

7. OTHER CEQA REQUIRED CONSIDERATIONS

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INTRODUCTION

Section 15126 of the CEQA Guidelines requires that all phases of a project must be considered when evaluating its impact on the environment, including planning, acquisition, construction, and operation. Further, the evaluation of significant impacts must consider direct and reasonably foreseeable indirect effects of the project over the short-term and long-term. As part of this analysis, the EIR must identify (1) significant environmental effects of the proposed project, (2) mitigation measures proposed to minimize significant effects, (3) significant environmental effects that cannot be avoided if the proposed project is implemented, (4) significant irreversible environmental changes that would result from implementation of the proposed project, (5) growth-inducing impacts of the proposed project, (6) potential urban decay effects caused by economic competition created by the project, and (7) alternatives to the proposed project.

Chapter 3 of this EIR, Summary of Environmental Effects, and Sections 6.1 through 6.14 of this EIR provide a comprehensive presentation of the proposed project's environmental effects, proposed mitigation measures, and conclusions regarding the level of significance of each impact both before and after mitigation.

Chapter 8 of this EIR presents a comparative analysis of alternatives to the proposed Specific Plan.

The other CEQA-required analyses described above are presented below.

SIGNIFICANT AND UNAVOIDABLE IMPACTS

Section 15126.2(b) of the CEQA Guidelines requires that an EIR describe any significant impacts that cannot be avoided, even with the implementation of feasible mitigation measures. The environmental effects of the proposed project on various aspects of the environment are discussed in detail in Chapter 6 of this EIR. Project-specific and cumulative impacts that cannot be avoided if the project is approved as proposed include:

Project-Specific Significant and Unavoidable Impacts

- 6.1-3 Operation of the proposed project would result in the generation of increased ROG and NO_x emissions.**
- 6.8-1 Construction of the proposed Specific Plan would temporarily produce loud noise.**
- 6.8-2 The proposed Specific Plan could permanently expose sensitive receptors to traffic and rail noise levels.**

Initial Phase Only (see Section 6.12, Transportation and Circulation)

- 6.12-1 The Initial Phase would increase traffic volumes at study area intersections and cause the level of service to deteriorate.**
- 6.12-2 The Initial Phase would add traffic to the study roadway segments that result in substandard levels of service.**
- 6.12-3 The Initial Phase would add traffic to the study freeway mainline segments and cause the level of service to degrade below LOS E.**

- 6.12-4 The Initial Phase would add traffic to the study freeway interchanges and cause the level of service to degrade below those of the freeway mainline.**
- 6.12-5 The Initial Phase would add traffic to the study freeway off-ramps and cause freeway off-ramp queues to exceed the available storage capacity.**
- 6.12-10 The Initial Phase would increase traffic volumes at study area intersections and cause the level of service to deteriorate.**
- 6.12-11 The Initial Phase would add traffic to the study roadway segments that result in substandard levels of service.**
- 6.12-12 The Initial Phase would add traffic to the study freeway mainline segments and cause the level of service to degrade below LOS E.**
- 6.12-13 The Initial Phase would add traffic to the study freeway interchanges and cause the level of service to degrade below those of the freeway mainline.**
- 6.12-14 The Initial Phase would add traffic to the study freeway off-ramps and cause freeway off-ramp queues to exceed the available storage capacity.**
- 6.12-16 The Initial Phase would increase traffic volumes at study area intersections and cause the level of service to deteriorate.**
- 6.12-17 The Initial Phase would add traffic to the study roadway segments that result in substandard levels of service.**
- 6.12-18 The Initial Phase would add traffic to the study freeway mainline segments and cause the level of service to degrade below LOS E.**
- 6.12-19 The Initial Phase would add traffic to the study freeway interchanges and cause the level of service to degrade below those of the freeway mainline.**
- 6.12-20 The Initial Phase would add traffic to the study freeway off-ramps and cause freeway off-ramp queues to exceed the available storage capacity.**

