Agenda Item No. 6

File Code No. 640.09

CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: October 7, 2008

TO: Mayor and Councilmembers

FROM: Airport Department

SUBJECT: Final Economic Development Project Designation For 500 James Fowler Road – Airline Terminal Improvement Project

RECOMMENDATION: That Council:

A. Find that the Airline Terminal Improvement Project qualifies for designation as a Economic Development Project that would continue to provide services that enhance the standard of living for City and South Coast residents and strengthen the local and regional economy; and

B. Grant the project a Final Economic Development allocation of 44,648 square feet (sq. ft.) of floor area.

DISCUSSION:

On September 9, 2008, Council granted the Airline Terminal Improvement Project designation as a Final Community Priority Project pursuant to the City Charter and SBMC §28.87.300 since it provides for City Council designations of square footage for projects of broad public benefit deemed "necessary to meet present or projected needs directly related to public health, safety or general welfare." At that hearing, Council requested that the project also be considered for dual designation as an Economic Development Project given the limited amount of floor area remaining in the Community Priority category.

The Airport Department therefore requests a Final Designation of 44,648 square feet from the Economic Development category for the Airline Terminal Improvement Project.

ECONOMIC DEVELOPMENT CATEGORY:

The City Charter and SBMC §28.87.300 provide for Economic Development designations of square footage for projects that are consistent with the City Charter, General Plan and Municipal Code that will enhance the standard of living for City and South Coast residents and will strengthen the local or regional economy by either creating new permanent employment opportunities or enhancing the City's revenue base.

An Economic Development Project should also provide products or services which are currently not available or are in limited supply either locally or regionally (Attachment 1).

To date, 354,836 square feet is remaining in the Economic Development Category for allocation, taking into account the proposed allocation for this project. Please refer to Attachment 1 for a list of Economic Development projects that have received a Preliminary or Final Designation. The 44,648 sq. ft. allocated to the Airline Terminal Improvement Project from the Community Priority Category for this project will be returned to that category for allocation to future projects.

PROJECT NEEDS ASSESSMENT:

The Airport is estimated to provide an economic benefit of more than $500 million to the South Coast region annually. Both business and visitor travel and spending is dependent on frequent and reliable air service to the region. The Terminal currently provides direct service by six airlines to eleven destination cities and serves over 800,000 passengers annually. A number of businesses have located in the region because there is easy access to reliable commercial airline travel. The Airline Terminal directly supports approximately 350 jobs and 240 full-time equivalents. Therefore, Staff is of the opinion that the Airline Terminal Improvement Project meets the definition of an Economic Development Project in that it will enhance the standard of living for City and South Coast residents and will strengthen the local or regional economy by creating new permanent employment opportunities and enhancing the City's revenue base. The Airline Terminal Improvement Project also provides a level of air service that is not currently available at other airports regionally.

BUDGET/FINANCIAL INFORMATION:

The Project will be funded by debt financing, FAA grants, Passenger Facility Charge revenue, and airport revenue.

SUSTAINABILITY IMPACT:

Consistent with Council's vision for a sustainable city and for City government to lead by example, the Airline Terminal Project has been registered for both LEED certification and the Savings By Design Program. The Project goal is to attain a LEED Silver rating.

To further reduce the new Terminal's energy consumption the Airport Department intends to distribute a Request for Proposals (RFP) for construction of solar canopies in the Long Term Parking Lot.

In addition to the above programs, the Airport Department has completed a Greenhouse Gas Inventory and Carbon Footprint Reduction Plan for the entire Airport Property.

ATTACHMENTS:

1. Projects with Preliminary or Final Economic Development Designations
2. Summary of Charter §1508 Provisions for Non-Residential Development

