

City of Sacramento
Law and Legislation Committee Report
915 I Street Sacramento, CA 95814
www.cityofsacramento.org

File ID: 2023-00557

10/17/2023

Discussion Item 3.

Ordinance Adding Chapter 3.156 to the Sacramento City Code, Relating to Community Benefits Agreements

File ID: 2023-00557

Location: Citywide

Recommendation: 1) Review an **Ordinance** adding chapter 3.156 of the Sacramento City Code, relating to community benefits agreements; and 2) Pass a **Motion** forwarding the Ordinance to City Council for consideration.

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Presenter: Ellen Sullivan, Senior Development Project Manager, (916) 808-5758, eesullivan@cityofsacramento.org; Leslie Fritzsche, Economic Investment Manager, (916) 808-5450, lfritzsche@cityofsacramento.org, City Manager's Office of Innovation and Economic Development

Attachments:

- 1-Description/Analysis
- 2-Community Benefits Agreement Ordinance
- 3-CBA Ordinance Redline
- 4-Draft Community Benefits Ordinance Framework
- 5-Sacramento Investment Without Displacement Comments on Draft Community Benefits Ordinance Framework
- 6-North State Building Industry Association Comments on Draft Community Benefit Ordinance Framework
- 7- Downtown Sacramento Partnership Comments on Draft Community Benefits Ordinance Framework
- 8-Aggie Square Settlement Agreement with the UC Regents and Sacramento Investment Without Displacement
- 9-Inclusive Economic Development Investment Guidelines
- 10-Sacramento Investment Without Displacement - Outstanding Issues Side-By-Side Comparison Community Benefits Agreement Ordinance

- 11-Sacramento Investment Without Displacement Community Benefit Comparison
- 12-Greater Sacramento Economic Council, Barry Broome, Comments on Draft CBO
- 13-Greater Sacramento Economic Council, Michelle Williard, Comments on Draft CBO
- 14-Downtown Sacramento Partnership Letter of Concern - Community Benefits Agreement Ordinance
- 15-Sacramento Investment Without Displacement Community Benefits Agreement Ordinance
- 16-Greater Sacramento Economic Council CBA Opposition Letter
- 17-North State BIA Draft Community Benefits Agreement Ordinance
- 18-DSP R Street River District Letter of Concern

Description/Analysis

Issue Detail: On May 12, 2021, the City of Sacramento, the Regents of the University of California, and Sacramento Investment Without Displacement (“SaciWD”) entered into a settlement agreement regarding the Aggie Square Project (“Settlement Agreement”, included as Attachment 8). The Settlement Agreement included a provision requiring the City to endeavor to bring forward a community benefits agreements ordinance (“CBO”) for City Council consideration by January 1, 2022. The City and SaciWD have since agreed to extend that deadline multiple times, most recently to the end of May, 2023 and are working on a new extension to comport with the current schedule.

The City has drafted a proposed CBO that requires certain development projects receiving \$10 million or more in economic development subsidies from the City to enter into a community benefits agreement (“CBA”) as a condition of receiving the subsidy. The proposed CBO is included as Attachment 2. The ordinance contains terms that each CBA must include such as: local hire, compliance with prevailing wage law, small and local business support, anti-displacement strategies, provisions for affordable housing, transportation projects, and other project specific benefits. It provides that the City Council may waive some of these terms if it finds that they are not warranted under the circumstances. The proposed ordinance also contains language ensuring community input in the process and provides for the City Manager to develop policies and procedures to implement and enforce the CBO.

Staff is asking Law and Legislation Committee to review the draft ordinance and, if acceptable, forward the proposed CBO to City Council for consideration as is required under the Settlement Agreement.

Policy Considerations: The addition of chapter 3.156 to the City Code is an extension of the City’s Inclusive Economic Development Investment Guidelines approved by Council in 2019 (included as Attachment 9) and would be the next step in the Inclusive Economic Development initiative by codifying the City’s commitment to promote inclusive economic and community development. Additionally, a CBO is consistent with City Council’s adopted “Policy to Take Comprehensive, Intentional Actions to Increase and Diversify our Economic Growth in an Inclusive and Equitable Manner that Focuses on Neighborhoods and Their Unique Needs” approved by Council on July 31,

2018.

Economic Impacts: Not applicable.

Environmental Considerations: The adoption of the ordinance would provide general guidelines related to the requirement of a CBA in connection with city subsidies, as defined in the ordinance, for large projects. This is intended to replace *ad hoc* consideration of such agreements. The ordinance is not a project as defined under the California Environmental Quality Act (CEQA) because it involves administrative and fiscal activities of the city without commitment to any project, and without any physical change in the environment. (CEQA Guidelines sections 15378(b)(4) and (b)(5).) Therefore, the action to adopt the ordinance is not subject to CEQA. (CEQA Guidelines Section 15060(c)(3)).

Sustainability: None.

Commission/Committee Action: This item was previously heard by Law and Legislation Committee on March 29, 2022, and April 18, 2023. Information regarding the discussions at the two meetings is included in the Background section below.

Rationale for Recommendation: The proposed CBO is an extension of the City's Inclusive Economic Development Investment Guidelines and provides consistency and certainty for developers and community members when the City is providing an economic subsidy of \$10 million or more to a significant development project. The CBO was drafted based on the terms of the Aggie Square Settlement Agreement, direction received from the Law and Legislation Committee and City Management, as well as input from the Investment Committee, Sacramento Investment Without Displacement, and from the business and development community.

Financial Considerations: None.

Local Business Enterprise (LBE): Not applicable.

Background: As a component of the Settlement Agreement, the City is required to work with SacIWD, to develop the CBO. Once the CBO is drafted, it is to be considered for adoption by City Council. The proposed CBO would require CBAs for certain projects receiving economic subsidies within the meaning of Government Code section 53083.

The Settlement Agreement included provisions regarding what the CBO should contain:

- (A) Identification of criteria for determining which projects receiving economic subsidies from the City will require CBAs;

- (B) Provisions for community enforcement of the CBAs;
- (C) A transparent accountability process that includes a Public Oversight Committee that is guided by an inclusive, comprehensive, community-driven process; and
- (D) Provisions in the CBAs for long term small/local business protection, anti-displacement strategies, and production of affordable housing to be developed with SacIWD, affected residents, and other relevant community partners.

On March 29, 2022, staff brought a draft concept to Law and Legislation Committee for consideration. The direction received at Law and Legislation Committee was to craft a CBO that is flexible and has a high-dollar threshold (for example, \$10 million) to “kickstart” the requirement for a CBA. City management has also indicated support for this approach.

On August 9, 2022, the Investment Committee Financial Tools Working Group met to discuss the concept of a proposed CBO. The Working Group discussed the importance of flexibility in the ordinance. In addition, the Working Group expressed that the CBO should apply to large, transformative projects and to be sensitive in making sure such a requirement does not make development so difficult that it results in developers not wanting to do business in the City.

On October 3, 2022, the Inclusive Economic and Community Development Investment Committee discussed the potential CBO. The Committee also discussed what amount of subsidy would require a CBA and what types of benefits could be included in CBAs.

Community Benefits Ordinance Framework

As a next step, staff drafted a Community Benefits Ordinance Framework (Attachment 3). The CBO Framework was based on the direction received at Law and Legislation Committee and from City management. It is streamlined and flexible in nature and is in keeping with what the City agreed to in the Aggie Square Settlement Agreement.

Staff shared the draft CBO framework with SacIWD and the development community for input.

Sacramento Investment Without Displacement (SacIWD)

Since February 2022, City and representatives of SacIWD have been meeting to discuss elements of a potential CBO. SacIWD shared the results of their community outreach and provided ordinance language, as well as feedback on the City’s draft CBO Framework (Attachment 5).

SacIWD’s feedback on the CBO Framework is generally that the \$10 Million in economic development subsidy is too high an amount to require a CBA and there should be additional

considerations to require a CBA such as building square footage. Additionally, they expressed that the definition of economic development subsidy is too narrow. SacIWD also would like more minimum benefits listed in the CBO.

Development Community Outreach

On August 15, 2022, the City presented the concept of a CBO to members of the business and development community. Approximately 30 people attended and there were members of SacIWD present also. The group felt that they needed a draft CBO or CBO Framework to react to and recommended that the City reach out to a larger group of the development community.

On September 8, 2022, the City presented the concept of the CBO to the North State Building Industry Association Infill Council (BIA). The group provided comments of support for the affordable housing exemption and the dollar threshold. The Infill Council indicated they would provide written comments. On March 10, 2023, the BIA provided written comments on the proposed CBO Framework (Attachment 6). The BIA indicated concerns that Community Financing District bonds or their proceeds should not apply to the CBO \$10 million threshold, exclude routine public financing of housing projects from the CBO, and include a provision that only the types of funds listed in the CBO may be used for the calculation of the subsidy for purposes of the CBO.

On October 25, 2022, the City met with a group of downtown developers at a round-table style meeting facilitated by the Downtown Sacramento Partnership (DSP) to discuss the draft CBO Framework. As a follow-up to the meeting, DSP provided written comments outlining concerns with the proposed CBO Framework (Attachment 7). DSP indicates a primary concern is that the \$10 million threshold is too low and should have an inflation adjustment. Additionally, DSP would like the scope of projects qualifying for a CBA better defined. Staff has since met with DSP's Policy Committee twice to provide the ordinance and continue to obtain feedback.

Community Benefits Agreement Ordinance

Utilizing the comments received from the development community and SacIWD on the draft CBO Framework and direction from City Management, staff outlined the CBA ordinance components and provided direction to the City Attorney's Office to draft the CBO.

The City provided the draft CBO to SacIWD on March 8, 2023, for their review. Subsequently, it was posted to the City's website. The City's Community Engagement team sent out a notification email to the business and development community on March 23, 2023, to notify them that the draft CBO was available for review and the date of the Law and Legislation Committee meeting. The City received comments from SacIWD (Attachments 10 and 11), the Greater Sacramento Economic Council (Attachments 12 and 13), Downtown Sacramento Partnership (Attachment 14). SacIWD also included an alternate CBO language which is include as Attachment 15.

On April 3, 2023, the Inclusive Economic and Community Development Investment Committee discussed the proposed CBO. Four members provided comments and they related to suggested inclusion of baseline metrics and targets for local hire; questions related to the dollar amount of the threshold, types of business support and technical assistance; and consideration for the inclusion of the arts.

On April 18, 2023, the proposed CBO was presented to the Law and Legislation Committee. After City staff and SacIWD made presentations to the Committee, a number of members of public spoke regarding concerns with the CBO, specifically citing the threshold and not enough time to for outreach with the City. The Committee's discussion focused on a number of questions:

- What should threshold dollar amount be?
 - \$10 Million
 - Less than \$10 Million
- Should the threshold be a percentage of project cost?
- Should flexibility be dependent on the City's investment?
- Should the benefits be scalable?
 - Smaller investment, fewer required benefits
 - Larger investment, more required benefits
- Should enforcement provisions be included in the CBO
- Should Council approve the Implementation Guidelines?
- Should certain areas of the City such as the Central City be excluded?

The Committee asked staff to investigate whether including rezonings as a development subsidy that could trigger the CBA requirement regardless of whether the City expends any public funds or loses any revenue to subsidize a project ("stand-alone rezone") would legally be possible. Staff requested, and the Committee concurred, that since SIWD brought the stand-alone rezone concept forward, SIWD should provide the legal support for the City's ability to impose the CBA requirement as a condition of a stand-alone rezone. The Committee directed staff to continue outreach to the business and development community regarding the CBO and solicit additional input on the proposed ordinance. Based on this continuing work, staff received an opposition letter to the CBO from the Greater Sacramento Economic Council (Attachment 16) and the North State BIA submitted alternate CBO language (Attachment 17). Additionally, the Downtown Sacramento Partnership, R Street PBID, and River District PBID wrote a joint letter of concern (Attachment 18) regarding concerns with the draft CBO.

Following the Committee meeting, staff has done additional outreach to SIWD and the business

community. SIWD has provided their legal research on the ability of the City to include stand-alone rezonings as a development subsidy triggering the CBA requirement. Based on the research that SIWD provided and the scope of the Settlement Agreement, treating a stand-alone rezone as a development subsidy is not a viable option and staff does not recommend including it in the ordinance or discussing it further.

Based on the overall direction from the Law and Legislation Committee, the desire for a streamlined CBO, comments received at the Law and Legislation meeting and the input received from stakeholders, staff revised the CBO. The changes are summarized below:

- Section 3.156.010: Addition of a “Purpose” section outlining the goals and objectives of the ordinance;
- Section 3.156.030: Changes to the definition of “Affordable rent” - referencing a more widely accepted State standard;
- Section 3.156.030: Changes to the definition of “Development subsidy” - clarifying that certain types of bonds such as Mello-Roos/Community Facilities Bonds are not considered a development subsidy;
- Section 3.156.070: Additional language in the “Community input” section;
- Section 3.156.080: Additional language in the “Policies and procedures” section to specify that the policies and procedures that the City Manager may adopt include address accessible and comprehensive community input processes.

ORDINANCE NO.

Adopted by the Sacramento City Council

Date Adopted

**AN ORDINANCE ADDING CHAPTER 3.156 TO THE SACRAMENTO
CITY CODE, RELATING TO COMMUNITY BENEFITS AGREEMENTS**

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

SECTION 1.

Chapter 3.156 is hereby added to the Sacramento City Code to read as follows:

Chapter 3.156 COMMUNITY BENEFITS AGREEMENTS

3.156.010 Title.

This chapter may be referred to as the Community Benefits Agreements Ordinance.

3.156.020 Purpose.

The purpose of this chapter is to establish a requirement that developers who receive significant development subsidies from the city provide community benefits as a condition of receiving those subsidies. This chapter requires developers to enter into community benefits agreements with the city as a condition of receiving significant development subsidies. In establishing this requirement, the city is seeking to achieve its goals of promoting inclusive economic development, securing community benefits, increasing the city's overall tax base, increasing the housing stock, facilitating new employment opportunities, and promoting economic growth within the city. This chapter provides the city with flexibility in determining the benefits that will be required under each agreement so that the benefits can be tailored to the type and impact of the development project.

3.156.030 Definitions.

The following definitions apply in this chapter:

"Affordable dwelling unit" means a dwelling unit that (i) will be rented at an affordable rent or sold at an affordable housing price and (ii) will have a regulatory agreement recorded on title, requiring the unit to remain affordable for a period of no less than 30 years.

"Affordable housing price" means a sales price of a for-sale dwelling unit that requires a low-income household to expend no more than 35% of its income on housing expenses (mortgage principal and interest, taxes, insurance, and assessments).

“Affordable rent” means an annual rent that is at or below the annual rent established by the California Tax Credit Allocation Committee for Sacramento County for the bedroom size and income level of a dwelling unit as of the date the development project is expected to be placed into service.

“Community benefits agreement” means a written contract between the city and a subsidized party that includes the terms by which the city will provide a development subsidy and the public benefits that the subsidized party must provide in exchange.

“Completed project” means a development project for which the city has issued a certificate of occupancy for all structures.

“Development project” means the construction, reconstruction, demolition, or alteration of the size of any structure.

“Development subsidy” means the city’s expenditure of public funds or loss of revenue to subsidize a development project in the city, in a cumulative amount equal to or greater than the threshold amount, in the form of grants, below-market-rate loans, loan guarantees, fee waivers, land price subsidies, tax abatements, tax exemptions, tax credits, and bonds (excluding bonds issued under the Mello-Roos Community Facilities Act of 1982 (Cal. Gov. Code § 53311 et seq.), single-family mortgage revenue bonds issued under California Health & Safety Code section 52000 et seq., and assessment bonds issued under the Improvement Bond Act of 1915 (Cal. Sts. & Hy. Code §§ 8500-8887)), whether approved by the city in a single act or multiple acts. “Development subsidy” does not include an expenditure or loss in any amount as part of: (i) a public project, as defined in section 3.60.010; (ii) the disposal or acquisition of land under California Government Code section 37364; or (iii) the development of housing where at least 50% of the dwelling units are affordable dwelling units.

“Dwelling unit” has the same meaning as in section 17.108.050.

“Local area” means Sacramento, Yolo, Placer, El Dorado, Amador, San Joaquin, Sutter, Yuba, Nevada, and Sierra counties.

“Low-income household” means a household whose income does not exceed 80% of median income, adjusted for family size.

“Median income” means the median income applicable to Sacramento County, as published and annually updated by the United States Department of Housing and Urban Development pursuant to section 8 of the United States Housing Act of 1937.

“Priority neighborhood” means a qualified census tract as defined in 26 U.S.C. section 42(d)(5)(B)(ii).

“Priority order” means priority is given from highest to lowest to: residents of the city who reside within a ZIP code any part of which is within a two-mile radius of the development project; residents of a priority neighborhood within the city; other residents of the city; residents of Sacramento County, outside of the city; and residents

of Yolo, Placer, El Dorado, Amador, San Joaquin, Sutter, Yuba, Nevada, and Sierra counties.

“Subsidized party” means a person who is or will be the direct beneficiary of a development subsidy.

“Threshold amount” means \$10,000,000, as adjusted in section 3.156.060.

3.156.040 Community benefits agreement - required.

- A. A subsidized party shall enter into a community benefits agreement as a condition of receiving a development subsidy.
- B. The community benefits agreement must include the terms required under section 3.156.030 and any other terms required by the city or agreed upon by the city and the subsidized party.
- C. The city council may only approve a development subsidy if it approves a community benefits agreement at the same time.

3.156.050 Community benefits agreement – terms.

- A. Except as provided in subsection C, each community benefits agreement must include the following terms:
 - 1. To the extent permitted by law, a term requiring the subsidized party and its contractors, subcontractors (not including suppliers), and tenants to employ residents of the local area in priority order to:
 - a. Perform work on the development project for which the city is providing the development subsidy;
 - b. Perform work to improve, maintain, and repair the completed project; and
 - c. Work in businesses located in the completed project.
 - 2. A term requiring the subsidized party and its contractors and subcontractors to comply with California’s prevailing wage law (Cal. Labor Code §1770 *et seq.*) in connection with the development project.
 - 3. A term specifying a clearly identifiable class of persons who will be third-party beneficiaries under the community benefits agreement.
 - 4. A term requiring the following indemnity language: “The subsidized party shall defend, indemnify, and hold harmless the city, its officers, employees, and agents from and against all claims, actions, losses, damages, liability, costs and expenses of every type and description, including, but not limited to, attorney fees, to which any or all of them may be subjected by reason of, or resulting from, directly or indirectly, in whole or in part, the community benefits agreement.”
 - 5. Terms requiring the subsidized party to:

a. Provide small and local businesses with support, such as technical assistance, increased access to capital, or resources for building improvements;

b. Implement anti-displacement strategies, such as those intended to create stable tenancies, create paths to home ownership, provide secure employment opportunities, or enable small businesses to grow;

c. Provide affordable dwelling units; and

d. Undertake transportation projects or initiatives, such as those that enhance community connectivity, improve transportation options, or promote motor-vehicle-traffic-reducing measures.

B. In addition to the terms in subsection A, the city may require a community benefits agreement to include terms that require project-specific community benefits that it finds are warranted under the circumstances.

C. The city council may approve a community benefits agreement that does not include any term under subsection A.5 that it expressly finds is not warranted under the circumstances.

3.156.060 Adjustment of threshold amount.

A. During the years 2023 through 2027, the threshold amount is \$10,000,000.

B. Every 60 months beginning on January 1, 2028, the threshold amount shall be adjusted automatically to take into consideration inflation by a factor equal to the percentage increase, if any, in the construction cost index for San Francisco (based on 1913 U.S. average = 100) during the 60 months ending on the preceding September 1 as published by Engineer News Record/McGraw-Hill Construction Weekly, or any substitute index that the city council adopts by resolution. The city manager or the city manager's designee shall calculate the adjustment, if any, to the threshold amount and shall advise the city clerk of the amended threshold amount.

3.156.070 Community input.

The city manager shall seek the input of the community that is or will be affected by the development project when developing the terms of, and evaluating the subsidized party's performance under, the community benefits agreement. In seeking the community's input, the city manager shall follow the policies and procedures, if any, that may be adopted under section 3.156.080.

3.156.080 Policies and procedures.

The city manager may adopt policies and procedures to implement and enforce the provisions of this chapter, including policies and procedures that address accessible and comprehensive community-input processes.

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Adopted by the Sacramento City Council

Date Adopted

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This chapter may be referred to as the Community Benefits Agreements Ordinance.

3.156.020 Purpose.

The purpose of this chapter is to establish a requirement that developers who receive significant development subsidies from the city provide community benefits as a condition of receiving those subsidies. This chapter requires developers to enter into community benefits agreements with the city as a condition of receiving significant development subsidies. In establishing this requirement, the city is seeking to achieve its goals of promoting inclusive economic development, securing community benefits, increasing the city's overall tax base, increasing the housing stock, facilitating new employment opportunities, and promoting economic growth within the city. This chapter provides the city with flexibility in determining the benefits that will be required under each agreement so that the benefits can be tailored to the type and impact of the development project.

