

City of Sacramento

Legislation Text

File #: 2020-01436, **Version:** 1

Title:

Overview of the Aggie Square Project and Draft Infrastructure Financing Plan

File ID: 2020-01436

Location: Stockton Boulevard at 2nd Avenue, District 5 and District 6

Recommendation:

Provide information and receive comments about the Aggie Square Project and the draft Aggie Square EIFD Infrastructure Financing Plan.

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Attachments:

- 1-Description/Analysis
- 2-Schedule of Proceedings
- 3-Aggie Square Draft EIFD Infrastructure Financing Plan

Description/Analysis

Issue Detail: Located on the UC Davis Medical Center Campus, along the Stockton Boulevard corridor, the Aggie Square project is envisioned as an innovation hub for the Sacramento region, hosting Sacramento start-ups, growing local companies, bringing new companies and jobs to Sacramento and adding vitality to the Stockton Boulevard corridor.

Aggie Square will provide a state-of-the-art collaborative hub for research, innovation development, and education unlike anything currently located in the Sacramento Region. The project will couple the key elements of a successful innovation ecosystem including publicly and privately funded research,

commercial office and lab space, convening space, housing, public spaces, with abundant opportunities for learning and growth. The project exemplifies best practices in innovation and inclusive economic development by leveraging the research strengths of UC Davis to create opportunities for academic, industry and community collaboration.

Aggie Square Phase 1: Phase 1 will consist of approximately 1.2 million square feet in four buildings which will contain a variety of UC Davis and private sector uses, including science, technology, data and research uses, co-working space, community serving retail, and residential. Each of these important elements, from the shared office and lab space, to the turnkey commercial labs, to the public “living room” infrastructure of Innovation Hall, allows for entrepreneurial collisions and connections, ongoing community engagement, commercial co- location clustering with startups, and new job creation/workforce development.

The projected total development costs for Phase 1 of Aggie Square is estimated at \$1.1 billion, with delivery currently projected for late 2023. Major elements for Phase 1 include the following facilities and uses:

Lifelong Learning Building - 310,336 Sq. Ft.

- Public and Community Health Research
- University offices and classroom
- Public Scholarship & Engagement
- Data Science Uses
- Continuing & Professional Education
- Community College & Workforce Partnerships
- Transformative Justice Studies
- Advancing Health Care Equity
- Multilingual Education
- Coworking Space
- Innovation Hall
- Cambridge Innovation Center
- Venture Café

Life Science, Technology & Engineering Buildings - East (319,000 Sq. Ft) and West (268,000 Sq. ft.)

- Translational Neurosciences Research
- Regenerative Medicine Research
- Medical Devices Development Research
- Other science and technology uses
- Other University labs and research
- Coworking space

- Shared wet lab space
- Commercial Lab Space
- Café

Mixed-Use Food & Health/Residential Building

- Alice Waters Institute for Edible Education
- Community serving food and health programs
- Residential

Public Open Spaces and Gathering Areas

- Aggie Square
- Market Plaza
- Mobility Plaza (for electric buses, bikeshare, carshare, shuttle services)
- Parking Garage

Aggie Square Phase 2: Phase 2 is not a part of the public-private partnership with Wexford and not part of the EIFD but is proposed to be developed by UCD in the future: This phase includes 600,000 square feet in two buildings consisting primarily of science, technology, and research uses. The land uses in Phase 2 include the following uses:

- 370,000 sq. ft. of science and technology
- 200,000 sq. ft. of university research space
- 22,000 sq. ft. of co-working space
- 8,000 sq. ft. of community-serving retail

EIFD and Draft Infrastructure Financing Plan

On October 27, 2020, City Council adopted a Resolution of Intention (ROI) proposing to establish an EIFD for Aggie Square (Resolution No. 2020-0352). Pursuant to the ROI, the Aggie Square EIFD Public Financing Authority (PFA) was established as the governing board of the proposed EIFD. On November 18, 2020, the PFA ordered the preparation of the Infrastructure Financing Plan (Plan), the statutory requirements of which are codified in Chapter 2.99 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Section 53398.50) (EIFD Law).

The City Clerk distributed a Notice to each owner of land in the proposed EIFD and each affected taxing entity notifying them of the PFA public meeting of December 1, 2020, to review the draft Plan. Notice of this meeting was also listed on the PFA's website.

Pursuant to the EIFD Law, the PFA shall conduct a public meeting to review the draft Plan. The PFA must hold three public hearings before approval of the final Plan, which at this time is envisioned to occur from February through April. At the third public hearing the PFA may adopt the Plan to form the

EIFD. However, the City Council must approve the Plan prior to the PFA forming the EIFD.

The draft Plan which is the subject of the PFA's December 1st meeting is included as Attachment 1 and includes all items required by the EIFD Law. A summary of the key requirements included in the Plan is provided below.