PREPARED BY: Laurie Owens, AICP, Project Planner

SUBMITTED BY: Karen Ramsdell, Airport Director

APPROVED BY: City Administrator's Office

ATTACHMENT 1

PROJECTS WITH PRELIMINARY OR FINAL ECONOMIC DEVELOPMENT DESIGNATIONS

PROJECT/ADDRESS	PRELIM. DESIG. (SQ. FT.)	FINAL DESIG. (SQ. FT.)	STATUS/ COMMENT
Gateway Project (Miravant) 6100 Hollister Avenue MST97-00715		80,000	Approved 5/28/2000
Architectural Millworks 815 Quinientos Street MST97-00320		15,000	C of O 1/20/2004
Penfield and Smith 111 E Victoria St MST2002-00243		7,905	BP 2/11/2005
Software.com 630-634 Anacapa Street MST97-00520	~~26,493~~		Withdrawn
Alliance Manufacturing Software 1035 Chapala Street MST98-00051	~~30,257~~		Withdrawn
Fielding Institute 4151 Foothill Road MST2001-00840	~~22,499~~		Expired 4/23/2005
Airport Mobile Structure 500 Fowler Rd MST2002-00265		720	Approved 6/20/02
Cottage Hospital 320 W Pueblo St MST2003-00152		182,541	Under Construction
Granada Theatre 1216 State St MST2004-00005		13,360	Approved 3/23/04
Airline Terminal Project 500 Fowler Road MST96-00355/MST2007-00002		44,648	Dual designation with Community Priority Category.
SUBTOTALS	0*	344,174	SUBTOTALS
ALLOCATED TO DATE: 344,174 SQFT* **REMAINING UNALLOCATED: 354,836 SQFT**			

09-17-08

*Does not include SF from Software.Com or Alliance, which have been withdrawn

SUMMARY OF CHARTER § 1508 PROVISIONS FOR NON-RESIDENTIAL DEVELOPMENT

Under City Charter Section 1508, non-residential growth has been limited until the year 2010. Charter §1508 states that new non-residential development in the City must be allocated from one or more of the following categories:

Category	Square Footage Allocated to Category
Approved Projects	900,000 SF
Pending Projects	700,000 SF
Vacant Property	500,000 SF
Small Additions	600,000 SF
Community Priority	300,000 SF
Total	**3,000,000 SF**

Minor Additions of 1,000 SF or less per parcel are not limited by Charter §1508.

To provide for important needs of the community to be met within the parameters of future development, the Community Priority and Economic Development Categories were established.

Community Priority: The Community Priority designation was envisioned for use by only those projects that clearly provide a public benefit. Section 28.82.300 of the Zoning Ordinance defines Community Priority as follows:

> "A project which has been designated by the City Council as a community priority necessary to meet a present or projected need directly related to public health, safety or general welfare."

"General welfare" is defined in the Ordinance as follows:

> "A community priority project which has broad public benefit (for example, museums, childcare facilities, or community centers) and which is not principally operated for private profit."

The Charter Section 1508 allocated 300,000 square feet for development under the Community Priority Category. Given the limited amount of floor area available for these projects, developments proposed for designation as a Community Priority are reviewed carefully against the criteria above.

Economic Development: The Economic Development category was envisioned as a way to provide for unanticipated future needs related to the economic health of the City by using expired, withdrawn, denied, and unallocated square footage from the Approved, Pending, and Small Addition General Plan categories.

The Economic Development Category was added to the Charter in 1995. All square footage from the Approved Projects, Pending Projects and Small Additions categories that is not used because projects are withdrawn or their approvals expire, along with square footage in the Small Addition Category left over from the annual 30,000 SF component, is moved into the Economic Development category. The 3,000,000 SF cap remains unchanged.

Section 28.87.300.B.3 of the Zoning Ordinance describes a project that is eligible to receive Economic Development square footage as:

> "A project which has been designated by the City Council as a project that is consistent with the City Charter, General Plan and this Title, will enhance the standard of living for City and South Coast residents and will strengthen the local or regional economy by either creating new permanent employment opportunities or enhancing the City's revenue base. An Economic Development Project should also accomplish one or more of the following:
>
> a. Support diversity and balance in the local or regional economy by establishing or expanding businesses or industries in sectors which currently do not exist on the South Coast or are present only in a limited manner; or
>
> b. Provide new recreational, educational, or cultural opportunities for City residents and visitors; or
>
> c. Provide products or services which are currently not available or are in limited supply either locally or regionally."

"Standard of living" is defined as:

> "Wages, employment, environment, resources, public safety, housing, schools, parks and recreation, social and human services, and cultural arts."

Both Categories: If the Council grants a non-binding Preliminary Designation, the project would then proceed with Planning Commission review. In addition to the required Development Plan findings, the Planning Commission would make a recommendation to the Council regarding the appropriateness of the Final Community Priority or Economic Development Designation. The City Council would then be requested to grant a Final Designation as part of the project approval.

Generally, projects are allocated the first 3,000 square feet of project space from other categories for which they are eligible, such as Minor Addition, Small Addition, and/or Vacant, and remaining new square footage may be considered for Community Priority designation. For Economic Development, the first 1,000 square feet is usually taken from the Minor Addition category.