3.156.030 Definitions.

The following definitions apply in this chapter:

"Affordable dwelling unit" means a dwelling unit that (i) will be rented at an affordable rent or sold at an affordable housing price and (ii) will have a regulatory agreement recorded on title, requiring the unit to remain affordable for a period of no less than 30 years.

"Affordable housing price" means a sales price of a for-sale dwelling unit that requires a low-income household to expend no more than 35% of its income on housing expenses (mortgage principal and interest, taxes, insurance, and assessments).

“Affordable rent” means an annual rent that is at or below the annual rent established by the California Tax Credit Allocation Committee for Sacramento County for the bedroom size and income level of a dwelling unit as of the date the development project is expected to be placed into service.

“Community benefits agreement” means a written contract between the city and a subsidized party that includes the terms by which the city will provide a development subsidy and the public benefits that the subsidized party must provide in exchange.

“Completed project” means a development project for which the city has issued a certificate of occupancy for all structures.

“Development project” means the construction, reconstruction, demolition, or alteration of the size of any structure.

“Development subsidy” means the city’s expenditure of public funds or loss of revenue to subsidize a development project in the city, in a cumulative amount equal to or greater than the threshold amount, in the form of grants, below-market-rate loans, loan guarantees, fee waivers, land price subsidies, tax abatements, tax exemptions, tax credits, and bonds (excluding bonds issued under the Mello-Roos Community Facilities Act of 1982 (Cal. Gov. Code § 53311 et seq.), single-family mortgage revenue bonds issued under California Health & Safety Code section 52000 et seq., and assessment bonds issued under the Improvement Bond Act of 1915 (Cal. Sts. & Hy. Code §§ 8500-8887)), whether approved by the city in a single act or multiple acts. “Development subsidy” does not include an expenditure or loss in any amount as part of: (i) a public project, as defined in section 3.60.010; (ii) the disposal or acquisition of land under California Government Code section 37364; or (iii) the development of housing where at least 50% of the dwelling units are affordable dwelling units.

“Dwelling unit” has the same meaning as in section 17.108.050.

“Local area” means Sacramento, Yolo, Placer, El Dorado, Amador, San Joaquin, Sutter, Yuba, Nevada, and Sierra counties.

“Low-income household” means a household whose income does not exceed 80% of median income, adjusted for family size.

“Median income” means the median income applicable to Sacramento County, as published and annually updated by the United States Department of Housing and Urban Development pursuant to section 8 of the United States Housing Act of 1937.

“Priority neighborhood” means a qualified census tract as defined in 26 U.S.C. section 42(d)(5)(B)(ii).

“Priority order” means priority is given from highest to lowest to: residents of the city who reside within a ZIP code any part of which is within a two-mile radius of the development project; residents of a priority neighborhood within the city; other residents of the city; residents of Sacramento County, outside of the city; and residents

of Yolo, Placer, El Dorado, Amador, San Joaquin, Sutter, Yuba, Nevada, and Sierra counties.

“Subsidized party” means a person who is or will be the direct beneficiary of a development subsidy.

“Threshold amount” means \$10,000,000, as adjusted in section 3.156.060.

3.156.040 Community benefits agreement - required.

- A. A subsidized party shall enter into a community benefits agreement as a condition of receiving a development subsidy.
- B. The community benefits agreement must include the terms required under section 3.156.030 and any other terms required by the city or agreed upon by the city and the subsidized party.
- C. The city council may only approve a development subsidy if it approves a community benefits agreement at the same time.

3.156.050 Community benefits agreement – terms.

- A. Except as provided in subsection C, each community benefits agreement must include the following terms:
 - 1. To the extent permitted by law, a term requiring the subsidized party and its contractors, subcontractors (not including suppliers), and tenants to employ residents of the local area in priority order to:
 - a. Perform work on the development project for which the city is providing the development subsidy;
 - b. Perform work to improve, maintain, and repair the completed project; and
 - c. Work in businesses located in the completed project.
 - 2. A term requiring the subsidized party and its contractors and subcontractors to comply with California’s prevailing wage law (Cal. Labor Code §1770 *et seq.*) in connection with the development project.
 - 3. A term specifying a clearly identifiable class of persons who will be third-party beneficiaries under the community benefits agreement.
 - 4. A term requiring the following indemnity language: “The subsidized party shall defend, indemnify, and hold harmless the city, its officers, employees, and agents from and against all claims, actions, losses, damages, liability, costs and expenses of every type and description, including, but not limited to, attorney fees, to which any or all of them may be subjected by reason of, or resulting from, directly or indirectly, in whole or in part, the community benefits agreement.”
 - 5. Terms requiring the subsidized party to:

a. Provide small and local businesses with support, such as technical assistance, increased access to capital, or resources for building improvements;

b. Implement anti-displacement strategies, such as those intended to create stable tenancies, create paths to home ownership, provide secure employment opportunities, or enable small businesses to grow;

c. Provide affordable dwelling units; and

d. Undertake transportation projects or initiatives, such as those that enhance community connectivity, improve transportation options, or promote motor-vehicle-traffic-reducing measures.

B. In addition to the terms in subsection A, the city may require a community benefits agreement to include terms that require project-specific community benefits that it finds are warranted under the circumstances.

C. The city council may approve a community benefits agreement that does not include any term under subsection A.5 that it expressly finds is not warranted under the circumstances.

3.156.060 Adjustment of threshold amount.

A. During the years 2023 through 2027, the threshold amount is \$10,000,000.

B. Every 60 months beginning on January 1, 2028, the threshold amount shall be adjusted automatically to take into consideration inflation by a factor equal to the percentage increase, if any, in the construction cost index for San Francisco (based on 1913 U.S. average = 100) during the 60 months ending on the preceding September 1 as published by Engineer News Record/McGraw-Hill Construction Weekly, or any substitute index that the city council adopts by resolution. The city manager or the city manager's designee shall calculate the adjustment, if any, to the threshold amount and shall advise the city clerk of the amended threshold amount.

3.156.070 Community input.

The city manager shall seek the input of the community that is or will be affected by the development project when developing the terms of, and evaluating the subsidized party's performance under, the community benefits agreement. In seeking the community's input, the city manager shall follow the policies and procedures, if any, that may be adopted under section 3.156.080.

3.156.080 Policies and procedures.

The city manager may adopt policies and procedures to implement and enforce the provisions of this chapter, including policies and procedures that address accessible and comprehensive community-input processes.

Draft Community Benefits Ordinance Framework

Definitions.

“Community benefits agreement” means a written contract between the city and a subsidized party that includes the terms by which the city will provide a development subsidy and the public benefits that the subsidized party must provide in exchange.

“Development project” means the construction, reconstruction, demolition, or alteration of the size of any structure.

“Development subsidy” means an expenditure of public funds by, or loss of revenue to, the city in the amount of \$10,000,000 or more in a single transaction, to subsidize a development project within the city limits of the city, including bonds, grants, below-market-rate loans, loan guarantees, fee waivers, land price subsidies, tax abatements, tax exemptions, and tax credits.

“Development subsidy” does not include an expenditure by, or loss of revenue to, the city in connection with a public project, as defined in section 3.60.010; a development project being carried out by a nonprofit corporation formed under the Nonprofit Public Benefit Corporation Law (California Corporations Code section 5110 et seq.); the disposal or acquisition of land under California Government Code section 37364; the development of housing that meets the affordability requirements under subdivisions (c) and (f) of California Government Code section 37364; or the sale or lease of land under the Surplus Land Act (California Government Code section 54220 et seq.).

“Subsidized party” means a person who is or will be the direct beneficiary of a development subsidy.

Community benefits agreement - required.

- A. As a condition of receiving a development subsidy, the subsidized party shall enter into community benefits agreement.
- B. The community benefits agreement must include, at a minimum, the required terms below and any other terms agreed upon by the city and the subsidized party.
- C. The city council shall approve the community benefits agreement at the same time that it approves the development subsidy.

Community benefits agreement – terms.

- A. Each community benefits agreement must include the following terms:

1. A term requiring the subsidized party and its contractors and subcontractors to hire local residents to perform work on the development project for which the city is providing the development subsidy.
 2. A term requiring the subsidized party and its contractors and subcontractors to comply with California's prevailing wage law in connection with the development project (California Labor Code section 1770 et seq.).
 3. A term that specifies a clearly identifiable class of people who will be third-party beneficiaries under the community benefits agreement.
- B. On a case-by-case basis, the city manager may also require a community benefits agreement to include terms related to:
1. Long-term small and local business protection;
 2. Anti-displacement strategies;
 3. Affordable housing; and
 4. Other project-specific community benefits.

Community input.

The city manager shall seek the input of the community that is or will be affected by the development project when developing the terms of, and evaluating the subsidized party's performance under, the community benefits agreement.

Policies and procedures.

The city manager may adopt policies and procedures for the implementation of the provisions of this chapter.

City Draft Community Benefits Ordinance Framework
(SIWD comments 10/26/22)

Definitions.

"Community benefits agreement" means a written contract between the city and a subsidized party that includes the terms by which the city will provide a development subsidy and the public benefits that the subsidized party must provide in exchange.

"Development project" means the construction, reconstruction, demolition, or alteration of the size of any structure.

"Development subsidy" means an expenditure of public funds by, or loss of revenue to, the city in the amount of \$10,000,000 or more in a single transaction, to subsidize a development project within the city limits of the city, including bonds, grants, below-market-rate loans, loan guarantees, fee waivers, land price subsidies, tax abatements, tax exemptions, and tax credits.

"Development subsidy" does not include an expenditure by, or loss of revenue to, the city in connection with a public project, as defined in section 3.60.010; a development project being carried out by a nonprofit corporation formed under the Nonprofit Public Benefit Corporation Law (California Corporations Code section 5110 et seq.); the disposal or acquisition of land under California Government Code section 37364; the development of housing that meets the affordability requirements under subdivisions (c) and (f) of California Government Code section 37364; or the sale or lease of land under the Surplus Land Act (California Government Code section 54220 et seq.).

"Subsidized party" means a person who is or will be the direct beneficiary of a development Subsidy.

Community benefits agreement - required.

A. As a condition of receiving a development subsidy, the subsidized party shall enter into community benefits agreement.

B. The community benefits agreement must include, at a minimum, the required terms below and any other terms agreed upon by the city and the subsidized party.

C. The city council shall approve the community benefits agreement at the same time that it approves the development subsidy.

Community benefits agreement – terms.

A. Each community benefits agreement must include the following terms:

Commented [A1]: SIWD's position is this number is too high and will result in too few CBAs to help the community weather the impact of significant developments.

Also, not having another kickstarter for large projects that will have a significant impact on the community and yet need little City investment will leave the City and community in a lurch when such projects present themselves.

SIWD's position is there should be a second kickstarter that is based on a proxy for impact to the community. SIWD has previously proposed size as a potential proxy.

Commented [A2]: As discussed, a different word other than transaction is necessary. The City should count the cumulative expenditures and losses when calculating whether the kickstarter investment has been reached. At our last meeting, the City agreed to adjust this language accordingly.

Commented [A3]: Two points from SIWD:

1) The ordinance needs to expressly include EIFDs and other tax increment financing that benefits the developer as part of the public investment that counts toward the kickstarter. The City has previously indicated it envisioned such investments would count when they, like in Aggie Square, essentially result in direct investment to the developer.

2) This list of investments remains too narrow and should include the significant value conferred by the City via e.g. zoning changes, regulatory concessions, or significant changes to development standards. There are measurable ways to account for these kinds of City provided benefits.

Commented [A4]: As discussed, SIWD and the City agree this definition of nonprofit is too broad. Given the large amount of City investment in this framework, SIWD is ok with not exempting nonprofits.

Commented [A5]: It would be helpful to have an explanation of these exemptions from the City's perspective. What do these mean in your view?

For example, if surplus land ends up not going to the development of affordable housing, are you meaning to not include it? It would only make sense to exempt the sale or lease of land under the Surplus Land Act if the sale is to an entity who is proposing to use the surplus land to develop at least 25% of the units as affordable housing (which is Gov. Code section 54222.5).

Also, Gov't Code section 37364 would mean the exemption only applied to affordable housing developments where 40% of the units are at a certain affordability level. Is that what you intend?

... [1]

1. A term requiring the subsidized party and its contractors and subcontractors to hire local residents to perform work on the development project for which the city is providing the development subsidy.
2. A term requiring the subsidized party and its contractors and subcontractors to comply with California's prevailing wage law in connection with the development project (California Labor Code section 1770 et seq.).
3. A term that specifies a clearly identifiable class of people who will be third-party beneficiaries under the community benefits agreement.

Commented [A6]: SIWD submits that there should be specifications here including at least 50% is local hire with at least 25% of the hire from disadvantaged communities. It should include language that prioritizes applications from local disadvantaged workers, defined as e.g. a resident who is a single parent, emancipated from foster care within the last five years, justice involved, or meets other criteria.

Additionally, the City agreed in the last meeting to adjust the language to ensure that the local hiring requirement continues throughout the operations of the development rather than just its construction.

Commented [A7]: SIWD submits that the measure of wages for local hires should be receiving a living as annually reported on by the City Manager.

Commented [A8]: There are additional workforce development benefits in SIWD's detailed memo that should likewise be included here including on construction being done with a Project Labor Agreement, labor peace, and childcare as well as establishing a workforce development center to provide comprehensive and wrap around support services to local community members to increase access and attainment of secure jobs/careers. Please see SIWD's prior memo for details.

Commented [A9]: As discussed, there should be at least some classes of people that always are third party beneficiaries. For example, residents of the impact areas, CBOs serving residents of the impact area, and potentially local businesses in the impact area. The Ordinance should also define how the impact area will be either defined or otherwise determined because that will be important in terms of defining the third party. ... [2]

Commented [A10]: As discussed, benefits 1-3 are mandatory benefits under the settlement agreement.

Likewise, as discussed, transportation was left off this list and such benefits should also be mandatory benefits in SIWD's view.

The City's proposed kickstarter of \$10 million is a ... [3]

Commented [A11]: As we have discussed, SIWD needs to see the administrative guidance the City intends to propose. This framework seems to include less than the City previously proposed would be in the body of the ordinance v. the guidelines.

As written, this section provides sole authority to the City Manager without any specific limits or guardr ... [4]

Commented [A12]: Likewise, this section says very little. Without seeing the administrative guidance that may or may not be consistent with the ideas put forward by SIWD that were very detailed, SIWD cannot adequately evaluate this section.

As an initial matter, it should be mandatory for policies and procedures to be adopted. ... [5]

B. On a case-by-case basis, the city manager mayshall also require a community benefits agreement to include terms related to:

1. Long-term small and local business protection;
2. Anti-displacement strategies;
3. Affordable housing;
- 3.4. Transportation; and
- 4.5. Other project-specific community benefits.

Community input.

The city manager shall seek the input of the community that is or will be affected by the development project when developing the terms of, and evaluating the subsidized party's performance under, the community benefits agreement.

Policies and procedures.

The city manager may-must adopt policies and procedures for the implementation of the provisions of this chapter

Page 1: [1] Commented [A5]**Author**

It would be helpful to have an explanation of these exemptions from the City's perspective. What do these mean in your view?

For example, if surplus land ends up not going to the development of affordable housing, are you meaning to not include it? It would only make sense to exempt the sale or lease of land under the Surplus Land Act if the sale is to an entity who is proposing to use the surplus land to develop at least 25% of the units as affordable housing (which is Gov. Code section 54222.5).

Also, Gov't Code section 37364 would mean the exemption only applied to affordable housing developments where 40% of the units are at a certain affordability level. Is that what you intend?

Cathy became ill so she has been unable to look into this further but we hope to provide add'l insight soon.

Page 2: [2] Commented [A9]**Author**

As discussed, there should be at least some classes of people that always are third party beneficiaries. For example, residents of the impact areas, CBOs serving residents of the impact area, and potentially local businesses in the impact area. The Ordinance should also define how the impact area will be either defined or otherwise determined because that will be important in terms of defining the third party beneficiaries (in addition to being relevant to community input and benefits).

Page 2: [3] Commented [A10]**Author**

As discussed, benefits 1-3 are mandatory benefits under the settlement agreement.

Likewise, as discussed, transportation was left off this list and such benefits should also be mandatory benefits in SIWD's view.

The City's proposed kickstarter of \$10 million is a large and fairly unusual for the City, so there should be strong meaningful minimum benefits at that level of investment. SIWD has previously provided proposed minimum benefits. Please see SIWD's previous memo with proposed minimum benefits on housing, transportation, and workforce development.

Research suggests that CBO ordinances/policies that do not include sufficient detail, requirements, and guidance yield very little benefits to the community.

In recent meetings, the City has indicated it would create further detail in terms of defining these kinds of benefits without setting specific targets. That is helpful, but not sufficient to ensure that the community obtains significant benefits for such a large amount of City investment.

Page 2: [4] Commented [A11]**Author**

As we have discussed, SIWD needs to see the administrative guidance the City intends to propose. This framework seems to include less than the City previously proposed would be in the body of the ordinance v. the guidelines.

As written, this section provides sole authority to the City Manager without any specific limits or

guardrails or mandatory meaningful community participation in the negotiation. Even with administrative guidance, SIWD is concerned this section does not include enough to protect community participation and agency.

Also, this section is important because part of the reason for the ordinance is to avoid the kind of litigation in Aggie Square. The City negotiating the CBA on its own would not include the kind of meaningful community participation in the negotiations that were necessary to resolve that conflict.

Page 2: [5] Commented [A12]

Author

Likewise, this section says very little. Without seeing the administrative guidance that may or may not be consistent with the ideas put forward by SIWD that were very detailed, SIWD cannot adequately evaluate this section.

As an initial matter, it should be mandatory for policies and procedures to be adopted.

Further, even with, hopefully robust, administrative guidance, there are no details, guidelines, or guard rails here about the nature of the policies and procedures need to adopted. SIWD would like to see more detail that is based on SIWD's previous memo.



March 10, 2023

Mrs. Leslie Fritzsche
Economic Investment Manager
Office of Innovation and Economic Development
City Manager's Office
City of Sacramento
915 I Street
Sacramento, CA 95814

Dear Mrs. Fritzsche,

On behalf of the North State Building Industry Association (BIA) and our more than 530 homebuilders, residential developers and related business members, I am writing to offer our suggestions for the Community Benefits Ordinance being crafted by the City of Sacramento.

We have no objection to this ordinance, but it is critical that it is clearly written so it does not inadvertently create an unintended barrier to the creation of much-needed housing in the City of Sacramento. As you know, the city has ambitious goals for housing, especially attainable housing, and as the leading advocates for new home development we want to be partners in meeting those objectives.

We would request that the next draft of the Community Benefits Ordinance (CBO) include the specific clarifications below as to what counts towards the \$10 million threshold:

- 1) Clearly state that this ordinance is exclusively for projects that are transformative in nature and its use should be the exception, not the rule.
- 2) Preclude the use of fee credits or Community Financing District (CFD) bonds or proceeds in the calculation of the \$10 million threshold. Most projects involve some form of fee credits that arise for a variety of reasons. It is also routine for most projects to work through the city to secure bond financing from state JPAs to cover CFD costs, including through the BOLD or SCIP programs. The current draft ordinance specifically states that it applies to "bonds" which would be problematic for most projects.
- 3) Public funds distributed through the city, SHRA, or otherwise, used to finance attainable housing projects should be counted. Many projects have affordable housing components that will incorporate some kind of city funding, so this routine funding arrangement should not trigger the Community Benefits Ordinance.



- 4) Aggregating of incentives does not trigger the CBO, even if, when combined, they total more than \$10 million. Many housing projects may reach that dollar amount if the ordinance is interpreted too broadly.
- 5) Include a provision that only the types of funds listed in the ordinance, and nothing else, may be used in the calculation of the subsidy for purposes of the CBO.

We appreciate your attention to our concerns. The BIA looks forward to continuing our work together on addressing the housing crisis in Sacramento.

Sincerely,

A handwritten signature in black ink that reads "Chris Norem".

Chris Norem
Government Affairs
North State Building Industry Association

From: [Liz Lorand Williams](#)
To: [Leslie Fritzsche](#); [Ellen E. Sullivan](#)
Cc: [Annie Keys](#)
Subject: Comments | Community Benefits Agreement Ordinance Framework
Date: Tuesday, November 8, 2022 1:49:21 PM
Attachments: [image001.png](#)
[image002.png](#)
[image003.png](#)
[image004.png](#)
[image005.png](#)

Leslie and Ellen,

Thank you again for your continued willingness to welcome feedback on the framework for the proposed CBAO. As a follow up to our stakeholder discussion, I am writing to convey concerns related to the framework for the Community Benefits Agreement Ordinance that we recommend be addressed in order to complement the desire for increased capital investment in the Central City.