Cumulative Significant and Unavoidable Impacts

- 6.1-8 Project construction activities would contribute to cumulative increases in ozone precursors.**
- 6.1-9 The proposed project would contribute to cumulative air quality degradation.**
- 6.1-10 Project construction would contribute to cumulative increases in particulate matter in the vicinity of the Specific Plan Area.**
- 6.8-6 The proposed project would contribute to increases in traffic and rail noise levels.**
- 6.12-22 The Full Project would increase traffic volumes at study area intersections and cause the level of service to deteriorate.**
- 6.12-23 The Full Project would add traffic to the study roadway segments that result in substandard levels of service.**

6.12-24 The Full Project would add traffic to the study freeway mainline segments and cause the level of service to degrade below LOS E.

6.12-25 The Full Project would add traffic to the study freeway interchanges and cause the level of service to degrade below those of the freeway mainline.

6.12-26 The Full Project would add traffic to the study freeway off-ramps and cause freeway off-ramp queues to exceed the available storage capacity.

SIGNIFICANT IRREVERSIBLE ENVIRONMENTAL EFFECTS

Under CEQA, an EIR must analyze the extent to which a project's primary and secondary effects would generally commit future generations to the allocation of nonrenewable resources and to irreversible environmental damage [CEQA Guidelines section 15126.2(c); 15127]. Specifically, Section 15126.2(c) states:

Uses of nonrenewable resources during the initial and continued phases of the project may be irreversible, since a large commitment of such resources makes removal or nonuse thereafter unlikely. Primary impacts and, particularly, secondary impacts (such as highway improvement which provides access to a previously inaccessible area) generally commit future generations to similar uses. Also, irreversible damage can result from environmental accidents associated with the project. Irretrievable commitments of resources should be evaluated to assure that such current consumption is justified.

Generally, a project would result in significant irreversible environmental changes if:

- The primary and secondary impacts would generally commit future generations to similar uses;
- The project would involve a large commitment of nonrenewable resources;
- The project would involve uses in which irreversible damage could result from any potential environmental accidents associated with the project;
- The proposed consumption of resources is not justified (e.g., the project involves the wasteful use of energy).

Development of the proposed project would result in the dedication of the Specific Plan Area to dense mixed-use urban development, thereby precluding other conflicting uses for the lifespan of the project. Restoration of the Specific Plan Area to a less developed condition would not be feasible due to the degree of disturbance of the entire Specific Plan Area, the urbanization of the surrounding area, and the level of capital investment.

The CEQA Guidelines also require a discussion of the potential for irreversible environmental damage caused by an accident associated with the project. While the project could result in the use, transport, storage, and disposal of hazardous wastes during construction and operation, as described in Section 6.5, Hazards and Hazardous Substances, all activities would comply with applicable state and federal laws related to hazardous materials, which significantly reduce the likelihood and severity of accidents that could result in irreversible environmental damage.

Implementation of the proposed project would result in the long-term commitment of resources to urban development. The most notable significant irreversible impacts are alteration of the visual character of the Specific Plan Area, increased generation of pollutants from vehicle travel and stationary operations, and the short-term commitment of non-renewable and/or slowly renewable natural and energy resources, such as water resources during construction activities. Operations associated with future uses would also consume natural gas and electrical energy. These

unavoidable consequences of urban growth are described in the appropriate sections in Chapter 6 of this EIR.

Resources that would be permanently and continually consumed by project implementation include water, electricity, natural gas, and fossil fuels; however, the amount and rate of consumption of these resources would not result in the unnecessary, inefficient, or wasteful use of resources. With respect to operational activities, compliance with all applicable building codes, as well as mitigation measures, planning policies, and standard conservation features, would ensure that natural resources are conserved to the maximum extent possible. It is also possible that new technologies or systems will emerge, or will become more cost-effective or user-friendly, to further reduce the reliance upon nonrenewable natural resources. Nonetheless, construction activities related to the proposed project would result in the irretrievable commitment of nonrenewable energy resources, primarily in the form of fossil fuels (including fuel oil), natural gas, and gasoline for automobiles and construction equipment.

