CITY OF RANCHO CORDOVA

a fresh take.

RANCHO CORDOVA

CALIFORNIA

CONCURRENT MEETING
CITY COUNCIL/SUCCESSOR AGENCY TO THE CRA/RCFC

Tuesday, September 08, 2015

4:00 PM – Special Meeting
5:30 PM – Regular Meeting

AGENDA

Robert J. McGarvey, Mayor

David Sander, Vice Mayor

Donald Terry, Council Member

Linda Budge, Council Member

Dan Skoglund, Council Member

CITY OF RANCHO CORDOVA

CONCURRENT MEETING
CITY COUNCIL/SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY (CRA)/RANCHO CORDOVA FINANCING CORPORATION (RCFC)

City Hall
2729 Prospect Park Drive, Rancho Cordova

Tuesday, September 08, 2015

4:00 PM – Special Meeting
American River Room North

5:30 PM – Regular Meeting
David B. Roberts Council Chambers

AGENDA

1. STUDY SESSION - CALL TO ORDER/ROLL CALL

Council Members Budge, Sander, Skoglund, Terry and Mayor McGarvey.

2. PUBLIC COMMENT

At a study session or special meeting, citizens wishing to address the Council for any matter on the agenda may do so at the time the matter is discussed. Under the provisions of the California Government Code, the City Council is prohibited from discussing or taking action on any item not on the agenda.

3. SPECIAL MEETING ITEM

3.1 **Subject:** Economic Development Work Plan and Niche Analysis.

Recommendation: Council to review and provide comments, suggestions, and recommend action items for the Economic Development Work Plan.

Result of Recommended Action: Staff will take Council recommendations to finalize the work plan for the Economic Development Department, and present to the Council at a subsequent meeting for approval.

Staff Report: Amanda Norton, Economic Development Department.

Advances Goal: 6.

4. ADJOURNMENT OF STUDY SESSION

Mayor McGarvey will adjourn the special meeting to regular meeting in the David B. Roberts Council Chambers.

5. REGULAR MEETING - CALL TO ORDER / ROLL CALL

Council Members Budge, Sander, Skoglund, Terry and Mayor McGarvey.

6. METRO CABLE TV TELEVISION ANNOUNCEMENT

The Clerk will announce the meetings video recording and playback schedules.

7. PLEDGE OF ALLEGIANCE

The Mayor will call on someone in attendance to lead the Pledge.

8. INVOCATION

Dustin Larsen from River City Christian Church will give the invocation.

9. PRESENTATIONS

9.1 Presentation of Proclamation to Richard Montgomery in Support Prostate Cancer Awareness Month.

9.2 Recognition of Council Member Skoglund's Birthday on September 16.

10. PUBLIC COMMENT

Citizens wishing to address the Council for any matter on the Consent Calendar or not on the agenda may do so at this time by completing and submitting a Speaker Card to the City Clerk. For items on the agenda, speakers will be called up to the podium by the Mayor at the point on the agenda when the item will be heard. Speakers are encouraged to keep comments to three minutes or less and to state name and community of residence.

Under the provisions of the California Government Code, the City Council is prohibited from discussing or taking immediate action on any unagendized item unless it can be demonstrated to be of an emergency nature or the need to take immediate action arose after the posting of the agenda.

11. COUNCIL REPORTS

12. CONSENT CALENDAR ITEMS - ROLL CALL VOTE

12.1 **Subject:** Meeting Minutes of August 17, 2015 Regular City Council Meeting.
Recommendation: Adopt minutes.

12.2 **Subject:** Ordinance Adding A Small Residential Rooftop Solar Energy System Review Process to the Rancho Cordova Municipal Code.
Recommendation: Waive second reading and adopt Ordinance 10-2015.
Result of Recommended Action: Adoption of this Ordinance will amend Sections 16.07.010 through 16.07.060 to the City of Rancho Cordova Municipal Code titled "Expedited Permit Process for Small Residential Rooftop Solar Energy Systems."
Staff Report: Joe Cuffe, Interim Building Official.
Advances Goals: 1, 3, 5, 6.

13. CONSENT PUBLIC HEARING ITEMS - ROLL CALL VOTE

13.1 **Subject:** Bradshaw Business Park Tentative Parcel Map; Project No. DD8595 – Located at 9727, 9745, and 9767 Business Park Drive.
Recommendation: Adopt Resolution 115-2015.
Result of Recommended Action: Adoption of Resolution 115-2015 would approve the applicant's request for a commercial subdivision to divide one existing parcel totaling 4.74 acres into three new parcels with sizes ranging from 1.36 acres to 1.76 acres. Each new parcel would contain an existing commercial building and will continue to have cross access, shared parking, and joint landscaped areas.
Staff Report: Matthew Diaz, Community Development Department.
Advances Goals: 1, 2, 6.

13.2 **Subject:** Ordinance Amending Section 10.50.010 and 10.50.020 of the City of Rancho Cordova Municipal Code Regarding Reduced Speed Limits on Specific Streets to be in Compliance with State Law.
Recommendation: Continue public hearing to the October 5, 2015 city council meeting.
Result of Recommended Action: Continuation of this item will allow staff to refine and clarify the ordinance that will set speed limits to be enforceable by RADAR on City streets.
Staff Report: Mark Thomas, Public Works Department.
Advances Goals: 2, 3.

13.3 **Subject:** Resolution approving the 2014-2015 community development block grant (CDBG) consolidated annual performance evaluation report (CAPER) for Submittal to US. Department of housing and urban development (HUD).
RECOMMENDATION: Continue public hearing to the September 21, 2015 city council meeting.
RESULT OF RECOMMENDED ACTION: Continuation of this item will allow staff to reach out to subrecipients for additional information to present regarding program performance, and will provide time to get feedback on the draft CAPER from the City's new HUD representative.
STAFF REPORT: Jessica Hayes, Community Development Department.
Advances Goals: 1, 2, 5, 6.

14. PUBLIC HEARING ITEMS

NONE.

15. REGULAR CALENDAR ITEMS

15.1 **Subject:** Resolution Confirming the Issuance and Sale of Special Tax Bonds, Approving Official Statement, Bond Purchase Agreement and Authorizing Related Documents and Actions on Behalf of the City of Rancho Cordova Sunridge North Douglas Community Facilities District No. 2005-1 (the "CFD").
Recommendation: Adopt Resolution 114-2015.
Result of Recommended Action: Adoption of this resolution will authorize the sale of the first series of Special Tax Bonds (the "2015 Bonds") for and on behalf of Sunridge North Douglas Community Facilities District No. 2005-1 for the purpose of providing money for the construction and acquisition of improvements, and the payment of certain fees, within the CFD.
Staff Report: Michelle Mingay, Finance Department.
Advances Goal: 5.

16. COUNCIL REQUESTS FOR FUTURE AGENDA ITEMS

17. CITY MANAGER'S REPORT

18. ADJOURNMENT

Mayor McGarvey will adjourn the regular meeting to closed session in the Community Board Room.

19. CLOSED SESSION - CALL TO ORDER/ROLL CALL

Council Members Budge, Sander, Skoglund, Terry and Mayor McGarvey.

20. CLOSED SESSION

Council may adjourn to Closed Session to discuss the following item(s):

CONFERENCE WITH REAL PROPERTY NEGOTIATORS
Property: Rio Del Oro Property, located at the underdeveloped area bordered by White Rock Grant Line Douglas and the industrial area east of Sunrise known as the Rio Del Oro Property Area.
APN: 072-0370-045-0000; 072-0370-046-0000; 072-0370-047-0000; 072-0370-048-0000; 072-0370-071-0000; 072-0370-089-0000; 072-0370-092-0000; 072-0370-102-0000; 072-0370-103-0000; 072-0370-104-0000; 072-0370-105-0000; 072-0540-004-0000; 072-0540-005-0000; 072-0540-006-0000; 072-0540-011-0000; 072-0540-013-0000; 072-0540-014-0000; 072-0540-015-0000; 072-0540-016-0000; 072-0540-017-0000; 072-0540-021-0000; 072-0540-022-0000; 072-0540-023-0000.
Agency negotiators: Cyrus Abhar, Aaron Busch, and Adam Lindgren.
Negotiating parties: Elliot Homes and Aerojet.
Under negotiation: Price and terms of payment.

CONFERENCE WITH REAL PROPERTY NEGOTIATORS
Property: 2875 Kilgore Road.
APN: 072-0490-024.
Agency negotiators: Cyrus Abhar, Curt Haven, and Adam Lindgren.
Negotiating parties: Rancho Cordova Entertainment Center LLC.
Under negotiation: Price and terms of payment.

CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9: (Number of potential cases: 1).

CONFERENCE WITH LABOR NEGOTIATORS
Agency designated representatives: Cyrus Abhar, Interim City Manager; and Adam Lindgren, City Attorney
Unrepresented employee: Police Chief

CONFERENCE WITH REAL PROPERTY NEGOTIATORS
Property: 2897 Kilgore Road, Rancho Cordova, CA 95670
Agency negotiator: Cyrus Abhar, Interim City Manager, and Adam Lindgren, City Attorney
Negotiating parties: City of Rancho Cordova, Rancho Cordova Police Department (via the Sacramento County Sheriff’s Office)
Under negotiation: Lease price and payment terms

21. OPEN SESSION - REPORT FROM CLOSED SESSION

The City Attorney will report on action taken in Closed Session.

22. ADJOURNMENT

ADDITIONAL INFORMATION

UNLESS THE COUNCIL ADOPTS A MOTION TO EXTEND THE MEETING, ANY ITEM THAT IS NOT INITIATED BEFORE 11:00 PM WILL BE CONTINUED TO THE NEXT DAY AT 5:30 PM OR SCHEDULED ON THE NEXT REGULAR MEETING AGENDA OF THE COUNCIL.

Public documents related to items on the open session portion of this agenda, which are distributed to the City Council less than 72 hours prior to the meeting, shall be available for public inspection at the time the documents are distributed to the Council. Documents are available for inspection at the City Clerk's office located in Rancho Cordova City Hall.

The agenda items are accessible on the City's website at www.cityofranchocordova.org on Thursdays or Fridays prior to the Regular City Council Meeting.

CITYWIDE GOALS - (Adopted March 27, 2012)	
1.	Promote the Positive Image of Rancho Cordova
2.	Ensure a Safe, Inviting and Livable Community
3.	Empower Responsible Citizenship
4.	Establish Logical City Boundaries that Provide Regional Leadership and Address Financial Challenges
5.	Ensure the Availability of the Best Public Services in the Region while Practicing Sound Fiscal Management
6.	Drive Diverse Economic Opportunities

UPCOMING MEETINGS	
Tuesday, September 15, 2015	*City Council Special Meeting/Work Session (5:30 PM)*
Monday, September 21, 2015	*City Council Regular Meeting (5:30 PM)*
Monday, October 5, 2015	*City Council Special Meeting (4:00 PM)/Regular Meeting (5:30 PM)*
Monday, October 19, 2015	*City Council Regular Meeting (5:30 PM)*
Tuesday, October 27, 2015	*City Council Special Meeting/Work Session (5:30 PM)*
Monday, November 2, 2015	*City Council Special Meeting (4:00 PM)/Regular Meeting (5:30 PM)*
Monday, November 16, 2015	*City Council Regular Meeting (5:30 PM)*
Monday, December 7, 2015	*City Council Special Meeting (4:00 PM)/Regular Meeting (5:30 PM)*
Tuesday, December 15, 2015	*City Council Special Meeting/Work Session (5:30 PM)*
~~*Monday, December 21, 2015*~~	~~*Regular Meeting CANCELLED*~~

If you have any technical questions related to the agenda items, please contact the appropriate department as follows:

DEPARTMENTAL GENERAL TELEPHONE NUMBERS	
Building and Safety Division	(916) 851-8760
City Attorney's Office	(916) 556-1531
City Clerk's Department	(916) 851-8720
City Manager's Office	(916) 851-8800
Communications Department	(916) 851-8791
Economic Development Department	(916) 851-8780
Finance Department	(916) 851-8730
Housing Division	(916) 851-8784
Human Resources Department	(916) 851-8740
IT Department	(916) 851-8700
Neighborhood Services – Animal Services	(916) 851-8770
Parks & Recreation (Cordova Recreation & Park District)	(916) 362-1841
Planning Department	(916) 851-8750
Public Works Department	(916) 851-8710
Rancho Cordova Police Department	(916) 875-9600
Redevelopment Department	(916) 851-8780
Sac Metro Fire District	(916) 859-4300

The Rancho Cordova City Council/Successor Agency to the CRA/RCFC will be videotaped in its entirety and will be cablecast without interruption on Metro Cable 14, the Government Affairs Channel on the Comcast and SureWest Cable Systems. Closed Captioning will be available on the playback cablecast. Tune to Metro Cable Channel 14, for playback times. A VHS copy is available for check out from any library branch, a DVD copy is available from the City Clerk's Department, and a webcast of this meeting will be available for viewing via video streaming from the City's website within 48 hours of adjournment of this meeting. The City does not control scheduling of this telecast and persons interested in watching the televised meeting should confirm this schedule with Metro Cable TV, Channel 14.

In compliance with the Americans with Disabilities Act, if you need a disability-related modification or accommodation, including auxiliary aids or services, to participate in this meeting, please contact the City Clerk's Office at (916) 851-8720 at least 48 hours prior to the meeting.

CERTIFICATION OF POSTING OF AGENDA

I, Mindy Cuppy, MMC, City Clerk for the City of Rancho Cordova, declare that the foregoing agenda for the Tuesday, September 08, 2015 Special and Regular Meeting of the Rancho Cordova City Council/Successor Agency to the CRA/RCFC was posted and available for review on Thursday, September 3, 2015 at City Hall of the City of Rancho Cordova, 2729 Prospect Park Drive, Rancho Cordova, California, 95670. The agenda is also available on the city website at www.cityofranchocordova.org.

Signed Thursday, September 3, 2015 at Rancho Cordova, California.

Mindy Cuppy

Mindy Cuppy, MMC, City Clerk

MEMORANDUM

DATE: September 8, 2015

TO: Honorable Mayor and Council Members

FROM: Amanda Norton, Economic Development

SUBJECT: **ECONOMIC DEVELOPMENT WORK PLAN**

RECOMMENDATION

Council to review and provide comments, suggestions, and recommend action items for the Economic Development Work Plan.

RESULT OF RECOMMENDED ACTION

Staff will take Council recommendations to finalize the work plan for the Economic Development Department, and present to the Council at a subsequent meeting for approval.

BACKGROUND

On September 23, 2014 the City Council held a work session to select "Fresh Take" economic development initiatives. These initiatives are in addition to the regular ongoing functions of the Department. At the workshop the Council prioritized the following initiatives and asked for an update on the first two initiatives within 6 months:

1. Retail growth
2. Niche industry identification and support
3. Office market and office building revitalization
4. Manufacturing industry and building revitalization
5. Improve citizen access to healthcare
6. Folsom Boulevard Revitalization and Pulse Point development

The Retail and Niche analyses (6 niches) were presented on May 4, 2015. Today staff presents the office and industrial and manufacturing analyses, plus the draft overall Work Plan. Healthcare and Folsom Boulevard revitalization are incorporated into the overall Work Plan, as is further work on a newly identified Ethnic Business niche.