One of our primary concerns with the current Community Benefits Agreement Ordinance framework is the funding threshold by which projects trigger an agreement. The threshold of 10 million dollars in city subsidies is a one-size-fits-all model that has the implication to apply to various projects in dramatically different ways. Instead, we recommend an increased threshold or consider a percentage of the entire project's funding in subsidies as a potential trigger for a community benefit agreement. In addition, Downtown Sacramento Partnership harbors concerns regarding the lack of a mechanism within the ordinance to adjust for inflation. Understandably 10 million dollars today will not hold the same value as it will in ten years. Should the funding threshold remain a fixed dollar amount, we urge you to include an inflation adjustment in the ordinance.

We also request that the scope of projects that are eligible for a Community Benefits Agreement be defined clearly in the ordinance. Specifically, the ordinance should reiterate the role of infrastructure improvements as separate elements that would not on their own trigger a community benefits agreement.

Lastly, it is vital the Community Benefits Agreement does not evolve in silo but rather as part of the City's holistic plan as it relates to economic development and the ability to nurture Sacramento as a good destination for capital. In particular, the ecosystem of the urban core has shifted dramatically following the height of the Covid pandemic, and now is the most crucial time to spur strategic economic investment to bolster the future of the city. Downtown Sacramento Partnership and stakeholders are concerned additional ordinances related to building development could place undue burden on prospective investors, thereby stifling the potential for economic growth in the urban core.

Downtown Sacramento Partnership urges you to adjust the current funding threshold, provide a mechanism to adjust for inflation, and further define the scope of projects that would qualify for a community benefits agreement in the ordinance framework before it is presented to the Law & Legislation committee.

We appreciate your engagement with addressing concerns for CBAO framework and Downtown Partnership continues to stand ready to be a partner in these efforts.

In Partnership,
Liz



Liz Lorand Williams

POLICY MANAGER

llorandwilliams@downtownsac.org

OFFICE 916-287-9958

CELL 530-903-1718

980 9th Street, Suite 200, Sacramento, CA 95814

DowntownSac.org + GoDowntownSac.com

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SETTLEMENT AGREEMENT

This Settlement Agreement is entered into by and is made among the City of Sacramento (“City”), Sacramento Investment Without Displacement (“SaciWD”), and The Regents of the University of California, on behalf of its Davis campus (“Regents”).

RECITALS

- A. The Aggie Square Project is a development located on the UC Davis Medical Center Sacramento Campus, along the Stockton Boulevard corridor as described in Volume 2 of the Supplemental Environmental Impact Report for the UC Davis Sacramento Campus 2020 Long Range Development Plan Update (“SEIR”), including the up to 190 unit and 252 bed residential project. On November 19, 2020, the Regents certified the SEIR and approved the Aggie Square Project and 2020 Long Range Development Plan Update.
- B. On December 21, 2020, SaciWD filed a Petition for Writ of Mandate challenging the Regents’ approval of the SEIR in the case of *Sacramento Investment Without Displacement v. Board of Regents of the University of California*, Sacramento Superior Court Case No. 34-2020-80003557 (“Lawsuit”).
- C. On April 13, 2021, the City approved an agreement between the City, the Regents, and Wexford Development, LLC (“Developer”) outlining the employment, workforce training, housing, youth engagement, and transportation commitments of the City, Regents, and Developer for Phase 1 of the Aggie Square Project (“Community Benefit Partnership Agreement” or “CBPA”) to extend the benefits of Aggie Square Phase 1 to the surrounding community.
- D. The City has also initiated the formation of an Enhanced Infrastructure Financing District to allow a portion of tax increment revenue from Aggie Square Phase I to infrastructure improvements and housing within and surrounding Aggie Square (“Aggie Square EIFD”). The City preliminarily approved the Infrastructure Finance Plan for the EIFD on April 13, 2021. On April 20, 2021, the Aggie Square Public Financing Authority approved the Infrastructure Finance Plan and formed the EIFD.

- E. The City has proposed creating a forward-looking Ordinance that requires a Community Benefits Agreement for all significant new City development projects with public financing and/or incentives.
- F. SacIWD has expressed legal and policy concerns regarding the CBPA.
- G. SacIWD has advocated that the CBPA should include other community benefits for economic justice, without limitation, investment in small businesses, environmental justice, childcare, transportation, and food access.
- H. Based on the potential for the Aggie Square Project to bring real benefits and opportunities for both the City and the communities surrounding the development, SacIWD fully supports the Aggie Square Project.
- I. On or about April 13, 2021, the Parties agreed to a Term Sheet to address the issues relating to the CBPA, EIFD and Lawsuit described in the above Recitals and setting forth terms to be memorialized in a formal settlement agreement.
- J. Through this Settlement Agreement the parties desire to resolve the issues relating to the CBPA, EIFD and the Lawsuit on the terms and conditions set forth below.

AGREEMENT

1. Recitals. The recitals set forth above are true and correct and are hereby full incorporated by reference into this Agreement.

2. Definitions.

a. **"Aggie Square Project"** shall mean the development located on the UC Davis Medical Center Sacramento Campus, along the Stockton Boulevard corridor as described in Volume 2 of the Supplemental Environmental Impact Report for the UC Davis Sacramento Campus 2020 Long Range Development Plan Update ("EIR"), including the up to 190 unit and 252 bed residential project approved by the Regents on November 19, 2020.

b. **"Aggie Square EIFD"** shall mean the Enhanced Infrastructure Financing District formed by the Aggie Square Public Financing Authority to allow a portion of tax increment revenue from Aggie Square Phase I to finance infrastructure improvements and housing within and surrounding Aggie Square.

c. **“Agreement”** shall mean this Settlement Agreement. The Community Benefits Partnership Agreement is attached hereto as Attachment A for reference but is not part of this Agreement.

d. **“CBA”** shall mean community benefits agreement.

e. **“CBPA”** shall mean the Community Benefits Partnership Agreement between the City, the Regents, and Developer.

f. **“City”** shall mean the City of Sacramento, and any of its departments and/or agencies.

g. **“Developer”** shall mean Wexford Development, LLC.

h. **“LRDP”** shall mean the UC Davis Sacramento Campus 2020 Long Range Development Plan Update as described in the Supplemental Environmental Impact Report for the UC Davis Sacramento Campus 2020 Long Range Development Plan Update and approved by the Regents on November 19, 2020.

h. **“Oversight Committee”** shall mean a committee consisting of between nine and twelve members, which shall include the following:

- i. one representative from developer of the applicable project;
- ii. one representative from the Regents;
- iii. one representative from the Mayor’s office,
- iv. one representative from the City Council District 5 office,
- v. one representative from the City Council District 6 office,
- vi. one representative from SacIWD,
- vii. one youth representative,
- viii. one representative from labor, and
- ix. no more than three representatives from community benefit organizations that represent the issue areas: workforce, housing, and transportation.

i. **“Party”** shall mean either the City, the Regents or SacIWD and **“Parties”** shall mean the City, the Regents, and the SacIWD.

j. **“Regents”** shall mean The Regents of the University of California, on behalf of its Davis campus.

k. **“SacIWD”** shall mean the Sacramento Investment Without Displacement, Inc., a California nonprofit public benefit corporation and its current and future, officers, directors,

managers, employees, agents, attorneys (including Soluri Meserve), representatives authorized to act on behalf of SacIWD, legal successors and assigns, and each of them (collectively, “SacIWD”).” SacIWD does not include its organizational members.

l. **“SacIWD Representative”** shall mean an individual or individuals who are residents of, business owners in, or individuals serving in 95817, 95820, 95824, and 95828 and designated by SacIWD authorized to speak or act on behalf of the SacIWD for all purposes under this Agreement.

m. **“SEIR”** shall mean the Supplemental Environmental Impact Report for the UC Davis Sacramento Campus 2020 Long Range Development Plan Update and Aggie Square Project approved by the Regents on November 19, 2020.

3. Settlement Terms.

a. Obligations of the City of Sacramento.

i. The City will publicly and consistently acknowledge to the press and the public that the CBPA is based, in significant part, on SacIWD’s community benefit recommendations. The City agrees to hold a press conference and issue public statements within one week of the Parties executing this Agreement.

ii. The City and SacIWD agree to work together to create a mutually respectful, sustained relationship focused on improving the lives of Sacramento residents, particularly in low-income neighborhoods.

iii. CBPA

(A) The City shall identify designated staff positions within the City that will be responsible for monitoring the performance of each program or activity that the City is obligated to perform under the CBPA.

(B) If the City determines that the performance by a contractor or third party responsible for carrying out any program or activity under the CBPA is materially deficient, the staff position designated pursuant to 3.a.iii.A. above shall transmit the determination to the appropriate SacIWD representative. The City will likewise make such a determination available to the public to ensure transparency and accountability. The City shall work with SacIWD, affected residents, and other relevant community partners, to address the deficiency.

(C) The City shall work with SacIWD to ensure the successful implementation of the CBPA including, but not limited to, ensuring participation in the housing,

workforce, and transportation working groups. SacIWD Representatives will serve on each of the working groups.

(D) The City shall attend and participate in two community forums per year that are organized and led by SacIWD until the parties mutually agree that they are no longer necessary. The purpose of the forums is to ensure that implementation of the CBPA is successful, transparent, and guided by an inclusive, comprehensive, and community-driven process. The semiannual forums will be scheduled at mutually agreed dates and times. In advance of each community forum, the City shall prepare reports on the implementation of the CBPA and its progress, and shall forward these reports to SacIWD and post the reports on the City's website at least two weeks before each community forum. These reports shall include a description of all actions the City, Regents, and the Developer have taken to implement or comply with the provisions of the CBPA, with detail sufficient enough for the SacIWD Representative(s) to determine compliance with the CBPA.

iv. The City shall work with the SacIWD to develop for City Council consideration a forward-looking City ordinance requiring CBAs for certain projects receiving economic subsidies within the meaning of Government Code section 53083. The City shall endeavor to bring this ordinance forward for Council consideration no later than January 1, 2022. The ordinance brought forward for Council consideration shall include the following:

(A) Identification of criteria for determining which projects receiving economic subsidies will require CBAs;

(B) Provisions for community enforcement of the CBAs.

(C) A transparent accountability process that includes a public Oversight Committee (as defined above) that is guided by an inclusive, comprehensive, community-driven process; and

(D) Provisions in the CBAs for long term small/local business protection, anti-displacement strategies, and production of affordable housing to be developed with SacIWD, affected residents, and other relevant community partners.

v. Upon request from the SacIWD Representative, the City shall provide any non-exempt public records as that term is defined in the California Public Records Act (Gov. Code, § 6250 et seq.) requested by SacIWD, including any non-exempt public records provided to the City by its contractors, vendors, lessees, and licensees.

vi. The City shall work with SacIWD to develop for City Council consideration an Enhanced Infrastructure Financing District 2 (“EIFD 2”) providing resources along Stockton Boulevard. SacIWD shall provide recommendations to the City regarding the development and implementation of the EIFD 2, as well as recommendations regarding the use of funds generated by the EIFD 2. The EIFD 2 will be proposed and brought forward for City Council approval on a mutually agreed upon schedule.

vii. The City shall work with SacIWD and Regional Transit to enhance public transportation in and around the Stockton Boulevard corridor. This Agreement does not commit the City or SacIWD to fund public transportation.

viii. The City shall also work with SacIWD to identify transportation investment priorities and the financing mechanisms to realize investment priorities. These financing mechanisms may include the EIFD 2. Transportation investment priorities shall include, but not be limited to:

(A) Necessary operations funding, and zero-emission vehicles, for 15 minute service on Broadway/38;

(B) Implementing the City’s Stockton Blvd. Corridor Study and SacRT’s Stockton Boulevard Corridor Analysis, including “Bus Rapid Transit”, where feasible;

(C) Stockton Boulevard Corridor Study recommendations for “Complete Streets” and expanded tree canopy projects beyond that identified in the CBPA by working closely with the SacIWD and impacted residents in identifying the needs of the community.

ix. The City shall work with SacIWD to develop for City Council consideration a “small/local business protection and development program,” which could be established and funded by the EIFD 2 or other revenue generating mechanisms. The City shall endeavor to bring forward this program for City Council consideration no later than January 1, 2022.

x. The City shall support the SacIWD’s advocacy for increasing the total number of Medi-Cal beneficiaries assigned to UC Davis Health in the affected zip codes of the CBPA as UC Davis’ Sacramento Campus capacity expands. To that end, the City, in collaboration with the SacIWD, shall prepare a letter of support consistent with this Agreement.

xi. The City agrees that SacIWD has the right to enforce compliance by City with the terms of the CBPA against the City only, not the other parties to the CBPA.

b. Obligations of the UC Regents and Developer.

i. The Regents and/or the Developer will reimburse SacIWD for their attorney's fees up to \$35,000 within ten (10) days following execution of this Agreement upon presentation of an itemized bill submitted by SacIWD's legal counsel.

ii. Except as set forth in Section 3.b.i. above, this Agreement does not impose obligations on the Regents or Developer.

c. Obligations of SacIWD.

i. SacIWD will publicly represent its support for the CBPA and the Aggie Square Project.

ii. SacIWD agrees to file a dismissal of the Lawsuit, with prejudice, within ten (10) days of execution of this Agreement, provided SacIWD has received reimbursement of its attorney's fees as set forth in Section 3.b.i above.

iii. SacIWD agrees to and shall hereby release the City, the Regents, and Developer and their respective agents, directors, officers, managers, elected and appointed officials, councils, boards and commissions, officials, owners, employees, principals, subsidiaries, predecessors, insurers, administrators, trustees, representatives, attorneys, successors and assigns, and all other persons, firms and entities from any and all claims, demands, rights, causes of action and remedies of any kind that SacIWD now has or hereafter may have on account of or in any way arising out of or relating in any manner to the Lawsuit. SacIWD shall not oppose, challenge, and/or file any appeal or lawsuit regarding any of the approvals or actions related to the Aggie Square Project or LRDP in an administrative proceeding before any agency or in any court of law including but not limited to the following:

(A) Any future approvals necessary to implement the Aggie Square Project or any projects implementing the LRDP;

(B) Any actions by the City and the Aggie Square Public Financing Authority in formation of the Enhanced Infrastructure Finance District and approval of the corresponding Infrastructure Finance Plan as defined by the current CBPA; or

(C) Any minor discretionary approvals necessary to implement the up to 190 unit and 252 bed residential project approved by the Regents on November 19, 2020.

iv. SacIWD shall not join or cooperate in opposing the Aggie Square project or its implementing approvals and the LRDP or its implementing approvals in any current or future

litigation or administrative proceeding. SacIWD will use its best efforts in good faith to discourage its organizational members from filing any lawsuits against the City, Regents or Developer challenging projects and/or actions that are covered by SIWD's release under this Section 3.c.

v. This Agreement does not apply to:

(A) Claims presented to Regents by SacIWD based on substantial evidence that there are substantial revisions to the Aggie Square Project or LRDP that trigger the need to conduct further environmental review to the EIR under CEQA's supplemental environmental review standards (Pub. Res. Code sec. 21166 and CEQA Guidelines sec. 15162 & 15163);

(B) Challenges based on the Regents' failure to comply with adopted mitigation measures relating to the Aggie Square project or LRDP;

(C) Future projects, on or outside of, the UC Davis Sacramento Campus that trigger the need to conduct further environmental review to the SEIR under CEQA's supplemental environmental review standards (Pub. Res. Code sec. 21166 and CEQA Guidelines sec. 15162 & 15163); and

(D) Challenges based on violations of the commitments of this Agreement.

4. Attorney's Fees and Costs. Except as provided herein, the Parties shall each bear their own costs, expenses and attorneys' fees associated with the Lawsuit.

5. Release of Unknown Claims. SacIWD hereby waives any and all rights or benefits that they may have under Section 1542 of the Civil Code of the State of California, which provides:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

SacIWD acknowledges that it understands the effect of this waiver pursuant to Civil Code Section 1542, and that it is represented by counsel, and have been advised of this release by their counsel.

6. Knowledge of Parties. The Parties understand and agree to the terms of this Agreement, and enter into this Agreement knowingly and voluntarily. The Parties have had the opportunity to consult with counsel, and have in fact consulted with counsel of their choice. The Parties have investigated the facts pertaining to the settlement and this Agreement and all matters pertaining thereto as deemed necessary. The Parties have relied upon their judgment, belief, knowledge, understanding and expertise after consultation with their counsel concerning the legal effect of the settlement and its terms. By signing this document and the documents referred to herein, the Parties signify their full understanding, agreement, and acceptance of the Agreement.

8. Entire Agreement/Merger. This Agreement contains the entire agreement of the Parties regarding the subject matter of this Agreement and shall constitute the final understanding between the Parties thereto and supersedes and replaces any prior negotiations and agreements between the Parties, whether written or oral.

9. Amendments. This Agreement may be amended only by a written instrument executed by all parties hereto.

10. Waiver. No breach of this Agreement or of any provision herein can be waived except by an express written waiver executed by the Party waiving such breach. Waiver of any one breach shall not be deemed a waiver of any other breach of the same or other provisions of this Agreement.

11. Non-Assignment. SacIWD warrants that it has not assigned any of the claims that are the subject of this Agreement.

12. Authority to Execute. Each signatory hereto warrants to the other Parties that he or she has the full power and authority to execute, deliver and perform under this Agreement and all

documents referred to herein, and that any needed consent or approval from any other person has been obtained.

13. Consultation with Attorneys. Each Party has investigated the facts and had the opportunity to consult with independent counsel pertaining to this Agreement and all matters pertaining thereto as deemed necessary by each Party.

13. Negotiated Settlement. This Agreement is the result of a compromise of disputed claims. The obligations of the Parties assumed hereunder are not to be construed as an admission of liability or responsibility regarding the same.

14. Counterparts. This Agreement may be executed in counterparts. The execution of a signature page of this Agreement shall constitute the execution of the Agreement, and the Agreement shall be binding on each party upon that party's signing of such a counterpart.

15. Interpretation. This Agreement shall be deemed to have been drafted equally by the parties and shall not be interpreted for or against either party on the ground that any such party drafted it.

16. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

17. Effective Date. This Agreement shall become effective immediately following execution by all of the Parties, on the latest date appearing below.

IN WITNESS WHEREOF, the Parties hereto have executed this Settlement Agreement and General Release.

THE REGENTS OF THE
UNIVERSITY OF CALIFORNIA

DATED: May 7, 2021



Kelly Ratliff, Vice Chancellor for Finance,
Operations, and Administration

THE REGENTS OF THE
UNIVERSITY OF CALIFORNIA

DATED:

Michael Sweeney

Michael Sweeney
Campus Counsel

CITY OF SACRAMENTO

DATED: May 12, 2021

Howard Chan

Howard Chan (May 12, 2021 17:35 PDT)

Howard Chan, City Manager

SACRAMENTO INVESTMENT WITHOUT
DISPLACEMENT

DATED:

Gabby Trejo
Gabby Trejo, Board President

APPROVED AS TO FORM:

SACRAMENTO CITY ATTORNEY'S
OFFICE

DATED: May 12, 2021

Brett M. Witter

Brett M. Witter (May 12, 2021 13:10 PDT)

Brett M. Witter
Supervising Deputy City Attorney

THE REGENTS OF THE
UNIVERSITY OF CALIFORNIA

DATED:

Michael Sweeney
Campus Counsel

CITY OF SACRAMENTO

DATED:

Howard Chan, City Manager

SACRAMENTO INVESTMENT WITHOUT
DISPLACEMENT

DATED:

 5/7/21

Gabby Trejo, Board President

APPROVED AS TO FORM:

SACRAMENTO CITY ATTORNEY'S
OFFICE

DATED:

Brett M. Witter
Supervising Deputy City Attorney

SACRAMENTO INVESTMENT WITHOUT
DISPLACEMENT



DATED: May 7, 2021

Soluri Meserve
Patrick Soluri

Attachment A

AGGIE SQUARE – COMMUNITY BENEFITS PARTNERSHIP AGREEMENT

This Community Benefits Partnership Agreement (this “**Agreement**”), dated as of April 6, 2021, for reference, is between the CITY OF SACRAMENTO, a California municipal corporation and charter city (the “**City**”); THE REGENTS OF THE UNIVERSITY OF CALIFORNIA, on behalf of its Davis campus (“**UC Davis**”); and WEXFORD DEVELOPMENT, LLC, a Delaware limited liability company, and its permitted assignees under this Agreement (collectively, “**Wexford**”). The parties have entered into this Agreement in connection with UC Davis’s and Wexford’s implementation of Aggie Square Phase 1 (“**Aggie Square**”) at UC Davis’s Sacramento Campus, which includes the UC Davis Medical Center, School of Medicine, and School of Nursing. This Agreement is intended to be integral to, and align with, the following:

- The establishment of the Aggie Square Enhanced Infrastructure Financing District (the “**Aggie Square EIFD**”) and approval by the Aggie Square Public Finance Authority (the “**PFA**”) and the Sacramento City Council of the Aggie Square EIFD’s Infrastructure Financing Plan.
- The execution of a Community Workforce Training Agreement between Wexford’s contractor and the Sacramento Sierra Building and Construction Trades.
- The dedication of 20% of the Aggie Square EIFD’s tax increment (resulting from the value created by Aggie Square) for providing affordable housing in the Stockton Boulevard area.

