

Elmhurst Neighborhood Association
ElmhurstNeighborhoodAssocSac@gmail.com

November 29, 2020

Councilmember Eric Guerra
eguerra@cityofSacramento.org

Dear Councilmember Guerra-

Thank you again for participating in the November 9, 2020 Elmhurst Neighborhood Association forum to address the proposed Enhanced Infrastructure Financing District (EIFD) that would provide a city tax subsidy for Aggie Square by directing increased tax revenues to pay for infrastructure rather than these costs being covered by the developer and the tax funds directed to the City's General Fund.

We have several questions that we would like answered on Aggie Square Phases 1 and 2:

Why is the city giving money to UC for its infrastructure?

Aggie Square, Phase 1, will be built out by Wexford under a long-term ground lease. UC retains ownership of the land, and ownership of the buildings will revert to UC after the lease terminate. Aggie Square, Phase 2, will be built out by UC.

UC is essentially a fourth branch of government, with autonomy under the California Constitution. It is not accountable to the city. Why is the city funding this project?

The benefit is regional, but the city is the only local governmental entity being asked to provide funding.

Aggie Square will benefit the city but it will also benefit the entire region. We are told it will generate jobs, but where will the workers live that benefit from these jobs? 25% of UCD staff live in Elk Grove. Yet the city is the only one kicking in funds via the EIFD. Why is there no regional money involved beyond the EIFD?

We understand that the city cannot automatically tap county and school district resources as it could under the former redevelopment laws. However, since UC/Wexford is asking the city to kick in some money for the project, can the county not be asked also, due to the regional benefit?

The benefit is regional, but the negative impacts will mainly affect the surrounding neighborhoods. What is the city going to do to keep them from becoming collateral damage?

Gentrification is one issue.

Housing and rents. Will the residents be priced out? The city has rent control but single-family homes are exempted. Elmhurst, Tahoe Park, the Med Center Neighborhood, Oak Park and Colonial Heights are mainly single-family neighborhoods. Will the local businesses be priced out also? Will there be any protection for them? What does the city plan to do about this?

Aggie Square, Phase 1, will provide housing for 411 residents, and UC is only providing 175 additional housing units to be built between 2030 and 2040. This is a joke. The need for housing in the area will be huge. According to UC's 2020 Long Range Development Plan, over time there will be over 5,100 more employees, 930 more students, and 1,153 more patients and visitors than currently, and 411 residents as part of Aggie Square, Phase 1. (LDRP, Sacramento Campus, p. 51; this assessment does not count On-Campus Partner Buildings that are public/private partnerships with another entity which adds another 250 people to the on-campus totals.) This is in addition to a projected 5,000 construction jobs.

Air quality, traffic and parking. There will be an obvious impact on air quality, and traffic and parking in the surrounding neighborhoods. Currently, UC employees park all over the adjacent neighborhoods although UC has parking lots and parking structures. UC employees also cut through the neighborhoods on their way to work. With UC's historic level of non-cooperation, what will it do to mitigate these impacts, and what, if any, clout will the city have to deal with compliance if UC's actions are not satisfactory?

Why are we just hearing about this now?

This project has been discussed with the community for two years. CM Guerra met with several members of the ENA board about Aggie Square and the EIFD was not mentioned. Yet several weeks later on October 22, in a Virtual Aggie Square Q&A, the neighbors were informed of the EIFD. Less than a week later, on October 27, the city council approved going forward with the EIFD process. Why was this sprung on us so suddenly? What other alternatives were discussed? Why is UC coming to us because Wexford has decided the project is not economically feasible? And why is the city falling over itself to provide funding instead of UC? ("Wexford has determined that the project costs do not provide for economic feasibility and are seeking a partnership with the City to finance certain facilities within the project." (October 27, City Council Agenda Item 8, p. 5.))

On what terms will the infrastructure be paid for by the city?

Obviously the property tax from Aggie Square will not be paid all at once - it will be paid out over a period of years. How does the city expect to pay for the infrastructure? Is it expected to pay up front, which means it has to borrow money through bonds or some other financing mechanism? Or does Wexford pay for the infrastructure and get the money back in the form of a tax break or money returned back to Wexford by the city?

Bonds or other forms of borrowing cost money - the investors expect a return. How does this whole thing pencil out for the city?

Who is going to be in control of the infrastructure project? Who will be the project manager? Who will let the contracts? What will the city's responsibility be?**What legal liability is the city taking on by funding the infrastructure?**

This is and will remain UC property. Is the city the stakeholder on the project, opening itself to being sued by disgruntled contractors under stop notice claims? Will the city be liable for lawsuits due to construction defects? And when the infrastructure is built out, if personal injury occurs that involves the infrastructure, is the city liable for damages?

The long-term ground lease has not even been entered into. How will the terms of the lease affect the city regarding the project?

We appreciate your attention to this matter and look forward to your response.

Sincerely,

Board of Directors
Elmhurst Neighborhood Association