Recent discussions of the issue of global warming within the scientific community have speculated that ozone depletion and resultant atmospheric warming could soon be irreversible. Although there continues to be considerable debate among experts and within our society at large, and although the relative contribution of the proposed project to global warming is not currently possible to determine, this issue is explored in section 6.1 of this EIR.

GROWTH-INDUCING EFFECTS

As required by Section 15126.2(d) of the CEQA Guidelines, an EIR must discuss ways in which a proposed project could foster economic or population growth or the construction of additional housing, either directly or indirectly, in the surrounding environment. Also, the EIR must discuss the characteristics of the project that could encourage and facilitate other activities that could significantly affect the environment, either individually or cumulatively. Growth can be induced in a number of ways, such as through the elimination of obstacles to growth, through the stimulation of economic activity within the region, or through the establishment of policies or other precedents that directly or indirectly encourage additional growth. The purpose of this section is to evaluate the potential growth-inducing effects resulting from the implementation of the Specific Plan in the City of Sacramento, and throughout the SACOG region. Additional analysis of the growth-inducing effects of the proposed Specific Plan is provided in Chapter 5, Population and Housing.

In general, a project may foster spatial, economic, or population growth in a geographic area if the project removes an impediment to growth (e.g., the establishment of an essential public service, the provision of the new access to an area; a change in zoning or general plan amendment approval); or economic expansion or growth occurs in an area in response to the project (e.g., changes in revenue base, employment expansion, etc). These circumstances are further described below:

- **Elimination of Obstacles to Growth:** This refers to the extent to which a proposed project removes infrastructure limitations or provides infrastructure capacity, or removes regulatory constraints that could result in growth unforeseen at the time of project approval.
- **Economic Effects:** This refers to the extent to which a proposed project could cause increased activity in the local or regional economy. Economic effects can include such effects as the Multiplier Effect. A “multiplier” is an economic term used to describe inter-relationships among various sectors of the economy. The multiplier effect provides a quantitative description of the direct employment effect of a project, as well as indirect and induced employment growth. The multiplier effect acknowledges that the onsite employment and population growth of each project is not the complete picture of growth caused by the project.

Elimination of Obstacles to Growth

The elimination of physical obstacles to growth is considered a growth-inducing effect. The Specific Plan Area would be developed in a built-out, highly urbanized area in Downtown Sacramento; however, some physical constraints to growth currently exist in the vicinity of the Specific Plan Area. The primary growth obstacles in the proposed project include:

- Limited capacity of the storm drainage system serving this portion of the City of Sacramento;
- Limited circulatory access connecting the Central Business District to the River District; and
- Limited capacity of the wastewater system serving this portion of the City of Sacramento.

The implementation of the Specific Plan would result in the elimination of growth obstacles by expanding the capacity of the existing at-capacity infrastructure system. The storm drainage and wastewater systems serving the Specific Plan Area are at or beyond capacity during severe storm events. Although the proposed project would contribute flows to these wet utility systems and would likely contribute funding to their expansion or other improvements, it is likely these improvements would be made regardless of whether the proposed project is developed. In addition, it is anticipated that offsite upgrading/upsizing of existing utilities (water, sewer, and drainage) would occur within street right-of-ways for 5th Street, 6th Street, 7th Street, and 12th Street. While these offsite improvements would be designed to accommodate uses proposed within the Specific Plan Area, the improvements could be sized to support other development in the Specific Plan Area, which could remove an obstacle to growth.

The provision of additional access routes from the Specific Plan Area to the Richards Boulevard Area via the Bercut Street extension, 5th Street extension, 6th Street extension, and the 7th Street alignment as well as the development of the SITF would provide increased access to and from the Central Business District and the River District. While the planned road alignments changes are unique to the project development, the recent proposals of high density downtown residential projects such as the Township 9, Towers on 3rd Street and Capitol Mall, the Aura Building on 5th Street and Capitol Mall, and the Epic Tower on 12th Street and I Street could trigger improved circulatory road connections as well. Although these offsite roadway improvements would be intended to facilitate improved circulation in and around the Specific Plan Area, they would improve the circulation system in the project vicinity and could remove obstacles for further development in the Specific Plan Area.

