



**City of Sacramento
City Council**

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915 I Street, Sacramento, CA, 95814
www.CityofSacramento.org

Meeting Date: 5/29/2012

Report Type: Consent

Title: Sacramento Enterprise Zone Expansion

Report ID: 2012-00393

Location: Citywide

Recommendation: Pass a Motion approving the Submittal of an Amendment to the Sacramento Enterprise Zone to Expand the Boundaries and Adopt the Negative Declaration Addendum for the Sacramento Enterprise Zone Expansion Project.

Contact: Dean Peckham, Senior Project Manager, (916)808-7063, Economic Development Department

Presenter: None

Department: Economic Development Dept

Division: Citywide Development

Dept ID:

Attachments:

- 1- Description/Analysis
- 2 -Background
- 3- Map
- 4- SEZ Expansion Resolution
- 5- Exhibit A - SEZ Expansion Addendum
- 6- Exhibit B - Expanded SEZ Boundary Map
- 7-Exhibit C - Expanded SEZ Parcel List

City Attorney Review

Approved as to Form
Sheryl Patterson
5/23/2012 11:42:03 AM

City Treasurer Review

Reviewed for Impact on Cash and Debt
Janelle Gray
5/16/2012 3:21:09 PM

Approvals/Acknowledgements

Department Director or Designee: Jim Rinehart - 5/17/2012 10:01:24 AM



Description/Analysis

Issue: On March 20, 1984, the California Enterprise Zone Act was signed into law. The bill established a mechanism to stimulate private investment and business growth in distressed areas of California by providing State tax credits and other incentives in approved enterprise zones. Areas of Sacramento City and County have been designated as Enterprise Zones since 1986.

On March 2, 2009, the County of Sacramento, City of Sacramento, City of Rancho Cordova, Sacramento Housing and Redevelopment Agency (SHRA), and Sacramento Employment and Training Agency (SETA) submitted an application for the “Sacramento Enterprise Zone (SEZ),” which consolidated and expanded the three previous Enterprise Zone areas within the City and County of Sacramento. The Sacramento Enterprise Zone received conditional designation on August 19, 2009 and final approval on January 10, 2012.

This report recommends expanding the boundaries of the Sacramento Enterprise Zone as presented in Exhibit 2. The proposed expansion will support business location decisions that will help carry out economic development programs in the region and further position the area for job growth.

Policy Considerations: The recommended actions are consistent with the City’s Economic Development Strategy and General Plan which call for strengthening and diversifying the City’s economy.

Environmental Considerations: The Sacramento City Council adopted a Negative Declaration for the Sacramento Enterprise Zone project on August 23, 2011 as per CEQA statutes (Resolution No. 2011-490). The proposed project now being considered would expand the boundaries of the enterprise zone. The Manager of Environmental Planning Services has reviewed the proposed project, determined that only minor changes are required in the environmental document, and has prepared an Addendum to the Negative Declaration for consideration by the City Council. Expansion of the Sacramento Enterprise Zone as proposed would have no significant effects on the environment.

Sustainability: None

Commission/Committee Action: Not applicable

Rationale for Recommendation: The California Enterprise Zone Program is a long-term (15 year) partnership between the state, local jurisdictions, and private companies to generate new private sector investment and growth. Enterprise Zones provide a variety of state tax incentives, including performance-based tax credits. The SEZ designation is considered an economic development tool necessary to attract private sector investment to the area. The overall objectives of the SEZ are to:

- Increase employment opportunities for local residents and targeted individuals
- Reduce poverty and unemployment
- Increase per capita and household income
- Retain and foster existing businesses

- Attract new businesses to the community

The SEZ currently has unused expansion capacity. Staff recommends using the territory expansion option to capture the economic development potential of the area. The proposed expansion is a logical expansion of the existing zone and will support the efforts to attract jobs to an area that suffers from significant unemployment. The proposed expansion area is highlighted in Attachment 4 which also highlights the existing zone. The parcels listed for inclusion in the proposed expansion area presented Exhibit 3.