Staff followed a logical process to ensure an accurate analysis and to get substantial comments from industry representatives:

1. Find the most accurate data source for the analysis;
2. Identify appropriate concentrations of business types, loosely called clusters. Staff is calling them 'niches' because they bring the City a competitive specialized strength not found elsewhere in the region;
3. Map and characterize the companies, their numbers, locations and employee counts;

4. Conduct outreach interviews with industry representatives to refresh the City's relationships with business and to gain knowledge of the industry;
5. Identify the needs of the industry, including space, location, infrastructure, employee skills, training, and capital;
6. Design tools, tactics, incentives and regulatory processes to address those needs;
7. Implement and monitor.

INITIATIVE #3 – OFFICE INDUSTRIES

Analysis

There are 26,904 Office employees in the City, which constitutes 56.1% of all employment. This includes Finance and Insurance, Administration and Business Management, Health Care, Professional, Engineering and Technical Services, Educational Services, Real Estate and Information. Healthcare is dominated by several clinics and the VA Hospital. The City lacks a civilian hospital, and should evaluate medical service gaps and recruit to fill those gaps.
The City has a concentration of about 20,000 employees in the ~1 mile square Rancho Cordova Office Core (generally bounded by International Drive, Sunrise Blvd., Highway 50, and Capital Center Dr.). Insurance and Financial firms dominate the Core, including more independent and captive data centers than any community in the region. Adding more amenities, services, transit options, local housing, and recreation choices will improve the area's attractiveness to employees.

One of every 5 office buildings in the 4-county Sacramento Region is located on the Highway 50 Corridor, and Rancho Cordova represents over half that inventory. Rancho Cordova is strong in Class A and Class B office space, though existing product is older than in Roseville or Natomas, and is slowly becoming obsolete. New office buildings should be erected on the City's remaining vacant land. Older buildings should be updated to new Title 24 energy standards, gain more parking per square foot, and be modernized inside.

Office Recommendations

1. Continue recruiting new businesses to fill vacancies. Work closely with the brokerage community;
2. Invite local property owners and managers to meet and compare notes and improve facility, service, parking, permit and transportation issues;
3. As the healthcare and insurance industries expand, target recruitment of data centers and insurance services. This will necessitate upgrades to some of the existing office space, SMUD involvement, permit streamlining, and increased high speed communications capacity.
4. Advertise the CordoVan service and its routes in the Grapevine newspaper, if not being done so already.
5. Clean up Light Rail so more employees and residents use it on a daily basis. establish a "Rider Watch" program similar to Elk Grove's new program on the Blue Line;[i]
6. Place more trash cans at strategic locations north of Highway 50 and ensure they are optimally serviced;
7. Catalog and promote existing amenities and services in the Office Core to attract more employees and residents. This will help attract young Millennials, including IT personnel from the Bay Area, Mid-Town, etc.;
8. Work with building owners and brokers to bring more services and amenities, including parking lots to the Office Core;

9. Study the adequacy of medical services in the City, recognizing that there may not be enough demand for the City to have its own private hospital;
10. Review the existing sign ordinance. Work with Caltrans and Planning Department to allow selected signage visible from the freeway;
11. Consider incentives for Title 24 office renovations such as new energy efficient HVAC, lighting, windows, etc. perhaps some of the proposed Business Assistance or Revolving Loan Programs can be targeted to this purpose;
12. Consider naming the “Cordova Corridor” or other catchy term as a marketing brand for business attraction. This brings Rancho Cordova to top of mind;
13. Strengthen networks for employment and postsecondary schools, including high schools, neighborhood centers, Sacramento Works, and other employment and training providers;
14. Establish permit ombudsperson, especially for the smaller companies that have little or no experience getting permits or licenses. The ombudsperson can set up workshops and industry meetings to improve communications.

INITIATIVE #4 – INDUSTRIAL AND MANUFACTURING INDUSTRIES

Analysis

Rancho Cordova’s 158 manufacturers include 18 printers/engravers, 16 machine shops (mostly automotive), 10 wood products manufacturers, 9 healthcare products makers, and a number of other types. These firms are concentrated east of Sunrise Blvd. and on South Sunrise Blvd. Manufacturing space totals 12.5 Million square feet, or 7% of the region’s total. Though there are several wholesalers and distribution firms, there are few large warehouses – the City is not at a transportation crossroads.

The City is conveniently located and affordable for small business owners, who often live within a 20-minute drive – including Placerville, El Dorado Hills, Folsom, Fair Oaks, Elk Grove, Sacramento, Arden Arcade, etc. The dominant manufacturing space is sized at 10,000 – 20,000 square feet. Lease rates are slightly higher than average, vacancy rates slightly lower than average. As is true for the City’s office product, manufacturing space is aging. The industry trend is toward multi-use facilities, with manufacturing, warehousing, showrooms and offices all in the same location. The City should support updating existing spaces, including the higher parking ratios accompanying this new trend.

The interview process uncovered a significant area with underserved Internet service. This coincides with the manufacturing area east of Sunrise Blvd. it makes sense to work with tenants and building owners in this area to improve Broadband capacities.

Industrial and Manufacturing Recommendations

1. Form an industrial and manufacture forum with topics including Internet service, Rio Del Oro, natural gas, permitting, etc.;
2. Improve Internet service to the City’s industrial areas:
    a. Survey occupants of the City’s’ industrial zones to get details on the quality and price of their internet service;
    b. Talk to Comcast, AT&T, Integra and perhaps others about their services in the M1, M2, and other industrial zones;
    c. Convene a meeting with industrial tenants in the areas who feel they do not have adequate Internet capacity. Discuss service and pricing options;

   d. Devise a strategy to entice one or more fiber companies to lay the missing fiber; Investigate connecting wirelessly via Succeed.Net, Fortis Telecom and/or others, perhaps by establishing a cooperative fund and/or issuing an RFP;
3. At the appropriate time, convene a meeting or otherwise inform the businesses in the area about the Rio Del Oro master plan, including proposed parkland buffers, any extension of International Drive, and future industrial development in the flight path;
4. Encourage the south Zinfandel industrial area – under the flight path -- to develop. The infrastructure is ready;
5. Work with PG&E to complete gas service over time to existing areas, and to the new industrial area as it is built;
6. Step up interaction with Metro Fire about its inspection process, including working with Gay Jones, the District 8 Board Member;
7. Advertise CordoVan service and its routes in the Grapevine, if not being done already;
8. Review the existing sign ordinance and liberalize it whenever possible. Work with Caltrans and Planning Department to allow selected signage visible from the freeway. Set up an ad hoc business advisory group to help with these issues. Caltrans outdoor advertising requirements can be found at http://www.dot.ca.gov/hq/oda/permit_requirements.htm;
9. Strengthen networks for employment into the manufacturing businesses from postsecondary schools, high schools, neighborhood centers, Sacramento Works, and other employment and training providers;
10. Establish permit ombudsperson, especially for the smaller companies that have little or no experience getting permits or licenses. The ombudsperson can set up workshops and industry meetings to improve communications;
11. Ensure that future roads include utility easements, including set asides for 69 Kv overhead power lines.

CONSOLIDATED RECOMMENDATIONS

This is the consolidated set of 12 recommendations derived from interviews with over 108 people in the niche industrial groups of office, manufacturing, retail, home improvement and construction, vehicles, technology, postsecondary education, and entertainment, recreation and lodging.

This list supersedes previous lists, and is the basis for the Economic Development Workplan presented below:

1. Keep up the City's existing momentum and maintain the current good balance of economic, civic, recreation and maintenance services;
2. Continue to strengthen neighborhood services and policing and increase the frequency of patrols. Focus in neighborhoods, at light rail stops, along Folsom Boulevard, and in the office and commercial complexes;
3. Form a Community Development Corporation to work with the City and that can invest in desirable neighborhood, economic development and housing projects;
4. Form a joint marketing cooperative or provide marketing funding to help groups of companies promote their locations, products and services;
   a. Build a City-powered web site with featured Rancho Cordova Businesses – a "Power Mall";
   b. Consider co-hosting a community-wide home show;
   c. Start a buy local program with credits, rebates or other incentives for local purchases;
   d. Catalog and promote existing amenities in the Office Core;

5. Create nodes in neighborhoods throughout the City as gathering places. Can be at shopping centers, city centers, and parks. Create more walkability between jobs, stores, restaurants, homes in a safe environment, especially north of 50. Include expanded neighborhood health care opportunities in planning and implementation;
6. Establish the Permit Ombudsperson, who will work with all permittees and potential permittees, will help permittees navigate the process, and has the authority to expedite permits;
7. Make it easier to start a business in Rancho Cordova, and to expand a small business by:
   a. Creating a small business revolving loan fund for owners and tenants so they may help finance facades, inventory, and other startup costs;
   b. Limiting the creation of new regulations, design requirements or other roadblocks to small businesses;
   c. Lobby against new regulations at the state level that are not business friendly;
   d. Provide free customer research data, and information about available commercial kitchens, meeting space, and other useful information;
   e. Work with owners of shopping centers to get their space rented. Encourage a good mix of chains and mom-and-pops;
   f. Promote ethnic businesses and connections;
8. Continue to recruit more business and jobs. Work with local brokers to fill up retail, office and industrial space. As vacant properties fill up, business will again thrive. Target the strengths of data centers, insurance, contracting, and others. Put some focus on the old Office Depot and Sam's Club buildings;
9. Take over maintenance and security at light rail stations, including a stronger police and volunteer monitoring presence. Respond to issues quickly. Consider starting a "Rider watch" program;
10. Provide assistance to homeowners in older parts of town for "pride of ownership' improvements;
11. Have official business issue roundtable forums and listening sessions. Work with the Chamber, but be more inclusive than just Chamber membership;
    a. Establish business cluster working groups to deal with these issues:
       a. Amenities, transportation, and parking in the Office Core;
       b. Improve Internet service in the industrial area;
    b. Establish a business permitting working group to promote streamlining at Planning, Building, and Code Compliance desks;
    c. Include Metro Fire and Environmental Health. Start by meeting with contractors and construction companies;
    d. Review zoning ordinances to make mixed uses easier. More breweries and other retailers are going into industrial space;
    e. Establish or strengthen programs for deferred fees;
    f. Consider the Permit Simplicity ideas proposed by Region Builders;
    g. Look for ways to standardize permit pricing for similar projects;
    h. Review and potentially revise sign regulations to make them more liberal;
12. Recommended economic development funding priorities:
    a. Community policing and neighborhood services;
    b. Promoting Fresh Take Brand;
    c. Permit streamlining;
    d. Small business loans and assistance;
    e. Enhancing parks, schools, greenbelts;
    f. Folsom Boulevard and development around Light Rail;
    g. Eliminating congestion on Sunrise Blvd.;
    h. Continue City beautification, including razing eyesores.

ECONOMIC DEVELOPMENT DRAFT WORK PLAN

Summary

The Economic Development Work Plan is derived from the 108 interviews, consolidated recommendations, individual niche industry research and reports, and other information. Highlights of this plan include:

1. This Work Plan is the third economic strategy produced by the City, and is consistent with all prior work and with the General Plan Economic Development Element;
2. This Work Plan is highly focused, concentrating on a few initiatives that will bring the most benefit from the efforts of staff, Council, and partners. The entire Plan is compressed into four Action Tables;
3. This Work Plan deviates from the standard economic development strategy, benefitting from a deeper understanding of the City's key industries;
4. The Work Plan lists six different business segments by the types of City assistance or acknowledgement they typically require. This helps staff with triage, with program planning, and with partnerships;
5. Lastly, time management and effective prioritizing are difficult economic development challenges. This Work Plan includes a resource allocation table, which can be used by staff as an aide in getting more done with limited staff time.

FISCAL IMPACT

None at this time. At the completion of all analysis and Work Plan will be presented to Council at funds may be allocated for specific tasks contained in the Plan.

ATTACHMENTS

1. Economic Development Draft Work Plan

2. New reports
   a. Office Niche
   b. Manufacturing Niche

3. Prior reports
   a. May 4, 2015 staff report
   b. Niche Overview
   c. Retail Niche
   d. Construction, Contracting and Home Improvement Niche
   e. Vehicle Niche
   f. Technology Niche
   g. Education and Trade Schools Niche
   h. Recreation, Entertainment and Lodging Niche
   i. September 23, 2014 Fresh Take Report

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[i] Sacramento Bee, Tuesday August 18, 2015, Page 8B.

RANCHO CORDOVA FRESH TAKE ECONOMIC DEVELOPMENT WORKPLAN

This Workplan summarizes and prioritizes recommended actions for the City of Rancho Cordova's Economic Development Department for Fiscal Years 2015 - 2017.

On September 23, 2014, staff presented and was directed to pursue a 'Fresh Take' economic development approach that would include an in-depth look at the City's key industries and would identify their most important needs. Staff has since identified six important niche Industries in addition to retail, office and manufacturing. On May 4, 2015, staff presented these first niche reports, which included a series of preliminary recommendations. Staff has now completed the Office and Industrial reports. In the process, the Ethnic Business niche was identified as important to understand, and which is recommended for further study.

This 'Fresh Take' approach differs from the typical broad economic development approach that is organized into the activity sets of business attraction, business retention, tourism development, and small business and technology assistance. Those are all still incorporated, but are instead organized around the City's industries. The outcome of this approach is a narrower, deeper understanding of the City's economy, a heavy dose of business input, and a workplan with specific City actions to help these industries thrive. It is also a workplan that recognizes the limits of available resources.

This is the third economic strategy in Rancho Cordova's short history, reflecting evolving priorities. This Workplan is consistent with City Goals and values, previous strategies, the General Plan, and other departmental activities.

CITYWIDE GOALS - (Adopted March 27, 2012)

1. Promote the Positive Image of Rancho Cordova
2. Ensure a Safe, Inviting and Livable Community
3. Empower Responsible Citizenship
4. Establish Logical City Boundaries that Provide Regional Leadership and Address Financial Challenges
5. Ensure the Availability of the Best Public Services in the Region while Practicing Sound Fiscal Management
6. Drive Diverse Economic Opportunities

GENERAL PLAN GOALS FROM ED ELEMENT

The goals of the Economic Development element are as follows. Each is listed subsequently in the element with corresponding policies and actions.

- Goal ED.1: Diversify Rancho Cordova's economy by facilitating and encouraging land uses that provide substantial and sustainable fiscal benefits to the City and residents
- Goal ED.2: Encourage expansion of retail and services to meet local and regional demands and generate tax revenues for the City.
- Goal ED.3: Establish a vibrant "Downtown Rancho Cordova" with a mix of uses and central gathering places for daytime and nighttime activities.
- Goal ED.4: Create a convention center in Rancho Cordova that attracts local, regional and statewide events to Rancho Cordova.
- Goal ED.5: Establish a Redevelopment Strategy that encourages the revitalization of existing neighborhoods, and commercial and employment centers.
- Goal ED.6: Revitalize existing businesses and strengthen the commercial viability of new business along Folsom Boulevard.
- Goal ED.7: Promote infill development that will contribute to a wide variety of commercial services, new residential and employment opportunities, governmental services, restaurants, entertainment, and cultural/recreational opportunities.
- Goal ED.8: Attract and retain a balance of businesses that provide a full range of quality career choices, serving entry-level as well as highly trained workers.

