

2008

CITY OF SACRAMENTO

Economic Development Department

YEAR-END REPORT



As I look back at 2008, Economic Development was at the forefront of many exciting projects and programs that have contributed to stimulating the Sacramento economy. The downturn has had an effect on development both nationally and locally, but as a city, we're continuing our efforts to do what we can to help the local economy.



This year featured some significant accomplishments in our downtown redevelopment area, with several high-profile projects, and citywide with our business-retention and expansion program, which was aggressive in reaching out to the local business community.

As we begin a new year, we are committed to our goals and objectives of creating a vibrant business environment, and are very thankful that all of our strategic partners – who have helped us achieve many of our successes – also embrace that vision.





Dave Spaur
Economic Development
Director

2008 Achievements

Major Downtown Projects Finished In '08 Bring Revenue, Activity to the Central City

Downtown has experienced major investment over the last four years. More than \$150 million in investments have taken place within the J, K and L Street corridor since 2004, and several of those projects were completed in 2008. Each contributes to the fabric of the central city and furthers the revitalization effort.

Four key projects were funded and facilitated by Economic Development's Downtown Development arm and key strategic partners. They've created a synergistic effect on other developments downtown, in Midtown and in surrounding areas. Collectively, these projects will add **440 jobs** and **\$2.9 million to the tax base**.

Project	Total investment	Estimated new annual revenue	Significance
 Sheraton Hotel/ Parking Garage sale	\$130 million	\$600,000	Sale produced a \$50 million windfall of additional resources for the city and redevelopment agency; a portion of the money was used for further reinvestment on K Street.
 The Cosmopolitan cabaret and restaurant	\$15.4 million	\$550,000	Activated a major corner at 10th and K streets, complementing other attractions nearby, including the Crest Theater, Ella Restaurant, IMAX and the newly opened Citizen Hotel.
 Citizen Hotel	\$70.2 million	\$1.6 million	As one of the first high-rise buildings in Sacramento's history, the renovated Cal West Building was transformed into the Citizen Hotel, the first-ever boutique hotel in the central business district.
 Orleans Hotel condominiums	\$13.9 million	\$150,000	The newly constructed condo project is a re-creation of the 1800s-era building. This will activate 2nd Street in Old Sacramento and bring in residents to Sacramento's historic district. Within the first three months of opening, more than 30 percent of the 24 condos are leased and a restaurant is slated for the end of 2009.

City's Business Retention and Expansion Program Connects with Hundreds of Local Businesses

Acknowledging that stable businesses play a vital role in the community, Economic Development ramped up its business retention and expansion (BRE) program in late 2007 to aggressively target local businesses to ensure that they remain and grow in Sacramento.

Through a variety of efforts, Economic Development's business retention and expansion staff reached out to nearly 1,500 businesses and/or individuals in 2008.

2008 BRE Program Highlights:

- A successful business walk in March to check in with businesses located in the Power Inn Business Improvement District
- Collaboration with the Alliance Chambers of Commerce (Asian, Black and Hispanic) to produce events and activities to connect their memberships with local government programs and processes
- A Council District 8 tour to highlight accomplishments and further economic development opportunities in the district
- Business seminars that encouraged businesses to seek assistance from outside, not-for-profit agencies
- Certification of more than 800 small businesses, which enables them to compete for citywide contracts
- Sewer credits allowing new businesses to obtain sewer connection fee rebates

By the Numbers	
Power Inn business walk	178
Partnership events with the Asian, Black and Hispanic Chambers of Commerce	330
Business seminars and one-on-one interviews	55
Small business certifications	800
District 8 tour	45
Sewer credits	73
Total	1,481*

*includes businesses and individuals reached



Grant Awards Bolster Solar and Brownfields Initiatives

Two grants totaling nearly \$1.2 million were awarded to the city in 2008 by the Department of Energy and the U.S. Environmental Protection Agency. These grants will help the city achieve two equally important goals: become more sustainable and green, and increase economic development opportunities.