Financial Considerations: The marketing responsibilities associated with the SEZ are considered an assumed function of the Economic Development Department. Any financial commitments are considered as part of the already existing and established programs identified in the department's General Fund operating budget.

Emerging Small Business Development (ESBD): NA



Background Information

The California Enterprise Zone Program (EZ Program) was established March 20, 1984, by the California Enterprise Zone Act. The EZ Program's purpose is to enhance economic investment in distressed commercial and industrial areas and to facilitate job creation and incentives for hiring targeted groups with barriers to employment. Businesses within these areas can take advantage of a variety of state tax and other incentives that are not available to businesses outside these areas. The EZ Program is a long-term (15 year) partnership between local governments and private companies to generate new private sector investment and growth. Enterprise Zones provide a variety of state tax incentives, including performance-based tax credits and incentives to businesses to enhance economic investment and job creation.

In 2009 the County and City of Sacramento, City of Rancho Cordova, the Sacramento Housing and Redevelopment Agency (SHRA) and the Sacramento Employment and Training Agency (SETA) identified a continuing need for enterprise zone tools in the Sacramento area and submitted an application to the California Department of Housing & Community Development (HCD). The application requested a new enterprise zone comprised of the Northern Sacramento zone, Florin-Perkins zone, and the Sacramento Army Depot zone areas along with additional new eligible areas, including areas in Rancho Cordova.

The new Sacramento Enterprise Zone (SEZ) covers approximately 31,899 acres, comprising many industrial, heavy commercial and, commercial areas in the County, including unincorporated areas, and areas within the City of Sacramento and City of Rancho Cordova.

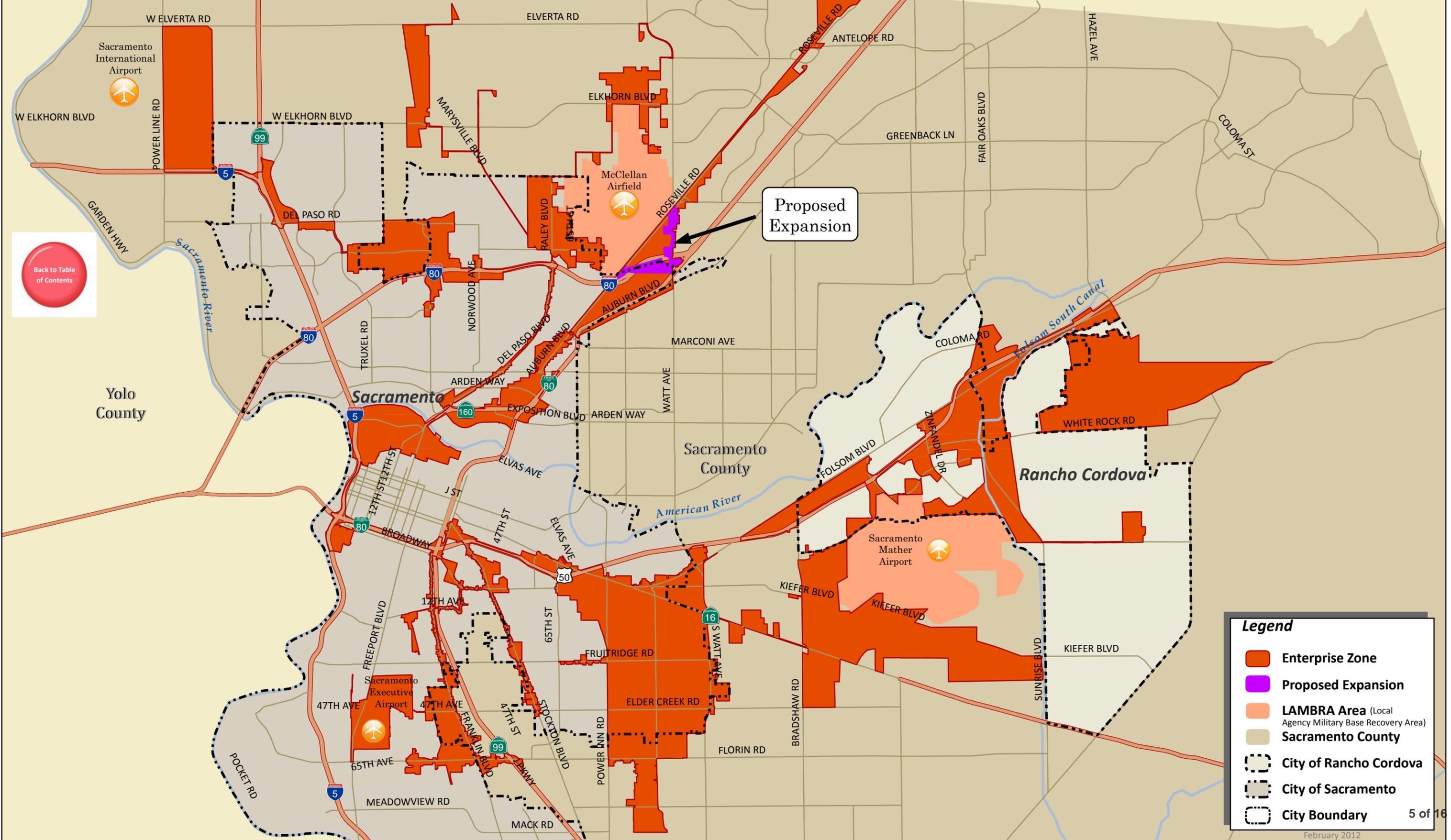
On August 19, 2009, HCD gave conditional designation to the expanded SEZ. On January 10, 2012, HCD gave final designation approval to the SEZ.