WHICH BUSINESSES NEED ATTENTION -- IN WHAT FORM?

The analyses and extensive interviews have provided a sense of which industry groups need assistance from the City, and in what form. The smallest Do-It-Yourself (DIY) business is most impacted by the City's policies and attitude. To continue effective responsiveness, City Economic Development staff should keep an active network, including but not limited to the Community Development Department, the Rancho Cordova Chamber of Commerce, Rancho Cordova Travel & Tourism (RCTT), Cordova Community Council, Sacramento Municipal Utility District (SMUD), Pacific Gas & Electric (PG&E), brokers, individual businesses, the Greater Sacramento Area Economic Council, and other partners as needed:

- <u>Developers with gap financing projects</u> – these are significant job-generating or revenue-generating projects which do not pencil out without a City incentive. The developer often requests items such as infrastructure improvements, Zoning adjustments, City equity participation, fee deferrals, low interest financing, and parking ratio adjustments. Without Redevelopment the City's General Fund, Enterprise funds, and/or Community Development Block Grant (CDBG) and other grant sources are often invoked. The new Community Development Corporation will be quite helpful to this clientele. The new Point East Hotel and Entertainment Center are two recent examples of this type of project. Though infrequent, these projects can be very expensive for the City, and should be carefully considered prior to investment. Only minimal risk should be transferred to the City;
- <u>Brokers,</u> who work to fill vacant space, buildings and land. Brokers typically bring clients who can afford to acquire or lease candidate properties, so key assistance needs include ways to make Rancho Cordova competitive in the region – low fees, permit fast tracking, fee deferrals, and a great business climate. Brokers like to sell limited congestion, low crime, amenities for employees and residents, well-run infrastructure, affordable transit, good schools and housing, adequate recreation, and quick staff responses to information requests;

- Large employers already in town. These companies should be reassured that they are desired. Staff and Council should interact regularly with top executives, property managers, Human Resource (HR) Directors, and ride-share staff. These companies periodically expand or relocate selected business units, and need new information technology (IT), electric, roadway, facility, parking, transit and other assistance. The City should be involved in joint project planning whenever possible, and be able to expedite and problem-solve. Knowing about a problem in advance helps solve it more satisfactorily and may retain employees and tax revenue;
- Small or medium business, typically with 10 or more staff. These businesses are usually already established in the City, and occasionally need to expand or relocate. Permit fees and fast-tracking are key, along with responsive Planning, Building, and Economic Development staff. The permit process is unfamiliar to this business owner, so lots of hand holding and some expediting are helpful. Their projects tend to be infrequent, and can have a very significant impact in the company's viability. A small business revolving loan fund with lower interest rates and marketing assistance are helpful;
- Very small DIY businesses. These business owners risk their own livelihoods and that of their families to go into business. They typically do everything, including marketing, hiring, financial management, bookkeeping, customer service, real estate, and janitorial. Just like an Internal Revenue Service (IRS) audit, the permit process is especially daunting and stress-inducing. Because they seldom need permits, bank financing, and leasing or buying property, business owners are typically not experts and tend to fumble through these processes. An education in business management and some care and feeding by City staff can be a life saver. A serious misstep is fatal to the business. The City needs to be responsive, to coach when practicable, and to partner with the Small Business Development Center, the Rancho Cordova Chamber, SBA, SCORE, ethnic business groups and others to provide or refer appropriate services. Helpful services include the Ombudsperson, a City-sponsored revolving loan fund, free marketing information, and technical assistance;
- Specific industry niches. The niches studied for this strategy include some large employers and some small employers. Applicable individual assistance is the same as described above. As described in Table B, it should be possible to get selected groups together to discuss joint marketing, permit streamlining and policy issues. Staff should first reach out to the following niche groups:
    - Large office users, including insurance industry firms to discuss amenities, transportation and building updates;
    - Contracting and Home improvement, to discuss joint marketing, gaps in Internet Service, and other issues;
    - Vehicular, to discuss joint marketing, gaps in Internet service, and other issues;
    - General industrial, to discuss gaps in Internet service;
    - Ethnic businesses, to discuss needs in general.

NEW WORKPLAN AND PRIORITIES

The priorities in Tables A-D are the outcome of the recent in-depth niche analysis, extensive interviews, previous strategies, the General Plan, and other input.

This list of priorities is shorter and more focused than prior strategies while still consistent with these prior efforts. This strategy reflects an understanding of what can be accomplished by limited staff. Much attention is paid to realistically prioritizing the City's economic development efforts.

A. Synopsis Of Key Economic Development Recommendations

ITEM	SUB-ITEM, DETAILS	TOOLS, Resources	Priority	Timing
1. Niche Industry Analysis	7 niche industries + office, manufacturing, retail		Complete	Pending Council Approval
2. ED Strategy			Draft Complete	Pending Council Approval
3. Joint Niche Marketing and Problem Solving	Form working groups, complete tasks	See Table B. See Table C for ROC group	1	Form groups by Nov 1, 2015
4. ROC (Rancho Office Core) Amenities & Infill	Form working group, complete tasks	See Table C	1	Form group by Nov 1, 2015
5. Form CDC (Community Development Corporation)	CDC Research and Establishment	See "Rancho Cordova's new Community Development Corporation"	1	Aug 31, 2015 research complete, form by June 30, 2016
	Use CDC for City priority projects	Downtown, Transit-Oriented Mixed Use Development @ Light Rail stops, incl. Mather & Zinfandel and surrounding housing stock.	2	Begin in FY 2016-17
6. Fill retail, office, industrial vacancies	Part of ongoing responsibilities, strong effort during economic recovery	See Table D	1	Ongoing
7. Ongoing responsibilities	Needed for complete program & support of other activities	See Table D	As applicable	Ongoing
8. EIFD, Innovation Center, & Farm to Fork Program	Analysis, research and recommendation	Further research and establishment if Council directs.	3	
9. Incentive Program	Develop a revolving loan fund (RLF), Business Fee Assistance Program, and a sign and façade grant program	Develop with City Attorney's Office	1	September

B. New Initiatives Arising From Industry Analyses And Interviews

Bold Shaded items should be tackled first

Item	Affected Niches									
	All	Office			Industrial			Retail		
New Initiatives		**ROC***	**Education**	**Tech**	**All**	**Home Imp**	**Vehicles**	**General**	**Lodging, Entertain**	**Ethnic**
1. Convene working groups for joint promotion & problem-solving***		**X**			X	**X**	**X**	X	With RCTT	**X****
2. Form joint marketing cooperatives & Actively promote via Fresh Take		X				X	X			X**
3. Bring Broadband to Missing areas					**X**	X				
4. Small business permit assistance (ombudsperson)	X									
5. Small business loans – RLF	**X**									
6. Façade improvement program								X	X	X
7. Sign program					X	X		X	X	
8. Fee deferral program	X									
9. Light Rail security & maintenance	X							**X**		
10. Light Rail & Transit connectivity & availability		**X**			X	X	X		X	
11. Increase CordoVan services, especially in ROC		**X**								
12. Mitigate commuting traffic congestion on Sunrise & Zinfandel		X				X				

*ROC = Rancho Office Core/Cluster/Concentration/Complex -- comprising about 1,000 acres.

**One or more ethnic groups

*** Invite, Convene individual groups, establish agendas. Partners include Chamber, RCVB, Caltrans, and others as needed

C. ROC Area Strategies Live-Work-Play – To Attract Millennials And Others

	ITEM	SUB-ITEM, DETAILS	TOOLS by City	DAYTIME & COMMUTE	AFTER WORK/ NIGHTIME
1	Form ROC Facility Manager's group	Group can discuss all issues and cooperate to make them so.	City Staff and Chamber as conveners	X	X
2	Fill existing office vacancies	Work with brokers, owners, etc.		X	
3A	Transportation improvements	Expand CordoVan between Light Rail and ROC	Community Enhancement Fund, nominal fares, other?	X	X
B		Expand CordoVan within ROC and among amenities	Community Enhancement Fund, nominal fares, other?	X	X
C		Better security at Light Rail stations	Community Enhancement Fund, pressure on Rapid Transit (RT)	X	X
D		TDM program to reduce SOV's	Bikes, shuttles, walkability, clustered services, van pools, work with 50 TMA	X	
4	Expanded amenities for employees	Strategically located cafes, childcare, cleaners, variety shopping throughout ROC	Pick existing locations to convert, recruit, incentives to convert selected building –CDC, RLF	X	
5	Expanded amenities after hours	Restaurants, sports bars, entertainment, theaters	Catalog, promote. Encourage new. Complete entertainment complex		X
		Gyms, fitness, ballgames	Catalog existing, promote		X
6	Incentivize building retrofits	Title 24, parking ratios, modern interiors, etc.	Fast tracking of permits, RLF, CDC, energy grants/loans, incentivize decked parking	X	
7	Build more MF and SF housing @ walkable, bikeable distance	Complete projects on books for employees	Incentivize rapid development		X

Benefits of working group formation:

1. Older buildings get retrofitted to eliminate obsolescence
2. HR directors have an easier time recruiting skilled IT workers
3. Expanded Live-work-play opportunities
4. Employees enjoy their workplace more;
5. Easier commutes & circulation within ROC for employees
6. Buy-in by stakeholders and facility managers large and small.

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D. Ongoing Economic Development Responsibilities

	ITEM	SUB-ITEM, DETAILS	TOOLS by City
1A	Retail recruitment	Targeted opportunity sites	Staff time, working with brokers, ICSC membership
1B	Office recruitment	Targeted opportunity sites	Staff time, working with brokers
1C	Industrial recruitment	Targeted opportunity sites	Staff time, working with brokers
2	Business Assistance	Retention, Expansion, Ombud services to incoming requests	Staff time and coordination
		Startup and entrepreneurial assistance	Tools for Business, SBDC, SBA, SCORE, SEDCORP, etc.
		Free market research to small businesses	Staff time and coordination, new Economic Development Analyst
3	Web Site	Keep current, post news items, E-newsletter, link to Business Toolbox	City's Web Master, staff time and coordination, new Economic Development Analyst
4A	Economic and Demographic data	Keep current, post and make use of	Quarterly, Costar, Hoovers, etc. , new Economic Development Analyst
4B	Collateral Material – keep current	E-Toolbox, design new materials based on current programs,	In-house drafted and published, new Economic Development Analyst
5	Memberships & Networking		Greater Sacramento, GoBiz, International Council of Shopping Centers, Chamber, RCTT, many others.

RESOURCE ALLOCATION -- REALISTIC ACCOMPLISHMENT USING EXISTING STAFF

Balancing the ongoing need to be responsive against the desire to create new initiatives is the most critical time management problem for economic developers. In Rancho Cordova, the ongoing activities described in Table D take about 80% of staff's time -- and will continue to do so if the department is to remain effective. Suggested additional resources are described, which can reduce pressure on existing Economic Development Staff. The new Ombudsperson and Economic Development research/marketing position and additional Measure H funding should help achieve more than was possible in the past.

Table E Resources for Necessary Ongoing Economic Development Priorities

ONGOING TIME CONSUMING ACTIVITIES	Description	By
Retail recruitment	Includes recruitment, responding to research inquiries, incentive negotiations.	ED Staff w/ Ombudsperson & Brokers
Office and industrial recruitment	Recruitment, responding to research inquiries, permit streamlining	ED Staff w/ Ombudsperson & Brokers
Business climate issues	Networking, understanding issues, advocating fixes, includes current neighborhood development efforts, ensuring adequate services for businesses.	ED Staff with staff from Planning, Building, Housing, etc.
Small Business assistance	Dominated by very small and DIY businesses.	ED Staff continues, maintains referral contacts.
Web site		New ED analyst & PR staff.
Economic and Demographic data	Keep information up to date for inquiries and publications.	New ED Analyst & PR staff.
Collateral Marketing Material	Keep information up to date for inquiries and publications.	New ED Analyst & PR staff.
Continue fee deferral program	Optimize its effectiveness	ED Staff w/ Ombudsperson
Memberships and networking	Lots of meetings	ED staff
ED Strategy, work plan	Third time since cityhood	ED staff with consultant

In addition to the daily activities described above, the City Council is asking Economic Development and other City staff to embark on the initiatives in this new strategy, which will require additional resources, including lots of help from outside consultants. The expanded Economic Development budget critical to these achievements.

Table F -- Resources for New Economic Development Initiatives

NEW INITIATIVES		**By**
CDC formation	New Investment vehicle for City and developers	ED & Community Investment Staff w/ consultants as needed.
Nodal, Folsom Blvd., neighborhood and TOD	In conjunction with the new CDC.	Community Investment and ED staff w/ consultants as needed.

development		
Niche joint marketing	Establishing marketing & advertising program	ED staff with PR staff, consultants.
New Niche working groups	Establishing joint meetings for problem solving. See Table B	ED staff with consultants
Broadband to missing areas	Project for service expansion	ED staff, consultants, with IT
Small business loan program	New RLF or seeding an existing one	ED staff using loan consultant
Façade and sign improvement loan program	New RLF or seeding an existing one	ED staff using loan consultant
Expanded amenities in ROC for employees and after hours	Plan and implement new services in office area, including on vacant land and in vacant buildings.	ED staff using facilitation consultants.
Light Rail Security and Maintenance	Beautify, parking lot & station security	Neighborhood staff, police, Community Investment
Incentivize building retrofits	Includes modernizing HVAC, windows to meet Title 24, parking ratio improvements, parking lots on vacant lands.	ED and Planning staff with loan consultant, CDC, and/or other consultants.
More housing close to ROC	MF and SF construction on planned lots	Planning staff with ED staff support
CordoVan improved service	More transit options for employees in city limits	Measure H funding applied to new routes
Expanded ride-sharing program	More options for employees in city limits	ED staff with 50 Corridor TMA
Congestion at Sunrise, Zinfandel	Local streets and Freeways. Build new interchange	Community Development with ED staff support, Caltrans
OTHER OPPORTUNITIES		
Innovation center	Encourage maker & techie culture	ED staff w/ consultants whenever desired
Farm to fork	Encourage foodie culture	Planning staff
Improved access to medical services for residents	Can work with neighborhood revitalization	Community Investment and ED staff w/ consultants as needed.
Possible new Enhanced Infrastructure Financing District	Requires voters to approve another new assessment.	ED staff w/ consultants whenever desired.