Background

- A. This Agreement reflects the City’s work to strengthen and guarantee the connections between UC Davis and Wexford and the local community to promote inclusive economic development and improve physical and economic opportunities for neighborhoods and local residents, particularly those adjacent to Aggie Square and those lower-income neighborhoods that historically have not benefitted from economic development. For purposes of this Agreement, “**Neighborhoods**” and “**Local Residents**” refer to the Elmhurst, Oak Park, and Tahoe Park areas of Sacramento and cover the residents living in the zip codes 95817, 95820, 95824, and 95828.
- B. The parties are entering into this Agreement to recognize their mutual interests and goals; to address community concerns expressed during the extensive community-input process with respect to Aggie Square; and to advance commitments related to the community, especially for Neighborhoods and communities of interest. For purposes of this Agreement, “**Communities of Interest**” refers to the Meadowview, Del Paso Heights, and other key areas of Sacramento and covers the residents in the zip codes 95811, 95814, 95815, 95818, 95823, 95832, 95833, and 95838.
- C. The City, UC Davis, and Wexford believe that this Agreement is an important first step to ensuring and prioritizing the community’s long-term success. Aggie Square cannot thrive without making the community a priority and a partner: one cannot be successful without the other. The commitments in this Agreement are based on the feedback received from the

community, and the parties look forward to establishing sustainable structures and agreements needed for coordination and collaboration to support our local residents and communities. This Agreement presents a framework of community benefits. The parties are committed to working with the community on the development of the next steps towards successful implementation of the strategies outlined.

- D. Launched in 2018, Aggie Square is a collaboration that will (1) transform Sacramento's innovation economy; (2) promote inclusive economic development, jobs, and workforce training for residents in our Neighborhoods; (3) spur affordable housing, stability and community development; and (4) create shared public places and events encouraging interaction among members of the university, industry, and the community.
- E. Aggie Square will bring over a million square feet of space, comprising a lifelong learning office and classroom building; two science and technology buildings; housing for students, community-serving uses, a parking structure, and public spaces. Aggie Square is anchored by UC Davis programs and configured to host private-industry tenants and investment. It is anticipated that Aggie Square will generate approximately 5,000 construction jobs and create 3,500 to 4,000 permanent jobs.
- F. UC Davis, one of the nation's leading public universities and research institutions, is part of the University of California, a constitutionally created entity of the State of California, with "full powers of organization and government" (Cal. Const., art. IX, § 9). UC Davis is one of the most academically comprehensive universities in the University of California system, with a premier Medical Center and ten schools and colleges:
 - College of Agricultural and Environmental Sciences
 - College of Biological Sciences
 - College of Engineering
 - College of Letters and Sciences
 - School of Education
 - School of Law
 - Graduate School of Management
 - School of Medicine (primarily on the Sacramento campus)
 - Betty Irene Moore School of Nursing (primarily on the Sacramento campus)
 - School of Veterinary Medicine
- G. UC Davis' two campuses—in Davis and Sacramento—constitute the second-largest individual employer in the Sacramento region, behind only the State of California. An economic analysis found that, in 2013-14, for every two jobs at UC Davis, an additional job was created in other economic sectors of the Sacramento region. UC Davis is a powerful economic engine for California, generating \$8.1 billion in statewide economic activity. UC Davis Health is home to a National Cancer Institute designated comprehensive cancer center, an international institute for neurodevelopmental disorders, a leading-edge stem-cell program, a top-ranked comprehensive children's hospital, and other nationally prominent

centers. As a top research institution, UC Davis has provided innovation and cures that benefit the nation and the world.

- H. UC Davis acknowledges the community feedback over the past three years and is transforming its community engagement efforts. In 2019, UC Davis Health, which includes the UC Davis Medical Center, School of Medicine, and School of Nursing, formally launched its Anchor Institution Mission for Community Health. Anchor institutions are nonprofit or public place-based entities, such as universities and hospitals, that are rooted in their local communities by mission, invested capital, and relationships to customers, residents, and employees. As one of the leading institutions in both higher education and health care in the region, UC Davis Health is committed to leveraging its economic power and human and intellectual resources to increase the economic vitality of our surrounding nearby communities, thereby improving the health welfare and wellbeing of its residents. Based on UC Davis Health's commitment, future goals related to hiring and investing in community will expand from Aggie Square to an institution-wide focus, embracing the Anchor Institution Mission. As part of the Anchor Institution Mission, \$5 million dollars is being raised for an affordable-housing program funded with \$2.5 million in philanthropic contributions and matched by \$2.5 million over five years from UC Davis. This fund-raising effort will be coordinated by the City with the assistance of UC Davis. The City and UC Davis are working together to bring partners to assist with this effort.
- I. Wexford Science & Technology, LLC, the parent company of Wexford, is a real estate company exclusively focused on partnering with universities, academic medical centers, and research institutions. Wexford was selected—in a highly competitive process by UC Davis—to develop Aggie Square based upon its unparalleled experience developing innovation districts with leading universities.
- J. A crucial role that Wexford plays as the Aggie Square developer is to provide the infrastructure, spaces, and places required for entrepreneurial activity and significant programming, and to foster community inclusion and engagement. Wexford will include in Aggie Square more than 50,000 square-feet of innovation space, including life sciences, health, and tech collaboration space, and Innovation Hall, a community-focused gathering and convening place.
- K. In addition to developing the Aggie Square buildings, Wexford plays an active role in bringing together the innovation elements that comprise a “**Knowledge Community**,” which is both (1) a vibrant, mixed-use community built on a foundation of discovery, innovation, and entrepreneurial activity to create visible, concrete outcomes in the form of substantial economic growth, new and diverse jobs, and community transformation; and (2) a physical space that consists of academic research, industry tenants, community programming, and indoor and outdoor public spaces.
- L. One critical piece of Wexford's involvement is the identification of a community non-profit or similar organization (the “**Innovation Convener**”) to facilitate, operate, and coordinate community-facing programs.
- M. Another critical element of a Knowledge Community is an organizational entity that will implement certain innovation and programming elements within Aggie Square. To that end,

Wexford and UC Davis intend to create an organization (the details will be determined later) to be named the **“Aggie Square Innovation District.”**

- N. Aggie Square is the first innovation district in the Sacramento region to bring together academic, industry, and community partners in one place. The City, UC Davis, and Wexford anticipate that Aggie Square will—
- transform Sacramento’s innovation economy;
 - provide a platform for new companies and industries to leverage university research and draw investment to the Sacramento region;
 - improve the civic life of the Stockton Boulevard Corridor with vibrant public space that connects people across economic sectors;
 - find new inventions and cures that advance the public good; and
 - improve the economic health of existing Local Residents and Communities of Interest.
- O. For the City, the success of Aggie Square will be measured—
- in the commitment of the City, UC Davis, and Wexford to bring jobs, research opportunities, education, innovation entrepreneurship, and business development to the region;
 - in Aggie Square’s ability to enhance the health and quality of life of Sacramento residents, specifically in the Neighborhoods adjoining Aggie Square; and
 - by the increase in resources for affordable housing development and stabilization along Stockton Boulevard.
- P. For UC Davis and Wexford, success includes developing an innovation center that advances the public good by—
- providing a home for state of the art university research;
 - hosting industry, educational, and community-based partners that connect with university research, teaching, and community-engaged work;
 - integrating university teaching and learning into a network of lifelong learning that serves multiple communities;
 - building stronger relationships and improving the economic health for the surrounding neighborhoods, the city, and the region; and
 - developing a public-private partnership that is financially stable and earns funds for continuous reinvestment and expansion.
- Q. In 2018, UC Davis began a planning process to gain an understanding of community needs related to Aggie Square, which involved engagement with various community stakeholders, campus constituents, and the City. The City and UC Davis established a Community Engagement Advisory Group that met between September 2018 and June 2020 to solicit input on Aggie Square. Additionally, UC Davis, Wexford, and the City held over 90 meetings, open houses, town halls, and community forums.

- R. From fall 2020 through spring 2021, the City hosted community forums and outreach to directly solicit input regarding the community benefits that could derive from Aggie Square and how they could be captured in this Agreement. The forums focused on workforce development, youth opportunities, housing, and traffic and transportation.
- S. With this Agreement, the parties recognize their mutual interest and goals; address community concerns expressed during the extensive community-input process with respect to Aggie Square; and advance commitments related to the community, especially for Neighborhoods and Communities of Interest.
- T. UC Davis, Wexford, and the City entered voluntarily into this Agreement. The community investments described in this Agreement are in addition to Aggie Square's Mitigation Monitoring and Reporting Program required by the California Environmental Quality Act ("CEQA") and are not part of the CEQA process related to Aggie Square.

With these background facts in the mind, the parties hereby agree as follows:

1. Community Engagement.

- (a) The Aggie Square Innovation District and the City will conduct community engagement meetings for the general public and interested stakeholders regarding Aggie Square (1) quarterly until construction of the first building in Aggie Square is completed; (2) semi-annually during the first three years after construction of the first building is completed; and (3) annually during the fourth through tenth years after construction of the first building is completed. The community meetings will focus on sharing updates on the community-benefit goals and soliciting feedback from the community on the next steps. The community-engagement commitments in this section 1(a) are in addition to any public process required by CEQA for Aggie Square.
- (b) The Aggie Square Innovation District and the City will make information about Aggie Square readily accessible to the public through online platforms (including but not limited to the Aggie Square website, electronic newsletters, and other digital platforms) and will work with community partners to share information and updates about Aggie Square throughout the construction of the buildings and implementation of this Agreement.
- (c) The parties shall continue to leverage existing opportunities and create new opportunities for partnership and engagement with community-based organizations ("CBOs"), neighborhood and business organizations, and other stakeholders as part of the implementation of this Agreement.

- 2. Accountability and Transparency.** Accountability and transparency for all parties are critical to building trust. Reporting on Aggie Square will include achievement goals for UC Davis, Wexford, and the City to address and be responsive to residents and communities, measured by outcomes from a project-generated community fund, employment (which includes Aggie Square and the region), youth engagement, access to space, revenue enhancements to the City's budget, and other areas as outlined in this Agreement. The outcomes will be included in an annual report, prepared by the Aggie Square Innovation District during each of the first ten years after completion of construction of the first

building. The annual report will be shared at the community-engagement meetings and with the general public. Baseline metrics will be shared with the community in 2022 for the annual report.

3. Commitments by the Parties.

(a) ***Affordable Housing Development and Assistance.*** The parties recognize the need to address housing for students, Neighborhoods, and the Sacramento region. The City has identified housing as a key priority and will focus on development of additional housing and stabilization support for existing residents within the Stockton Boulevard and Aggie Square areas. The City shall provide a report on activities for residential stabilization and housing development pipeline to be made public semiannually. To achieve these housing goals, the parties shall implement the following strategies and initiatives:

- (1) The City shall establish a Stockton Boulevard Affordable Housing Fund of at least \$50 million to fund programs to assist in stabilizing the residential fabric and developing new housing around Aggie Square. The fund will include the following components:
 - (A) \$16 million present value (\$29 million over 45 years) from Aggie Square EIFD revenues created by the new taxes generated by Aggie Square;
 - (B) \$29 million from the City and SHRA-administered affordable-housing resources (the allocation of these funds will require further approvals by the Sacramento City Council or SHRA, or by both);
 - (C) \$5 million affordable housing program funded with \$2.5 million in philanthropic contributions and matched by \$2.5 million over five years from UC Davis. The City shall coordinate this fund-raising effort with the assistance of UC Davis. The fund would be used specifically for anti-displacement efforts and residential-stabilization activities.
- (2) The City shall include, in the housing element of its general plan, policies to evaluate and mitigate displacement.
- (3) The City shall work with community representatives to identify affordable housing needs and develop programs to stabilize existing residential uses around Aggie Square. These could include housing-rehabilitation programs, down-payment assistance, and a homelessness-prevention program in the area surrounding Aggie Square.
- (4) Wexford shall develop a minimum of 200 beds of housing in Aggie Square with the primary goal of addressing housing needs for undergraduate and graduate (includes medical and nursing) students and easing the demand for off-campus housing in Sacramento.

- (5) UC Davis shall promote its website that highlights UC Davis employee discounts and offerings related to housing (e.g., reduction in closing costs), automobile purchases, and other services.

(c) *Investment in Fund and Aggie Square Community Partnership.*

- (1) The Aggie Square Innovation District will create the Aggie Square Community Partnership (“ASCP”) to set priorities for an Aggie Square Community Fund (“Community Fund”), a monthly assessment, at the rate of \$0.015 per rentable square foot, on all leased space within Aggie Square. This equates to a target amount of approximately \$150,000 a year based on full occupancy. For the first three years after Aggie Square opens (i.e., within the three years after UC Davis issues the first certificate of occupancy or equivalent for a building in Aggie Square), Wexford shall seed the fund to cover the gap that might exist between the assessed amount and the annual target. In addition, Wexford shall provide \$75,000 per year during the first two years of construction, with the initial contribution at initiation of construction. If the City, Wexford, and UC Davis jointly decide to use these initial funds specifically to support the One-Stop Hiring Center in partnership with the City, then Wexford shall make an additional \$50,000 available at the start of construction to be used for youth programming the City and Wexford jointly approve. The ASCP may also seek additional funding from other sources as needed (e.g., public funds, philanthropic funds).
- (2) The parties share a mutual commitment to enable community participation and engagement. To enable a community-centered voice in community benefits, the Aggie Square Innovation District will convene the ASCP, which serves as a focal point for community participation and engagement. The ASCP will include Neighborhood voices in the deployment of a community fund dedicated to local benefits. The ASCP will provide an annual report that outlines how funds were used and distributed, level of participation by each member, and level of activity for targeted priorities identified below. The Aggie Square Innovation District will implement the following strategies and initiatives to achieve this objective:
- (A) The ASCP will consist of at least five members representing institutional partners, including UC Davis, UC Davis Health, Wexford, and possible anchor coalition partners (such as the community college), and at least five seats will be filled by Neighborhood partners (as determined by community residents and business owners).
- (B) The ASCP will set priorities for the community fund using agreed-upon criteria with a focus on the following (or other criteria as determined by the community and ASCP membership): youth opportunities, workforce development and training, place-making, public art, and entrepreneurial support.

(d) *Jobs, Workforce Development and Career Pathways.*

- (1) The parties share a desire to create inclusive economic development and job opportunities for residents in the surrounding community, the City of Sacramento, and the Sacramento region. Aggie Square will focus on inclusive economic development in partnership with the City and its communities. It will bring more jobs to the Sacramento region along with workforce programs to create pipelines into those jobs.
- (2) Aggie Square's Lifelong Learning Building will be a focal point for workforce development involving UC Davis Continuing and Professional Education, partners from across UC Davis's two campuses, industry, and the Sacramento region.
- (3) Aggie Square's workforce development efforts shall include outreach, training, and preparation to help Local Residents and members of Communities of Interest compete successfully for jobs. Subject to any and all applicable obligations under state and federal law, collective bargaining agreements, and the university's or other employers' policies, the Aggie Square Innovation District shall ensure that 20% of the available jobs in Aggie Square that are the focus of the project's workforce development efforts are offered to qualified Local Residents and members of Communities of Interest over the initial 10 years of the project. After the initial 10 years of operation, again subject to any and all applicable obligations under state and federal law, collective bargaining agreements, and the university's or other employers' policies pertaining to hiring, retention, and diversity, equity, and inclusion, 25% of the available jobs shall be offered to qualified Local Residents and members of Communities of Interest. For purposes of this section 3(d)(3), the term "jobs" means the number of individuals working for any employer at the Aggie Square Innovation District at occupancy of Aggie Square. Aggie Square Innovation District shall transmit to the City and make public an annual report to the community that describes the number and type of jobs to address this requirement during the period this agreement is in effect. The parties hereby affirm their mutual commitment to their respective policies supporting principles of diversity, equity, and inclusion, prohibiting discrimination on the basis of any legally protected category, as well as their commitment to maintaining fair, equitable and merit based hiring and promotion practices. Successful job placements and outcomes in the region from Aggie Square's outreach and training will also be tracked. This provision may not be used in any individual hiring decision to compel a hiring authority to select a particular candidate, nor shall this provision be used to deny a UC Davis graduate or undergraduate student the opportunity to participate in a work-study, internship, or other form of paid training program located at Aggie Square. In the event the percentages are not met, the parties agree to engage additional community participation and develop new workforce development strategies to meet these percentages consistent with state and federal law, collective bargaining agreements, and employer hiring policies. The parties shall implement the following strategies and initiatives to achieve the goals in this paragraph:

- (A) Prepare Local Residents and members of Communities of Interest for access to jobs and training opportunities.
- (i) Leveraging existing one-stop hiring solutions, the City and the Aggie Square Innovation District will create a One Stop Hiring Portal for employment opportunities at Aggie Square. The portal, which is envisioned to be a physical location, would involve local community-based workforce providers (i.e., including but not limited to Asian Resources, Inc., the Greater Sacramento Urban League, La Familia Counseling Center, and PRO Youth and Families), organized labor (i.e., including but not limited to University of California bargaining groups and Central Labor Council representatives), trades (i.e., including but not limited to the Sacramento Sierra Building and Construction Trades Council), community colleges, and industry. This commitment includes review of local hiring goals, a short-term and long-term strategy for partnership with workforce and training stakeholders, and implementation via technical support for residents in preparing job applications, and listing of job opportunities. This portal would serve as an important resource for Aggie Square and related industry employers and job seekers.
 - (ii) As of the Effective Date (defined in section 4(a)), UC Davis's practice is to hold job talks and fairs with workforce and CBOs, such as the Sacramento Employment and Training Agency. As part of this effort, UC Davis shall continue to hold job talks and fairs with CBOs at least annually.
 - (iii) UC Davis shall complete an initial assessment (e.g., types, skills) of the jobs available in Aggie Square as of the Effective Date and the jobs anticipated to become available in Aggie Square.
 - (iv) The City and UC Davis shall work with local CBOs and workforce-investment organizations to pilot workforce-development efforts with the objective of helping Local Residents and members of Communities of Interest prepare for jobs
 - (v) The City shall be a lead participant in identifying funding for the capital needs of the development of the adult school pre-apprenticeship program at Hiram Johnson High School.
 - (vi) The City shall work closely with Mark A. Sanders Career Center (2901 50th Street), to further enhance local workforce services being offered at that location, creating more collaboration between Mark Sanders Career Center and local workforce providers to serve the surrounding communities and increase job preparedness and access.
 - (vii) Wexford's third-party contractor selected to construct Aggie Square shall enter into a community-workforce agreement with the

Sacramento Sierra Building and Construction Trades Council and its affiliated unions, regarding certain wage terms, individual trade separations, local contracting, local hiring, apprenticeship programs, and other labor-specific benefits related to construction of Aggie Square.

- (B) Expand efforts to increase regional workforce-development opportunities.
 - (i) The City shall foster a network of workforce providers and CBOs, known as a Workforce Partner Collaborative, focused on inclusive job training, skill development, and career pathways for inclusive economic growth. The City shall also support ongoing alignment and coordination with these organizations to help prepare and inform local residents of the current and emerging job opportunities.
 - (ii) The City shall work with stakeholders on regional workforce-development opportunities focusing on the health and biomedical fields and supporting career pathways into those fields.
 - (iii) The Aggie Square Innovation District and the City will expand work with local CBOs and workforce investment organizations to explore ways to provide access and navigation resources to help Local Residents and members of the Communities of Interest prepare for regional jobs.
 - (iv) The City and UC Davis shall continue piloting workforce-development programs by partnering with CBOs, workforce organizations, K-12 education systems, community colleges, and industry.
 - (v) The City shall standardize and centralize workforce resources to get consistent details to the local jobseekers; ensure that all workforce partners are using consistent information; coordinate alignment of job-training programs to meet the skillset requirements of employer's current job openings; and create greater coordination of supportive services for jobseekers enrolled in training programs to achieve higher completion rates.
 - (vi) The City shall create an annual workforce summit, hosted at Aggie Square, that showcases emerging trends and current and upcoming workforce practices, and provides statistics and outcomes from the Aggie Square workforce collaborative efforts (including job placements).
- (C) Implement sustainable workforce-development programs.
 - (i) Wexford shall use good-faith efforts to identify the Innovation Convener, which will hold regular events to discuss the skills necessary for open positions, provide opportunities to meet hiring managers, and provide information about skill development.

Information on these positions will be made available through the TalentPortal, an online tool that lists innovation-related jobs within the region. This will align with the City's centralized system and One Stop Hiring Portal described above in section 1(d)(3)(A)(i).