The proposed expansion of 233 acres is a logical expansion of the existing zone and will support the efforts to attract jobs to an area that suffers from significant unemployment.

Sacramento Enterprise Zone

Attachment 3 - Map

City of Sacramento, Sacramento County, City of Rancho Cordova



Back to Table of Contents

Proposed Expansion



RESOLUTION NO. 2012-

Adopted by the Sacramento City Council

APPROVE SUBMITTAL OF AN AMENDMENT TO THE SACRAMENTO ENTERPRISE ZONE TO EXPAND THE BOUNDARIES AND ADOPT THE NEGATIVE DECLARATION ADDENDUM FOR THE SACRAMENTO ENTERPRISE ZONE EXPANSION PROJECT

BACKGROUND

- A. The California Enterprise Zone Act was signed into law on March 20, 1984. The Act established a mechanism to stimulate private investment and business growth in distressed areas of California by providing state tax credits and other incentives in approved enterprise zones.
- B. The California Enterprise Zone Program (EZ Program) is administered by the State Department of Housing and Community Development (HCD).
- C. Portions of the City and County of Sacramento have been designated as Enterprise Zones since 1986.
- D. On March 2, 2009, the Sacramento Housing and Redevelopment Agency (SHRA) on behalf of the City of Sacramento, County of Sacramento, and the City of Rancho Cordova submitted an application for a new consolidated and expanded Sacramento Enterprise Zone (SEZ).
- E. On August 19, 2009, the SEZ application received conditional designation subject to the preparation of an environmental document and signing of a Memorandum of Understanding (MOU) with HCD. The MOU provided for an effective date of April 5, 2009, so that employers in the Sacramento Army Depot and Florin-Perkins Enterprise Zones could continue to receive their tax credits.
- F. On August 23, 2011, the City Council conducted a public hearing, for which notice was given pursuant Sacramento City Code Section 17.200.010(C)(1) and received and considered evidence concerning the Sacramento Enterprise Zone and the Negative Declaration, and approved a Memorandum of Understanding with HCD for the SEZ (the "SEZ MOU") and a separate Memorandum of Understanding with the County of Sacramento and the City of Rancho Cordova (the "Tri-Party MOU") with regard to the respective obligations of each agency to implement the terms of the SEZ MOU.