Economic Development Items in the Hopper -- Next 6 months **July - Dec 2015**

Items	Status	Priority	Personnel	Timing	Next Milestone
Hire new ED Analyst	underway	1	Amanda	Hire 10-15	10/15/2015
CDC/EDC research and establishment	underway	1	Aaron, Curt, Reed, Wes, Amanda	File docs 1/1/2016	
EIFD vs IFD research and recommendation	Temp Suspended	2	Wes	na	
Economic Development market analysis	underway	3	Wes	September 8th	9/8/2015
Economic Development Work Plan	underway	4	Wes	September 8th	9/8/2015
Finalize Revolving Loan Fund Guidelines and Documents	underway	5	Anastasia / Amanda	Draft Sept 15 to Council	9/15/2015
Business Fee Assistance Program	underway	6	Anastasia / Amanda	Draft Sept 15 to Council	9/15/2015
Website content creation	underway	7	Consultant / Amanda / Ashley	October 1st	10/1/2015
Loopnet for website	not started	8	Amanda	October 1st	10/1/2015
Open Counter/ Zoning Check	underway	9	Amanda	October 1st	10/1/2015
Develop Façade improvement program	underway	10	Anastasia / Amanda		
Develop sign program	underway	11	Anastasia / Amanda		
Neighborhood groups for CDC	After Council OK			Outreach 1Q 2016	
Form Office niche working group	After Council OK		Amanda/Wes/Chamber	Nov-Dec	
Form Home Improvement Niche working group	After Council OK		Amanda/Wes/Chamber	Nov-Dec	
Form Vehicle niche working group	After Council OK		Amanda/Wes/Chamber	Nov-Dec	
Form Industrial Broadband working group	After Council OK		Amanda/Wes/Chamber	Nov-Dec	
Ombusdperson Named	underway		Aaron, Curt, Amanda	Nov-Dec	
CordoVan -- more vans & routes	After Council OK		??		
Retail Recruitment	Ongoing			See dashboard	
Existing Vacant Retail Site Analysis	not started			See dashboard	
Draft new busienss handout 'before you open your door'	not started				
Opp sites (research for Folsom Blvd opportunity sites)	not started				
Innovation Center	as needed			October Tour	
Farm-to-Fork	as needed			September	
Business Tool Box	as needed				
Shop Local Campaign	as needed				

Progress Since Last Period

AGENDA ITEM 3.1

UNIQUE LOCAL INDUSTRY

OFFICE INDUSTRIES IN RANCHO CORDOVA

Office Industry overview

Overview

Businesses based in offices are responsible for a major share of Rancho Cordova's economic activity as measured by employment and occupied square footage. As noted in the city-wide Industry Overview report[i], almost half of the City's 3,360 businesses are located within office buildings, typical businesses include insurance, customer service centers, physicians and surgeons, attorneys, engineering, real estate, dentists, and schools. Their space requirements differ, primarily depending on employment size. Larger employers dominate the large office park area (generally bordered by Sunrise Boulevard, International Drive, Capital Center Drive and Highway 50). Smaller office users in the above mentioned industries are spread throughout the City.

Table 1
Rancho Cordova Industry Office Classifications --2014[ii]

Industry Sector (NAICS[iii] Classification)	# of Employees	% of Total Employment
Finance and Insurance	8,342	17.4%
Administration and Support, Waste Mgt, Remed.	4,309	9.0%
Health Care and Social Assistance	4,295	9.0%
Professional, Scientific, Technical Services	4,053	8.4%
Management of Companies & Enterprises	3,552	7.4%
Educational Services	1,453	3.0%
Real Estate Rental & Leasing	470	1.0%
Information	430	0.9%
Subtotal Office employment	***26,904***	***56.1%***
All non-office City industry classifications	21,075	43.9%
TOTAL EMPLOYMENT	**47,979**	**100%**

Rancho Cordova has a higher concentration of office users, and particularly larger office users, than any area in the region except Downtown Sacramento. Most other cities have their office buildings spread throughout the city, while Rancho Cordova's office product is focused This means it also has a higher office employment contingent in one area.

Table 2 – Office Business Counts in Nearby Cities[iv]

City	Businesses in Office Industries[v]
Sacramento	21,822
Roseville/Rocklin	4,720
Elk Grove	1,611
Folsom	1,694
Rancho Cordova	1,067
West Sacramento	526

UNIQUE LOCAL INDUSTRY

Employment

Office employment

Between 2005 and 2011 the City lost just over 15,000 jobs, mostly in Construction and in industries that occupy office space. The California Employment Development Department – Labor Market Information Division (EDD-LMID) conservatively estimates future employment growth at about 1.9% per year to 56,300 total jobs and 34,500 office jobs. This growth projection should be easily accomplished if the economy keeps improving.

Figure 1 – Past and Future Employment in Rancho Cordova[vi]

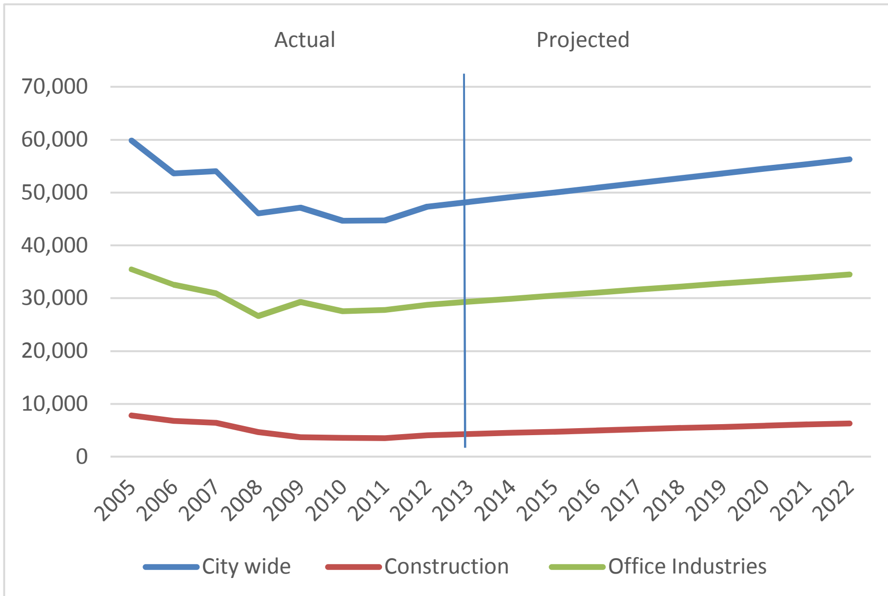


Table 3 classifies employment by office category. General Office includes insurance, real estate, legal, administrative, and some data processing. Data processing can be in the form of either a stand-alone data center or incorporated within the firm. Technology also includes some data processing, engineering, and telecommunications.

Table 3 Types of Office Users in Rancho Cordova 2014[vii]

Category	Firm Totals*	Employment Totals	Average employees per firm	Percent of all firms	Percent of all emps
General Office	641	14,449	22.5	19.1%	30.5%
Medical	257	3125	12.2	7.6%	6.6%
Technology	145	4,398	30.3	4.3%	9.3%
Education	24	370	15.4	0.7%	0.8%
TOTAL	**1,067**	**22,342**	**20.9**	**31.8%**	**47.2%**

UNIQUE LOCAL INDUSTRY

Office Industry Segments

Office Segments

Table 4 shows the number of firms in the City's most prominent SIC[viii] codes, which represent 30% of all firms. The prominent insurance and medical categories are discussed in this report. Though there are 73 Engineering firms, these are spread among several classifications. Engineering is discussed in the Technology Niche Report[ix].

Table 4 – Office SIC's with 20 or more firms[x]

SIC	Primary SIC Description	Business Count	Percent of All Office Firms
641112	Insurance	93	15%
801101	Physicians & Surgeons	78	13%
811103	Attorneys	40	7%
653118	Real Estate	37	6%
802101	Dentists	27	4%
653108	Real Estate Management	21	3%
616201	Real Estate Loans	20	3%
	Sub-total of Office SIC's with 20 or more firms	316	30%
Misc.	Other Office Industries	751	70%
	TOTAL OFFICE	1,067	100%

Insurance

Insurance

As Table 4 indicated, 15% of all office firms are insurers, including several large health insurance companies like VSP Global, Fireman's Fund Insurance, and Delta Dental Plan of Missouri.

Table 5 illustrates that employment is dominated by a dozen large firms. Two large insurers, Catholic Healthcare West and Health Net classify themselves in healthcare, but are included here as insurers. Large insurers also tend to have data centers on or near their campuses as part of their insurance services. Figures 4 & 5 show the locations of the City's insurers.

Table 5
Insurance Industry Employment (SIC 632101 – 64112)[xi]

Number of Firms	Employmen t	Average Emps Per Firm	Percent of Insurance Firms	Percent of Empl.
12 With 50+ Employees	4,585	382	13%	91%
83 With <50 Employees	444	5.3	87%	9%
95 Total Firms	5,029	52.9	100%	100%

UNIQUE LOCAL INDUSTRY

Medical

Medical Services Other Than Insurance

Rancho Cordova does have a hospital that serves veterans and their families, and which appears to have 74 physicians' offices and 30 other professional medical staff. Administrative employment is not listed[xii]:

> "The Sacramento VA Medical Center is a 60-bed, state-of-the-art, inpatient facility offering a full range of comprehensive health care services including medical, surgical, primary and mental health care. The medical center, which is comprised of 24 medical-surgical beds, 16 TCU beds, 10 ICU beds, 16 BHICU, and a four room operating suite, also houses a cardiac catheterization lab, a gastrointestinal & endoscopy suite, angiography capability and 16,000 square-feet of research laboratory. The medical center offers a wide range of outpatient and diagnostic services, including mammography, MRI, CT, and PET scanning."[xiii]

Rancho Cordova has no other hospital because there are 17 hospitals in Sacramento County that serve Rancho Cordova citizens[xiv]. The remainder of the City's medical services industry is populated by clinics and individual medical offices. Medical services tend to cluster in medical office complexes around town. Table 6 lists the largest clinics in town.

Table 6 Health Care Clinic Employment[xv]

Clinic	Estimated Number of Physicians, Dentists, etc.	Empl.
VA Hospital	74	108++
Kaiser	36	255
Mercy Home Health Care & Hospice	NA	200
Casa Coloma Healthcare	NA	138
Coloma Road across from Mills Middle School	15	104
Zinfandel Dr. near California Family Fitness	22	121
Sutter, several clinics same location	NA	28
All other clinics and individual practices	65	571
Total	**At least 212***	**1,525**

Fastest Growing

Fastest growing Industries

Office demand should be strong during the recovery. The region's fastest growing industries (Table 7) include key Rancho Cordova industries. All but construction are office users. The City's strong showing in Construction, Education, Health Care and Social Services, Administrative Support, and Professional, Technical, Scientific industries leads to the expectation of higher-than-average employment growth for the City over the next decade.

UNIQUE LOCAL INDUSTRY

Table 7-- Fastest Growing Industries -- Sacramento Region 2012-2022[xvi]

Industry	Expected Percent Growth 2012-2022
Construction	54.2%
Education	31.0%
Health Care and Social Services	30.3%
Administrative Support	28.5%
Professional, Technical, Scientific	27.4%

Wages

Employees and Wages

According to several interviewees, the workforce in and around the City is a good fit for insurance companies and customer service centers, both of which abound.[xvii] The City's population is also loaded with young working age residents. In Zip Code 95670 for instance, over 20% of all homeowners are aged 18 to 34, a good employment pool for call centers and other back office services. This Zip Code includes the south Zinfandel Drive and Anatolia areas, residential developments that are closest to the core office and industrial employment areas.[xviii]

In the two years between 2012 and 2014 – the start of the recovery -- total employment increased 4% and wages increased 11% in Rancho Cordova. At the same time, employment in office industries declined 15% and wages declined 7%, indicating a slower recovery in that sector. This is supported by the continued high office vacancy rates described later in this report.

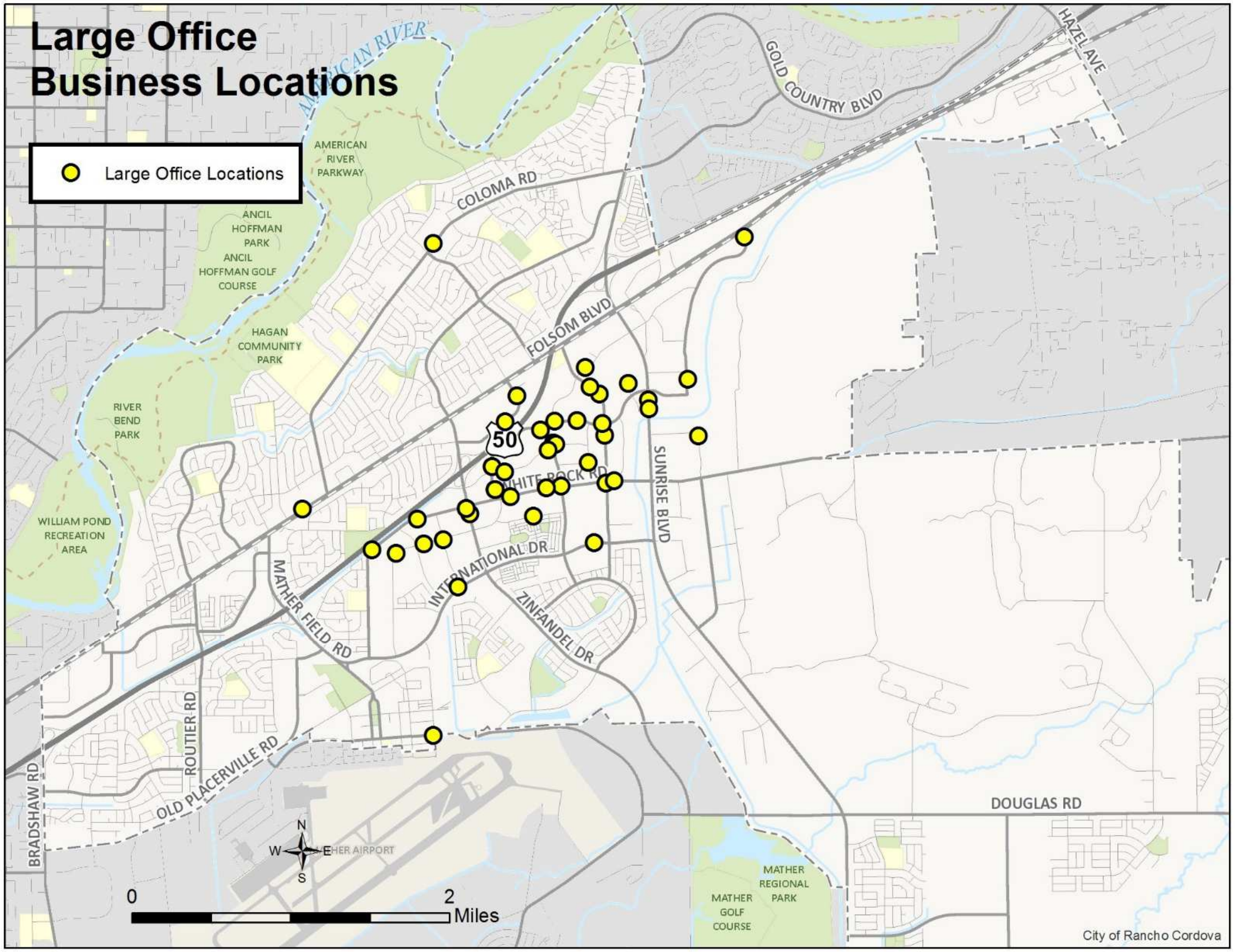
Table 8 -- Employment and Wage Change from 2Q2012 - 2Q2014[xix]

	2Q2012	2Q2014	Change
City Wide (All NAICS)			
Employment	46,337	47,979	4%
Quarterly Wages	$640,137,257	$708,416,011	11%
Office Users (NAICS 51-62)			
Employment	26,560	22,609	-15%
Quarterly Wages	$ 388,728,013	$363,002,159	-7%

Locations

Office Locations

Figures 2 through 7 identify office business locations and employment in Rancho Cordova. Tables 2 & 3 show that the large firms are almost exclusively located in a small area (generally bordered by Sunrise Boulevard, International Drive, Capital Center Drive, and Highway 50). Tables 6 & 7 show that small office employers also tend to concentrate within the Rancho Cordova Office Core.