- (ii) Wexford shall work with the Aggie Square Innovation District and the Innovation Convener with the goal of developing an Aggie Square-wide internship program.
- (iii) Wexford shall work with the Innovation Convener with the goal of partnering with local accelerator programs with a focus on supporting underrepresented entrepreneurs to foster the local Sacramento ecosystem.
- (iv) Throughout Aggie Square, the Aggie Square Innovation District and the City shall continue to develop and implement Aggie Square sustainable workforce-development programs.

(e) *Youth Opportunities and Educational Support.*

- (1) The parties recognize UC Davis's longstanding commitment and support of pathway and pipeline programs that target elementary-school, middle-school, and high-school students, through partnerships with school districts and CBOs, to increase the number of underserved, low-income students' exposure to educational and career pathways.
- (2) The parties are focused on maximizing youth education and employment opportunities by strengthening partnerships with K-12 education systems, community colleges, and industry. The parties shall continue and expand the opportunities for youth, especially in the Neighborhoods, enabling access to educational support and programs that support career readiness. Beginning in 2022, UC Davis shall develop baseline metrics that show current youth educational opportunities and participation in the schools in the Neighborhoods. Annually, the Aggie Square Innovation District will share the usage of the youth programs by neighbors. The parties shall implement the following strategies and initiatives to achieve the goals in this paragraph:
 - (A) Continue youth opportunities. UC Davis shall continue K-12 youth-engagement efforts across the region. Current examples of these efforts include the following:
 - Health Equity Academy – Leaders for Tomorrow's Healthcare
 - College Opportunity Program
 - Early Academic Outreach Program (EAOP)
 - Summer Mathematics and Science Honors Academy (SMASH)
 - Girls in Robotics Leadership (GIRL)
 - Young Scholars Program

- School of Medicine Tours for High Schools and Community Colleges
- (B) Identify opportunities to expand or pilot new youth programs. UC shall pilot youth-opportunity programs by partnering with community colleges, the City, and industry. As part of this effort, the parties shall determine if an assessment should be performed on related UC Davis programs, school district programs, or other educational programs to identify opportunities and gaps.
- (C) Implement sustainable youth programs.
- (i) To keep the community informed, the Aggie Square Innovation District will share with neighbors, the City, and other stakeholders an annual youth-engagement plan and calendar highlighting programs available for neighborhood youths.
 - (ii) Wexford shall work with the Innovation Convener with the goal of holding monthly youth-focused programming as part of the Thursday events known as the Thursday Gathering. This programming is aimed at exposing K-12 students to innovation-related careers, as well as providing opportunities for their parents to connect to the innovation and start-up community at the same time.
 - (iii) Wexford shall work with the Innovation Convener with the goal of convening an event twice a year with STEM educators and practitioners to share best practices and to engage with the industry.
 - (iv) The Aggie Square Innovation District shall implement new youth opportunities by partnering with K-12 education systems, community colleges, the City, and/or industry.
 - (v) The parties acknowledge that the needs of the community may change over time. Programs identified and outlined in this section 1(e) are subject to change if the needs of the community change or if other areas of focus surface as community-identified priorities.
- (f) *Community Access to Space and Resources at Aggie Square.*
- (1) The parties are committed to providing the community with access to space and resources at Aggie Square. Wexford shall create an open and flexible environment that includes space for tenants and the broader community to convene and connect in an effort to drive greater innovation and entrepreneurship throughout the region. Spaces, such as the ones planned, bring together various stakeholder groups across multiple industries. The parties shall implement the following strategies and initiatives to achieve these access goals:
- (A) Access to Aggie Square space.

- (i) Wexford or its operator shall publish standard rates and fee schedule for the Innovation Hall space. Through discounts and waiving of fees, Wexford, through the operator of Innovation Hall, shall provide discounts and fee waivers for use of the meeting space valued at up to \$1 million annually in Innovation Hall, which will be made available to the community on a non-exclusive basis.
 - (ii) UC Davis shall complete a feasibility study of renovating the UC Davis owned Governor's Hall for UC Davis and community-serving uses.
 - (iii) Wexford, through the operator of Aggie Square's co-working space, shall identify areas within the co-working space for a recurring cohort of startups led by under-represented entrepreneurs.
 - (iv) The Aggie Square Innovation District will host Aggie Square community meetings in Aggie Square.
- (B) Access to Aggie Square resources.
- (i) UC Davis shall provide a community-engagement portal at Aggie Square to help community members access the resources of the university; provide better visibility to university jobs; give guidance for local businesses seeking to do business with the university; and facilitate non-profit groups seeking sponsorship funding for capacity building in their organizations and securing volunteers to assist in their communities.
 - (ii) Wexford shall fund recurring outdoor programming for the community (e.g., outdoor movies, concert series, job fairs). UC Davis shall provide such programming in the outdoor spaces of Aggie Square.
 - (iii) Wexford shall work with the Innovation Convener with the goal of leveraging the Thursday Gathering to feature and promote startups from the surrounding communities.
 - (iv) Wexford shall work with the Innovation Convener with the goal to provide the weekly Thursday Gathering with 12 to 15 free educational sessions or workshops each week with a goal of a minimum of 500 sessions or workshops annually. These free public-education sessions offered by the Innovation Convener will cover topics such as civic engagement, entrepreneurial education, youth mentoring in entrepreneurship, and innovation-talent nights.
 - (v) The City shall provide information to the residents of the larger community and the Neighborhoods to make them aware of opportunities for use of space and resources at Aggie Square.

(vi) The parties acknowledge that the needs of the community may change over time. Programs identified and outlined in this section 1(f) are subject to change if the needs of the community change or if other areas of focus surface as community-identified priorities.

(g) ***Connections to Adjacent Business Districts.*** The parties are committed to connecting to adjacent business districts, especially to small, minority-owned, and veteran-owned businesses. Aggie Square will create positive impacts to and growth for businesses and commercial areas within Aggie Square and the surrounding business districts, particularly for small, minority-owned, and veteran-owned local businesses. This includes opportunities for growing companies to secure space along the existing corridors, supporting local businesses through procurement of goods and services, and cross promotion of key events. On an annual basis, the Aggie Square Innovation District will report on the growth of companies emerging from Aggie Square as it relates to their space needs. The ASCP will maintain a pipeline report to share with existing business-district leadership. The report must include annual procurement activities by participating industry partners. The parties shall implement the following strategies and initiatives to achieve the goals in this paragraph:

- (1) Through the ASCP, the Aggie Square Innovation District will develop a strategy to align efforts with the nearby business districts to support the growth of companies emerging from incubators and accelerator programs within Aggie Square to potentially locate on Stockton Boulevard or an adjacent commercial corridor.
- (2) The ASCP will maintain a shared event calendar to cross-promote events in surrounding business districts.
- (3) The Innovation Convener will feature local food and beverage providers during Aggie Square industry-popups events and programming.
- (4) For two years after the commencement of construction of Aggie Square, Wexford shall, upon the City's written request, advance up to \$400,000 to the City to fund third-party start-up cost for the formation of an Enhanced Infrastructure Financing District for the greater Stockton Boulevard area (the "**Stockton Boulevard EIFD**"). These start-up costs must be reimbursed to Wexford from the Stockton Boulevard EIFD (from tax increment or tax-increment bond proceeds, or a combination of both) on a first-priority basis after formation of the Stockton Boulevard EIFD or, if the Stockton Boulevard EIFD is not formed, in accordance with a reimbursement agreement to be negotiated in good faith by Wexford and the City that is acceptable to them in their reasonable discretion.
- (5) UC Davis shall increase awareness of the University of California's Small Business First program, which is focused on providing contracting and procurement opportunities with certified Small Businesses, Microbusinesses, and Disabled Veteran Business Enterprises.

- (6) By 2023, the City shall complete a Stockton Boulevard Specific Plan, which will include for approval by the Sacramento City Council, policies to promote additional development along Stockton Boulevard and the support of existing local businesses. This includes CEQA review of the elements in the plan and completion of any required environmental document for the Sacramento City Council's review and action.
- (h) ***Neighborhood Transportation Connection and Street Enhancements.*** The parties' goal is to enhance community connectivity, improve transportation options, and enhance vehicular traffic-reduction measures. UC Davis shall provide annual reporting of key transportation projects and transportation demand management efforts. The City shall also provide regular updates on related Stockton Boulevard projects. The parties shall implement the following strategies and initiatives to achieve this goal:
 - (1) UC Davis will implement Transportation Demand Management Measures. While focused on enhancing community connectivity and vehicular traffic reduction measures, UC Davis will strive to achieve the following by 2025:
 - (A) Zero-emission vehicles ("ZEV") or hybrid vehicles will account for at least 50% of all new light-duty UC Davis vehicle acquisitions.
 - (B) Reduce its percentage of UC Davis employees and students commuting by single-occupancy vehicles ("SOV") by 10% relative to UC Davis 2015 SOV commute rates.
 - (C) Have at least 4.5% of commuter vehicles are ZEV.
 - (2) At the time of construction, UC Davis shall contribute funds to the planned improvements at the Broadway and Stockton Boulevard intersection using fair-share methodology, not to exceed 50% of the cost of intersection improvements. As outlined in the Stockton Boulevard Corridor Study, these improvements are intended to enhance walking, bicycling and transit safety, and effectiveness. The fair-share methodology will be based on the percentage of UC Davis-related vehicles in relation to total volumes expected at the intersection for peak hour periods for the 2040 LRDP forecast. Improvements are estimated at \$2.2 million. UC Davis's contribution is based on the fair-share methodology percentage and is not to exceed \$1.1 million.
 - (3) UC Davis shall grant an easement to the City and construct improvements along Aggie Square's Stockton Boulevard frontage for preferred off-street walking, bicycling, and transit elements identified in the City's March 2021 Draft Stockton Boulevard Corridor Study.
 - (4) UC Davis shall (A) undertake and complete a campus access study with the City's Transportation Planning and Traffic Engineering Design Sections and neighborhood associations, with a goal of creating better access from Neighborhoods to and through UC Davis's Sacramento Campus so that the Campus better provides for walking and bicycling and neighborhood

connectivity, and (B) UC Davis shall implement the recommendations of the study.

- (5) UC Davis shall complete new parking structure four, which is closer to the UC Davis Medical Center and will help replace parking spaces displaced by Aggie Square.
- (6) Wexford shall build on-site pedestrian, bike, and vehicle-infrastructure improvements.
- (7) Wexford shall construct improvements at the intersection of 2nd Avenue and Stockton Boulevard.
- (8) Wexford shall construct improvements at the intersection of 3rd Avenue and Stockton Boulevard.
- (9) Wexford shall design and build a 1,300 space new parking structure to serve Aggie Square.
- (10) The City shall complete the Stockton Boulevard Corridor Study, which covers the area between Alhambra Boulevard and 47th Avenue, by December 2021.
- (11) The City shall seek funding for the next phase of, and for preliminary engineering and federal and state environmental clearance for, the Envision Broadway in Oak Park Plan covering Broadway between Franklin and Martin Luther King Jr. Boulevard to the extent that project conforms to citywide priorities.
- (12) The City shall encourage the Sacramento Regional Transit District to provide enhanced comfortable, convenient, frequent, and fast bus service on and near Stockton Boulevard.
- (13) The City shall seek funding to implement the recommendations in the study identified in section 3(h)(11) and the plan identified in section 3(h)(12), as well as the Vision Zero Top 5 Corridors Study, to the extent these projects conform to the citywide priorities.

4. General Provisions

- (a) **Effective Date.** This Agreement becomes effective on the date when all the following have occurred (the “Effective Date”):
 - (1) The PFA has approved the Aggie Square EIFD’s Infrastructure Financing Plan and established the Aggie Square EIFD; and the PFA has approved (or, if necessary, the PFA and the City have approved) an agreement between the PFA and Wexford (or, if necessary, between the PFA, Wexford, and the City) that commits the Aggie Square EIFD tax increment to Aggie Square.
 - (2) The City has formed the Aggie Square Community Facilities District (“CFD”) and authorized the issuance of bonds through the CFD.

- (A) The City and UC Davis have entered into a joint community facilities agreement for any CFD-financed improvements that UC Davis will own or operate.
- (B) The City, UC Davis, and Wexford have entered into an acquisition agreement, under which the City and UC Davis will acquire specified CFD-financed improvements from Wexford.
- (3) No actions challenging any of the matters described in the sections 4(a)(1) and 4(a)(2) have been filed in any court with jurisdiction; or, if any such actions have been filed, they have been resolved in a manner acceptable to Wexford in its sole discretion.
- (4) An action to validate the actions and matters relating to the Aggie Square EIFD, as described in the section 4(a)(1), has been filed by the appropriate party in accordance with California Code of Civil Procedure section 860, California Government Code section 53511, or any other applicable California law or statute; the trial court has entered a final judgment in favor of the plaintiff or petitioner named in the action; and either the time to appeal from the trial court's final judgment has expired with no appeals timely filed or, if appeals have been timely filed, all appeals have been resolved in a manner acceptable to Wexford in its sole discretion, so that the trial court's judgment validating the actions and matters described in the section 4(a)(1) has become final in all respects.
- (5) Any and all actions challenging Aggie Square for noncompliance with CEQA or otherwise have been resolved in a manner acceptable to UC Davis and Wexford.
- (b) **Term.** Unless otherwise noted, the initial term of this Agreement is ten years after the Effective Date, after which the parties will reevaluate this Agreement. This allows flexibility as the needs of the community evolve over time.
- (c) **No Waiver of Authority.** By entering into this Agreement, the City is in no way modifying or limiting the obligations of UC Davis to develop Aggie Square in accordance with all laws applicable to UC Davis. Nothing in this Agreement is a waiver by UC Davis of its constitutional status, its sovereignty, or the exemptions available to it as a California constitutional corporation, including its exemption from compliance with local regulations or other local laws that related to Aggie Square. UC Davis's meeting of its obligations under the Agreement is separate and apart from, and cannot be related in any form to, its constitutional status.
- (d) **Enforcement of Agreement; Default; Remedies.**
 - (1) **Enforcement.** As of the Effective Date, the only parties to this Agreement are the City, UC Davis, and Wexford. This Agreement is not intended, and shall not be construed, to benefit or be enforceable by any other person or entity.
 - (2) **Meet-and-Confer Process.** Before sending a notice of default, the party asserting that another party has failed to perform or fulfill its obligations under this Agreement must first attempt to meet and confer with the other party to discuss

the alleged failure and must permit that party a reasonable period, but not less than ten days, to respond to or cure alleged failure. The party asserting such a failure must request that the meeting and conference occur within 21 days following the request. If, despite the good-faith efforts of the requesting party, such a meeting has not occurred within 30 days of after the request, then the requesting party will have satisfied the requirements of this section 4(d)(1).

- (3) **Dispute Resolution.** If a dispute arises regarding Aggie Square and the parties' obligations under this Agreement, the parties shall meet within 30 days to discuss the dispute and try in good faith to resolve it.

- (4) *Remedies.*

- (A) **No Damages.** The parties agree that it would be extremely difficult and impractical to fix or determine the actual damages suffered by a party because of a default and that, as a result, monetary damages are inappropriate as a remedy for any default under this Agreement. The parties further agree that equitable remedies, not including damages but including demands for specific performance, are the appropriate remedies for enforcement of this Agreement. Accordingly, neither the City nor Wexford will be liable to UC Davis for damages under this Agreement, neither UC Davis nor the City will be liable to Wexford for damages under this Agreement, and neither UC Davis nor Wexford will be liable to the City for damages under this Agreement. The City, UC Davis, and Wexford each expressly waives its right to recover damages under this Agreement.

- (B) **Time Limits; Waiver; Remedies Cumulative.** A party's failure to insist on strict performance of this Agreement or to exercise any right or remedy upon breach of this Agreement will not constitute a waiver of the performance, right, or remedy. A party's waiver of another party's breach of any provision in this Agreement will not constitute a continuing waiver or a waiver of any subsequent breach of the same or any other provision. A waiver is binding only if set forth in a writing signed by an authorized representative of the waiving party.

- (e) *Other General Provisions.*

- (1) *Miscellaneous.*

- (A) This Agreement may be amended or modified only by a writing signed by the parties.
- (B) All approvals and determinations of City requested, required, or permitted under this Agreement may be made in the sole and absolute discretion of the head of the City department with jurisdiction over the matter. Any approvals requested, required, or permitted by the City must not be unreasonably withheld.

- (C) This Agreement contains the entire agreement between the parties, and all prior written or oral negotiations, discussions, understandings, and Agreements are merged into this Agreement.
- (D) The section and other headings of this Agreement are for convenience of reference only and are to be disregarded in the interpretation of this Agreement.
- (E) Time is of the essence.
- (F) This Agreement is to be governed in accordance with California law, except that the rule of interpretation in California Civil Code section 1654 will not apply.
- (G) The parties may sign this Agreement with electronic or digital signatures. In addition, the parties may sign this Agreement in counterparts, each of which will be considered an original, but all of which will constitute the same Agreement. Delivery of a signed counterpart may be accomplished by email transmission of a pdf file as follows:

For delivery to the City, LFritzsche@cityofsacramento.org

For delivery to Wexford, Danielle.howarth@wexfordscitech.com

For delivery to UC Davis, smdommes@ucdavis.edu

- (2) *Contingent Obligations.* The obligations contained in this Agreement are contingent on UC Davis and Wexford proceeding together with Aggie Square as contemplated and securing successful leasing, entitlement, and requisite approvals to implement Aggie Square.
- (3) *Environmental Review.* This Agreement does not commit the parties to any action or project in advance of the environmental review required by CEQA. Depending on the result of the environmental review, an action or project might be changed from what is described in this Agreement or might not be carried out. Upon request, the parties shall meet and confer to ensure that all environmental review required by CEQA has been completed before any commitment to a specific action or project.
- (4) *Notices.* All notices sent by one party to the others, including notices of a change in address, will be effective only when delivered to the following addresses (see the next page):

If to the City:

City of Sacramento
Office of Innovation and Economic
Development
915 I Street, Fourth Floor
Sacramento, California 95814
Attention: Leslie Fritzsche,
Economic Investment Manager

If to UC Davis:

University of California, Davis One
Shields Avenue
Davis, California 95616
Attention: Michael Sweeney, Chief
Campus Counsel

If to Wexford:

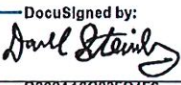
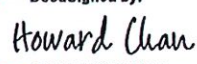
Wexford Development, LLC
801 W. Baltimore Street, Suite 505
Baltimore, Maryland 21201
Attention: Danielle Howarth, Senior
Vice President and General Counsel
and Mark Korczakowski, Senior
Vice President, Asset Management

- (5) *Force Majeure.* If a party's performance of any act required by this Agreement is delayed, hindered, or prevented by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, governmental moratorium or other governmental action or inaction (including a declaration of emergency and a failure, refusal, or delay in issuing permits, inspections, approvals, and authorizations), injunction or court order, riots, insurrection, war, terrorism, bioterrorism, fire, epidemic or pandemic, quarantine, earthquake, flood or other natural disaster, or other similar reason of a like nature that is beyond the reasonable control of the party Agreement, then the party's performance of the act will be excused for the duration of the delay, and the time for the performance of the act will be extended for a period equal to the duration of the delay.
- (6) *Assignment.* Wexford intends to develop Aggie Square through one or more limited-liability companies (each, a "**Project LLC**") that will hold leasehold interests to portions of the land on which Aggie Square will be located under a number of long-term ground leases (each, a "**Ground Lease**"). The Project LLCs will be initially owned directly or indirectly by affiliates of Wexford and one or more third-party equity providers. Without the consent of the City or UC Davis, Wexford may assign its rights and obligations under this Agreement to one or more Project LLCs, either collectively or individually, upon the execution of the Ground Leases. Each of the Project LLCs may subsequently assign its rights and obligations under this Agreement to any assignee of its interest in its Ground Lease. Notwithstanding anything to the contrary in this Agreement, the obligations of any Project LLC under this Agreement will terminate upon the termination of its Ground Lease.

(Signature Page Follows)

Each party is signing this agreement on the date under the party's signature.

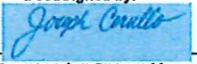
City of Sacramento

By: 
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Darrell Steinberg, Mayor
Date: May __, 2021 5/25/2021
By: 
320C08AC85814D2...
Howard Chan, City Manager
Date: May __, 2021 5/25/2021

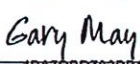
Attest
Sacramento City Clerk

By: 
Wendy Klock-Johnson (May 25, 2021 14:48 PDT)
Signature

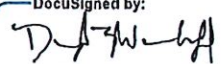
Approved as to Form
Sacramento City Attorney

By: 
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Joseph Cerillo
Senior Deputy City Attorney 5/24/2021

The Regents of the University of California

By: 
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Gary S. May, Chancellor
Date: May __, 2021 5/21/2021

Wexford Development, LLC

By: 
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Douglas Woodruff, Senior Vice President
Date: May __, 2021 5/21/2021

INCLUSIVE ECONOMIC DEVELOPMENT INVESTMENT FUNDING GUIDELINES

1. DEFINITIONS

Inclusive Economic Development Investments or Investments: Investments that expand economic opportunities that benefit underserved and underrepresented communities, thereby reducing social, racial, health, and economic disparities in these communities. Through public and private actions that are responsive to community need and builds on resident assets, these investments foster small business growth, increase quality jobs, stabilizes people in safe and affordable homes, prepare resident of all ages to fill those jobs, improve neighborhoods, and increase household wealth.