Solar America Cities grant	\$200,000	In April, Sacramento was named as one of 12 U.S. cities to receive a Solar America Cities grant from the U.S. Department of Energy. Over the next two years, Economic Development, General Services and Development Services will create programs that support solar energy. Grant monies will help to: <ul style="list-style-type: none"> Plan for the installation of solar panels on city-owned rooftops and community centers to generate renewable energy; Establish a clean and green technology incentive zone; Develop a solar technician certificate program; and Examine existing planning policies and design guidelines to address barriers to solar technology.
Brownfields Revolving Loan Fund grant	\$959,793	In February, Economic Development received a Revolving Loan Fund grant to support its Brownfields program; most of the funds appropriated will finance the clean-up of contaminated sites, preparing them for economic development opportunities.

River District Redevelopment Area Percolates with Opportunity

A great deal of development activity is occurring in the River District Redevelopment Area. Aside from one of the largest infill development projects, Township 9, Economic Development and other city agencies are working collaboratively to facilitate other development opportunities for the area.

What's been done?	What does it mean?
Economic Development helped make the relocation of CHP's headquarters to the Continental Plaza on North 7th Street possible by addressing CHP's issues and concerns.	This catalyst project will consolidate nearly 1,000 jobs from throughout the Sacramento region into new CHP headquarters. This fast-track project will be completed by early 2009.
Economic Development executed an exclusive right to negotiate for the development of a Science and Technology Museum in the old Jibboom Street Power Station.	This project continues to stride toward the rehabilitation of the former PG&E building into a premier science center along the Sacramento River. Expected to generate visitors and tourists to the district, the center is likely to break ground in 2010.
Economic Development was successful in reaching a tentative agreement to relocate the downtown Greyhound station to an interim location at 420 Richards Boulevard in the River District.	The River District location will provide Greyhound with improved access to Interstates 5 and 80, and enable the company to implement current design standards, improving efficiency and safety at the new terminal.

Worth Noting ...

Assembly Bill 2026 Keeps the Docks Waterfront Development Moving

Gov. Arnold Schwarzenegger signed an important bill in September that will help the city purchase two parcels that sit in the middle of the docks development. Acquiring this land is important for the city's efforts to revitalize the 30-acre docks area on the Sacramento waterfront.

The vision for the mixed-use development:

- 1,115 new residential units
- 1,825 new jobs
- \$10 million in annual taxes

Auto Tax Sharing Agreement

With unanimous votes from both the City Council and the County Board of Supervisors in August, the two jurisdictions have pooled efforts to share in net new auto sales tax revenue. The agreement will help stabilize and expand existing dealerships, and effectively enable the city and county to compete for new auto dealerships within the region. This economic partnership will also help auto dealers operate and thrive in a time of significant consolidation and change in the industry.

Path Clear for City on K Street

In October, the city reached a monumental settlement agreement that brought nine properties on the 700 and 800 blocks of K Street under redevelopment agency ownership. Discussions about developing the 800 block are underway with Le Rivage Hotel developer Bob Leach, and will continue over the next eight months. Retail development plans on the 700 block continue.

Fee-Deferral Program Established

To induce development during economically challenging times, Economic Development and Development Services established a fee-deferral program, allowing developers to defer development impact fees until certificate of occupancy, final inspection or close of escrow. Traditionally, fees are collected when building permits are issued, adding significant up-front cost and sometimes creating barriers to development.

Since the program's inception in early October, the city has deferred five applicants, equaling about \$1.5 million in development fees.

The role of the Economic Development Department is to market the City of Sacramento and facilitate private investment in accordance with established economic development priorities and adopted land use plans and policies. Ultimately, the goal of Economic Development is to create a livable city and healthy business environment by:

- strengthening the city's business climate by retaining and expanding existing businesses, and attracting new businesses;
- helping to prepare an educated, skilled and competitive workforce to match the employment needs of the region and its businesses;
- developing opportunities for expansion and development of businesses; and
- providing leadership within the city and throughout the region to achieve mutual economic goals.



ECONOMIC DEVELOPMENT DEPARTMENT

CITY OF SACRAMENTO

915 I Street, Third Floor
Sacramento, CA 95814
916.808.7223
econdev@cityofsacramento.org
www.cityofsacramento.org/econdev

Kevin Johnson, Mayor
Raymond L. Tretheway III, District 1
Sandy Sheedy, District 2
Steve Cohn, District 3
Robert King Fong, District 4
Lauren R. Hammond, District 5
Kevin McCarty, District 6
Robbie Waters, District 7
Bonnie J. Pannell, District 8