Electricity and natural gas transmission infrastructure presently exists in the vicinity of the Specific Plan Area. Development of the project would necessitate the construction of an onsite distribution system to convey this energy to uses on the site or an offsite connection to the offsite facility.

While the Specific Plan Area is currently surrounded by urban uses, implementation of the proposed Specific Plan includes offsite improvements to roadways and utilities distribution infrastructure that would be sized to accommodate more growth than just that associated with the proposed project. As such, these improvements could eliminate an obstacle to further redevelopment and growth in the Central City.

Economic Effects

In addition to the employment generated by development consistent with the proposed Specific Plan, additional local employment could be generated through what is commonly referred to as the "multiplier effect." The multiplier effect refers to the secondary economic effects caused by spending from project-generated residents and employees. The multiplier effect tends to be greater in regions with larger diverse economies due to a decrease in the requirement to import goods and services

from outside the region, as compared to the effects of spending in smaller economies where goods and services must be imported from elsewhere.

Two different types of additional employment are tracked through the multiplier effect. *Indirect* employment includes those additional jobs that are generated through the expenditure patterns of residents and direct employment associated with the project. For example, future residents and workers in the office, hotel and retail portions of the Specific Plan would spend money in the local economy, and the expenditure of that money would result in additional jobs. Indirect jobs tend to be in relatively close proximity to the places of employment and residence.

The multiplier effect also calculates *induced* employment. Induced employment follows the economic effect of employment beyond the expenditures of the employees within the Specific Plan Area to include jobs created by the stream of goods and services necessary to support businesses within the Specific Plan Area. For example, when a manufacturer buys products or sells products, the employment associated with those inputs or outputs are considered *induced* employment.

For example, when an employee from the project goes out to lunch, the person who serves the project employee lunch holds a job that was *indirectly* caused by the proposed project. When the server then goes out and spends money in the economy, the jobs generated by this third-tier effect are considered *induced*.

The multiplier effect also considers the secondary effect of employee expenditures. Thus, it includes the economic effect of the dollars spent by those employees who support the employees of the project.

Increased future employment generated by resident and employee spending ultimately results in physical development of space to accommodate those employees. It is the characteristics of this physical space and its specific location that determine the type and magnitude of environmental impacts of this additional economic activity. Although the economic effect can be predicted, the actual environmental consequences of this type of economic growth are too speculative to predict or evaluate, since they can be spread throughout the Sacramento metropolitan region and beyond.

It should be noted that, while the proposed project would contribute to direct, indirect, and induced growth in the region, it would develop residential, commercial, and retail land uses in a manner that is efficient and utilizes existing and planned urban resources. Development of the Specific Plan Area is a goal of the City's General Plan and the Railyards Special Planning District. Contributing to the vitality of the community is also a General Plan Goal which would be achieved as a result of the proposed project.

Environmental Effects of Induced Growth

While growth in the Specific Plan Area of the City is an intended consequence of the proposed Specific Plan, growth induced directly and indirectly by the Specific Plan could also affect the greater Sacramento region. Potential effects caused by induced growth in the region could include: increased traffic congestion; increased air pollutant emissions; loss of agricultural land and open space; loss of habitat and associated flora and fauna; increased demand on public utilities and services, such as fire and police protection, water, recycled water, wastewater, solid waste, energy, and natural gas; and increased demand for housing.

Specifically, an increase in housing demand in the greater Sacramento region could cause significant environmental effects as new residential development would require governmental services, such as schools, libraries, and parks. Indirect and induced employment and population

growth would further contribute to the loss of open space because it would encourage conversion to urban uses for housing, commercial space, and infrastructure.

