

**Meeting Date:** 2/23/2016

**Report Type:** Consent

**Report ID:** 2016-00215

**Title:** Allocation of Sewer Credits to SKK Developments for the Q19 Project

**Location:** District 4

**Recommendation:** Pass a Resolution allocating 46.699 Economic Development Treatment Capacity Bank Credits to SKK Developments for the Q19 Project, which is located at 1617 19th Street.

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

**Presenter:** None

**Department:** Economic Development Dept

**Division:** Citywide Development

**Dept ID:** 18001031

**Attachments:**

1-Description/Analysis

2-Resolution

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**City Attorney Review**

Approved as to Form  
Joseph Cerullo  
2/17/2016 10:40:06 AM

**Approvals/Acknowledgements**

Department Director or Designee: Larry Burkhardt - 2/8/2016 8:48:14 AM

## Description/Analysis

**Issue:** The City of Sacramento's Economic Development Department recommends approval of the attached resolution allocating 46.699 Economic Development Treatment Capacity Bank Credits ("**Credits**") to SKK Developments for the project known as Q19, which is located at 1617 19<sup>th</sup> Street in Sacramento. If the City Council allocates the requested 46.699 Credits, the City will have 2,187.991 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 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 will promote a housing project that furthers the City's affordable-housing and infill-development goals.

**Economic Impacts:** The new construction of the residential project is expected to create approximately 78 total jobs (45 direct jobs and 33 jobs through indirect and induced activities) and result in approximately \$12.8 million in total economic output (\$8.3 million direct output and another \$4.5 million of output through indirect and induced activities).

*The indicated economic impacts are estimates calculated using a calculation tool developed by the Center for Strategic Economic Research (CSER). CSER uses 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 is responsible for the consequences resulting from those differences.*

**Environmental Considerations:** This 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 ("**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 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 46.699 Credits meets the Council-approved guidelines for allocating Credits, because the Q19 project is a development project that qualifies as “infill” and “residential” under the City’s General Plan. The project includes 68 residential units and 1,985 square feet of retail space.

**Financial Considerations:** None.

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

## RESOLUTION NO.

Adopted by the Sacramento City Council

### ALLOCATING 46.699 ECONOMIC DEVELOPMENT TREATMENT CAPACITY BANK CREDITS TO THE Q19 PROJECT LOCATED AT 1617 19<sup>TH</sup> 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 awarding of Credits for commercial development, Downtown, low-income, and infill / transit-oriented development projects, as well as a contingency usage.
- D. The Bank has awarded the City a total of 8,993.1 Credits. As of February 1, 2016, the City had allocated 6,758.41 Credits to eligible projects.
- E. SKK Developments (the "**Recipient**") is the developer of the Q19 project, which is located at 1617 19<sup>th</sup> Street in Sacramento (APN 007-0313-016) (the "**Project**"). The Project falls within the guidelines for granting Credits because it 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 46.699 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 SRCS D 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.