- G. On January 10, 2012, HCD provided final approval of the new consolidated and expanded Sacramento Enterprise Zone and executed the SEZ MOU.
- H. The City and County of Sacramento desire to expand the SEZ boundary to include additional parcels primarily within the North Highlands community.

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

Section 1. The City Council finds as follows:

- A. On August 23, 2011, pursuant to the California Environmental Quality Act (Public Resources Code §21000 *et seq.* (“CEQA”)), the CEQA Guidelines (14 California Code of Regulations §15000 *et seq.*), and the City of Sacramento environmental guidelines, the City Council adopted a Negative Declaration and approved the Sacramento Enterprise Zone Project (Resolution No. 2011-490).
- B. The Sacramento Enterprise Zone Expansion Project (Project Modification) proposes to modify the previously approved Project by adding new parcels to the Sacramento Enterprise Zone.
- C. Staff has determined that that the proposed changes to the original Project do not require the preparation of a subsequent negative declaration. An addendum to the previously adopted Negative Declaration has been prepared to address the modification to the Project, and is attached as Exhibit A.

Section 2. The City Council has reviewed and considered the information contained in the previously adopted Negative Declaration for the Project, the addendum, and all oral and documentary evidence received during the hearing on the Project Modification. The City Council has determined that the previously adopted Negative Declaration and the addendum constitute an adequate, accurate, objective, and complete review of the proposed Project Modification and finds that no additional environmental review is required based on the reasons set forth below:

- A. No substantial changes are proposed by the Project Modification that will require major revisions of the previously adopted Negative Declaration due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects.

B. No substantial changes have occurred with respect to the circumstances under which the Project Modification will be undertaken which will require major revisions to the previously adopted Negative Declaration due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects.

C. No new information of substantial importance has been found that shows any of the following:

1. The Project Modification will have one or more significant effects not discussed in the previously adopted Negative Declaration;

2. Significant effects previously examined will be substantially more severe than shown in the previously adopted Negative Declaration.

Section 3. Based on its review of the previously adopted Negative Declaration for the Project, the addendum, and all oral and documentary evidence received during the hearing on the Project Modification, the City Council finds that the Negative Declaration and addendum reflect the City Council's independent judgment and analysis and adopts the Negative Declaration and the addendum for the Project Modification and readopts the findings of fact in support of the Negative Declaration.

Section 4. Upon approval of the Project, the City's Environmental Planning Services shall file or cause to be filed a Notice of Determination with the Sacramento County Clerk and, if the project requires a discretionary approval from any state agency, with the State Office of Planning and Research, pursuant to section 21152(a) of the Public Resources Code and the State CEQA Guidelines adopted pursuant thereto.

Section 5. Pursuant to CEQA Guidelines section 15091(e), the documents and other materials that constitute the record of proceedings upon which the City Council has based its decision are located in and may be obtained from, the Office of the City Clerk at 915 I Street, Sacramento, California. The City Clerk is the custodian of records for all matters before the City Council.

Section 6. The City Manager or his designee is authorized to submit the application to amend the SEZ boundaries, including the map and list of affected parcels provided as Exhibits B and C, to HCD for their approval.

Section 7. If the application to amend the SEZ boundaries is approved by HCD, the City Manager or his designee is authorized to execute the amendment to the SEZ MOU subject to approval of the SEZ MOU amendment by the City of Rancho Cordova and Sacramento County.

Table of Contents:

Exhibit A – Negative Declaration Addendum

Exhibit B – Expanded SEZ Boundary Map

Exhibit C – Expanded SEZ Parcels



Community Development Department

CITY OF SACRAMENTO
CALIFORNIA

300 Richards Boulevard
Sacramento, CA
95811

Environmental Planning Services
916-808-2762

ADDENDUM TO AN ADOPTED NEGATIVE DECLARATION

The City of Sacramento, California, a municipal corporation, does hereby prepare, make declare, and publish the Addendum to an adopted Negative Declaration for the following described project:

Sacramento Enterprise Zone: Additional parcels would be added to the boundaries of the Sacramento Enterprise Zone.