URBAN DECAY

As used in CEQA, the term “urban decay” was introduced by the Court of Appeal in the case entitled *Bakersfield Citizens for Local Control v. City of Bakersfield* (2004) 124 Cal.App.4th 1184. In that decision, the court required the City of Bakersfield to revised and recirculate two EIRs for two proposed Wal-Mart stores because the documents both failed to address the possible indirect physical effects flowing from the direct economic effects of the two projects. Though the court did not expressly define “urban decay,” the court seemed to equate the concept with a “chain reaction of store closures and long-term vacancies, ultimately destroying existing neighborhoods and leaving decaying shells in their wake.” (*Id* at p. 1204) Building on this concept, the City of Sacramento focused the analysis of urban decay on the proposed Specific Plan’s retail/entertainment component. For the purposes of this assessment and consistent with the above described court decision, “urban decay” is defined as the closure of retail and other stores in the surrounding area as a result of market competition, which results in decaying building shells in sustained vacancy, long-term abandonment, and/or deteriorated conditions that significantly impair the proper and safe utilization of the real estate.

This assessment of the potential for urban decay is based on *Sacramento Railyards: Urban Decay Assessment* prepared by the urban economics firm Keyser Marston Associates. The full report is contained in Appendix N of this DEIR.

Methodology

The analysis of urban decay for the Specific Plan is based on an assessment of the market supply of, and demand for, retail and entertainment space planned for the Specific Plan Area. The analysis involved five steps:

- Definition of retail trade areas;
- Identification of market support segments for the specific retail concepts
- Projection of total expenditure retail potential for specific retail uses proposed;
- Competitive supply and projected retail sales demands; and
- Projection of net retail expenditure potential based on a comparison of total expenditure potential with projected retail sales requirements for existing and planned retail centers in the trade areas.

The supply/demand comparison was prepared for two points in time: Year 2015 (at the end of Phase 1) when a substantial percentage of the total retail and eating and drinking space proposed in the Specific Plan Area would be built and the operations would be stabilized, and Year 2025 (at the end of Phase IV) when 100% of the proposed retail and eating and drinking space would be constructed and stabilized.

In addition to the numeric analysis of retail/entertainment supply and demand, the assessment of urban decay included a comparative exploration of two specific case studies where new major shopping developments were introduced into an existing central business area. The comparative examples included the Gateway Center, an approximately 650,000 square foot (sf) railyard redevelopment project in downtown Salt Lake City, and Bay Street, an approximately 400,000 sf brownfield retail/entertainment development project in the City of Emeryville, in Alameda County. A

brief description of the two comparative examples is provided below. A complete description of the comparative analysis can be found in Appendix N.

Gateway Center

Due to the project's location and composition, the Gateway Center offers many parallels to the proposed project. The Gateway Center is a mixed use development project centered on the historic Pacific rail depot in the 650-acre Gateway District of Salt Lake City, Utah, southwest of the State Capitol. The district was once a vibrant and prosperous area that had become a forgotten and neglected older industrial, warehousing, and transportation area west of downtown. In 1998, the Depot District Redevelopment Project was created to revitalize the area in anticipation of the 2002 Olympic Games, leading to the development of the Gateway project. The specific project developed approximately 2.5 million square feet (msf) of mixed uses within a 40-acre portion of the Gateway District. Completed in 2001, the project covers three whole blocks and included approximately 650,000 sf of retail/entertainment uses, consisting of about 590,000 sf of retail and eating and drinking, plus a 60,000 sf 12-screen theater. Other components of the project included 3 Class A office buildings, a renovated train depot, cultural attractions (e.g., Children's Museum), an open air public plaza, parking, 500 residential units and a hotel. The project is about a block away from the intermodal hub and a 44-mile commuter rail and light rail station, which are expected to be completed by 2008. South of the site is the Pierpoint Art District, including a Farmer's Market and a concentration of new restaurants.