Large Office
Business Locations
Large Office Locations
AMERICAN RIVER
AMERICAN RIVER PARKWAY
ANCIL HOFFMAN PARK
ANCIL HOFFMAN GOLF COURSE
HAGAN COMMUNITY PARK
RIVER BEND PARK
WILLIAM POND RECREATION AREA
COLOMA RD
FOLSOM BLVD
GOLD COUNTRY BLVD
HAZEL AVE
50
WHITE ROCK RD
SUNRISE BLVD
INTERNATIONAL DR
ZINFANDEL DR
MATHER FIELD RD
ROUTIER RD
OLD PLACERVILLE RD
BRADSHAW RD
DOUGLAS RD
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Miles
City of Rancho Cordova

Figure 2

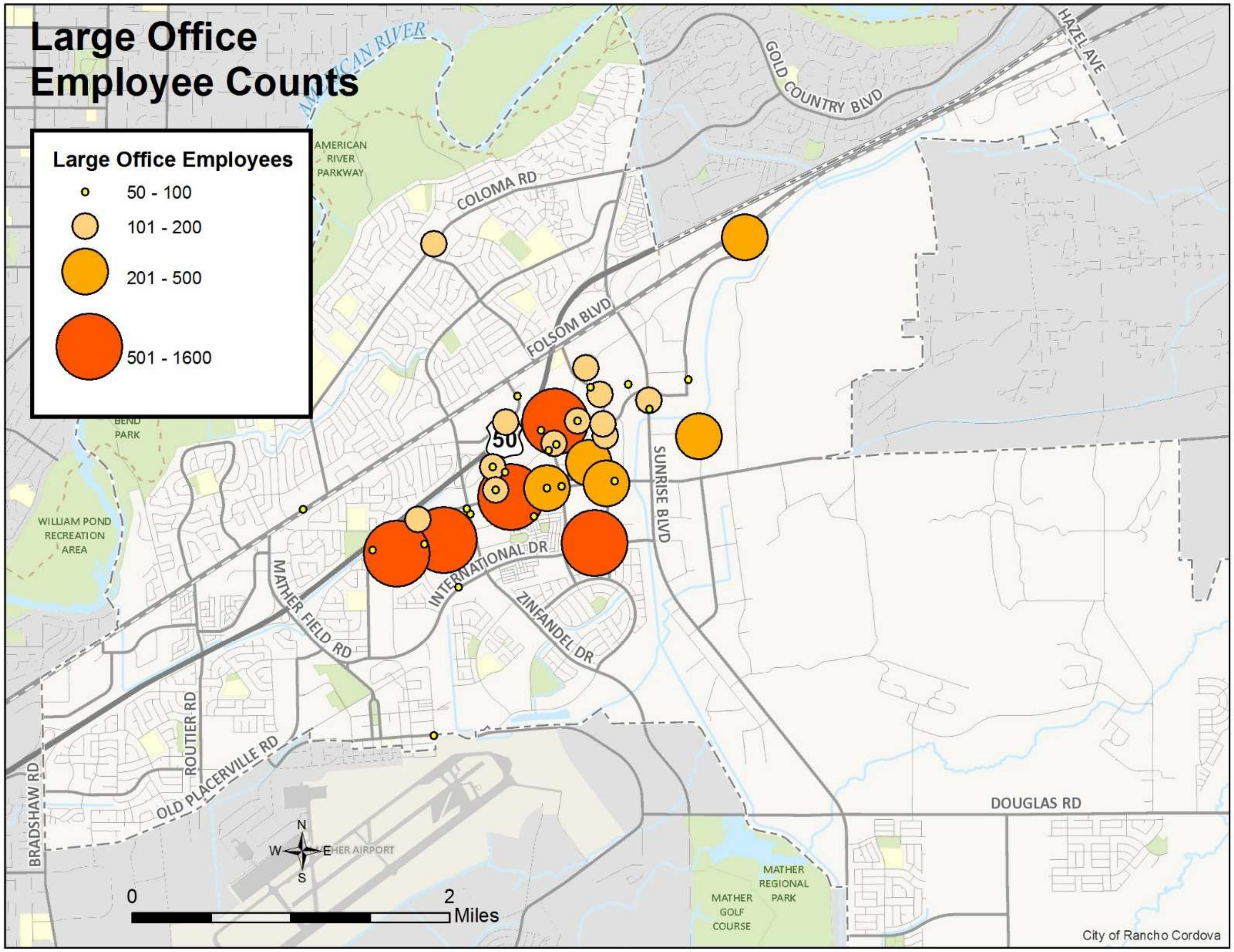
Large Office
Employee Counts
Large Office Employees
50 - 100
101 - 200
201 - 500
501 - 1600
AMERICAN RIVER
AMERICAN RIVER PARKWAY
COLOMA RD
FOLSOM BLVD
GOLD COUNTRY BLVD
HAZEL AVE
50
SUNRISE BLVD
WILLIAM POND RECREATION AREA
MATHER FIELD RD
INTERNATIONAL DR
ZINFANDEL DR
ROUTIER RD
OLD PLACERVILLE RD
BRADSHAW RD
DOUGLAS RD
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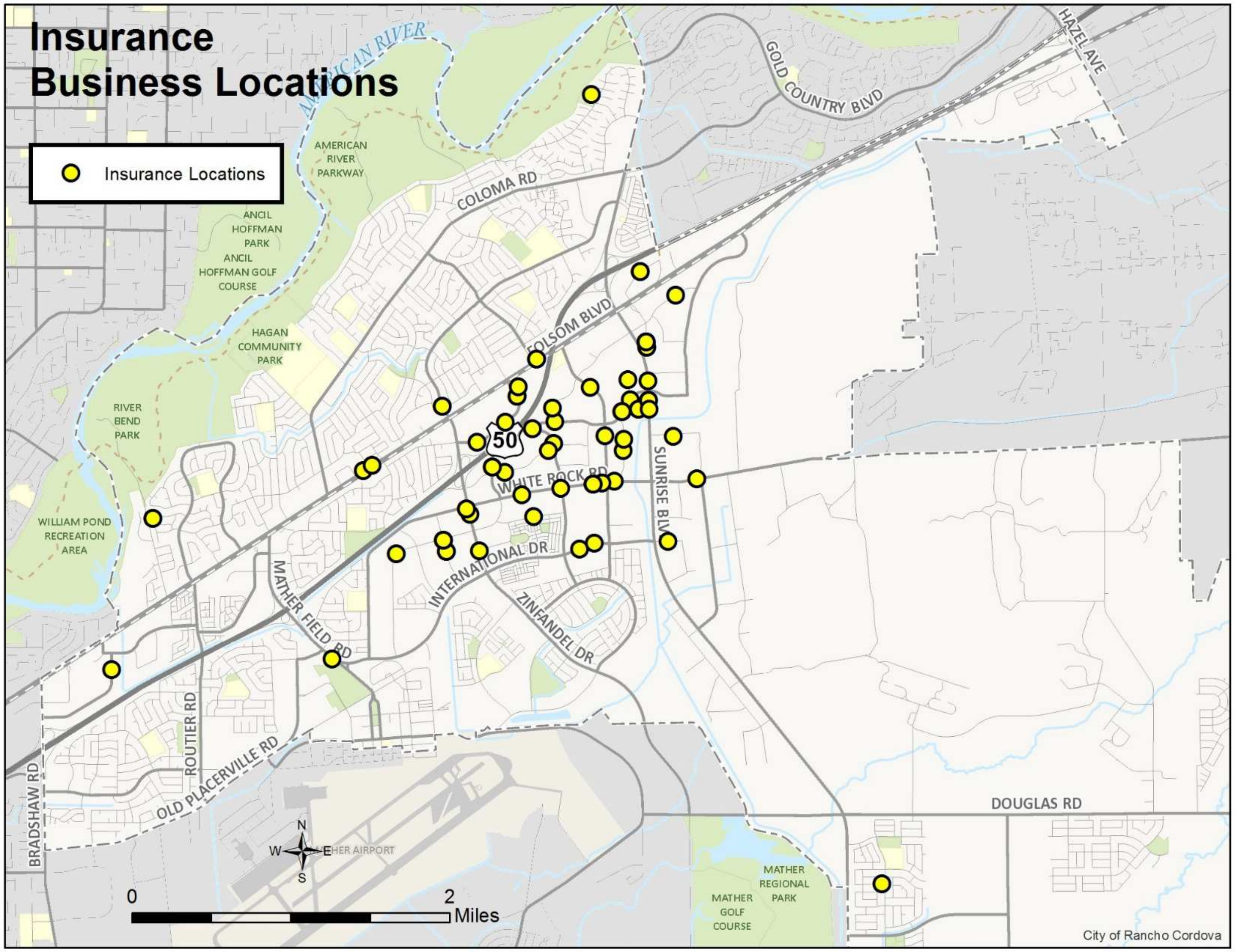
Figure 3


Insurance
Business Locations
Insurance Locations
AMERICAN RIVER
AMERICAN RIVER PARKWAY
ANCIL HOFFMAN PARK
ANCIL HOFFMAN GOLF COURSE
HAGAN COMMUNITY PARK
RIVER BEND PARK
WILLIAM POND RECREATION AREA
COLOMA RD
FOLSOM BLVD
GOLD COUNTRY BLVD
HAZEL AVE
50
WHITE ROCK RD
SUNRISE BLVD
INTERNATIONAL DR
ZINFANDEL DR
MATHER FIELD RD
ROUTIER RD
OLD PLACERVILLE RD
BRADSHAW RD
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MATHER REGIONAL PARK
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City of Rancho Cordova

Figure 4

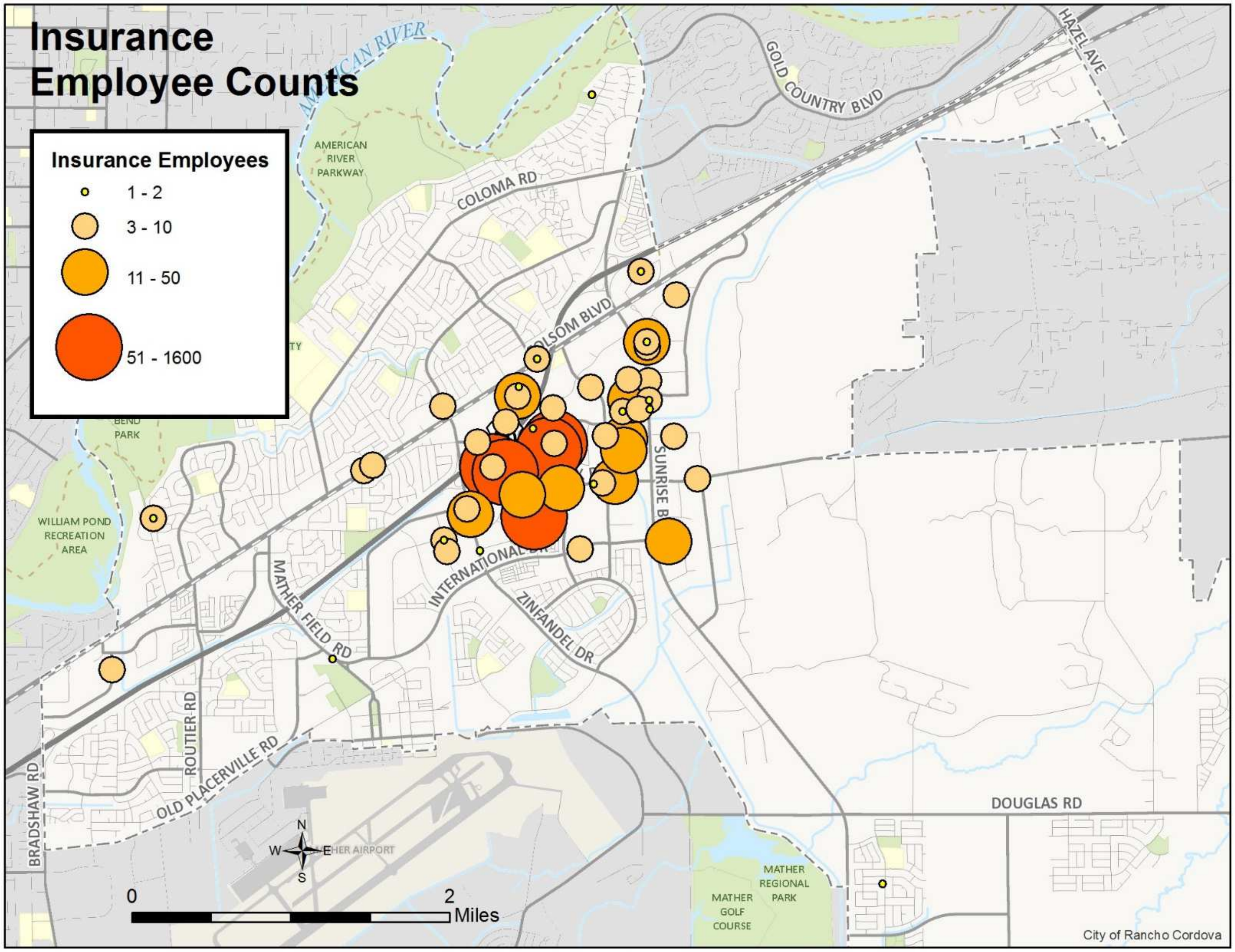
Insurance
Employee Counts
Insurance Employees
1 - 2
3 - 10
11 - 50
51 - 1600
AMERICAN RIVER
AMERICAN RIVER PARKWAY
COLOMA RD
GOLD COUNTRY BLVD
HAZEL AVE
FOLSOM BLVD
SUNRISE B
INTERNATIONAL DR
ZINFANDEL DR
MATHER FIELD RD
ROUTIER RD
OLD PLACERVILLE RD
BRADSHAW RD
DOUGLAS RD
WILLIAM POND RECREATION AREA
MATHER REGIONAL PARK
MATHER GOLF COURSE
0
2
Miles
City of Rancho Cordova

