

RESOLUTION NO. 2009-264

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE ADOPTING A CONCEPTUAL ECONOMIC DEVELOPMENT STATE OFFICE BUILDING INCENTIVE PROGRAM (PROGRAM) AND DIRECT THE CITY MANAGER, OR HER DESIGNEE, TO NEGOTIATE THE AMOUNT OF THE INCENTIVE; REVIEW, CONSIDER AND SELECT ALL PROPOSALS RECEIVED FOR THE PROGRAM; AND DETERMINE AND IMPLEMENT ALL NECESSARY PROGRAM STEPS. ADDITIONALLY, PRIOR TO FINALIZATION, DIRECT THE CITY MANAGER TO RETURN WITH SPECIFIC PROGRAM PACKAGES WHICH SHALL BE APPROVED BY THE CITY COUNCIL

WHEREAS, the City Council established an Ad Hoc Committee on January 14, 2009, to represent the City in upcoming Economic Development and State Legislative discussions regarding the location of state facilities; and

WHEREAS, the City created a conceptual Economic Development State Office Building Incentive Program to attract state office buildings to Elk Grove; and

WHEREAS, Elk Grove has an extreme jobs / housing imbalance as shown by the fact that for every residential unit in Elk Grove, there is less than 1 local job for residents; and

WHEREAS, the conceptual draft Program is Exhibit A to the Resolution.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Elk Grove adopts a resolution establishing a conceptual Economic Development State Office Building Incentive Program (Program) and direct the City Manager, or her designee, to negotiate the amount of the incentive; review, consider and select all proposals received for the Program; and determine and implement all necessary Program steps.

NOW, THEREFORE, BE IT FURTHER RESOLVED that the City Council of the City of Elk Grove directs the City Manager to return with specific Program packages which shall be approved by the City Council prior to finalization.

PASSED AND ADOPTED by the City Council of the City of Elk Grove this 9th day of December 2009.



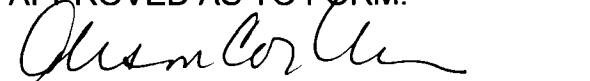
PATRICK HUME, MAYOR of the
CITY OF ELK GROVE

ATTEST:



SUSAN J. BLACKSTON, CITY CLERK

APPROVED AS TO FORM:



SUSAN COCHRAN, CITY ATTORNEY

EXHIBIT A

CONCEPTUAL DRAFT

Proposed Economic Development Term Sheet related to state office buildings

- The Elk Grove City Council established a State Legislative Ad Hoc Committee that is committed to attracting, retaining, and providing incentives for the location of state office buildings in Elk Grove.
- The Committee has been working aggressively to market Elk Grove as an attractive location for the operation of state office buildings because it is estimated that 1 out of every 11 residents (12,625) are state employees. Of those residents, nearly 77 percent of them drive alone to downtown Sacramento, an average commute of at least 30 minutes.
- Additionally, for every residential unit in Elk Grove, there is less than 1 local job for residents.
- Locating a state office building in Elk Grove would significantly reduce vehicle miles traveled and associated pollution and would help to better balance the current jobs/housing ratio.

TERMS

- All eligible office buildings shall be for either a lease, lease with the option to purchase, construction, or purchase of a state building for a minimum of four years.
- Incentives provided by the City of Elk Grove will be used and invested back into the Elk Grove community.
- The City Manager, or her designee, shall have the authority to negotiate the amount of the incentive, as well as:
 - Review all proposals received for the program. City shall give highest consideration to one or more proposals that can demonstrate the most cost savings and benefit to be passed onto the state and the greatest local value. This could include the ability to negotiate below market rent rates. The City will monitor and determine what the existing building owner provides to the Program to ensure the best possible package is created for the state agency.
 - Work with all parties involved on how to most effectively implement benefits. Program benefits shall go directly to the state of California and not any developer, landowner, landlord, or other party.
 - Determine if the program will be administered with the landlord or directly with the state agency. A proposal may only be submitted to the state with prior City Council approval.
 - Return to the City Council prior to finalization for approval of any Program package.
- The City has outlined specific uses for the funding as well as some projected economic development benefits that will help attract and retain state office buildings, which are outlined below.