Emeryville Bay Street

Opened in late 2002, Emeryville Bay Street project is an open-air, mixed use development on 26 acres in downtown Emeryville, consisting of 400,000 sf of retail and entertainment, 346 residential units, a 230-room hotel, a 16-screen Cineplex, a 2,000-car parking garage, 3.8 msf of Class A office space, a renovated train depot, and a public plaza. The project provides an eclectic urban village setting, combining a mix of lifestyle retail, residential, hotel, and entertainment uses within three city blocks in the City of Emeryville. The project is located adjacent to I-80 and approximately a mile from three existing retail centers along the I-80 corridor: Powell Street Plaza (a 170,000 sf promotional center), Emeryville Marketplace (190,000 sf complex with a public market, a 12-screen UA theater, a book store, and other retail/entertainment), and East Bay Bridge Center (a 397,000 sf power center). Bay Street is also adjacent to a 275,000 sf IKEA store, which opened in 2000. It is also located within a mile of the Amtrak Station. The second phase of Bay Street, with a hotel, residential, and approximately 82,000 to 100,000 sf retail use, is being planned for completion by 2010/2011.

Retail Trade Areas

The retail and entertainment space proposed in the Specific Plan was determined to include three types of such space, characterized as Comparison Retail, Convenience Retail, and Eating and Drinking, each of which draws customers from different areas of the region. It is anticipated that the Comparison Retail and Eating and Drinking components of the Specific Plan could draw essentially 100% of their patronage from a Regional Trade Area (RTA) with a radius of approximately 30 miles. For the purposes of this analysis, the boundaries of the RTA is defined as extending north to almost Marysville, east to the Sierra foothills, south to Lodi, and west to Vacaville. The RTA includes the City of Sacramento, and the cities of Davis, West Sacramento, Woodland, Lincoln, Rocklin, Roseville, Citrus Heights, Folsom, Elk Grove, Vacaville, Dixon, and portions of unincorporated Sacramento, Placer, Solano, Sutter, Yolo and Yuba counties.

The bulk of the patronage in the Specific Plan Area is expected to come from a Primary Trade Area (PTA) that has a radius of approximately 10-15 miles, extending generally to the cities of Davis and Woodland on the west, Folsom to the east, Roseville to the north/northeast, and the southern edge

of Sacramento (but north of Elk Grove) to the south. The PTA would generate the majority of the sales in the project; the remainder would come from other portions of the RTA.

For Convenience Retail and Services proposed in the Specific Plan, the trade area is defined as the Downtown Central Business District, essentially bounded by the Sacramento River on the west, the American River on the north, US 50/Business 80 on the south and east. This area has a radius of approximately one to one-and-a-half miles.

Market Support Segments

Within the relevant trade areas, the proposed Specific Plan retail and entertainment space would be supported by residents, employees, visitors, and special use-generated visitors, as described further below.

- *Residents.* By 2015, approximately 2.3 million total residents will reside in the RTA, including approximately 1.2 million residents in the PTA, and 44,000 residents in downtown Sacramento. By 2025, the increase in residents would rise to approximately 2.7 million in the RTA, with approximately 1.3 million in the PTA and 77,000 in downtown.
- *Downtown Office Employees.* The total number of office employees in downtown Sacramento is estimated to be 91,000 in 2015, increasing to 106,000 by 2025. To be conservative, it is estimated that 50% of these employees also are downtown residents, and thus should not be accounted for to avoid double-counting.
- *Downtown Visitors.* Assuming a 50 percent reduction to eliminate multiple visits to events or venues by the same venue and to avoid overlap with the trade area resident and employee counts, it is estimated that there would be approximately 2.4 million visitors to downtown Sacramento in 2015, rising to approximately 2.7 million visitors for 2025. According to figures provided by the applicant, the proposed Bass Pro Venue would draw between 2 and 4 million visitors per year. These figures have been incorporated into the overall Downtown visit assumptions.
- *Special Use-Generated Visitors.* Special use-generated visitors to downtown include those regional residents that visit to attend museums, theater, or other live-performance venues. It is estimated that every year approximately 175,000 people would visit the State Museum of Railroad Technology, assuming it is located in the Central Shops. Further, it is expected that approximately 500,000 people would attend the entertainment venues envisioned in the Specific Plan Area by 2015, with attendance rising to 700,000 by 2025.