The City of Sacramento, Community Development Department, has reviewed the proposed project and on the basis of the whole record before it, has determined that there is no substantial evidence that the project, as identified in the attached addendum, would have a significant effect on the environment beyond that which was evaluated in the attached Negative Declaration. A Subsequent Negative Declaration is not required pursuant to the California Environmental Quality Act of 1970 (Sections 21000, et. seq., Public Resources Code of the State of California).

This Addendum to an adopted Negative Declaration has been prepared pursuant to Title 14, Section 15164 of the California Code of Regulations; the Sacramento Local Environmental Regulations (Resolution 91-892) adopted by the City of Sacramento.

A copy of this document and all supportive documentation may be reviewed or obtained at the City of Sacramento, Community Development Department, Planning Division, 300 Richards Boulevard, Sacramento, California 95811.

Environmental Services Manager, City of Sacramento,
California, a municipal corporation

Date:

By: _____

Sacramento Enterprise Zone Addendum to Negative Declaration

File Number/Project Name: Sacramento Enterprise Zone Additions

Project Location: Various locations in the City of Sacramento, City of Rancho Cordova and the unincorporated portions of the County of Sacramento

Existing Plan Designations and Zoning: Various

Project Background: A Negative Declaration dated July 27, 2010 was prepared and circulated by the Sacramento Housing and Redevelopment Agency. The Negative Declaration determined that the proposed Enterprise Zone, consisting of 31,899 acres would not have any significant effect on the environment.

Project Description: The original Enterprise Zone would be expanded to include the parcels identified in Attachment A.

Discussion

An Addendum to an adopted Negative Declaration may be prepared if only minor technical changes or additions are required, and none of the conditions identified in CEQA Guidelines Section 15162 are present. The following identifies the standards set forth in section 15162 as they relate to the project.

1. **No substantial changes are proposed in the project which would require major revisions of the previous Negative Declaration due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects.**
2. **No substantial changes have occurred with respect to circumstances under which the project is undertaken that would require major revisions of the previous Negative Declaration due to the involvement of new significant environmental effect or a substantial increase in the severity of previously indemnified significant effects.**
3. **No new information of substantial importance, which was not known and could not have been known with the exercise of reasonable diligence at the time the previous Negative Declaration was certified as complete or adopted, shows any of the following:**
 - a) **The project will have one or more significant effects not discussed in the previous Negative Declaration;**

- b) **Significant effects previously examined will be substantially more severe than shown in the previous Negative Declaration;**
- c) **Mitigation measures or alternatives previously found not to be feasible would in fact be feasible, and would substantially reduce one or more significant effects of the project, but the project proponents decline to adopt the mitigation measure or alternative, or;**
- d) **Mitigation measures or alternatives which are considerable different from those analyzed in the previous would substantially reduce on or more significant effects on the environment, but the project proponents decline to adopt the mitigation measure or alternative.**

The purpose of the Enterprise Zone is to establish 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. Enterprise zones provide a variety of state tax incentives to performance-based tax credits and incentives to enterprise zone businesses to enhance economic investment and job creation within the application area.

Development in enterprise zones must comply with otherwise applicable regulations, including the applicable zoning regulations, and must be consistent with the applicable general plan. Adding new parcels to the Sacramento Enterprise Zone would encourage additional economic activity, would be subject to the same controls as apply to other properties in the Sacramento Enterprise Zone, and would have no additional environmental effects not evaluated in the Negative Declaration.

Based on the above analysis, this Addendum to the previously adopted Negative Declaration for the project has been prepared.