Equity: Fair and just treatment, access, opportunities, and advancement for all people, while identifying and eliminating barriers that have prevented the full participation of some groups.

Racial and gender equity: The development of policies, practices, and strategic investments to reverse racial disparity trends, eliminate institutional racism, and ensure that outcomes and opportunities for all people are no longer predictable by race and gender.

Priority neighborhoods: Neighborhoods already having a federal, state, or local designation (could include city Priority Neighborhood, federal Promise Zone, federal Opportunity Zone, Health Need Assessment Focus Communities, etc.) or neighborhoods experiencing a cost of living that outpaces the incomes of the residents, lagging commercial and residential investment, increased poverty and gentrification pressures; limited access to services and amenities, substantial change due to major development and/or public infrastructure improvements and local business displacement.

2. PURPOSE

The purpose of Inclusive Economic Development Investments is to foster economic and community development and job growth within the City of Sacramento that create opportunities for all of Sacramento's residents, while at the same time prioritizing strategic investments for people of color, low-income individuals, and underinvested communities. The Fund will use city dollars to make Inclusive Economic Development Investments in projects and programs that advance inclusive economic development and reduce inequities by improving the health, stability and economic security of residents and neighborhoods; fostering business and job growth; increasing household wealth; encouraging productivity; and supporting people, places, and actions that promote economic growth throughout the City's diverse communities.

3. OBJECTIVES

Investments must seek to advance economic growth and development by achieving the following objectives:

- A. **Catalyze Inclusive Economic Development:** Investments must help to further develop and/or grow targeted industry clusters, tradeable sectors and university-industry innovation districts. Investments must catalyze economic development and community revitalization in targeted geographic areas that increase the economic security and mobility of vulnerable families and workers.
- B. **Stimulate Job Growth:** Investments must help retain and grow job opportunities by cultivating the entrepreneurial ecosystem, attracting new businesses that create a range of quality jobs, and supporting the growth and advancement of existing businesses. Investments must also support hiring and retaining of low income and historically underserved and underrepresented residents.
- C. **Create Experiential and Educational Opportunities:** Investments must expand access to experiential and educational opportunities that lead to career pathways that lead to the middle class. Investments must also cultivate homegrown talent through strong cradle-to-career pipelines that increase economic security and access to job opportunities for all residents, with a focus on those communities and residents that have been historically underserved and underrepresented.
- D. **Create Vibrant, healthy, opportunity-rich neighborhoods:** With the goal of reducing racial, social, health, and economic disparities, Investments must increase the supply and access to safe and affordable housing, transit and transportation options, promote clean and safe neighborhoods, create positive youth development experiences, and remove barriers to future economic development, particularly in distressed and disadvantaged neighborhoods that have not benefited from previous economic growth. Investments must ensure all communities have access to services and amenities that support healthy and vibrant neighborhoods.
- E. **Increase Revenue and other Social and Economic Benefits to the City:** Investments must directly or indirectly increase City revenue and/or generate other significant public benefits (as outlined in Section 5F - Public Benefit) that provide a return on investment to the City.

4. GUIDING PRINCIPLES

The guiding principles are based on equity-focused practices that guide all Investments.

- A. **Neighborhoods and Places – Make all neighborhoods healthy and safe communities of full opportunity.** Unlock opportunities for residents to

access options that offer affordable, safe and stable housing, amenities, culture and services, and maximize quality of life. Proactively support: (1) communities of color and (2) underserved residents and businesses within “priority neighborhoods”.

B. Community Engagement – Build community ownership, voice and capacity.

Tap into community-rooted organizations and neighborhood groups to develop community driven solutions that advance equitable and inclusive development priorities, policies and practices over the long term. Projects and programs will be vetted through the impacted neighborhood, community, and/or stakeholder(s) to ensure that they meet the needs of the community.

C. People and Jobs – Expand employment opportunities. Concentrate workforce development programs, increase talent pipelines, address skills gaps, and expand employment opportunities at all levels and for all ages including youth and young adults.

D. Business and Innovation – Advance equity, diversity, and inclusion throughout Sacramento’s business community. Expand ownership opportunities at all stages and ensure new development and growth happens in a way that benefits the entire community.

E. Integrate a focus on people, place and the economy. Understand that the City of Sacramento—and the neighborhoods where low-income people of color live— need strategies that are embedded in a broader metropolitan economy, and act to create more connections and linkages between their underserved residents and the local and regional economy. These strategies:

- Are place-based and people-oriented;
- Leverage business and financing models that are equity driven; and
- Identify resources and innovate new ways of working with markets and investors to achieve inclusive and equitable solutions.

F. Embrace equity as an economic imperative. Engage private sector businesses to identify long-term, bottom-line benefits of racial and economic equity in their business models.

5. MINIMUM ELIGIBILITY CRITERIA

The City may consider making an Investment in projects and programs that have a significant economic impact and meet the following criteria:

A. Equity and Inclusion: Demonstrate strategies that ensure all Sacramento’s residents, particularly for people of color, low-income individuals and underinvested communities have the ability to participate, prosper, and reach

their full potential. Investments will provide goals and measurable outcomes to reduce disparities and build equity in the City's diverse communities. All applications and subsequent agreements must include a statement of how the project or program reduces inequities and creates opportunities for Sacramento's underserved and underrepresented communities. As appropriate, agreements should support capacity- building by connecting existing community needs and activities to new resources and opportunities.

- B. **Mutual Benefits and Consistency with City policy and goals:** All Investments must be consistent with City policies and goals for achieving an inclusive and equitable community. Both the City's and prospective partners' goals and the mutual benefits should be openly and clearly stated in all agreements.
- C. **Employment:** Create and/or retain jobs with defined salary ranges based on Sacramento area and industry income standards or within priority career pathways as identified in the City's Inclusive Economic Development Strategy and Action Plan or policies. Priority should be placed on creating job opportunities for underserved residents and in underserved neighborhoods.
- D. **Tax Revenue Generation:** Provide significant property and/or sales tax revenues to the City. This amount will take into consideration the relative size of the project or program and its contribution to the City and community.
- E. **Leverage:** Investment should be leveraged by other private or public funds and innovative partnerships. Projects and programs must demonstrate long-term financial sustainability.
- F. **Public Benefit:** Investments must provide a public benefit for residents and businesses in Sacramento. All applications and subsequent agreements must include a statement of public benefits. Benefits should distinguish between one-time/upfront cost reductions and ongoing reduction to everyday expenses to the targeted groups. Programs and projects will address an array of social and economic benefits that improve quality of life, including, but not limited to:
 - Mobility
 - Housing supply, affordability, quality and integration
 - Workforce development
 - Employment opportunities for disadvantaged populations
 - Business diversification
 - High-wage industry growth
 - Sustainability (including air, water, and environmental quality; energy efficiency; clean energy, etc.)

- Public health and wellness
- Public safety and emergency response
- Arts and cultural amenities
- Youth and education

6. APPROVAL PROCEDURES

- A. City Staff and Investment Committee Vetting:** Investment applications will be screened by City staff and vetted with the Investment Committee. Investments of Measure U funds will be forwarded to the Measure U Citizens Advisory Committee.
- B. Measure U Advisory Committee Recommendation:** Pursuant to City Resolution 2018-0393, the Measure U Advisory Committee will review, report, and make non-binding recommendations on how to allocate resources to support inclusive community economic development. Such expenditures, not subject to City Council approval, shall be forwarded to the City Manager with a recommendation.

7. INVESTMENT MEASUREMENT AND EVALUATION

Evaluation of performance measures is critical to gauge the effectiveness of the Investments. Each investment agreement must contain a set of performance measures. The City will require tracking and reporting of data during project/program implementation.

8. EVALUATION OF GUIDELINES AND INVESTMENTS

Staff will provide regular updates to the Investment Committee and Measure U Advisory Committee on the status of the City's Investment portfolio. Each year the City will conduct an annual assessment of the guidelines to identify areas for updating, refinement, and/or adjustments.

9. PROGRAMS AND GUIDELINES

The Investments will support two programs:

- a. Neighborhood and Community Investments
- b. Economic Development Investments

Each program will have program guidelines to determine and identify eligible projects and programs. Program guidelines could include an overview of the program fund, additional eligibility requirements, identification of what can and cannot be funded, how much funding is available, how projects and programs are selected, and metric and reporting requirements.

SIWD and City
Side-By-Side Comparison on Outstanding Issues

Outstanding Issue	City Position	SIWD Position
<p>Kickstarter Amount (ie, what projects will a CBA be applied to)</p>	<p>\$10 million of public investment as the kickstarter for when a private project receiving public money will be required to do a Community Benefits Agreement (CBA)</p> <p>Public investment includes the City's expenditure of public funds or loss of revenue to subsidize a development project in the city in the form of bonds, grants, below-market-rate loans, loan guarantees, fee waivers, land price subsidies, tax abatements, tax exemptions, and tax credits.</p> <p>Exempts all nonprofits regardless of their size.</p>	<p>1. \$10 million is too high and the City defines public investment too narrowly. For example, it does not expressly include EIFDs (or other tax increment financing) or upzoning or other regulatory concessions by the City worth significant monetary value to developers. And, it improperly excludes the sale or lease of public land even when not for affordable housing.</p> <p>Very few projects receive this level of City investment which means the community will very rarely obtain the benefits of a CBA.</p> <p>This amount is inconsistent with both prior and current community sentiment and the settlement agreement in Aggie Square. SIWD has put forward \$3 million as a more reasonable kickstarter.</p> <p>2. It also fails to include an alternate kickstarter for large development projects likely to have a significant community impact where significantly less public investment is needed. This leaves the community vulnerable and the City in the lurch.</p> <p>3. Given the high amount of public subsidy proposed by the City and the scale of development projects that CBAs will be applied to, excluding nonprofit corporations</p>

		regardless of their size does not make sense given that very large entities like hospital systems are also sometimes nonprofits.
Minimum Community Benefits Required From Projects	<p>No minimum community benefits or threshold of benefits. It requires broad types of benefits to be included for local business, anti-displacement, affordable housing, and transportation initiatives, however there are no requirements for how little or how much is required in exchange for the millions of dollars of public investment to help subsidize projects.</p> <p>Requires prevailing wage for contractors and subcontractors of the development.</p> <p>Requires an unspecified amount of local hiring for the project.</p> <p>The current ordinance also creates an enormous exception that permits the City Council to vote not to require <i>any</i> benefits at all for local business, anti-displacement, housing, or transportation.</p>	<p>1. The City's current proposal fails to include <i>specific minimum community benefits in critical areas such as anti-displacement, housing, transportation, workforce development, and small and local business protection to offset the impacts of these major development projects.</i></p> <p>Instead, it has broad categories of benefits that must be covered but without any thresholds ensuring that those benefits are meaningful or at the scale of the impacts of the project. The exception permitting any or all of the benefits to be voted away is overly broad and lacks any standards protecting the community from such a waiver of benefits.</p> <p>This creates great uncertainty of meaningful benefits to the community to mitigate impacts from these major development projects while guaranteeing maximum flexibility for the developers of projects.</p> <p>SIWD has proposed requiring:</p> <ul style="list-style-type: none"> • 25% of residential units in the project be affordable to very low income households • One to one replacement of any affordable units demolished by the project • Funding for renters and homeowners indirectly displaced by the project that must have a measurable impact on keeping renters/owners in their homes

		<ul style="list-style-type: none"> • Funding to address unmet transportation needs identified by the community • A living wage, specific local hiring percentages, and other specific workforce benefits like labor peace and limits on temporary/part-time positions • The inclusion of a Childcare and Support Plan to address workers' childcare needs <p>2. Additionally, the current proposal uses a definition of "affordable rent" that is inconsistent with the standards used by affordable housing developers which will create needless complication.</p>
Community Negotiation	<p>The City's proposed CBA Ordinance only requires seeking <i>input</i> from the community that will be affected by the project. It does not require or create a meaningful role in the negotiations on substantive benefits for the community and local residents. Only the project sponsor and the City would negotiate the terms of the CBA.</p> <p>The City's draft administrative guidelines include a community focus group for each future CBA but that group is not anticipated to be at the negotiating table.</p>	<p>The City's current proposal lacks participation of the community as direct partners at the negotiating table. This excludes not only community leaders, CBOs, and advocates, but crucially, the people most directly affected by the impacts of the project— residents.</p> <p>The community needs to have a direct role in the CBA negotiation process along with the City and the project sponsor, not just limited to an input and feedback role in the process without any real agency in shaping the substantive outcomes for the CBA. This is particularly critical given the nebulous benefits provisions.</p> <p>SIWD has proposed that a group of community members including residents, community coalition members, CBOs and other nonprofits that serve the impacted area, youth, labor, and a member of the Race Equity Council actually negotiate the CBA with the City and the future developer.</p>

<p>Enforcement of CBA Terms</p>	<p>The ordinance only provides that the City Manager “may” adopt policies and procedures to implement and enforce the ordinance.</p> <p>Requires each CBA to define a class of people who will be third party beneficiary and able to enforce the promises in the CBA.</p>	<ol style="list-style-type: none"> 1. The ordinance needs strong <i>mandatory</i> community enforcement mechanisms and clear accountability processes. <p>The ordinance must require the City to adopt policies and procedures to implement the CBA AND engage the community in the development of the policies and procedures.</p> <p>The ordinance does not commit to adopting <i>any</i> such processes. As written, it does not comply with the settlement agreement for “a transparent accountability process” “guided by an inclusive, comprehensive, community-driven process.”</p> <p>SIWD has proposed robust community oversight, developer supported monitoring, data collection and reporting, and enforcement inspired by the St. Petersburg and Detroit CBA ordinances.</p> 2. The ordinance should also require that residents of the impacted area of the project are <i>always</i> among the third party beneficiaries to be included in each CBA. 3. The current ordinance requires the developer to indemnify the City very broadly, which may be overly burdensome and improper depending on any benefits or provisions the City itself has a duty to provide or fulfill.
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COMMUNITY BENEFIT COMPARISON

Provided by: **Sacramento Investment Without Displacement**, April 2023

What is a Community Benefits Ordinance or Policy (CBO or CBP)?

What is it?

- An adopted **ordinance** or **policy** to systematize and routinize community benefits
- **Adopted by a local government** and requires community benefits on projects undertaken by the government and a private developer

Why enact one?

- **Mitigate negative impacts** of significant development on existing residents
- **Ensure community shares in benefits** provided by new development
- **Provide continuity** in the local planning and development process when leadership changes
- **Avoid a project-by-project approach** that can lead to inconsistency of scope, concessions, community oversight and enforceability

Effective vs Ineffective Community Benefit Agreements (CBAs)

INEFFECTIVE CBA	EFFECTIVE CBA
Representation	
<ul style="list-style-type: none">• No community signatories• Negotiating party or signatory selected by politician or developer• Signatory does not have previous CBA negotiating experience	<ul style="list-style-type: none">• Community signatories are independent, diverse and represent those most threatened by the impact of the project• Negotiations led by a well-organized coalition with strong capacity• Community signatories have CBA experience

Effective vs Ineffective CBAs

INEFFECTIVE CBA	EFFECTIVE CBA
Transparency, Inclusivity	
<ul style="list-style-type: none">• Benefit negotiations are:<ul style="list-style-type: none">• Exclusive• Marked by secrecy• Rushed	<ul style="list-style-type: none">• Robust engagement/outreach process• Community gets to provide input throughout the negotiation process• There are effective mechanisms to ensure transparency with community• Benefit negotiations are:<ul style="list-style-type: none">• Transparent• Inclusive

Effective vs Ineffective CBAs

INEFFECTIVE CBA	EFFECTIVE CBA
Community Benefits	
<ul style="list-style-type: none">• Vague, aspirational terms with few details:<ul style="list-style-type: none">• "good-faith"• "for consideration"• "work with"• Does not address real community needs• Mobilizing funding with no requirements of the developer• Commitments are voluntary	<ul style="list-style-type: none">• Detailed, concrete, and measurable terms• Addresses real community needs• Benefits include the "asks" of the most vulnerable members of the impacted community• Specific, measurable commitments with dollar amounts attached

Effective vs Ineffective CBAs

INEFFECTIVE CBA	EFFECTIVE CBA
Enforcement	
<ul style="list-style-type: none">• Limited remedies and injunctive relief unavailable• Overly burdensome enforcement and arbitration process• Not enforceable against third parties - contractors and tenants	<ul style="list-style-type: none">• Monetary damages and injunctive relief explicitly available• Concrete, specific, clearly defined oversight and reporting process with record keeping requirements• Enforceable against third parties and successors of each party

KICKSTARTER: the conditions a project must meet to warrant a CBA

JURISDICTION	KICKSTARTER
City of Detroit	<p>Project value = \$75M, and that receives:</p> <ul style="list-style-type: none">- Tax abatements worth \$1M, or- Transfer of city owned land with \$1M market value <p>Project value = \$3M project value, and that receives:</p> <ul style="list-style-type: none">- Tax abatements worth \$300k+, or- Transfer of city owned land with a \$300K market value.
City of Richmond	<p>Funding from the City = \$100k</p> <ul style="list-style-type: none">- Including public financing or contribution such as loan, loan guarantees, tax credits, or infrastructure construction, financial aid, assistance; or <p>Transfer of ownership or lease of right to occupy any city-owned property, including right of way or street vacation, or</p> <p>Subject to a development agreement.</p>

KICKSTARTER

JURISDICTION	KICKSTARTER
Los Angeles County	Public-private project with a projected \$10M+ budget or 50,000 sq ft+ floor area. <i>Excludes affordable housing projects</i>
City of St. Petersburg	Projects that receive public assistance (tax abatements, transfer of city-owned land, monetary contribution, parking fee waiver) greater than 20% of the overall construction cost for projects valued at more than \$2 million, or \$10 million in public assistance.

BENEFITS: specific, measurable benefits to offset impacts

JURISDICTION	BENEFIT CATEGORY	MINIMUM BENEFITS
Los Angeles County	Local and Target Worker Hire	30% local hiring requirement for construction jobs, 10% hiring for targeted workers facing barriers to employment
	Business Enterprise Program	Utilization goal of 25% for LSBEs and 3% goal for DVBEs
	Affordable Housing	20% of any residential units set aside as affordable housing
	Monitoring	Developer funds a portion of the monitoring costs during the construction phase

BENEFITS

JURISDICTION	MINIMUM BENEFITS
City of St. Petersburg	<p>Benefit to the community may include activities in the following areas:</p> <ul style="list-style-type: none">• Affordable or workforce housing• Environmental resiliency and sustainability• Public infrastructure• Equitable workforce development• Neighborhood health and safety and• Equitable economic opportunities
City of Richmond	<ul style="list-style-type: none">• Make a financial contribution to Community Benefits Fund• Comply with living wage and ban the box ordinances• Comply with local employment program• Notify Richmond businesses, Richmond small and nonprofit businesses of construction and operation opportunities

COMMUNITY ENGAGEMENT

JURISDICTION	MEETING REQUIREMENT
Los Angeles County	4 public meetings - Two during pre-development phase, two during development
City of St. Petersburg	2 public meetings - Prior to drafting term sheet, prior to approval of the development agreement
City of Detroit	1 public meeting - Prior to land transfer or tax abatement

CBA NEGOTIATION: Neighborhood Resident Advisory Bodies


JURISDICTION	WHO NEGOTIATES CBA BENEFITS
City of Detroit	9-member Neighborhood Advisory Council (NAC) who negotiate project-specific CBAs
City of St. Petersburg	4 members who live within 1 mile of the project (impact area), join the Community Benefit Advisory Council to negotiate benefits package

OVERSIGHT & ENFORCEMENT

JURISDICTION	WHO MONITORS AND ENFORCES CBA
City of St. Petersburg	4 member, standing Community Benefit Advisory Council (CBAC) consults on implementation of the program, and serve 2-to3-year terms.
County of Los Angeles	<p>The County CEO monitors to ensure compliance and releases a scorecard quarterly to track progress of development and benefits.</p> <p>Health Innovation Community Partnership (HICP) meets monthly to discuss implementation and monitoring.</p>
City of Detroit	Enforcement Committee monitors the agreements and provides bi-annual reports on the progress of each benefit. <i>(see following slide)</i>

Case Study: City of Detroit

CBO Biannual Report Example



Civil Rights, Inclusion
and Opportunity

CITY CLERK 2020 FEB 20 AM 10:14

COLEMAN A. YOUNG MUNICIPAL CENTER
2 WOODWARD AVENUE, SUITE 1240
DETROIT, MICHIGAN 48226
PHONE: 313.224.4950
FAX: 313.224.3434

To: Honorable Detroit City Council
Neighborhood Advisory Councils

From: Charity R. Dean, Esq., Director, Civil Rights, Inclusion and Opportunity

Date: February 20, 2020

Re: Community Benefits Ordinance Biannual Report for The MID

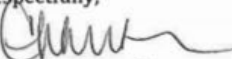
The Civil Rights, Inclusion, and Opportunity (CRIO) Department has been given the responsibility of monitoring the Community Benefits Ordinance. The report details the developer's compliance with each Community Benefits Provision (CBP) commitment.