Demand Analysis - Spending Potential

The demand for retail and entertainment space is based upon the spending potential of the residents, employees and visitors in the relevant trade areas. In summary, the spending potential in the relevant trade areas are estimated as follows:

- *Comparison Retail.* Total RTA spending on Comparison Retail would be approximately \$9.2 billion in 2015, rising to approximately \$12.1 billion in 2025.
- *Eating and Drinking.* Total RTA spending on Eating and Drinking would be approximately \$3.2 billion in 2015, rising to approximately \$4.2 billion in 2025.
- *Convenience Retail.* Downtown spending on Convenience Retail and Services would be approximately \$141 million in 2015, rising to approximately \$242 million in 2025.

Supply Analysis – Available Competitive Space

The available and planned supply of competitive retail and eating and drinking space provides the supply context for evaluating the potential effects of the proposed project on urban decay. A summary of the available supply is presented below.

- *Downtown.* There are an estimated 2.1 msf of competitive supply in downtown Sacramento, including about 1.7 msf in Downtown Plaza, Old Sacramento, the K Street Mall, and the Midtown Corridor. As proposed, the Specific Plan Area would nearly double the amount of existing retail space in the four major retail concentrations in downtown. By 2015, the proposed project would account for about 26% of existing, planned, and under construction retail supply in downtown; by 2025 this percentage would increase to about 32%.
- *Remainder of the PTA.* Outside of downtown, there are an additional 9.8 msf of retail, with the largest single concentration being the 1.1 msf Arden Fair Mall. In 2015, the Specific Plan Area would account for about 7% of the existing, planned and under construction retail supply in the PTA. By 2025, this percentage would increase to about 9%.
- *Remainder of the RTA.* Beyond the PTA, there is an additional approximately 9.1 msf of retail space in the RTA, including the 1.0 msf Roseville Galleria, and the 1.2 msf Sunrise Mall. Further, there are plans for over an additional 5.0 msf of retail space in other locations in the RTA. If the proposed project were built, it would represent about 3% of the retail space in the RTA in 2015 and about 4% by 2025.

Analytical Findings

The market analysis made findings about the relative balance of supply and demand for Comparison Retail space, Eating and Drinking space, and Convenience Retail space, including the development of the proposed project.

Comparison Retail

There is projected to be sufficient support for Comparison Retail in the PTA in 2025, however, supply will exceed demand in 2015. In the larger RTA, due to the addition of new retail projects in the outlying communities such as Elk Grove and Rocklin, the supply of Comparison Retail space is expected to substantially exceed the demand for such space by 2015. However, by 2025 growth of residents, office workers, and visitors is expected to create sufficient demand to result in a balance with the supply in both the PTA and the RTA.

Eating and Drinking

The supply of existing and new Eating and Drinking space, including the proposed project, is expected to slightly exceed the demand for such space in the PTA in 2015. In the larger RTA, demand will be in balance with supply in 2015. By 2025, assuming growth of demand as expected in PTA and RTA, there is anticipated to be more than enough demand to supply the supply of Eating and Drinking space.

Convenience Retail

The demand for Convenience Retail space is expected to be sufficient to be in balance with the existing and new supply of Convenience Retail space in downtown in 2015 and 2025.

A full description of the analytical findings of the market analysis is contained in Appendix N.

Conclusions

On a project-specific basis, adequate demand will exist in the future to support existing retail uses plus the retail/entertainment uses in the Specific Plan Area. Under the scenario in which the proposed project represents the only future retail/entertainment space developed in the foreseeable future, no effects related to urban decay would occur as a result of the project.

In the cumulative analysis, considering the future in the context of development of the Specific Plan Area along with other existing, approved, and planned retail and entertainment space, in the outlying communities, such as Elk Grove and Rocklin, with or without the proposed project, projected demand for Eating and Drinking space and Convenience Retail space is expected to be close to or in balance with projected supply in the relevant trade areas in 2015 and 2025. On the other hand, with or without the Specific Plan Area, projected Comparison Retail space supply in the larger RTA will likely be greater than demand for Comparison Retail space by year 2015. By 2025, the imbalance between the supply and demand for Comparison Retail is expected to be resolved as growth in demand catches up with the supply in the region. In the meantime, communities in the region may further add to the supply of Comparison Retail space by approving the construction of projects not currently known, but any attempt to analyze the impacts of projects that have not been proposed is speculative.

