

Meeting Date: 12/1/2015

Report Type: Consent

Report ID: 2015-01054

Title: Allocation of Sewer Credits to Ice House LP for the Ice Blocks - Block II Project

Location: District 4

Recommendation: Pass a Resolution allocating 88.891 Economic Development Treatment Capacity Bank Credits to Ice House LP for the Ice Blocks - Block II Project located at 1800 18th Street and 1801 17th Street.

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

City Attorney Review

Approved as to Form

Joseph Cerullo

11/23/2015 12:45:45 PM

Approvals/Acknowledgements

Department Director or Designee: Larry Burkhardt - 11/17/2015 4:19:51 PM

Description/Analysis

Issue Detail: The City's Economic Development Department recommends approval of the attached resolution allocating 88.891 Economic Development Treatment Capacity Bank Credits ("**Credits**") to Ice House LP for the project known as "Ice Blocks (Block II)," located at 1800 18th Street and 1801 17th Street (APNs 009-0095-010 and 009-0095-001). If the City Council allocates the requested 88.891 Credits, then the City will have 2,298.69 Credits remaining.

Policy Considerations: Included in the City's Economic Development Strategy goals is the support of physical development and investment in the City through efforts to create jobs, improve the quality of life, and provide the necessary infrastructure to attract development and businesses. Encouraging projects that promote job growth and creation is an important cornerstone of the City's economic-development goals. Within the City's General Plan as part of the economic-development goals, one of our commitments is to promote and support such projects to make Sacramento the most Livable City in America, as well as to support and encourage efforts to implement key development projects that meet the City's revitalization and redevelopment goals. Approval of the attached resolution serves to promote this City objective by creating new jobs, improving quality of life, and encouraging a development project that would revitalize and redevelop an area in the urban core.

Economic Impacts: The Ice Blocks project is estimated to have an economic impact of approximately \$57 million and will create approximately 338 jobs.

The indicated economic impacts are estimates calculated using a calculation tool developed by the Center for Strategic Economic Research (CSER). CSER utilized the IMPLAN input-output model (2009 coefficients) to quantify the economic impacts of a hypothetical \$1 million of spending in various construction categories within the City of Sacramento in an average one-year period. Actual impacts could differ significantly from the estimates and neither the City of Sacramento nor CSER shall be held responsible for consequences resulting from such differences.

Environmental Considerations: The Ice Blocks (Block 2) project was subject to environmental review (a Mitigated Negative Declaration) as part of its development – application approval.

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 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.

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

This application for 88.891 Credits meets the Council-approved guidelines for allocating Credits, because the Ice Blocks project is considered to be a “catalyst project.” It will facilitate construction of 60,000 square feet of retail space, 50,000 square feet of office space, and 150 units of high-density urban housing.

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 88.891 ECONOMIC DEVELOPMENT TREATMENT CAPACITY BANK CREDITS TO THE ICE BLOCKS (BLOCK 2) PROJECT, LOCATED AT 1800 18TH STREET AND 1801 17TH STREET (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 development, Downtown, low-income, and infill / 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 November 10, 2015, the City had allocated 6,606.019 Credits to eligible projects.
- E. Ice House LP (the "**Recipient**") is the developer of the Ice Blocks (Block II) project located at 1800 18th Street and 1801 17th Street in Sacramento (009-0095-010 and 009-0095-001) (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 88.891 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.