Figure 5

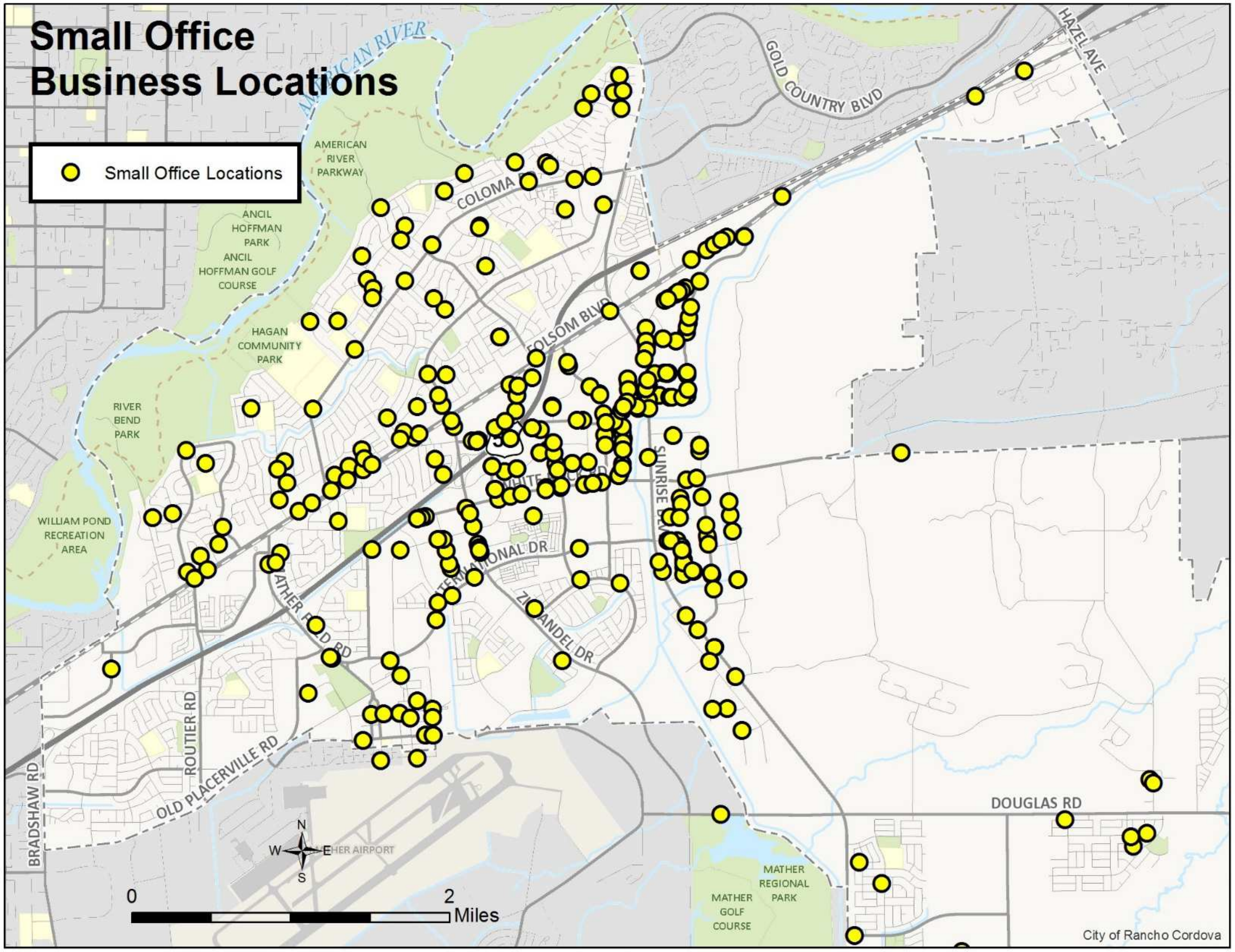
Small Office Business Locations
Small Office Locations
AMERICAN RIVER
AMERICAN RIVER PARKWAY
ANCIL HOFFMAN PARK
ANCIL HOFFMAN GOLF COURSE
HAGAN COMMUNITY PARK
RIVER BEND PARK
WILLIAM POND RECREATION AREA
GOLD COUNTRY BLVD
HAZEL AVE
COLOMA
FOLSOM BLVD
SUNRISE BLVD
ZINFANDEL DR
ROUTIER RD
BRADSHAW RD
OLD PLACERVILLE RD
DOUGLAS RD
MATHER REGIONAL PARK
MATHER GOLF COURSE
N
S
W
E
0
2
Miles
City of Rancho Cordova

Figure 6

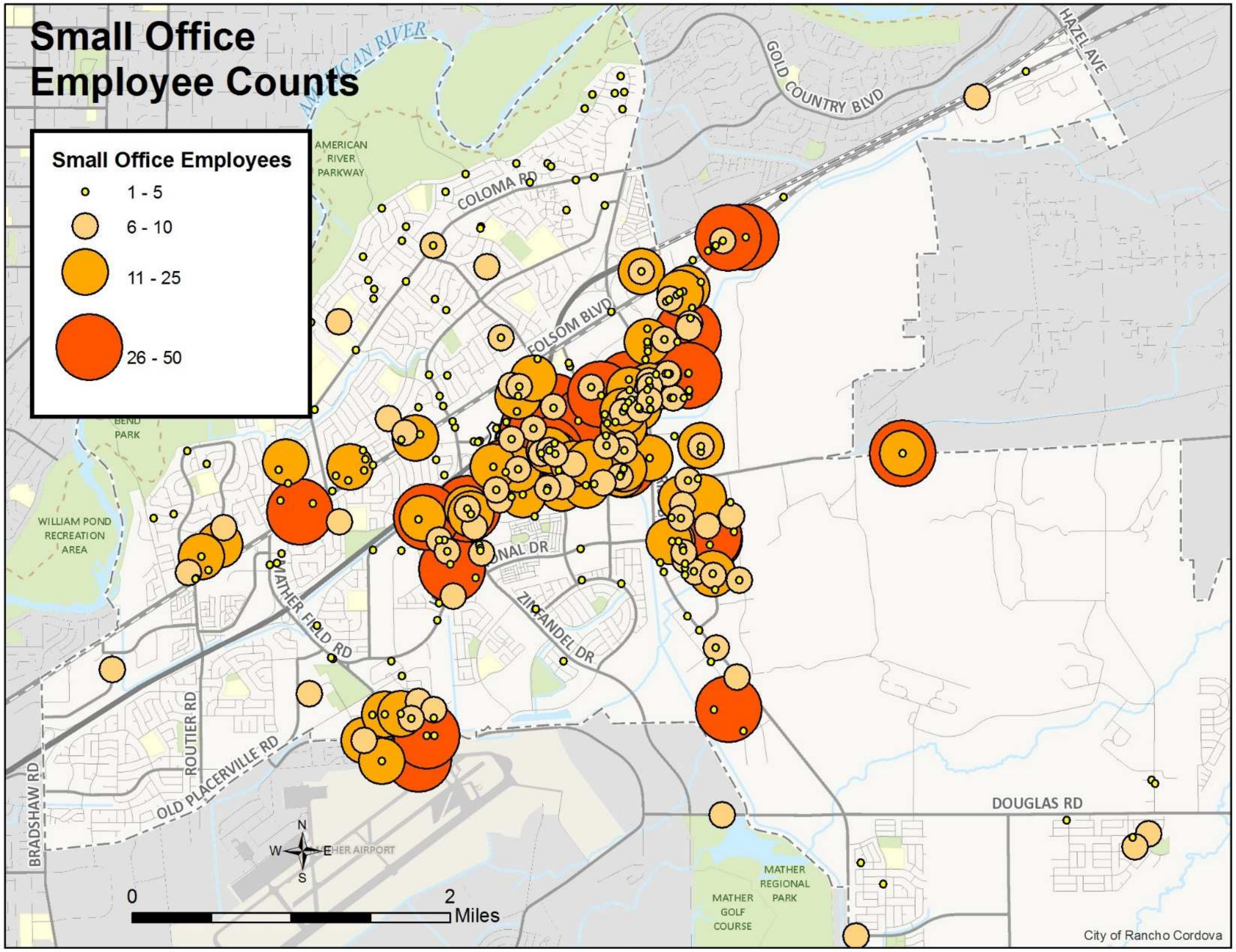
Small Office
Employee Counts
Small Office Employees
1 - 5
6 - 10
11 - 25
26 - 50
AMERICAN RIVER
AMERICAN
RIVER
PARKWAY
COLOMA RD
FOLSOM BLVD
GOLD COUNTRY BLVD
HAZEL AVE
WILLIAM POND
RECREATION
AREA
PARK
MATHER FIELD RD
ZINFANDEL DR
ROUTIER RD
OLD PLACERVILLE RD
BRADSHAW RD
DOUGLAS RD
MATHER
REGIONAL
PARK
MATHER
GOLF
COURSE
N
W
E
S
0
2
Miles
City of Rancho Cordova

Figure 7

UNIQUE LOCAL INDUSTRY

Real Estate

Office Real Estate

One out of every 5 office buildings in the region (Counties of El Dorado, Placer, Sacramento and Yolo) is on the Highway 50 corridor, including 18% of the total office product in the region, 20% of Class A buildings, 22% of Class B space, and 10% of Class C space[xx]. The 50 Corridor includes the Power Inn and Mather areas. No breakdown specifically for the City exists, but several brokers have estimated that Rancho Cordova comprises at least half the inventory in the Corridor. The average size of Class B and C buildings along the Corridor are larger than the regional average.

Table 9 -- Average Office Building Size per Building Class[xxi]

Office Class	No. of Buildings	Average Building Size	Size Difference
Region Wide			
A	192	137,716	
B	1,657	26,805	
C	2,911	10,028	
ALL	***4,760***	***21,019***	
Highway 50 Corridor			
A	44	117,204	(20,513)
B	185	51,728	24,923
C	162	18,892	8,864
ALL	***391***	***45,491***	***24,473***

The 50 Corridor ranks second in the region overall, second for Class A office space, behind Downtown Sacramento's 9.2 million square feet. It leads the region with Class B space, and is second behind Downtown's 4.6 million square feet of Class C space. The 50 Corridor has more space than Roseville, Rocklin, Natomas, Folsom and Midtown.

Table 10 – Office Space Rankings in Sacramento Region[xxii]

Submarket	Buildings	SF	Overall Rank (by sf)	Class A Rank	Class B Rank	Class C Rank
Downtown Sacramento	349	19,448,092	1	1	3	1
Highway 50 Corridor	391	17,787,039	2	2	1	2
Roseville/Rocklin	701	12,469,556	3	4	2	3
Natomas/Northgate	174	6,847,198	4	3	5	16
Folsom	237	5,441,610	5	5	4	15
Midtown	448	5,036,613	6	8	6	4
All	**4,760**	**100,048,599**				

Office Building Class Definitions

Class A: Most prestigious buildings competing for premier office users with rents above average for the area. Buildings have high quality standard finishes, state of the art systems, exceptional accessibility and a definite market presence.

Class B: Buildings competing for a wide range of users with rents in the average range for the area. Building finishes are fair to good for the area and systems are adequate, but the building does not compete with Class A at the same price.

Class C: Buildings competing for tenants requiring functional space at rents below the average for the area.[xxiii]

UNIQUE LOCAL INDUSTRY

Services & Amenities in the Office Core

Parking

Table 11 -- Office Product in Highway 50 Corridor and the Region[xxiv]

Class	Buildings	Total Rentable Area S.f.	Percent of Region s.f.	Vacancy Rate	Quoted Rate $/sf/ month	% of average
Highway 50 Corridor						
A	44	5,156,955	20%	10.7%	$21.61	86%
B	185	9,569,655	22%	16.4%	$18.51	93%
C	162	3,060,429	10%	21.2%	$14.54	88%
Total	***391***	***17,787,039***	***18%***	***15.6%***	***$18.31***	***90%***
Region - wide						
A	192	26,441,479	--	11.9%	$25.22	--
B	1,657	44,416,363	--	15.0%	$19.92	--
C	2,911	29,190,757	--	13.5%	$16.61	--
Total	***4,760***	***100,048,599***	**--**	***13.7%***	***$20.40***	**--**

Office Vacancies

Brokers tell us that there are plenty of big blocks of 60-80,000 square feet of office product available and landlords are making huge concessions, with many users taking less space than in the past until fully recovered from the recession. Sixty thousand (60,000) square feet will support about 300 employees, and there are only twelve office employers in the City with that many employees. Therefore, few of the City's larger office buildings are single occupancy. Buildings are trending toward multi-tenancy in general, especially since the recession[xxv]. Companies are also trending toward higher employee counts per square foot, including more efficient cubicle layouts, smaller common spaces, open floor plans, and hoteling.

Since the recession, about one Million square feet of vacant space is being absorbed each year in the region, but 13.5 Million square feet of office space remains – a 12 year supply. Very little new space, including spec space, is being built at the moment, as the vacancy rate is over 13% region wide, but historically once the vacancy rate drops closer to 10% builders will begin construction of new office space. In 2005, the peak building year, vacancies dropped to 12% (5 million square feet) with absorption at 2.5 Million square feet and about 2 million square feet being constructed.[xxvi] Since 2011, less than 300,000 square feet have been built in the region annually.[xxvii]

Lastly, our interviewees tell us that the City's office product is aging, with few newer that the 1990's. Much of the space needs upgrades and modernization, including more parking, new HVAC (Heating, Ventilation & Air Conditioning) systems, windows, and other green energy features, plus amenities and decors attractive to younger workers.

Amenities South of Interstate 50

Over the last few years – since City Hall established, more amenities (shopping, services, and restaurants) have opened for business including at Capital Village, the Cordova Restaurant and Casino, and the stores at Zinfandel Place (corner of Zinfandel Dr. & White Rock Rd.). Our brokers and some interviewees tell us that these are still too few and far between. Office employees in the Rancho Cordova Office Complex, especially employees of small business, will benefit from added fitness centers, conference rooms, cafes and delis, housing, restaurants, WI-FI hot spots, and coffee houses. Not only would these help daytime employees, but those open at night would also help entice Millennials and other employees to stay after hours. Night life, sports bars, theaters and other forms of entertainment are also attractive to local residents.

One or more older office buildings may be candidates for conversion into service centers or after-hours gathering places.

Improving access to amenities is also consistent with the City's trip reduction and congestion management goals (See General Plan Circulation Element Policy C.1.9 and Actions C.1.9.1 and C.1.9.2). The 50 Corridor Transportation Management Agency can also assist.

Parking

Some of the older office complexes have parking ratios of 2 or 3 spaces per 1,000 square feet. Now, office building tenants are demanding 5 spaces per 1,000 square feet, especially for customer service centers or newer employee-intensive floor plans. The City should identify locations with lower parking ratios and work with owners to add parking if possible.[xxviii] The City can also seek to develop additional lots on vacant parcels within the Rancho Cordova Office Complex. Stacked parking appears to be too expensive to implement.