During the period of time when supply exceeds demand, there is an increased possibility of a negative effect on existing, under-construction, and planned retail in the RTA, including downtown and the Specific Plan Area. The extent and exact nature of the negative effects on individual retail developments will depend on the relative strength of the individual retail locations, including the downtown retail concentrations at Downtown Plaza, Old Sacramento, the K Street Mall, and the Midtown Corridor. It is possible, however, that the more vulnerable comparison retail locations in the trade area could experience a period of soft economic demand that could lead to urban decay. This economic instability could include transfers of sales from weaker to stronger retail venues, and increased vacancy and longer absorption of vacant retail space in the trade area. If the vacancies and closures are sustained over a long period (more than 3 years), they may result in long-term abandonment of decaying building shells and/or deteriorated conditions that significantly impair the proper and safe utilization of the real estate. Those buildings that are abandoned could experience vandalism, graffiti, degraded landscaping, and other similar effects.

The conditions that lead to urban decay may be avoided through a coordinated public and private strategy including investments to protect and preserve the more vulnerable retail locations in Downtown. There are several examples in Downtown Sacramento that show that vacancies can be eliminated through the evolution of space to uses that are supported by the market. Through public and private investment there are, in locations around the Downtown area, renovations and/or conversions of existing buildings. For example, Downtown Plaza is currently processing plans to add a Target store and an upscale grocer. In addition, the Sacramento Downtown Partnership Strategic Area Plan has identified the following goals for the downtown over the next five years including:

- Increase downtown housing by approximately 3,000 units,
- Increase activity to 5 million visitors and provide 3 new or expanded venues.
- Increase office market with 3 msf for private sector use.
- Increase retail sales growth by 25%.

Changes that would help reach the Sacramento Downtown Partnership goals are occurring on a smaller scale and on a scattered basis in the Downtown, through projects such as the conversion of

rental office space to office condominiums at 13th and I Streets, automotive-based retail space to restaurant/residential mixed use along 16th Street, and warehouse uses to residential, retail, and office in the R Street corridor. In most of the cases, these projects have been undertaken with a combination of private and public investment.

For retail concentrations in Downtown to remain competitive with those in the suburbs and/or the farther out trade area, steps that could be taken include:

- Reinforcement and enhancement of the differentiated retail offerings in the four retail concentrations in the Downtown (i.e., repositioned regional shopping center for Downtown Plaza, specialty retail and eating and drinking/entertainment for the K Street Mall, visitor-oriented retail in Old Sacramento, and neighborhood-oriented retail/eating and drinking in the Midtown Corridor.
- Identification of a special, unrepresented retail niche for the Specific Plan Area to create a separate identity and destination to minimize overlaps with the other four existing retail concentrations in the Downtown;
- Development of physical linkages between the proposed project and other retail concentrations in the Downtown to create retail synergy and a large draw for the Downtown so that it can truly become a desirable and attractive place to be for residents and visitors;
- Continued development of new residential projects in the Downtown to transform the area into both a vibrant and attractive retail destination and living/working community in the Greater Sacramento region.

Implementation of the aforementioned strategies would occur through the enforcement of existing and planned City policies related to downtown development, as well as consistency with the goals of the Sacramento Downtown Partnership. In addition, the proposed project would resolve blighted conditions on-site, as the proposed project would replace the existing parcel which is currently defined as an example of urban blight, with a variety of land uses which would reinvigorate a parcel which has lied dormant for generations. This project would alter the City's pattern of being dominated by lower density suburban housing developments. However, it is reasonable to assume that if the Specific Plan Area is not developed, more projects located at a greater distance from the regional core in downtown Sacramento would be developed, resulting in an additional loss of downtown patronage, resulting in increased urban decay. The full analysis of potential urban decay effects of the proposed Specific Plan is contained in Appendix N.