Attachments:

- A) List of parcels to be added to the Enterprise Zone
- C) Negative Declaration for the Sacramento Enterprise Zone



Sacramento Enterprise Zone Boundary Description Map with Land Use November 2011



Reference Number: LBD 7

Legend

- | | | | |
|---|----------------------|---|------------------|
|  | EZ Boundary | Zone Type* | |
|  | Proposed Expansion |  | Commercial |
|  | Streets |  | Industrial |
|  | City/County Boundary |  | Other |
|  | Parcels |  | Residential |
| | |  | To Be Determined |

*Zone Type is the generalized version of the current zone where applicable. Five zone types were created: Commercial, Industrial, Other, Residential, and To Be Determined. City staff did their best to categorize each zone into these base types. To be determined reflects where no clear base zone could represent the area, i.e. Special Planning Area (SPA).

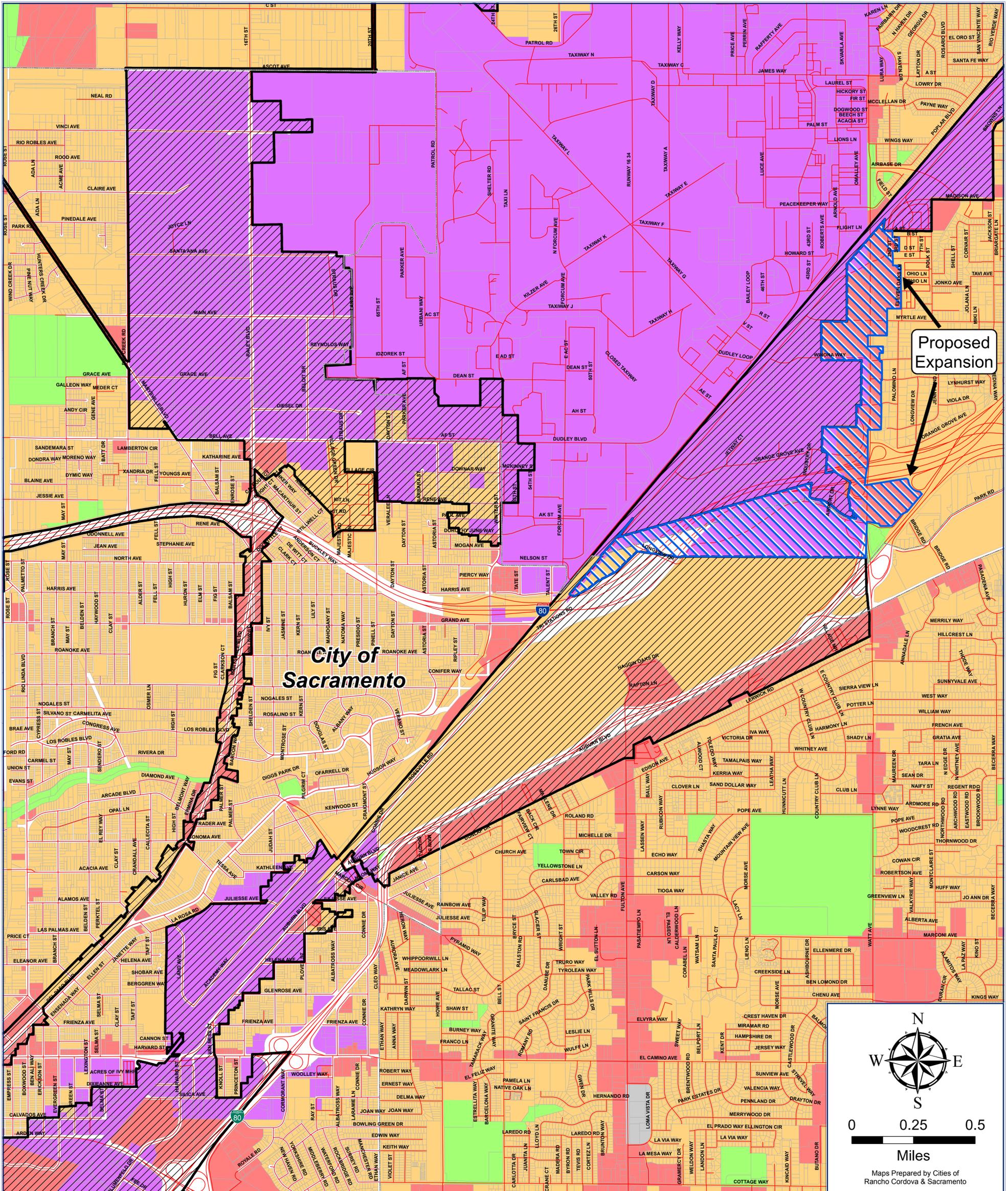


Exhibit C - Expanded SEZ Parcel List

SACRAMENTO ENTERPRISE ZONE - Proposed ASSESSOR'S PARCEL NUMBER (APN), ADDRESS LISTING*, Acres APR

L2



APN	STREET NUMBER	STREET NAME	POSTAL CITY	ZIP	LEGAL ACRES
24001530710000	4203	INDUSTRY DR	SACRAMENTO	95821	6.030
24002320610000	0	LONGVIEW DR	NORTH HIGHLANDS	95660	1.990
24002320640000	0	LONGVIEW DR	NORTH HIGHLANDS	95660	1.500
24003300080000	3185	LONGVIEW DR	SACRAMENTO	95821	3.890
24003300090000	3200	LONGVIEW DR	SACRAMENTO	95841	104.110
24000110290000	0	MYRTLE AV	NORTH HIGHLANDS	95660	1.130
22802510540000	0	MYRTLE AV	NORTH HIGHLANDS	95660	0.490
24000810110000	4716	OAK DELL AV	NORTH HIGHLANDS	95660	0.729
24005400310000	0	ORANGE GROVE AV	NORTH HIGHLANDS	95660	0.060
24005400570000	0	ORANGE GROVE AV	NORTH HIGHLANDS	95660	0.080
24005400450000	3320	ORANGE GROVE AV	NORTH HIGHLANDS	95660	1.310
24005400960000	3333	ORANGE GROVE AV	NORTH HIGHLANDS	95660	6.470