UNIQUE LOCAL INDUSTRY

Data Communica-tions

Infrastructure

Data communications in Rancho Cordova

The City originally began as a heavy data area because of the former Mather Air Force Base, and that excellence continues today. The City is rife with at least 15 different "Metro" internet providers including AT&T, Comcast and many others. Most of these providers utilize one or more of the five or more long haul fiber providers in the City (See Figure list of providers at end of text).[xxix]

Data Centers

Data centers are a true strength of the City. They can be stand-alone dedicated data centers with few employees, or they can be corporate data centers embedded within a corporate building.

Table 12 -- Stand-alone Dedicated Data Centers in Sacramento Region

City	Data Centers*
Rancho Cordova	7
Sacramento Downtown	3
Natomas	3
West Sacramento	2
Roseville	1
McClellan	1
Total	**17**

*Does not include UC Davis or government installations.
SMUD counts 21 data centers in the region.

Siting Data Centers

Stand-alone data centers, which do not need to be close to the customers they support, do not like to be visible. They are typically high-security, environmentally controlled facilities that are rarely marked on maps and have minimal signage. They also have a number of unique technical infrastructure needs. The two most critical siting factors are a truly reliable, high-capacity power supply and communications connectivity that delivers speed plus diversity.[xxx] A few minutes of down time can have dire consequences, so the centers also typically have backup diesel generators on-site that can be powered up quickly and automatically. Site selectors also look for the ability to 'harden' a building against terrorist threats, sites with minimal seismic risk, buildings that can withstand high wind and snow loads, and cost per Watt of electricity including cooling costs.

Corporate data centers are typically sited where the company has its headquarters, customer service center, or other operations. Employee availability, cost of land, access to transportation, and other siting factors also help determine facility location. Note, however, that corporate data centers embedded within a larger facility typically consume half the power of the entire operation.[xxxi]

UNIQUE LOCAL INDUSTRY

Data Centers Add Value

Rancho Cordova has succeeded in this market due to the advantages of seismic stability, close proximity to the Bay Area, being outside of the 200-year flood plain, abundant fiber lines, affordable lease rates, low cost reliable power supply, and a skilled workforce.

The value of data centers to a local community.

One data center brings 5 additional indirect jobs[xxxii], which does not make them big employers. However, they do infuse millions of dollars into the local economy through capital investment and property taxes. The $50 million to $1 Billion cost of a new data center brings construction jobs, sales taxes on materials, electricity consumption, and property tax. Depending on the location, a new $1 Billion data center development could have the same impact over 10 years as a new employer with a $40 Million capital investment and 1,700-jobs[xxxiii]. The City should find that its data centers are among its largest property tax generators.

Growth of Data Centers and Customer Service Centers

Data centers and customer service centers – captive and stand-alone -- are fast growing industries, showing a 16% increase over the last 5 years[xxxiv]. Growth is heavily driven by an expansion of the healthcare industry. Medicare Advantage plan enrolment, for instance, has tripled over the past decade and is now about 16.8 million people and growing.[xxxv] Expanding enrollments, implementation of the Affordable Care Act, increased insurance premiums, and an active industry consolidation are all indications of strong growth in data and customer service centers.

Electricity

Data centers consume 3% of the world's electricity.[xxxvi] SMUD serves power to Rancho Cordova, and is aware of the City's large concentration of data centers. SMUD understands that the load profile of a data center is 24 hours of constant power with little interruption and works with each center as key customers. Most data centers have 1-4 Megawatts of capacity, thus needing access to a 12Kv line nearby or an on-site substation.

SMUD has recently built a new substation in Rancho Cordova and has additional expansions and line looping planned to accommodate more data centers and improve reliability, plus handle expected future housing and commercial growth. Even redundancy in the system, outages do occur and backup power is essential. Several interviewees noted a recent power outage caused by a bird nest shorting out a local substation.

Natural Gas

Natural Gas is provided to some data centers as backup fuel supply for emergency generators.

UNIQUE LOCAL INDUSTRY

Interview Summary

Office Interview Notes

During the preparation of this report, 31 people were interviewed including 12 Real Estate Brokers, either in one of three focus groups or individually. There appear not to be significant space requirement differences between user types (i.e. insurance, medical, engineering, and technology).

1. There is very little knowledge about the CordovaVan service. This service should be expanded and promoted, especially in the Grapevine, if not already;
2. Rancho Cordova is a great place to do business, no real issues. The City is ”business friendly”; but does have some problems. It is still dead in the evenings;
3. Priority problems to mitigate are traffic, public safety, and schools in that order;
4. The City is “surrounded by everything”, restaurants, light rail, especially in the eastern portion of the City (Fite, Horn & Business Park Drive). Access to Highway 50 is good for the most part. One can generally get everywhere quickly;
5. Though the location is still very good in the region, many office spaces were built in the ‘80’s and need renovation. An incentive or rebate to help that process would help. In particular, new HVAC systems, windows, and lighting renovations are needed to help reduce power consumption. These are big ticket items that discourage new tenants when the landlord cannot afford to install;
6. The City is cleaning up, many neighborhoods are much better than in the past. North of Highway 50 is the problem half of the city for crime and litter. Break-ins and unwanted approaches are still common there, especially at the WalMart, Safeway, and other nearby stores. More trash cans and night lighting would be nice;
7. The City has changed tremendously for the better. It still lacks enough grocery stores;
8. Parking ratios are too tight. Best is 5 spaces per 1,000 square feet. The lack of parking at many facilities does discourage newer tenants from taking space;
9. The Enterprise Zone credits were huge for several companies. The Governor made a mistake taking them away;
10. There are seven Title 1 schools in town, limiting educational opportunities for children;
11. One commented that there are only 2 restaurants suitable for business lunches in the City (Fire Rock Grill and the Cordova Restaurant & Casino), otherwise business lunches are held in downtown or mid-town Sacramento;

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12. For smaller offices, there are three main internet providers in the City (AT&T, SureWest, and Comcast). In general, there are no significant issues in the office park with internet connectivity. Businesses are able to transition from DSL to T-1 as needed;
13. For larger offices, internet is plentiful, especially along Prospect Park Drive;
14. Sunrise is a "nightmare" to travel on. Staff do adjust their commute hours and choose where they live to avoid Sunrise and other heavy trafficked intersections. Two commenters have specifically complained about poor signalization on Sunrise Boulevard at Folsom Boulevard with long red lights and short green lights. The planned perimeter loops around the City will ultimately help congestion;
15. One person suggested adding a lane to the far right of the Eastbound Sunrise Boulevard Off-ramp for people turning right. People turning left now hog the existing right lane, making those people who are trying to make a right-turn wait which adds to the congestion;
16. Some insurance and service firms have located in Rancho Cordova because of the proximity of contractors and other clients. Some are located in Rancho Cordova because they were able to purchase a suitable building. Others businesses are here because of the proximity to Highway 50, the employee base, and affordable lease rates;
17. Rancho Cordova is not the easiest, but not the most difficult place to get a permit. Sacramento City is worst, West Sacramento and El Dorado County are best. Region Builders Permit Simplicity program is good for contractors.
18. Do start enacting preference points for service and other contracts;
19. Review RFP and RFQ and contract terms to optimize opportunities for small contractors. For instance, asking for a 3- or 5-year maintenance contract eliminates small contractors because they cannot generally get a surety bond for more than one year. Instead, the City should ask for a 1-year contract with up to four extensions;
20. Office owners and lessees generally think there are enough amenities near selected areas. Employees do like Capital Village and its retail opportunities. However, the broker comments indicate a need to improve services and amenities in the office core;
21. Hiring bi-lingual employees does help doing business in town. Spanish is the top second language;
22. Because of perceived crime at night, many visitors are staying in hotels in Folsom and El Dorado Hills instead of the City, and particularly avoid the Marriott Courtyard property;
23. There may be a dearth of individual health care practitioners in Rancho Cordova, for example there is now only one Obstetrician in the City and is not part of an HMO. It appears there are also few new practitioners. With the large number of residents not in HMO's and enrolled in health providers under the Affordable Care Act, it may make sense to recruit

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some independents. Most of the urgent care places are staffed by Nurse Practitioners and do not take Medi-Cal;

24. Neighborhood watch is a real asset to have in a community. The City should continue to support these programs. Many people are utilizing Nextdoor.com, a good online neighborhood watch app;
25. Signage, especially sandwich boards and signs visible from the freeway are inconsistently regulated. Some are allowed, some are not;
26. Smaller employers such as schools would benefit from better connections to potential students through Sacramento Works, Folsom Lake College and high schools.

Broker Comments

Additional Broker comments

1. Almost all current office demand is multi-tenant, with spaces under 2,500 s.f. most popular. Demand for spaces over 10,000 s.f. is soft;
2. The City should review locations with lower parking ratios and work with owners to add parking if possible
3. In Rancho Cordova, office demand is 'static' but strengthening, with some good pockets such as Prospect Park Dr. and around Sunrise Blvd. & Sun Center Dr.. Rents are lower and there are many good options right now;
4. Effective City incentives would include assistance for public right-of-way improvements, fee deferrals, and upgrading common areas and exteriors. This would be money well spent and would most help smaller tenants and owners;
5. In addition, making permitting and licensing easier is a plus. West Sacramento is the leader there;
6. Access to the labor pool is stronger in Rancho Cordova than in other areas;
7. Light rail access is a plus;
8. There is a need to improve services and amenities in the office core. This will make the City more competitive to Roseville, Folsom, Natomas, and Downtown.

Recommen-dations

Recommendations

The following recommendations improve the ability of office industries to thrive:

1. Continue recruiting new businesses to fill vacancies. Work closely with the brokerage community;
2. Invite local property owners and managers to meet and compare notes and improve facility, service, parking, permit and transportation issues;
3. As the healthcare and insurance industries expand, target recruitment of

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data centers and insurance services. This will necessitate upgrades to some of the existing office space, SMUD involvement, permit streamlining, and increased high speed communications capacity;

4. Advertise the CordoVan service and its routes in the Grapevine newspaper, if not being done so already;
5. Clean up Light Rail so more employees and residents use it on a daily basis. establish a "Rider Watch" program similar to Elk Grove's new program on the Blue Line;[xxxvii]
6. Place more trash cans at strategic locations north of Highway 50 and ensure they are optimally serviced;
7. Catalog and promote existing amenities and services in the Office Core to attract more employees and residents. This will help attract young Millennials, including IT personnel from the Bay Area, Mid-Town, etc;
8. Work with building owners and brokers to bring more services and amenities, including parking lots to the Office Core;
9. Study the adequacy of medical services in the City, recognizing that there may not be enough demand for the City to have its own private hospital;
10. Review the existing sign ordinance. Work with Caltrans to allow selected signage visible from the freeway;
11. Consider incentives for Title 24 office renovations such as new energy efficient HVAC, lighting, windows, etc. perhaps some of the proposed Business Assistance or Revolving Loan Programs can be targeted to this purpose;
12. Consider naming the "Cordova Corridor" or other catchy term as a marketing brand for business attraction. This brings Rancho Cordova to top of mind;
13. Strengthen networks for employment and postsecondary schools, including high schools, neighborhood centers, Sacramento Works, and other employment and training providers;
14. Establish permit ombudsperson, especially for the smaller companies that have little or no experience getting permits or licenses. The ombudsperson can set up workshops and industry meetings to improve communications.

Partners

Partners helping achieve a thriving niche

Office owners, local office brokers, office tenants individually and in groups, Chamber of Commerce, SMUD, Internet providers, PG&E, 50 Corridor TMA, many others.

Office niche Businesses with 50 Employees or more

Office SIC ranges include 60-67, some of 73, 80, 81, 82, 83, 87, 91-99

3D DATACOM
Aerotek Staffing Agency
American River Bankshares
Barco Inc
Benefts Connect
Black & Veatch
Brown & Caldwell
CA Technologies
Capital Engineering Conslnts
Capital Partners Development
Catholic Health Care West
Claims Management Inc
Delta Dental Plan Of Missouri
Department-Technology Svc
Eds
Encompass Insurance Co
FFP Global Inc
Fireman's Fund Insurance
FNTG Sacramento Title Group
Franklin Templeton Investments
Gallina LLP
Genworth Financial
Guardsmark
Health Net
Heritage Community Cu
Infor Global Solutions
Insweb
Keenan & Assoc
Liberty Home Equity Solutions
Liberty Reverse Mortgage
MAXIMUS Inc
Moss Adams LLP
NEC Corp Of America
Pacific Jet Charter Inc
Parole & Community Svc Div
Progressive Insurance
Quincy Engineering
Rancho Cordova City Hall
Reserve America
Sacramento County Invstgtns
Sacramento County Revenue Dept
SAFE Credit Union
Stantec Consulting Svc
States Recovery Systems Inc
Superior Vision Svc Inc
Teledyne MEC
Tetra Tech EMI
VSP Global
Wagner Kirkman Blaine
Water Quality Control Board
Wittman Enterprises LL

Internet providers

Telepacific
Syringa Networks
XO Communications
Zayo Dark
Zayo Metro
Spectrum Business
Point to Point
Electric Lightwave
CenturyLink Metro
Integra
Level3 Metro
TWI (Level 3)
M Power
Digital Realty
SunGard
COGENT
AT&T
AT&T Uverse
COMCAST
Verizon Business
Succeed.net

Endnotes and References

[i] “Rancho Cordova Industry Overview, Niche Identification, Business Interviews and City Actions”. Presented to the City Council May 4, 2015.

[ii] California Employment Development Department, Labor Market Information Division, 2014 Employment Data for Rancho Cordova

[iii] NAICS = North American Industrial Classification System.

[iv] Reference USA as of March 2015, rounded. Business counts are quite dynamic, and vary by month and data source.

[v] Reference USA, December 2014

[vi] California Employment Development Department, Labor Market Information Division, Historical Employment Data for Rancho Cordova, plus Industry Employment Projections issued December 2014.

[vii] Reference USA, December 2014

[viii] As noted in companion documents, SIC = Standard Industrial Classification, an older but still useful way to sort industries and employment.

[ix] “Technology in Rancho Cordova”, presented to the City Council on May 4, 2015

[x] Reference USA, December 2014

[xi] Reference USA, December 2014

[xii] Reference USA, December 2014

[xiii] http://www.northerncalifornia.va.gov/locations/directions.asp . TCU = Transitional Care Unit, ICU = Intensive Care Unit, BHICU = Behavior Health Intensive Care Unit, MRI = Magnetic Resonance Imaging, CT = Computed Tomography scan, PET = Positron Emission Tomography scan.

[xiv] There are 17 hospitals in Sacramento County according to http://gis.oshpd.ca.gov/atlas/places/list-of-hospitals/county/sacramento

[xv] Reference USA, December 2014

[xvi] California Employment Development Department, Labor Market Information Division, 2012-2022 Industry Employment Projections, issued December 2014 for the Sacramento-Roseville-Arden-Arcade SMA

[xvii] Comment by interviewee during focus group sessions.

[xviii] Source: Sacramento Bee Jan 4, 2015

[xix] EDD Employment and Wage Data provided upon request by City staff

[xx] Costar Q1 2015 Office Report.

[xxi] Costar Q1 2015 Office Report

[xxii] Costar Q1 2015 Office Report

[xxiii] Standard definition posted in CBRE and other brokerage office reports.