The **MID** project currently has **0** of their commitments considered "Off Track."

Below, you will find a key to reference when reviewing "Status Update" and the total number of CBP commitments in each specific status.

Status Update	Explanation	Commitments
●	On Track- Actions taken towards satisfying commitment	5
●	Off Track- Commitment not fulfilled	0
●	Not Started- No action taken	21
●	Additional information requested	0
Completed	Commitment fulfilled	0
Total Commitments		26

If you have any questions, do not hesitate to contact my office at 313-224-4950

Respectfully,

Charity R. Dean, Esq.
Director
Civil Rights, Inclusion and Opportunity


Lawrence Garcia, Esq.
Corporation Counsel
City of Detroit Law Department

Cc: Arthur Jemison, Chief of Services and Infrastructure, City of Detroit

Detroit Implementation Outcomes (2020)

10 projects
completed the
negotiation process

Neighborhood
Advisory Councils
(NACs) have secured
168 distinct benefits
for their communities

References

- Benjamin S. Beach (2007): Strategies and Lessons from the Los Angeles Community Benefits Experience, Journal of Affordable Housing.
- Lisa Berglund (2020): Early Lessons From Detroit's Community Benefits Ordinance, Journal of American Planning Association.
- Lisa Berglund (2021): Democratizing design: possibilities for Detroit's community benefits ordinance, Journal of Urban Design.
- Lisa Berglund & Sam Butler (2021): Detroit's community benefits ordinance: setbacks and opportunities to giving residents voice in development, Journal of Community Practice.
- Susana Bonis, M. Ed., PhD Candidate (2020): Eastside LEADS Building a Movement for Equitable and Accountable Development.
- Daniel Kravetz (2017): Fighting for Equity in Development. The Story of Detroit's Community Benefits Ordinance.
- Nicholas J. Marantz (2015): What Do Community Benefits Agreements Deliver? Evidence from Los Angeles.
- Julian Gross (2008): Community Benefits Agreements: Definitions, Values, and Legal Enforceability. Journal of Affordable Housing.
- Julian Gross, Greg LeRoy, Madeline Janis-Aparicio (2005): Community Benefits Agreements Making Development Projects Accountable.
- Partnership for Working Families, Community Benefits Law Center (2016): Common Challenges in Negotiating Community Benefits Agreements and How to Avoid Them.

References

- Lee Romney. (2001). Community, Developers Agree on Staples Plan. Los Angeles Times.
- Los Angeles Sports and Entertainment District Community Benefits Program. LA_DOCS682924.9{W97}
- <https://www.forworkingfamilies.org/campaigns/CBA>
- Partnership for Working Families. (2016). Common Challenges in Negotiating Community Benefits Agreements and How to Avoid Them.
- Community Benefits Policy for County Economic Development Projects. County of Los Angeles Chief Executive Office. Adopted June 11, 2019.
- Manuel Pastor, Vanessa Carter, Alejandro Sanchez-Lopez, and Robert Chlala. (No Date). Planning, Power, and Possibilities: How Unidad is Shaping Equitable Development in South Central L.A.

From: [Ellen E. Sullivan](#)
To: [Ellen E. Sullivan](#)
Subject: FW: Action Required!
Date: Thursday, April 13, 2023 8:40:20 AM
Attachments: [image001.png](#)
[image003.png](#)
[image004.png](#)
[image005.png](#)

From: Michelle Willard <mwillard@greatersacramento.com>
Sent: Wednesday, April 12, 2023 4:57 PM
To: Ellen E. Sullivan <EESullivan@cityofsacramento.org>
Cc: Matthew Miller <mmiller@greatersacramento.com>; Barry Broome <bbroome@greatersacramento.com>
Subject: RE: Action Required!

Hi Ellen,

Please see below our President & CEO Barry Broome's comments for Tuesday. Please let me know if you have any questions.

As President & CEO of the Greater Sacramento Economic Council (GSEC), I strongly oppose the draft Community Benefits Agreement. GSEC is a public-private partnership comprised of 40+ CEOs and 21 communities with the mission of driving economic growth throughout the six-county Greater Sacramento region. While jobs are essential to economic growth, our goal is to increase prosperity and equity – this agreement would work against these goals by reducing investment and job creation in the community, ultimately hurting low income and underserved communities the most.

A Community Benefits Agreement for all large development projects moving forward is detrimental to economic growth. Our community already relies too heavily on government jobs – Greater Sacramento is 79% more dependent on government jobs than its peers and has more government jobs than Washington DC. Industry diversity is critical to building an inclusive economy, especially for our underserved communities. To build a diverse economy, we must foster growth.

The creation of this Community Benefits Agreement lacked transparency and will hinder inclusive economic growth. We are increasingly concerned with the lack of transparency and consistency on such critical economic decisions. I strongly urge the Law and Legislation Committee to amend the Community Benefits Agreement and prioritize inclusive growth in Greater Sacramento.

Thank you for your time and consideration.

*Barry Broome
President & CEO
Greater Sacramento Economic Council*



| o. +1 916 441 2144 | m. +1 813 951 2796
| d. +1 916 287 9072 | e. mwillard@greatersacramento.com
| w. greatersacramento.com | a. 400 Capitol Mall, Suite 2520; Sacramento, CA 95814



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Greater Sacramento is undergoing unprecedented growth. **See what's driving our momentum.**

From: [Ellen E. Sullivan](#)
To: [Ellen E. Sullivan](#)
Subject: FW: Action Required!
Date: Thursday, April 13, 2023 8:49:21 AM
Attachments: [image001.png](#)
[image003.png](#)
[image004.png](#)
[image005.png](#)

From: Michelle Willard <mwillard@greatersacramento.com>
Sent: Wednesday, April 12, 2023 3:29 PM
To: Ellen E. Sullivan <EESullivan@cityofsacramento.org>
Cc: Matthew Miller <mmiller@greatersacramento.com>
Subject: RE: Action Required!

Hi Ellen,

Public comments below. Let me know if you have any questions. Our President & CEO, Barry Broome will be speaking as well. I'll send his comments shortly.

My name is Michelle Willard. I'm the Chief Public Affairs Officer for the Greater Sacramento Economic Council. We are the leading economic development organization for the Sacramento, six-county region, and a public/private nonprofit organization with more than 40 CEOs and 21 communities focusing on growth, prosperity, equity, and inclusion as it relates to economic development. We do not support the draft Community Benefits Agreement that is currently being proposed. When we prevent development and reduce investment in the community it ultimately hurts job creation for low income and underserved communities. We need a vibrant downtown; additional housing and this policy will make it uneconomical to do that. There is already a significant lack of developers willing to even develop in our community. The urban core is in decline as more people have moved away to the suburbs from COVID-19. We should amend the CBA in our urban core, specifically for the Railyards and Riverfront development.

We are a community already heavily reliant on government jobs. Greater Sacramento is 79% more dependent on government jobs than its peers and has more government jobs than Washington DC. This does not provide an inclusive economy for our community, especially for our underserved communities. We are asking the law and legislative committee to amend the agreement. Thank you for your time and consideration.

Please let me know if you have any questions.

Thank you.

Best,
Michelle



Michelle Willard | Chief Public Affairs Officer
| Greater Sacramento Economic Council
| o. +1 916 441 2144 | m. +1 813 951 2796
| d. +1 916 287 9072 | e. mwillard@greatersacramento.com
| w. greatersacramento.com | a. 400 Capitol Mall, Suite 2520; Sacramento, CA 95814



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April 17, 2023

Members of Law & Legislation Committee
Attn: Chairwoman Valenzuela
915 I Street, 5th Floor
Sacramento, CA 95814

RE: Draft Community Benefits Agreement Ordinance

Dear Chairwoman Valenzuela:

On behalf of Downtown Sacramento Partnership, I am writing to express concerns regarding the draft Community Benefits Agreement Ordinance (CBAO) as written. While we appreciate staff's outreach and communication throughout the formation of this ordinance, would like to recommend amendments related to the funding threshold and definition of development subsidies in order to better position Sacramento as a city of choice for economic development.

While we recognize intentional and inclusive economic development is key to a thriving downtown and Sacramento region, there must be a balanced approach to local legislation that does not constrain the ability to bring forward future opportunities for growth. One of the primary concerns with the current draft CBAO is the funding threshold by which projects trigger an agreement. The threshold of 10 million dollars in city subsidies is a one-size-fits-all model that has the implication to apply to various projects in dramatically different ways. Recommend consideration of an increased amount or adjust definition to a percentage model as an alternative for the funding threshold.

While appreciating staff's proposal for automatic adjustment to take into consideration inflation by a factor equal to the percentage increase in the construction cost index, recommend annual analysis begin in 2025 to accommodate for the volatility of the current and future market. Additionally, request that the scope of development subsidies outlined in the draft ordinance be refined to exclude below-market-rate loans and loan guarantees, and reiterate the role of

infrastructure improvements as separate elements that would not on their own trigger a community benefit agreement.

Lastly, it is vital the CBAO does not evolve in silo but rather as part of the city's holistic plan as it relates to economic development and the ability to nurture Sacramento as a destination of choice for capital investment. With a growing urgency for additional tools at the city and state level to streamline and incentivize economic growth, there are concerns around additional obligations related to building development that could place undue burden on prospective investors, hindering potential for future prosperity.

Downtown Sacramento Partnership continues to request that the public funding threshold be increased, the list of development subsidies be more narrowly defined, and that the ordinance clearly defines the scope of projects eligible for a CBAO. We have appreciated the engagement from city staff to address concerns with the Community Benefits Agreement Ordinance and stand ready to work in concert with the city as a continued partner.

Sincerely,

Michael T. Ault
Executive Director
Downtown Sacramento Partnership

Amanda Blackwood
President & CEO
Sacramento Metro Chamber

Rachael Brown
Executive Director
Power Inn Alliance

Michelle Smira
Administrator
R Street Partnership

SIWD PROPOSED EDITS

ORDINANCE NO.

Adopted by the Sacramento City Council

Date Adopted

**AN ORDINANCE ADDING CHAPTER 3.156 TO THE SACRAMENTO
CITY CODE, RELATING TO COMMUNITY BENEFITS AGREEMENTS**

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

SECTION 1.

Chapter 3.156 is hereby added to the Sacramento City Code to read as follows:

Chapter 3.156 COMMUNITY BENEFITS AGREEMENTS

3.156.000 Purpose.

The city is committed to ensuring economic development projects in the City of Sacramento benefit and promote prosperity for all residents without sacrificing the wellbeing of residents within or near the project area.

This ordinance is to establish criteria and procedures for economic development projects that promote transparency and community accountability, mitigate gentrification, prevent displacement, protect residents and small/local businesses, promote inclusion and equitable access to opportunity, and facilitate the production of housing affordable to all income levels.

This chapter shall be known as the "Community Benefits Agreements Ordinance."

3.156.010 Definitions.

The following definitions apply in this chapter:

"Affordable dwelling unit" means a dwelling unit that (i) will be rented at an affordable rent or sold at an affordable housing price and (ii) will have a regulatory agreement recorded on title, requiring the unit to remain affordable for a period of no less than 55~~30~~ years.

"Affordable housing price" means a sales price of a for-sale dwelling unit that requires a low-income household to expend no more than 35% of its income on housing expenses (mortgage principal and interest, taxes, insurance, and assessments).

"Affordable rent" means a monthly rent that is set at or below the annual rents established by the California Tax Credit Allocation Committee (CTCAC) for Sacramento

Commented [1]: 55 years is the current affordable housing standard and this should reflect that.

County based on the date the project was placed into service and the bedroom size and income level of the regulated unit. ~~does not exceed 2% of median income, adjusted for household size appropriate to the unit, less a reasonable allowance for utilities.~~

“Community benefits agreement” means a written contract between the city and a subsidized party that includes the terms by which the city will provide a development subsidy and the public benefits that the subsidized party must provide in exchange.

“Completed project” means a development project for which the city has issued a certificate of occupancy for all structures.

“Development project” means the construction, reconstruction, demolition, or alteration of the size of any structure.

“Development subsidy” means the city’s expenditure of public funds or loss of revenue to subsidize a development project in the city, in a cumulative amount equal to or greater than the threshold amount, in the form of bonds, grants, below-market-rate loans, loan guarantees, fee waivers, land price subsidies, tax abatements, tax exemptions, land transfers for less than market-rate value, tax increment financing, or any other economic assistance, and tax credits, whether approved by the city in a single act or multiple acts. It also includes assistance that financially improves the development project from the City of Sacramento including but not limited to: property transferred to or encumbered by the project or developer at less than market value; rezoning; favorable terms arising out of General Plan Area Specific Plans, or updates thereto; and creation of any Enhanced Infrastructure Financing Districts or Joint Powers Authority. “Development subsidy” does not include: (i) an expenditure or loss in any amount as part of a public project, as defined in section 3.60.010; (ii) a development project being carried out by a nonprofit corporation formed under the Nonprofit Public Benefit Corporation Law (Cal. Corp. Code §5110 et seq.); (iii) the disposal or acquisition of land under California Government Code section 37364; (iv) an expenditure or loss for the development of housing where at least 2550% of the dwelling units are affordable dwelling units; or for the development of mixed-use projects where at least 25% of the dwelling units are affordable dwelling units and where the total square footage of the commercial space does not exceed 200,000k square feet after subtracting the square footage of the residential space from the total square footage of the project. (v) the sale or lease of land under the Surplus Land Act, unless the sale or lease of land is for non affordable housing purposes (Cal. Gov. Code §54220 et seq.).

“Dwelling unit” has the same meaning as in section 17.108.050.

“Low-income household” means a household whose income does not exceed 80% of median income, adjusted for family size.

“Local area” means Sacramento, Yolo, Placer, El Dorado, Amador, San Joaquin, Sutter, Yuba, Nevada, and Sierra counties.

Commented [2]: This is not a standard of affordability that is recognized or used by affordable housing developers. Based on SIWD’s research and discussions with statewide housing experts, the low income housing tax credit standards are the most common standards used for affordable housing development. Using an unknown standard is likely to get in the way of the creating of affordable housing because it is likely such housing will need multiple sources to be built and developers will need to be able to meet the normal industry standards of those sources.

Commented [3]: The settlement agreement refers to economic subsidies defined in Cal. Gov Code section 53083. The definition used for a development subsidy here must, at a minimum, capture all of the investments listed in that section.

Commented [4]: The City’s proposed standard is too narrow and leaves out important City investments. It should expressly include tax increment financing and EIFDs. It also should include assistance/incentives that confer a measurable value to developers. City provided incentives like rezoning have a measurable value as evidenced by other communities who calculate land value capture from government actions. SIWD’s proposed changes provide that.

Commented [5]: The threshold amount is the kickstarter for applicability of the Ordinance as a proxy to prospective impact. The corporate structure of the entity is not relevant and this would potentially mean excluding very large entities e.g. hospital systems who are sometimes organized as nonprofits receiving a very large public investment.

Commented [6]: In order to ensure the ordinance does not inadvertently create barriers to the production of affordable housing, SIWD proposes that projects with at least 25% rather than 50% affordable units be exempted and also proposes a method to address mixed-use projects.

Commented [7]: This exemption is too broad. The City should not exclude the sale or lease of public land for non affordable housing purposes.

“Median income” means the median income applicable to Sacramento County, as published and annually updated by the United States Department of Housing and Urban Development pursuant to section 8 of the United States Housing Act of 1937.

“Oversight committee” means a public oversight committee guided by an inclusive, comprehensive, community driven process charged with overseeing the development, negotiation, implementation, and oversight of community benefit agreements under this chapter and comprised of the following: i) one or more low-income City residents; ii) a coalition of residents and community groups; iii) community benefit organizations and/or nonprofits with expertise in housing, transportation, and workforce development; iv) a youth or local school representative; v) a labor or union representative; and v) a representative of the Race Equity Council and/or Racial Equity Alliance or their successor entities.

“Priority order” means priority is given from highest to lowest to: residents of the city living within a three-mile radius of the project or displaced from that radius within the last 5 years; economically disadvantaged residents of the city; residents of the City, residents of Sacramento County, outside of the city; and residents of Yolo, Placer, El Dorado, Amador, San Joaquin, Sutter, Yuba, Nevada, and Sierra counties.

“Subsidized party” means a person or entity who is or will be the direct beneficiary of a development subsidy and its successors in interest.

“Threshold amount” means ~~\$103,000,000~~ in aggregate development subsidy, as adjusted in section 3.156.040 or \$100,000 in aggregate development subsidy if the usable square footage of the development project is more than 200,000 square feet.

“Very low-income household” means a household whose income does not exceed 50% area-median income, adjusted for family size.

3.156.020 Community benefits agreement - required.

- A. A subsidized party shall enter into a community benefits agreement as a condition of receiving a development subsidy.
- B. The community benefits agreement must include the terms required under section 3.156.030 and any other terms required by the city or agreed upon by the city and the subsidized party.
- C. The city council may only approve a development subsidy if it approves a community benefits agreement at the same time.

3.156.030 Community benefits agreement – terms.

Commented [8]: This threshold is too high. It does not comply with the settlement agreement and SIWD has not agreed to this amount. It is exceedingly uncommon for the City to invest this much. And setting it this high leaves both the community and the City in the lurch for large projects that will have a significant impact on the neighborhood/surrounding area. SIWD proposes reducing it to \$3 million and including the proposed alternate kickstarter for a lower public investment threshold when the size of the project is large.

A. Except as provided in subsection C, each community benefits agreement must include the following terms:

1. To the extent permitted by law, a term requiring the subsidized party and its contractors, subcontractors (not including suppliers), and tenants to employ residents of the local area in priority order to:

- a. Perform work on the development project for which the city is providing the development subsidy;
- b. Perform work to improve, maintain, and repair the completed project; and
- c. Work in businesses located in the completed project.

The community benefits agreement must include a target that at least 35% of the new employment be filled by local residents within a 3-mile radius of the completed project with priority given to low-income households.

2. A term requiring the subsidized party and its contractors and subcontractors to comply with California's prevailing wage law (Cal. Labor Code §1770 *et seq.*) in connection with the development project.

3. A term requiring new employment positions by tenants and owners of the project that are not included in a collective bargaining agreement with any employer will be subject to labor peace.

4. A term requiring a childcare support plan to address the childcare needs of the impact area as defined in the community benefits agreement and those employed by owners and tenants in the completed project.

5. A term specifying a clearly identifiable class of persons who will be third-party beneficiaries under the community benefits agreement. At a minimum, residents of the impact area of the project shall be included as one of the third-party beneficiaries. The impact area for the development project must be identified in the community benefits agreement in consultation with the community and the Oversight Committee.

6. A term requiring the subsidized party to pay a portion of the cost to monitor implementation of the community benefits agreement.

7. A term specifying what data the subsidized party must collect, retain, and report to the city and the community to permit monitoring of the implementation of the community benefits agreement.

~~3-8.~~ A term specifying the remedies for breach of the community benefits including but not limited to damages, specific performance, injunctive relief, clawback

Commented [9]: There should be at least certain classes of people that are always third party beneficiaries if the City is not permitting a community signatory. It should, at a minimum, include residents of the impact area. It could also include CBOs serving residents of the impact area, local businesses in the impact area, etc.

of any or all city-provided benefits, revocation of land transfers or land sales, debarment provisions and proportionate penalties and fees.