24005400280000	3425	ORANGE GROVE AV	NORTH HIGHLANDS	95660	4.000
24003300050000	0	ROSEVILLE RD	NORTH HIGHLANDS	95660	7.500
24005400030000	0	ROSEVILLE RD	NORTH HIGHLANDS	95660	0.084
24003300070000	0	ROSEVILLE RD	NORTH HIGHLANDS	95660	0.140
22801740030000	0	ROSEVILLE RD	NORTH HIGHLANDS	95660	2.460
24006600010000	0	ROSEVILLE RD	NORTH HIGHLANDS	95660	0.450
24006600020000	0	ROSEVILLE RD	NORTH HIGHLANDS	95660	0.630
24006600030000	0	ROSEVILLE RD	NORTH HIGHLANDS	95660	0.479
22802510520000	0	ROSEVILLE RD	NORTH HIGHLANDS	95660	0.342
22801740020000	5025	ROSEVILLE RD	NORTH HIGHLANDS	95660	0.358
22801720080000	5050	ROSEVILLE RD	NORTH HIGHLANDS	95660	13.360
24006600110000	0	WATT AV	NORTH HIGHLANDS	95660	0.694
24006600100000	0	WATT AV	NORTH HIGHLANDS	95660	5.620
22802510400000	0	WATT AV	NORTH HIGHLANDS	95660	0.066
22802510390000	0	WATT AV	NORTH HIGHLANDS	95660	0.097
24000110350000	0	WATT AV	NORTH HIGHLANDS	95660	0.086
24005400300000	0	WATT AV	NORTH HIGHLANDS	95660	0.612
24000810100000	0	WATT AV	NORTH HIGHLANDS	95660	0.100
24005500160000	0	WATT AV	NORTH HIGHLANDS	95660	0.020
24000110340000	0	WATT AV	NORTH HIGHLANDS	95660	0.034
24000110330000	0	WATT AV	NORTH HIGHLANDS	95660	0.049
24002320580000	4300	WATT AV	NORTH HIGHLANDS	95660	0.955
24002320600000	4320	WATT AV	NORTH HIGHLANDS	95660	1.070
24002320620000	4328	WATT AV	NORTH HIGHLANDS	95660	4.380
24002320540000	4330	WATT AV	NORTH HIGHLANDS	95660	3.770
24002320560000	4330	WATT AV	NORTH HIGHLANDS	95660	1.750
24002320630000	4332	WATT AV	NORTH HIGHLANDS	95660	0.460
24002320350000	4336	WATT AV	NORTH HIGHLANDS	95660	1.180
24001610170000	4600	WATT AV	NORTH HIGHLANDS	95660	1.040
24005500080000	4601	WATT AV	NORTH HIGHLANDS	95660	0.826
24001610230000	4620	WATT AV	NORTH HIGHLANDS	95660	0.460
24001610220000	4630	WATT AV	NORTH HIGHLANDS	95660	0.590
24005500060000	4631	WATT AV	NORTH HIGHLANDS	95660	0.596

