

RESOLUTION NO. 2010-122

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE AMENDING
THE ECONOMIC DEVELOPMENT STATE OFFICE BUILDING INCENTIVE
PROGRAM TO INCLUDE FEDERAL OFFICE BUILDINGS**

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 adopted an Economic Development State Office Building Incentive Program (Program) to attract state office buildings to Elk Grove; and

WHEREAS, expanding the Program to include Federal Office Buildings would enhance the City's economic development efforts.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Elk Grove amends the Economic Development State Office Building Incentive Program to include Federal Office Buildings, as shown on the attached Exhibit A.

PASSED AND ADOPTED by the City Council of the City of Elk Grove this 23rd day of June 2010.



SOPHIA SCHERMAN, MAYOR of the
CITY OF ELK GROVE

ATTEST:



JASON LINDGREN, INTERIM CITY CLERK

APPROVED AS TO FORM:



SUSAN COCHRAN, CITY ATTORNEY



EXHIBIT A

CITY OF ELK GROVE STATE AND FEDERAL OFFICE BUILDING INCENTIVE PROGRAM

The purpose of this program is to provide economic development incentives to State and Federal Agencies seeking to locate a new office or relocate and existing office in Elk Grove.

TERMS

- All eligible office buildings shall be for either a lease, lease with the option to purchase, construction, or purchase of a state or federal 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 the City Manager's 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 or federal agency 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 each agency.
 - Work with all parties involved on how to most effectively implement benefits. Program benefits shall go directly to the State of California or the U.S. Government and not any developer, landowner, landlord, or other party.
 - Determine if the program will be administered with the landlord or directly with each agency.
 - Determine proposed incentive packages. A formal incentive offer may only be submitted to with prior City Council approval.
- The City has outlined specific uses for the funding as well as some projected economic development benefits that will help attract and retain state or federal 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 or federal 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 each agency, 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, or other similar programs.

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

The following table details a sampling of some of the incentives that may be offered based upon office size:

Incentives Available	Potential Incentive Amounts					
	20,000 Sq.Ft. Building		50,000 Sq.Ft. Building		100,000 Sq.Ft. Building	
	High	Low	High	Low	High	Low
Building Tenant Improvements	\$6.00/Sq.Ft.	\$3.00/Sq.Ft.	\$15.00/Sq.Ft.	\$7.50/Sq.Ft.	\$30.00/Sq.Ft.	\$15.00/Sq.Ft.
Flat Incentives (may be used for FF&E, Relocation Costs, Fee Reductions, and other general incentives)	\$120,000	\$60,000	\$300,000	\$150,000	\$600,000	\$300,000
Rent Differential*	\$0.01/Sq.Ft.	\$0.01/Sq.Ft.	\$0.03/Sq.Ft.	\$0.02/Sq.Ft.	\$0.06/Sq.Ft.	\$0.03/Sq.Ft.
Average Incentive Per Employee	\$3,000.00	\$1,500.00	\$3,000.00	\$1,500.00	\$3,000.00	\$1,500.00

*Assumes an 8 year lease.

**CERTIFICATION
ELK GROVE CITY COUNCIL RESOLUTION NO. 2010-122**

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

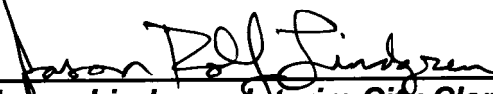
I, Jason Lindgren, Interim City Clerk of the City of Elk Grove, California, do hereby certify that the foregoing resolution was duly introduced, approved, and adopted by the City Council of the City of Elk Grove at a regular meeting of said Council held on June 23, 2010 by the following vote:

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

NOES: COUNCILMEMBERS: *None*

ABSTAIN : COUNCILMEMBERS: *None*

ABSENT: COUNCILMEMBERS: *None*



**Jason Lindgren, Interim City Clerk
City of Elk Grove, California**