

**Meeting Date:** 11/10/2015

**Report Type:** Consent

**Report ID:** 2015-00957

**Title:** Allocation of Sewer Credits to Encore McKinley Village LLC for the McKinley Village Model Homes Project

**Location:** District 3

**Recommendation:** Pass a Resolution allocating 19.5 Economic Development Treatment Capacity Bank Credits to Encore McKinley Village LLC for the McKinley Village Model Homes Project located just south of Business 80 and east of Alhambra Boulevard.

**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

11/2/2015 6:00:59 PM

**Approvals/Acknowledgements**

Department Director or Designee: Larry Burkhardt - 10/28/2015 9:09:17 AM

## Description/Analysis

**Issue Detail:** The Economic Development Department recommends approval of the attached resolution allocating 19.5 Economic Development Treatment Capacity Bank Credits (“Credits”) to Encore McKinley Village, LLC for the project known as “McKinley Village Model Homes,” located just south of Business 80 and east of Alhambra Boulevard (various APN numbers). If the City Council allocates the requested 19.5 Credits, then the City will have 2,367.581 Credits remaining.

**Policy Considerations:** The City views projects that promote urban infill development as an important cornerstone to the City’s economic-development goals. The City also supports such projects to make Sacramento the most Livable City in America. Approval of the attached resolution serves to promote this City objective. Construction will begin on 19 model homes. The overall project will consist of 336 residential units.

**Economic Impacts:** Economic & Planning Systems, Inc. prepared an Economic Impact Analysis for the McKinley Village project in 2013. The analysis estimates that the total project will generate a one-time economic output of \$207.3 million and will support approximately 1,455 job years over the life of the project.

**Environmental Considerations:** The McKinley Village Model Homes Project was subject to environmental review as part of its development-application approval.

**Sustainability:** Not applicable.

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

**Rationale for Recommendation:** The Sacramento Regional County Sanitation District (“SRCSD”) established an Economic Development Treatment Capacity Bank (the “Bank”) in June 2000. Creation of the Bank was made possible by SRCSD’s purchase of unused sewer capacity from industrial users (e.g., closed canneries). The Bank allocated the Credits to SRCSD’s member agencies, which in turn allocate the Credits to new development projects in accordance with SRCSD’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 SRCSD. As required by these agreements, the City Council has approved guidelines for allocating Credits, most recently by the adoption of Resolution No. 2006-457 in 2006. This application for 19.5 Credits to build the model homes for the project meets the Council-approved guidelines for allocating Credits, because it is a development project that qualifies as “infill” under the City’s General Plan. The final project will facilitate construction of 336 residential units, creating a sustainable and livable community.

**Financial Considerations:** The 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 19.5 ECONOMIC DEVELOPMENT TREATMENT CAPACITY BANK CREDITS TO THE MCKINLEY VILLAGE MODEL HOMES PROJECT, LOCATED SOUTH OF BUSINESS 80 AND EAST OF ALHAMBRA BOULEVARD (DISTRICT 3)

#### 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 projects, as well as a contingency usage.
- D. The Bank has allocated to the City a total of 8,993.1 Credits. As of October 19, 2015, the City had allocated 6,606.019 Credits to eligible projects.
- E. Encore McKinley Village LLC (the "**Recipient**") is the developer of the McKinley Village project located just south of business 80 and east of Alhambra Boulevard in Sacramento (various APN numbers) (the "**Project**"). The Project falls within the guidelines for granting Credits because it is an infill development that qualifies as "infill" and "residential" under the City's General Plan.

#### 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 allocation of Credits. Accordingly, the City Council hereby allocates a maximum of 19.5 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.