SPECIFIC USES - money funded out of Program shall only be used for these authorized expenses

- Building Tenant Improvements (TIs) – these improvements are changes, typically to office, retail, or industrial property, to accommodate specific needs of a tenant. TIs include installation or relocation of interior walls or partitions, carpeting or other floor covering, shelves, windows, toilets, etc.

Economic Development Benefit: The tenant could free up funding for other uses as the cost of the TIs is typically negotiated in the lease. This would equate to lower rent for tenant.

- Furniture, Fixture and Equipment (FF&E) – FF&E are movable furniture, fixture or other equipment that have no permanent connection to the structure of a building or utilities. Examples of FF&E include desks, chairs, computers, electronic equipment, tables, bookcases and partitions.

Economic Development Benefit: The tenant could free up funding for other uses as the cost of the FF&E can be considerable and these items depreciate substantially. This would equate to lower start-up costs for tenant.

- Relocation – the costs of relocating a state office building to Elk Grove may include moving expenses, utility hook-ups, temporary storage costs, etc.

Economic Development Benefit: The tenant could free up funding for other uses as the cost of the relocation could be substantial. This would equate to lower start-up costs for tenant.

- Rent Differential – program could pay for rent differential between either Class A or Class B (depending on situation) asking rents between Laguna/Elk Grove and the regional average as depicted in the current Office Trends Report for Sacramento from Grubb & Ellis or another comparable publication as approved by the City.

Economic Development Benefit: This would equate to lower rent for tenant that would be comparable to the region.

- New construction, lease, lease with the option to purchase, purchase – are all eligible for the program.

Economic Development Benefit: Depending on the action selected, the benefits would vary but could include lower or free rents, reduced start-up costs, reduced capital improvement costs or reduced operating costs.

- Fee Reductions – reduced fees including City-administered development impact fees, other agency-administered development impact fees, building permit fees, Plan Review processing fees and deposits, or any other development related fees.

Economic Development Benefit: Depending on the action selected, the benefits would vary but could include lower or no fees being charged.

- Transportation – program could pay for transportation related costs of state office buildings, which could include: employee transportation subsidies, specific transit trips or routes, purchase of carpool/van-pool vehicles or other City of Elk Grove approved transportation expenditures.

Economic Development Benefit: Depending on the action selected, the benefits would vary but would all be transportation related.

- Quality of Life/Work – program could pay for approved quality of life/work areas of interest, which could include: employee wellness assistance, enhanced technology, multi-disciplinary office cohabitation (hotel office concept), flexible lease options, etc...

Economic Development Benefit: Depending on the action selected and approved the benefits would vary but would all be quality of life/work related.

**CERTIFICATION
ELK GROVE CITY COUNCIL RESOLUTION NO. 2009-264**

STATE OF CALIFORNIA)
COUNTY OF SACRAMENTO) ss
CITY OF ELK GROVE)

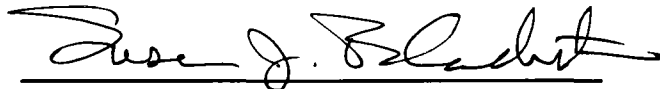
I, Susan J. Blackston, City Clerk of the City of Elk Grove, California, do hereby certify that the foregoing resolution was duly introduced, approved, and adopted by the City Council of the City of Elk Grove at a regular meeting of said Council held on December 9, 2009 by the following vote:

AYES : COUNCILMEMBERS: Hume, Scherman, Cooper, Davis, Detrick

NOES: COUNCILMEMBERS: None

ABSTAIN : COUNCILMEMBERS: None

ABSENT: COUNCILMEMBERS: None



**Susan J. Blackston, City Clerk
City of Elk Grove, California**