Map and legal Description: The proposed EIFD consists of approximately 42 acres on 19 parcels. It includes properties owned by Abrego Partners, Fairgrounds Plaza Partners, LLC, Glassrock Partnership, the Regents of the University of California, and Shriners Hospitals for Children. All property owners are aware of their inclusion and have not protested their inclusion. A map and legal description of the proposed boundaries are in the Plan.

Public Facilities and Development Proposed to be Financed: The public capital facilities proposed to be financed through the EIFD include roadway, storm water, sewer and utility improvements within and surrounding the Project. Other development to be financed includes the design and construction of housing as well as public gathering areas, open spaces, and buildings and parking facilities within the Project area. The improvements are of communitywide significance and provide significant benefit to the area of the proposed EIFD and surrounding community. A list of the public improvements and development that may be financed by the EIFD is provided in Exhibit B to the Plan.

Necessity of EIFD: The formation of the EIFD is necessary to finance the construction of public infrastructure and development that serves the Aggie Square project and surrounding community while providing significant communitywide benefits.

Use of Incremental Tax Revenue: The EIFD will use incremental property tax revenue to finance facilities and costs authorized by law to be financed through the EIFD. The authorized incremental property tax financing is described in the Plan, a copy of which is attached. As noted above, the City Council will have the opportunity to review and approve the Plan and the proposed use of incremental property tax revenue prior to formation of the EIFD by the PFA. The Plan indicates that the EIFD will use incremental property tax revenue that is generated by parcels within the boundaries of the EIFD to finance direct funding of facilities and reimbursement of the developer for its cost of construction of facilities, and to pay costs of issuance of bonds or other debt of the EIFD, of a community facilities district of the City, or of any other public agency for authorized facilities and payment of debt service thereon to finance facilities and costs authorized to be financed through the EIFD.

Goals of the EIFD: The primary goal in financing the public facilities is to catalyze significant private investment for the development of a mixed-use innovation and research center located on the UC Davis Science Center Campus which will further catalyze activities along the Stockton Boulevard corridor. The EIFD goals are further detailed in the Plan.

Other items required by the EIFD Law are included in the Plan, which is attached hereto.

A summary of the key actions for establishing the EIFD, as well as estimated dates of completion, is provided in the Schedule of Proceedings (Attachment 2 to this report).

Policy Considerations: Establishing the EIFD is a necessary step towards the successful development of the public infrastructure and other projects of communitywide significance necessary for development of the Project. Proceedings for the establishment of the EIFD are begun through adoption of the ROI, which occurred on October 27, 2020.

Economic Impacts: Aggie Square will generate significant economic benefits to the community, the City and the region. A Fiscal Impact Study (Study) completed by Economic Planning Systems in July 2020 estimates that the project when built out would add approximately \$5 million to the local economy annually.

In addition, the Study highlights the wide-ranging employment opportunities generated by the project and includes the following number of direct jobs created by Aggie Square.

- **7,100 construction period (direct jobs calculated by job years)**
- **3,591 permanent jobs (direct jobs calculated by job years)**

Permanent Jobs Categories	Estimated Employees
Science and Technology Uses	1,047
Coworking Space	711
Offices and Classroom	541
University Research	497
Data Sciences	496
Rehabilitation Hospital	200
Community Serving Retail	31
Alice Waters Institute for Edible Education	23
UC Catering	23
Building Maintenance and Custodial Uses	22
Total	3,591

These figures do not include the induced jobs created by the project which are envisioned to approximately double the number of total jobs created by the project.

Environmental Considerations:

California Environmental Quality Act (CEQA): The action involves review of the potential financing mechanisms for improvements associated with the Aggie Square project. The action is not considered a project under the California Environmental Quality Act (CEQA). The action involves review and discussion of the creation of a government funding mechanism or other government fiscal activities, which do not involve any approval or commitment to any specific project which may result in a potentially significant physical impact on the environment. CEQA review is not required. CEQA Guidelines section 15352.

Sustainability: Not applicable.

Commission/Committee Action: None.

Rationale for Recommendation: Formation of the EIFD is necessary to support the development of the Project, and review of the draft Plan is a necessary step in the formation process pursuant to the EIFD Law.

Financial Considerations: The allocation of revenues to the EIFD from the City will be limited to incremental property tax revenue and property tax revenues in lieu of vehicle license fee (PTILVLF) revenue generated by property within the boundaries of the EIFD, which is to be used to assist in the direct funding of facilities, reimbursement of the developer for its cost of construction of facilities, payment of debt service on bonds, issued to finance eligible costs, or all or some of the foregoing. The Plan contains a limit on the total dollars of taxes that may be allocated by the City to the EIFD, and the date on which the tax allocation to the EIFD will end. The City has no obligation to contribute revenues to the EIFD beyond the limits set forth in the Plan.

Local Business Enterprise (LBE): Not applicable.