~~4. — A term requiring the following indemnity language: “The subsidized party shall defend, indemnify, and hold harmless the city, its officers, employees, and agents from and against all claims, actions, losses, damages, liability, costs and expenses of every type and description, including, but not limited to, attorney fees, to which any or all of them may be subjected by reason of, or resulting from, directly or indirectly, in whole or in part, the community benefits agreement.”~~

~~5.9.~~ Terms requiring the subsidized party to:

a. Provide small and local businesses with support, such as technical assistance, increased access to capital, or resources for building improvements;

b. Provide anti-displacement funding. Commercial and mixed use projects shall provide a fee, in addition to the standard linkage fee, equal to no less than 1% of the project’s budget, to a City administered anti-displacement fund. The funding must be used to implement anti-displacement strategies as determined by the community, such as those intended to create stable tenancies, create paths to home ownership, provide secure employment opportunities, enable small businesses to grow, or to finance development of new affordable housing in the impact area of the project as defined by the community benefits agreement. Anti-displacement strategies must demonstrate they will have a measurable impact on keeping renters and owners in their homes ~~Implement anti-displacement strategies, such as those intended to create stable tenancies, create paths to home ownership, provide secure employment opportunities, or enable small businesses to grow;~~

c. Provide affordable dwelling units; ~~and. At least 25 percent of any residential units in a residential project or mixed use project shall be reserved for and affordable to very-low income households including households of various sizes, ages and abilities.~~

d. If the development project will result in the demolition of existing affordable dwelling units or units occupied by low-income households, those units shall be replaced by like units on a one for one basis on site or within one half mile of the completed project within 5 years.

e. Undertake transportation projects or initiatives, such as those that enhance community connectivity, improve transportation options, or promote motor vehicle traffic-reducing measures. Provided transportation funding commensurate with the size, budget, and scale of the project and its anticipated impact to a City administered active transportation fund. The funding must be used to address unmet community-identified transportation needs within the impact area of the project as defined by the community benefits agreement, along the

Commented [10]: This indemnification clause is too broad and would indemnify the City from liability for its own duties and obligations under a CBA. A tailored indemnification clause can be negotiated at the time of the specific CBA.

Commented [11]: SIWD has encouraged the City over the last year to provide specific minimum benefits to create certainty for both developers and the community and to ensure that the community gets meaningful benefits for its large \$10 million investment of public funds. The City has been disinclined to create such specifics. SIWD proposes here some more protective guidelines that adjust with the scale of the project for the benefits to be included.

High Injury Network (HIN), or in an area meeting the criteria of “equitable investment” as defined by the city’s Transportation Priorities Plan. The funding must be used for projects that provide: equitable access to multi-modal mobility options to jobs, essential services, and opportunity; address existing safety concerns, and barriers to mobility; reduction of vehicle miles traveled, criteria pollutant, and greenhouse gasses. The fees shall not be used for roadway capacity expansion, interchange expansion, or parking facilities.

B. In addition to the terms in subsection A, the city may require a community benefits agreement to include terms that require project-specific community benefits that it finds are warranted under the circumstances.

C. The city council may approve a community benefits agreement that does not include any term under subsection A.5 that it expressly finds is not warranted under the circumstances.

Commented [12]: This exception will swallow the rule. A wide open exemption clause is not necessary. In the event a future specific project truly requires an exemption, the Council can use its legislative power at that time.

3.156.040 Adjustment of threshold amount.

A. During the years 2023 through 2027, the threshold amount is ~~\$193,000,000~~ or \$100,000 if the usable square footage of the development project is more than 200,000 square feet.

B. Every 60 months beginning on January 1, 2028, the threshold amount shall be adjusted automatically to take into consideration inflation by a factor equal to the percentage increase, if any, in the construction cost index for San Francisco (based on ~~2019~~13 U.S. average = 100) during the 60 months ending on the preceding September 1 as published by Engineer News Record/McGraw-Hill Construction Weekly, or any substitute index that the city council adopts by resolution. The city manager or the city manager’s designee shall calculate the adjustment, if any, to the threshold amount and shall advise the city clerk of the amended threshold amount.

3.156.050 Community input.

The city manager shall seek the input of the community that is or will be affected by the development project when developing the terms of, and evaluating the subsidized party’s performance under, the community benefits agreement as provided by this chapter and the policies and procedures to be adopted pursuant to and consistent with section 3.156.060.

Residents of the impact area, neighborhood associations in the impact area, representatives of a coalition of residents and community groups that are working together in the impact area such as Sacramento Investment Without Displacement, community benefit organizations or nonprofits with expertise in housing,

transportation, and workforce development, community benefit organizations serving the impact area, labor representatives, small business representatives, youth representatives, members of the Racial Equity Council and/or Racial Equity Alliance, and other relevant community partners must be directly involved in negotiating community benefits agreements with the subsidized party.

3.156.060 Policies and procedures.

- A. The city manager ~~shall~~ ~~may~~ adopt policies and procedures to implement and enforce the provisions of this chapter, including, but not limited to, policies and procedures on accessible and comprehensive community engagement processes, direct community involvement in negotiation of community benefits agreements, stipends for residents participating in the negotiations of community benefits agreements, community benefits and protections, the identification and selection of members of the Oversight Committee as well as its role and procedures, metrics and monitoring, annual data collection and reporting, and enforcement.
- B. The policies and procedures must incorporate a robust, inclusive, culturally relevant community engagement process and ensure that community members living within the impact area, community benefit organizations serving the impact area, labor representatives, small business representatives, youth representatives, and other relevant community partners are parties to the development and negotiation of community benefits agreements.
- C. The policies and procedures must include a transparent accountability process that includes the Oversight Committee that is guided by an inclusive, community-driven process.
- D. The policies and procedures must be developed in consultation with residents, neighborhood associations, representatives of a coalition of residents and community groups that are working together such as Sacramento Investment Without Displacement, community benefit organizations or nonprofits with expertise in housing, transportation, and workforce development, the Racial Equity Council and/or Racial Equity Alliance, and other relevant community partners.

3.156.070 Enforcement.

An Enforcement Committee shall be established to monitor development projects subject to a community benefits agreement under this chapter.

- A. The Enforcement Committee shall be comprised of, at minimum, the following individuals:

Commented [13]: Community oversight is required and essential. The current draft is not enough to comply with the settlement agreement. SIWD recognizes some details are appropriate for guidelines, but the ordinance should both mandate that policies and procedures be adopted and provide strong requirements and guidance to ensure community engagement is strong AND that the community is a party to the negotiations to ensure meaningful benefits are included.

Commented [14]: The model below is based on the Detroit model and to a lesser extent, the St. Petersburg model. The intent is to create mandatory community enforcement mechanisms and transparent accountability processes. Both are necessary to protect the community and comply with the settlement agreement.

- i. City Attorney for the City of Sacramento or their designee;
- ii. A representative from the Planning and Development Department;
- iii. A representative from the Office of Diversity & Equity;

In addition to the members of the Enforcement Committee as identified in this section, the Planning Director may require that other departments participate in the Enforcement Committee as needed.

- B. The Enforcement Committee shall provide an annual compliance report to the City Council and the Oversight Committee for the time period identified in the community benefits agreement.
- C. The Planning Director shall facilitate at least 2 meetings per calendar year between the Oversight Committee and the Developer to discuss the status of the completed projects for the time period identified in the community benefits agreement. The meetings must be at least 14 days after the compliance data is provided to the Oversight Committee.
- D. The Oversight Committee shall review any allegations of violations of the community benefits agreement provided to it by the community, and may report violations to the Enforcement Committee in writing.
- E. Upon receipt of written notification of allegations of violation from the Oversight Committee, the Enforcement Committee shall investigate such allegations and shall present their written findings to the Oversight Committee based upon the following:
 - a. Whether the Developer is in compliance with the community benefits provision; and
 - b. How the community benefits agreement will be enforced or how violations will be mitigated.
- F. The findings of the Enforcement Committee shall be presented to the Oversight Committee no later than 21 days from the date the violations were reported to the Enforcement Committee, unless there is a documented and exceptional need for additional time that is reported to City Council and the Oversight Committee within the original 21-day time frame.

- G. If the Oversight Committee disagrees with the findings of the Enforcement Committee or determines that the Enforcement Committee is not diligently pursuing the enforcement or mitigation steps outlined in its findings, the Oversight Committee may send notice to the Enforcement Committee, and the Enforcement Committee shall have 14 days from receipt of notice to respond to the concerns outlined.
- H. If the Oversight Committee is not satisfied with the Enforcement Committee's response, the Oversight Committee may petition the City Clerk and request that City Council schedule a hearing with opportunity for both the Enforcement Committee and the Oversight Committee to present information related to the alleged violations of the community benefits agreement and any enforcement or mitigation efforts that have occurred.
- I. If City Council elects to hold a hearing, or based upon the written information submitted, City Council shall determine whether the Enforcement Committee has made reasonable efforts to ensure that the Developer has complied with the community benefits agreement.
- J. If the City Council determines that the Enforcement Committee has made reasonable efforts, City Council shall notify the Oversight Committee and the Enforcement Committee of their findings.
- K. If City Council finds that the Enforcement Committee has not made reasonable efforts or findings, City Council shall make a specific finding to the Enforcement Committee on the steps that need to be taken to comply with the Community Benefits Provision.
- L. The Enforcement Committee shall provide City Council and the Oversight Committee monthly updates on compliance actions until City Council adopts a resolution declaring that the Developer is in compliance with the community benefits agreement or has taken adequate steps to mitigate violations.
- M. City Council may hold additional hearings related to enforcement of the community benefits agreement as needed.



Barry Broome
Greater Sacramento Economic Council
400 Capitol Mall, Suite 2520
Sacramento, CA 95814

Date: 6/15/23

To:
Howard Chan & Michael Jasso
Cc: Law & Legislative Committee
Councilmember, Lisa Kaplan
Councilmember, Katie Valenzuela
Councilmember, Rick Jennings
Councilmember, Eric Guerra

Subject: Opposition to the City of Sacramento CBA Ordinance

Dear City of Sacramento Law & Legislative Committee,

I am writing to declare GSEC's opposition to a Community Benefits Ordinance as currently envisioned in the City of Sacramento. After careful consideration, we have determined that there is no feasible way to avoid serious damage to the city's economy and reputation, should this ordinance move ahead.

We share the goal of increasing prosperity and equity in the community through the creation of high-quality, sustainable jobs. This ordinance would work against these goals by reducing investment and job growth, ultimately hurting low-income and underserved communities the most. Competition for investment is global and urban cores throughout the country have been negatively affected by the post-pandemic economy. The City of Sacramento can ill afford to impose uncertainty, cost and onerous regulations on prospective investors at this crucial juncture.

The Athletics' departure from Oakland is an illustrative example of what can happen when an ill-considered community benefits agreement results in enormous missed opportunities for a city:



regrettably, Oakland's overreach in demanding an unsustainable CBA opened the door for Las Vegas to woo the team through an aggressive and creative campaign. As a result, the City of Oakland is losing out on \$12 billion in private investment including \$1 billion for a state-of-the-art stadium and overall economic impact of \$3 billion – resources that could have paid for schools, social services and upskilling opportunities for underserved communities throughout Oakland. We cannot allow a similar mistake to occur here.

When we sought counsel from partners on this ordinance, GSEC also reached out to its proponents to ascertain the possibility of leveraging this conversation to build a broader coalition for neighborhood economic development in the city. After having a positive meeting with Sacramento Investment Without Displacement (SIWD), we recommended that we work together on an inclusive jobs strategy and anti-displacement policy in high-risk neighborhoods. Unfortunately, this conversation has yet to yield a commitment from SIWD to engage in further dialogue, but we remain hopeful that we may still embark together on the important work to build an equitable economy in the city through means that encourage investment and job growth.

In summary, a Community Benefits Ordinance in any form will offer few actual benefits to our most underserved neighborhoods while establishing an unclear and costly process for prospective investors considering the city. I strongly urge the Law and Legislation Committee to not move forward with this counterproductive initiative.

Sincerely,

A handwritten signature in black ink that reads "Barry Broome". The signature is fluid and cursive.

Barry Broome
President & CEO, Greater Sacramento Economic Council

ORDINANCE NO.

Adopted by the Sacramento City Council

Date Adopted

AN ORDINANCE ADDING CHAPTER 3.156 TO THE SACRAMENTO CITY CODE, RELATING TO COMMUNITY BENEFITS AGREEMENTS

THE CITY COUNCIL OF THE CITY OF SACRAMENTO DOES ORDAIN AS FOLLOWS:

SECTION 1.

Chapter 3.156 is hereby added to the Sacramento City Code to read as follows:

Chapter 3.156 COMMUNITY BENEFITS AGREEMENTS

3.156.010 Definitions.

The following definitions apply in this chapter:

“Affordable dwelling unit” means a dwelling unit that (i) will be rented at an affordable rent or sold at an affordable housing price and (ii) will have a regulatory agreement recorded on title, requiring the unit to remain affordable for a period of no less than 30 years.

“Affordable housing price” means a sales price of a for-sale dwelling unit that requires a low-income household to expend no more than 35% of its income on housing expenses (mortgage principal and interest, taxes, insurance, and assessments).

“Affordable rent” means a monthly rent that does not exceed 30% of an amount equal to 120% of the median adjusted gross income for the County, as published by the U.S. Department of Housing and Urban Development, less a reasonable allowance for utilities as posted by the governing housing agency.

“Community benefits agreement” means a written contract between the city and a subsidized party that includes the terms by which the city will provide a development subsidy and the public benefits that the subsidized party must provide in exchange.

“Completed project” means a development project for which the city has issued a certificate of occupancy for all structures.

“Development project” means the construction, reconstruction, demolition, or alteration of the size of any structure.

“Development subsidy” means the city’s expenditure of public funds, loss of revenue, or issuance of bonds to subsidize a development project in the city in amount equal to or

greater than the threshold amount in a single transaction. “Development subsidy” does not include: (i) an expenditure or loss in any amount as part of a public project, as defined in section 3.60.010; (ii) a development project being carried out by a nonprofit corporation formed under the Nonprofit Public Benefit Corporation Law (Cal. Corp. Code § 5110 *et seq.*); (iii) the disposal or acquisition of land under California Government Code section 37364; (iv) the development of housing where at least 20% of the dwelling units are affordable dwelling units; (v) the sale or lease of land under the Surplus Land Act (Cal. Gov. Code § 54220 *et seq.*); (vi) grants, below-market-rate loans, loan guarantees, fee waivers, land price subsidies, tax abatements, tax exemptions, and tax credits, whether approved by the city in a single act or multiple acts; (vii) bonds issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, to finance public facilities or services necessary or incidental to new development, including but not limited to bonds issued through the Statewide Community Infrastructure Program (SCIP) or Bond Opportunities for Land Development (BOLD) program; or (viii) affordable housing funding, collected either from the development project or received from the federal, state, or local governments or agencies, including but not limited to the Sacramento Housing and Redevelopment Agency (SHRA).

“Dwelling unit” has the same meaning as in section 17.108.050.

“Low-income household” means a household whose income does not exceed 120% of median income, adjusted for family size.

“Local area” means Sacramento, Yolo, Placer, El Dorado, Amador, San Joaquin, Sutter, Yuba, Nevada, and Sierra counties.

“Median income” means the median income applicable to Sacramento County, as published and annually updated by the United States Department of Housing and Urban Development pursuant to section 8 of the United States Housing Act of 1937.

“Priority order” means priority is given from highest to lowest to: residents of the city; residents of Sacramento County, outside of the city; and residents of Yolo, Placer, El Dorado, Amador, San Joaquin, Sutter, Yuba, Nevada, and Sierra counties.

“Subsidized party” means a person who is or will be the direct beneficiary of a development subsidy.

“Threshold amount” means \$50,000,000, as adjusted in section 3.156.040.

3.156.020 Community benefits agreement - required.

A. A subsidized party shall enter into a community benefits agreement as a condition of receiving a development subsidy.

B. The community benefits agreement must include the terms required under section 3.156.030 and any other terms required by the city or agreed upon by the city and the subsidized party.

C. The city council may only approve a development subsidy if it approves a community benefits agreement at the same time.

D. A community benefits agreement shall be adopted only after a hearing by the city council. Notice of intent to adopt the community benefits agreement shall be given as provided for in California Government Code sections 65090 and 65091.

3.156.030 Community benefits agreement – terms.

A. Except as provided in subsection C, each community benefits agreement must include the following terms:

1. To the extent permitted by law, a term requiring the subsidized party and its contractors, subcontractors (not including suppliers), and tenants to employ residents of the local area in priority order to:

a. Perform work on the development project for which the city is providing the development subsidy;

b. Perform work to improve, maintain, and repair the completed project; and

c. Work in businesses located in the completed project.

2. A term requiring the subsidized party and its contractors and subcontractors to comply with California’s prevailing wage law (Cal. Labor Code §1770 *et seq.*) in connection with the development project.

3. A term specifying a clearly identifiable class of persons who will be third-party beneficiaries under the community benefits agreement.

4. A term requiring the following indemnity language: “The subsidized party shall defend, indemnify, and hold harmless the city, its officers, employees, and agents from and against all claims, actions, losses, damages, liability, costs and expenses of every type and description, including, but not limited to, attorney fees, to which any or all of them may be subjected by reason of, or resulting from, directly or indirectly, in whole or in part, the community benefits agreement.”

5. Terms requiring the subsidized party to:

a. Provide small and local businesses with support, such as technical assistance, increased access to capital, or resources for building improvements;

b. Implement anti-displacement strategies, such as those intended to create stable tenancies, create paths to home ownership, provide secure employment opportunities, or enable small businesses to grow; and

c. Undertake transportation projects or initiatives, such as those that enhance community connectivity, improve transportation options, or promote motor-vehicle-traffic-reducing measures.

6. A finding that the development project for which the city is providing the development subsidy will provide a unique transformational project of citywide significance that will create or spur at least 1,000 long term jobs.

B. In addition to the terms in subsection A, the city may require a community benefits agreement to include terms that require project-specific community benefits that it finds are warranted under the circumstances.

C. The city council may approve a community benefits agreement that does not include any term under subsection A.5 that it expressly finds is not warranted under the circumstances.

3.156.040 Adjustment of threshold amount.

A. During the years 2023 through 2027, the threshold amount is \$50,000,000.

B. Every 60 months beginning on January 1, 2028, the threshold amount shall be adjusted automatically to take into consideration inflation by a factor equal to the percentage increase, if any, in the construction cost index for San Francisco (based on 1913 U.S. average = 100) during the 60 months ending on the preceding September 1 as published by Engineer News Record/McGraw-Hill Construction Weekly, or any substitute index that the city council adopts by resolution. The city manager or the city manager's designee shall calculate the adjustment, if any, to the threshold amount and shall advise the city clerk of the amended threshold amount.

3.156.050 Excluded projects.

A community benefits agreement may not be adopted for development projects that include:

1. Single-unit, duplex, or multi-family dwellings"

2. Mixed-use development projects with commercial or institutional uses on the lower floors; or

3.156.060 Feasibility analysis.

Prior to considering approval of a community benefits agreement, the city shall have an independent third party conduct a feasibility analysis. The city council shall consider the feasibility analysis and shall not adopt a community benefits agreement if the feasibility analysis concludes that adoption of the community benefits agreement would make it more likely than not that the project would be infeasible.

3.156.070 Community input.

The city manager shall seek the input of the community that is or will be affected by the development project when developing the terms of, and evaluating the subsidized party's performance under, the community benefits agreement.

3.156.080 Policies and procedures.

The city manager may adopt written policies and procedures to implement and enforce the provisions of this chapter.



July 19, 2023

Members of Law and Legislation Committee
Attn: Chair Valenzuela
915 I Street, 5th Floor
Sacramento, CA 95814

RE: Draft Community Benefits Agreement Ordinance

Dear Chair Valenzuela:

On behalf of Central City PBIDs, we would like to thank the Law and Legislation committee and city staff for the continued communication and willingness to welcome feedback regarding the draft Community Benefits Agreement Ordinance (CBAO). As consideration of the draft ordinance continues, we are providing further recommendations to complement the desire for increased capital investment in the central city.

We continue to advocate for increasing the funding threshold, narrowing the definition of public subsidies, and clearly defining the scope of projects that are eligible for a CBA. The recommendations submitted previously via a letter sent to the Law and Legislation committee on April 17 remain unchanged.

However, following conversations with our shared stakeholders, would like to provide additional recommendations for review that we feel are the most successful means to create intentional and inclusive economic development in the city, while also ensuring Sacramento remains a destination of choice for capital investment.

As champions for a thriving central city, we see the effects of market realities and perceptions that influence decisions of whether or not to invest in Sacramento's urban core. As we continue to feel the disproportional impacts of remote work, increases in building and labor costs, and public realm challenges, our intention is to ensure that every possible tool is available to spur economic development that delivers vibrancy and opportunity to the heart of the city. Many sites within the central city yield the highest potential to host residents, visitors, and employment centers that can potentially transform our region and create a healthier, more sustainable general fund.

As such, recommend that the Central City Community Plan Area is exempt from being subject to this ordinance. We are supportive of intentional, community-based engagement in areas in which well-established communities experience impacts of incoming developments – however, as we continue to strive to establish a well-balanced, central neighborhood in Sacramento, we urge consideration that policy efforts do not constrain the opportunity to do so.

The coalition of Central City PBIDs stands ready to assist in creating thoughtful policy solutions. We have appreciated the engagement from the Law and Legislation committee and city staff to address concerns with the CBAO and welcome the opportunity to continue our dialogue.

Sincerely,

Michael Ault
Executive Director
Downtown Sacramento Partnership

Michelle Smira
Administrator
R Street Partnership

Devin Strecker
Executive Director
River District