*Please refer to Street Range Listing for comprehensive list of addresses

SACRAMENTO ENTERPRISE ZONE - Proposed ASSESSOR'S PARCEL NUMBER (APN), ADDRESS LISTING*, Acres APR 2012

24000840190000	4636	WATT AV	NORTH HIGHLANDS	95660	2.050
24005500050000	4637	WATT AV	NORTH HIGHLANDS	95660	0.600
24005500170000	4639	WATT AV	NORTH HIGHLANDS	95660	0.500
24005500180000	4641	WATT AV	NORTH HIGHLANDS	95660	0.840
24005500120000	4745	WATT AV	NORTH HIGHLANDS	95660	0.504
24000110370000	4800	WATT AV	NORTH HIGHLANDS	95660	0.422
24005500530000	4801	WATT AV	NORTH HIGHLANDS	95660	0.826
24005500520000	4805	WATT AV	NORTH HIGHLANDS	95660	0.990
24000110160000	4810	WATT AV	NORTH HIGHLANDS	95660	0.548
24000110320000	4810	WATT AV	NORTH HIGHLANDS	95660	0.074
24005500670000	4815	WATT AV	NORTH HIGHLANDS	95660	1.790
24000110300000	4834	WATT AV	NORTH HIGHLANDS	95660	0.292
24005500590000	4837	WATT AV	NORTH HIGHLANDS	95660	13.050
24000110280000	4838	WATT AV	NORTH HIGHLANDS	95660	0.152
24000110200000	4840	WATT AV	NORTH HIGHLANDS	95660	0.379
24005500660000	4845	WATT AV	NORTH HIGHLANDS	95660	0.680
22802510340000	4900	WATT AV	NORTH HIGHLANDS	95660	0.510
24006600130000	4915	WATT AV	NORTH HIGHLANDS	95660	0.927
22802510530000	4940	WATT AV	NORTH HIGHLANDS	95660	2.610
22802510290000	4946	WATT AV	NORTH HIGHLANDS	95660	3.110
22802510330000	4950	WATT AV	NORTH HIGHLANDS	95660	5.600
24006600120000	4957	WATT AV	NORTH HIGHLANDS	95660	0.693
22802510500000	4980	WATT AV	NORTH HIGHLANDS	95660	0.781
24006600140000	4981	WATT AV	NORTH HIGHLANDS	95660	1.540
24006600150000	4985	WATT AV	NORTH HIGHLANDS	95660	0.805
22802510510000	4986	WATT AV	NORTH HIGHLANDS	95660	1.140
22802510480000	4990	WATT AV	NORTH HIGHLANDS	95660	0.444
24005500040000	0	WINONA WY	NORTH HIGHLANDS	95660	0.039
24000810010000	3500	WINONA WY	NORTH HIGHLANDS	95660	0.710
24005400530000	0		NORTH HIGHLANDS	95660	0.150
24005400550000	0		NORTH HIGHLANDS	95660	0.256
24005400320000	0		NORTH HIGHLANDS	95660	0.257

*Please refer to Street Range Listing for comprehensive list of addresses