

**Meeting Date:** 7/28/2015

**Report Type:** Consent

**Report ID:** 2015-00653

**Title:** Allocation of Sewer Credits to Sacramento Downtown Arena, LLC for the Golden 1 Center Project

**Location:** District 4

**Recommendation:** Pass a Resolution allocating 66.632 Economic Development Treatment Capacity Bank Credits to Sacramento Downtown Arena, LLC for the Golden 1 Center Project (Entertainment and Sports Center).

**Contact:** Sabrina Tefft, Project Manager, (916) 808-3789, Economic Development Department

**Presenter:** None

**Department:** Economic Development Dept

**Division:** Citywide Development

**Dept ID:**

**Attachments:**

1-Description/Analysis

2-Resolution

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**City Attorney Review**

Approved as to Form

Joseph Cerullo

7/22/2015 11:40:38 AM

**Approvals/Acknowledgements**

Department Director or Designee: John Dangberg - 7/7/2015 5:24:15 PM

## Description/Analysis

**Issue Detail:** The City of Sacramento's Economic Development Department recommends approval of the attached resolution allocating 66.632 Economic Development Treatment Capacity Bank Credits ("**Credits**") to Sacramento Downtown Arena LLC for the project known as the Golden 1 Center, located along L Street between 5<sup>th</sup> and 6<sup>th</sup> Streets (various APN numbers).

The Golden 1 Center will serve as an economic catalyst for Downtown Plaza and the greater Downtown area. It is also expected to create between 2,000 new jobs locally and 6,000 new jobs regionally and statewide. The project will create multi-purpose entertainment-and-sports venue that will enhance the entertainment and cultural opportunities in Downtown and the region. Given the number of jobs created and the economic impact, the project meets the City's guidelines for awarding sewer credits. If the City Council awards the requested 66.632 Credits, then the City will have 2,411.537 Credits remaining.

**Policy Considerations:** Included in the City's Economic Development Strategy goals is supporting physical development and investment in Sacramento with efforts to create jobs, improve quality of life, and provide the necessary infrastructure to attract development and businesses, with a key focus on the urban-core area. Within the City's 2035 General Plan, one of the commitments is to encourage and support efforts to implement key development projects that meet the City's revitalization and redevelopment goals. Approval of the attached resolution serves to promote these City objectives.

**Economic Impacts:** The Golden 1 Center will retain up to 800 existing jobs and create between 2,000 and 6,000 new ones based on staff's analysis using two economic-analysis models. The lower job estimate is based on local estimates, and the higher figure represents primarily regional and statewide job growth. The total economic output of the Golden 1 Center project (arena only) is estimated at between \$260 million and \$400 million locally and between \$470 million and almost \$1 billion regionally and statewide. Total economic output includes direct and indirect output as well as induced activities. This includes such items as construction and consumer spending, transfers, wages, taxes revenues, and transactions, among others.

**Environmental Considerations:** The proposed actions and agreements are part of a project, the Entertainment and Sports Center (P13-065), for which the City Council has certified an environmental-impact report and adopted a mitigation-monitoring program, findings of fact, and a statement of overriding considerations.

**Sustainability:** Not applicable.

**Commission/Committee Action:** Not applicable.

**Rationale for Recommendation:** The Sacramento Regional County Sanitation District ("**SRCS**D") established an Economic Development Treatment Capacity Bank (the "**Bank**") in June 2000. Creation of the Bank was made possible by SRCS D's purchase of unused sewer capacity from industrial users (e.g., closed canneries). The Bank allocated the Credits to SRCS D's member agencies, which in turn allocate the Credits to new development projects in accordance with SRCS D's guidelines and their own guidelines.

Since 2001, the City has participated in the Bank under a series of agreements, the first of which was City Agreement No. 2001-054, a memorandum of understanding with SRCS D. As required by these agreements, the City Council approved guidelines for allocating Credits, most recently by the adoption of Resolution No. 2006-457 in 2006.

The approved guidelines state that a prospective project will be considered if it meets at least one of three conditions: (1) it is a high job creation project with the creation of a minimum of 35 new full time jobs; (2) it is a locally owned and operated business that creates a minimum of three new full-time jobs; or (3) it is a “catalyst project” (i.e., the City Council finds that proposed project furthers economic development).

This application for 66.632 Credits meets the Council-approved guidelines for allocating Credits because it is considered to be both a “catalyst project” and a high-job-creation project. It will facilitate construction of an approximately one-million-square-foot building that includes an arena, a practice facility, on-site retail, and parking within the Central City Community Plan Area.

**Financial Considerations:** The Economic Development Treatment Capacity Bank was made possible by SRCSD’s purchase of unused sewer capacity from industrial users. SRCSD’s member agencies were allocated the Credits to use in accordance with SRCSD’s guidelines and their own guidelines. There is no impact or cost to the General Fund in granting these credits.

**Local Business Enterprise (LBE):** Not applicable.

## RESOLUTION NO.

Adopted by the Sacramento City Council

### **ALLOCATING 66.632 ECONOMIC DEVELOPMENT TREATMENT CAPACITY BANK CREDITS TO THE GOLDEN 1 CENTER PROJECT, LOCATED ALONG L STREET BETWEEN 5<sup>TH</sup> AND 6<sup>TH</sup> STREETS (DISTRICT 4)**

#### **BACKGROUND**

- A. On March 20, 2001, the City Council approved City Agreement No. 2001-054, thereby initiating the City's participation in the Economic Development Treatment Capacity Bank (the "**Bank**") established by the Sacramento Regional County Sanitation District ("**SRCS**D"). The City Council subsequently approved amendments to City Agreement No. 2001-054 on June 20, 2006, and October 8, 2013.
- B. Under City Agreement No. 2001-054 as amended, SRCS D transferred Economic Development Treatment Capacity Bank Credits ("**Credits**") to the Bank and then allocated the Credits to the jurisdictions that were participating in the Bank, including the City.
- C. Resolution No. 2006-457 approved guidelines for the City Council's allocation of Credits for commercial, downtown, low-income, infill, and transit-oriented development, as well as a contingency usage.
- D. The Bank has allocated to the City a total of 8,993.1 Credits. As of July 1, 2015, the City had allocated 6,485.815 Credits to eligible projects.
- E. Sacramento Downtown Arena, LLC (the "**Recipient**") is the developer for the Golden 1 Center Project located along L Street between 5<sup>th</sup> and 6<sup>th</sup> Streets (various APN numbers) (the "**Project**"). The Project comprises approximately one-million square feet and includes an arena, a practice facility, on-site retail, and parking.
- F. Given the number of jobs created and the economic impact of the Project, as well as its location in an urban-infill area, the Project meets the City's and SRCS D's guidelines for the allocation of Credits.

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

- Section 1. The City Council finds that the Project meets the approved guidelines for awarding Credits. Accordingly, the City Council hereby awards a maximum of 66.632 Credits to the Recipient for use on the Project.

Section 2. Credits allocated under this resolution will expire automatically and without notice if either of the following occurs:

- (a) the Recipient has not paid its requisite sewer-impact fee to SRCSD within one year after the date of this resolution; or
- (b) the Recipient has not been issued a building permit for the Project within one year after the date of this resolution.