MAINTENANCE  
PROGRAM**

**BACKGROUND**

- A. On May 14, 2002, the City Council adopted Resolution 2002-279, the Infill Strategy, and directed Staff to pursue the State Workforce Housing Reward (WFH) Program grant to support infill development and neighborhood revitalization.
- B. The WFH program is a three-year, statewide, non-competitive formula-based grant for local jurisdictions and is overseen by the State Housing and Community Development Department (HCD).
- C. The WFH grant requires that projects must result in the construction, rehabilitation or acquisition of a capital asset and provide a community benefit.
- D. In 2007, the City received \$2,239,134 from the WFH program, which was \$1,019,134 more than anticipated.
- E. The projects in the City's Deferred Facility Maintenance Program and listed in Exhibit A are important community assets and improvements to these facilities are consistent with the requirements of the WFH program.

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

- Section 1. Authorize the use of \$1,019,134 of Workforce Housing Reward Program grant funds by the City's Deferred Facility Maintenance Program (C13000500) as identified in Exhibit A.
- Section 2. The City shall not approve any contracts for outside contractors or consultant services using these grant funds until such time that it has sufficient assurances that the State of California will be able to fulfill its obligations under the 2006 Workforce Housing Reward Program Grant agreement (No. 07-WFH-229).

Exhibit A – Project List

**Exhibit A**  
**Approved and Proposed Projects**  
**for the 2006 Workforce Housing Grant Program**

Approved/Proposed Projects	Proposed WFH Funds	Council District
<i>2006 WFH Grant Award Amount</i>	\$2,239,134	
<b>Funded Projects (Per CC Reso # 2007-149)</b>		
MLK and Broadway Street Improvements	\$300,000	5
Steve Jones Park Improvements	\$120,000	8
65th Street Detention Basin	\$800,000	6
<i>subtotal:</i>	\$1,220,000	
<b>Proposed General Services Projects (1/2009-4/2010)</b>		
Robertson Community Center -- Fire Alarm System Renewal		2
Sacramento History Museum -- HVAC, Humidity Control		1
Belle Coolegge -- HVAC		4
Camp Sacramento -- Lighting Replacement		N/A
Coloma Community Center -- Replace Windows		6
<i>subtotal:</i>	\$1,019,134	
<b>Grand Total</b>	<b>\$2,239,134</b>	

**RESOLUTION NO. 2008-\_\_\_\_\_**

Adopted by the Sacramento City Council

**APPROVING THE TRANSFER OF GENERAL FUND MONIES  
MADE AVAILABLE FROM THE CITY'S DEFERRED  
FACILITY MAINTENANCE PROGRAM TO THE  
SHOVEL-READY SITES PROGRAM FOR  
ECONOMIC DEVELOPMENT EFFORTS**

**BACKGROUND**

- A. In light of the economic recession, economic development, including development, redevelopment and job creation are critical for the health of the City's economy.
- B. The Shovel-Ready Sites Program is consistent with the City's Infill Strategy and supports the City's 2005-2008 Strategic Action Plan goal of expanding economic development opportunities throughout the City.
- C. The purpose of the Shovel-Ready Sites Program is to leverage and attract private investment in order to encourage economic development.
- D. With the allocation of grant funding from the Workforce Housing Reward Program, previously allocated funding for the City's Deferred Facility Maintenance Program can be returned to the City's General Fund.
- E. The use of these previously allocated General Fund dollars by the Shovel-Ready Sites Program is designed to encourage new development and job creation in order to generate new revenues for the City's General Fund.

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

- Section 1. Approve the transfer of up to \$900,000 from the City's Deferred Facility Maintenance Program (C13000500) to the Shovel-Ready Sites Program (D21001300) to support economic development.
- Section 2. Approve the allocation of \$550,000 for a Downtown Plan and \$350,000 for the Technology Village (Ramona Avenue Area) Specific Plan from the Shovel-Ready Sites Program (D21001300).
- Section 3. The City shall not approve any contracts for outside contractors or consultant services nor shall it authorize a transfer of these funds until such time that it has sufficient assurances that the State of California will be able to fulfill its obligations under the 2006 Workforce Housing Reward Program Grant agreement (No. 07-WFH-229).