[xxiv] Costar Q1 2015 Office Report

[xxv] Comments by several brokers during the interview process.

[xxvi] Costar Q1 2015 Office Report.

[xxvii] Voit Real Estate Services Mid-3rd Quarter 2015 Update, August 2015, Page 23.

[xxviii] Based on selected discussions with brokers and property managers.

[xxix] www.FiberLocator.com is a subscription-based compilation of telecommunications networks in the world. SMUD also provided information on local data centers.

[xxx] "Navigating Data Center Site Selection and Design." Area Development Magazine Online version, February 19, 2015.

[xxxi] Comment during interview with SMUD representatives.

[xxxii] SMUD staff interview

[xxxiii] "The Mystery Impact of Data Centers on Local Economies Revealed", Area Development Magazine Online, February 19, 2015.

[xxxiv] SMUD staff interview

[xxxv] "Aetna to buy Humana as insurance field shifts", Sacramento Bee, July 4, 2015, Business.

[xxxvi] Navigating Data Center Site Selection and Design." Area Development Magazine Online, February 19, 2015

[xxxvii] Sacramento Bee, Tuesday August 18, 2015, Page 8B.

UNIQUE LOCAL INDUSTRY

MANUFACTURING & INDUSTRIAL IN RANCHO CORDOVA

Overview

Niche Overview

Manufacturing has a fewer number of establishments than office, retail, medical, and construction, but is nevertheless an important niche because it supports almost 4,000 employees and takes appreciable land. Technology manufacturing is represented by seven firms, including Aerojet (aerospace) and VSP One (ophthalmic goods).

As discussed under "Future of Manufacturing" below, the fastest growing manufacturing segment is small niche manufacturing, which matches Rancho Cordova's smaller industrial spaces well. Aerojet (1,600 empl.), VSP One (200 empl.) and Tri Tool (136 empl.)[i] are the City's largest manufacturers.

Table 1 Common Manufacturing Types in Rancho Cordova[iii]

Manufacturing Type	No. Of Firms	Empl.	Average Per Firm
Printers/engravers/Newspapers	18	106	6
Machine shops	16	233	15
Wood products	10	89	9
Health Care equipment (incl. VSP)	9	385	43
Sign Makers	8	23	3
Plastics & rubber	6	84	14
Structural steel	5	47	9
Brewers	2	37	19
Various technology mfrs (incl. Aerojet)[ii]	7	1,544	221
All other Manufacturers *(incl. Tri Tool)*	***77***	***1,321***	***17***
TOTAL	**158**	**3,869**	**24**

Rancho Cordova has the third largest number of manufacturing firms in the region, and has triple the firms of West Sacramento, Folsom and Elk Grove, as shown in Table 2.

Table 2 Manufacturing in the Region[iv]

City	Manufacturers[v]
Roseville/Rocklin	507
Sacramento	383
Rancho Cordova	158
West Sacramento	51
Folsom	38
Elk Grove	15

UNIQUE LOCAL INDUSTRY

Industry Locations

Manufacturing Facility& Employment Concentrations

Figure 1 shows that the City's manufacturing sector is mostly concentrated east of Sunrise Boulevard. There is also a secondary cluster in the Business Park Drive/Horn Road area. Manufacturing, Contracting, and Recycling including vehicle recycling make up the industrial sector in the City. Figure 2 shows employment concentrations.

Figure 1 Locations of Manufacturing Firms in Rancho Cordova

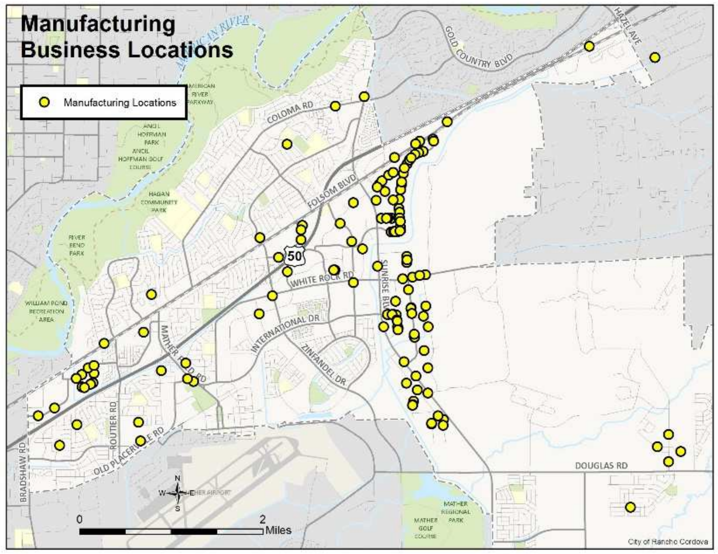
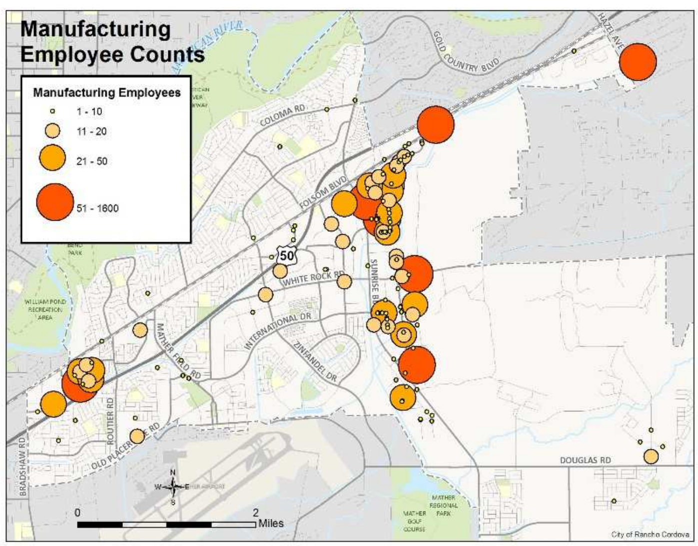


Figure 2 Manufacturing Employment Concentrations in Rancho Cordova



UNIQUE LOCAL INDUSTRY

Industrial Real Estate

Industrial Real Estate and Buildings

Though the City has 1,185 acres[vi] of M-1, M-2 and other zones that allow manufacturing, there are a number firms not classified as manufacturers that occupy industrially zoned buildings and land, primarily contractors and automobile recyclers. The following applies to all users of industrial space.

The Rancho Cordova market has 618 industrially zoned buildings (10% of region) with 12.5 million square feet of leasable space (7% of the region). Eighty six (86) buildings (2 million square feet) are utilized as flex space and 532 buildings (10.5 million square feet) are utilized as warehouse space.[vii]

Though there are wholesalers and distribution firms located in Rancho Cordova, there are few large distribution warehouses like those in West Sacramento and Woodland. This is primarily a function of Rancho Cordova not being at a transportation crossroads like those other cities. Shipping North-South from Rancho Cordova is not convenient for bulky commodities.

Because of the City's convenient location and industrial concentration, vacancy rates are lower than average and lease rates are slightly higher than average for the region. However, the area is well established, and the existing buildings will need updated interiors over time as demand for modern space increases.

Table 3 -- Manufacturing Space in Rancho Cordova and the Region[viii]

	Buildings	Total Rentable Area S.f.	Percent of Region s.f.	Vacancy Rate	Quoted Rate (NNN $/sf/year)
Sunrise Industrial	618	12,509,105	7.1%	7.5%	$6.50**
Mather Industrial*	247	5,669,672	3.2%	16.0%	$6.08
Region - wide	6,478	177,231,605	100%	10.2%	$5.14

*Mather Industrial also includes Horn Road & Business Park Drive.
** Converts to about $0.54 per month.

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The CBRE Brokerage firm provides a more detailed breakdown of industrial space in the Rancho Cordova/50 Corridor, which includes Sunrise and Mather.

Table 4
Detailed Breakdown of Industrial Space along Highway 50 Corridor[ix]

Industrial Building Type	Net Rentable Area	Total Vacant S.F.	Total Vacancy %	Average Asking Rate ($/Month)
Distribution – Class A	1,164,032	13,980	1.2%	$ 0.36
Distribution – Class B	2,263,317	296,150	13.1%	$ 0.37
Light Industrial – Class A	1,126,305	103,375	9.2%	$ 0.42
Light Industrial – Class B	5,145,300	462,720	9.0%	$ 0.56
Flex/High Tech/R&D	3,073,578	684,213	22.3%	$ 0.64
Special Purpose	1,773,694	53,688	3.0%	$ 0.79
Incubator	3,621,227	326,136	9.0%	$ 0.56
Total	**18,167,453**	**1,940,262**	**10.7%**	**$ 0.55**

Growth Projections

The Future of Manufacturing

Among the types of commercial space, retail is picking up and Industrial has also been improving. According to brokers we interviewed, small users are finally starting to lease industrial space again. Office leasing is slowest to pick up after the recession. Employment in construction, education and health care are expected to recover most quickly. Employment in manufacturing is expected to recover slowly over time. [x] Industrial flex space vacancy rates in the region have ranged from 14.1% in 2006 to 21.2% in 2010, to 17.3% today.[xi]

Niche manufacturing and artisan manufacturing – small makers of specialized products – are a growing phenomenon in the U.S. Microbreweries are included.

> "According to the US Census Bureau, over 75% of US manufacturing firms employ 20 or fewer employees. Although these firms make up only 9% of US manufacturing jobs, they are by and large the types of businesses that have been growing and creating jobs since the recession. This is due to a variety of factors, including changing consumer habits as well as the rising cost of doing business overseas."[xii]

Between 2012 and 2022, the Sacramento MSA, which includes El Dorado, Placer, Sacramento and Yolo Counties, is expected to add 2,900 manufacturing jobs, which is 8.6 percent total growth and an annual average growth of 0.9%. Employment growth will be much stronger in the construction and contracting sector (20,000 new jobs and 5.4% annual growth) -- already strongly represented in the City. Thus, available industrial land in Rancho Cordova is much more likely to be filled by contractors and home improvement retailers than by manufacturers.[xiii]

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Internet Service

Infrastructure

Internet Service and Fiber Optics

Internet service can be provided to businesses through existing phone lines, fiber optics lines, and/or wireless connections.

Existing Phone Lines with Copper Wire

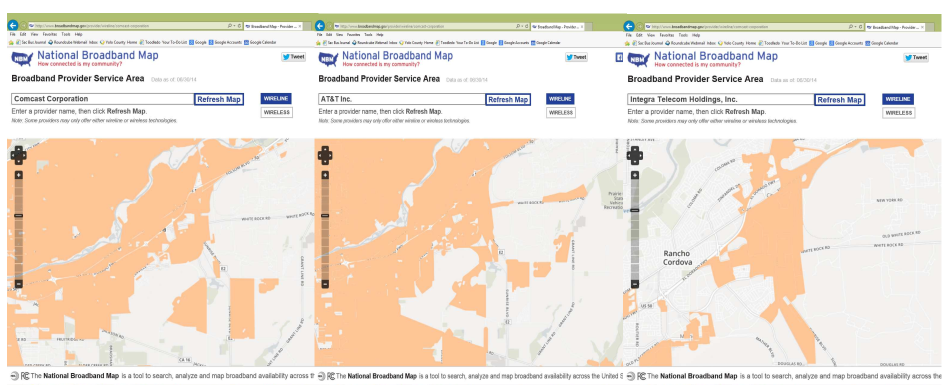
AT&T "U-verse" and Comcast "Xfinity" typically provide Internet service through existing copper wires, which connect to a fiber line at their nearest node, and which are enhanced to provide DSL speed. Small businesses (download service needs under 100 Mbps[xiv]) can usually be accommodated in this manner. However, DSL service in Rancho Cordova is slower than that. DSL slows with distance, and Rancho Cordova is at the end of the line, about two miles from the nearest fiber connection in Fair Oaks.

Fiber

Larger data needs typically require fiber to the building, which once served is described as "lit". Unlike the office areas of town which are fully served by multiple fiber providers, there are some areas in M-1 and M-2 Zones east of Sunrise Blvd. which lack fiber. These include the northern industrial area (Mercantile and eastern Trade Center Drive, and southern industrial area (e.g. Monier Circle and Recycle Road).

Several interviewees from these underserved areas say they lack adequate Internet service, and that high-speed internet is either not available or prohibitively expensive. The service coverage maps of AT&T and Comcast do cover most of the non-fiber areas, but still have gaps. The Integra fiber service map appears more complete[xv].

Figure 3 Internet Service Coverage Rancho Cordova Industrial Areas



Wireless

In addition, newer "Fixed Wireless" (or "Wireless Air Fiber") Internet service is available throughout the M1 and M2 zoned areas by Succeed.net (and perhaps others) with data capacities that match fiber. Succeed.net claims to focus on underserved areas. The building owner/ tenant needs to mount a dish on their roof, then connect wirelessly to the Succeed.net microwave network. Pricing of this service was not researched for this report, but should be explored.

Figure 4 Succeed.Net Internet Service Coverage and Speeds

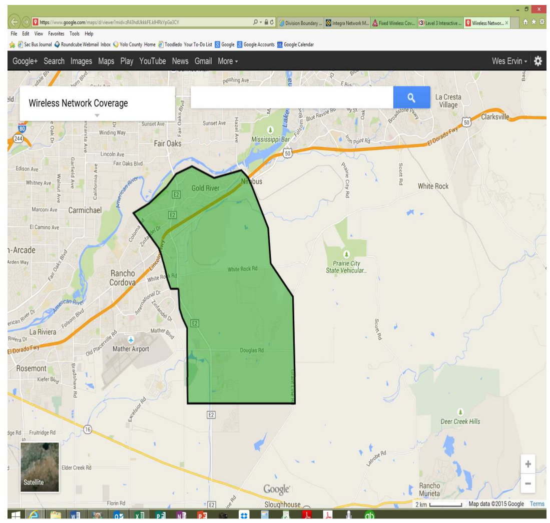
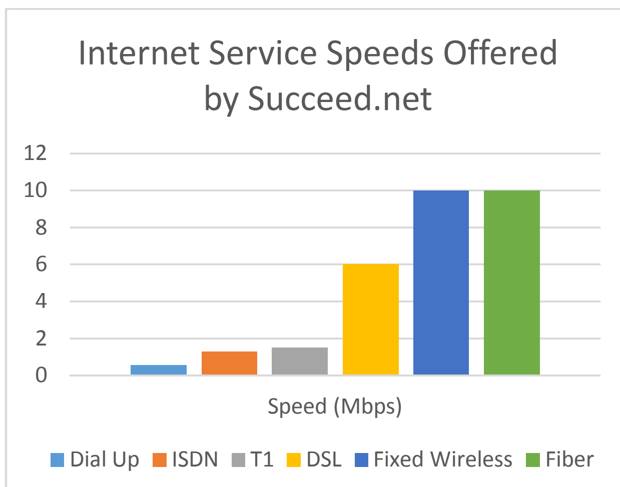


Figure 5 – Internet Service Speeds



Internet Service Discussion

Complaints from smaller firms have been consistent – existing service is too slow or too expensive, DSL is slow and T-1 is expensive to install. Fiber is not available or way too expensive to lay for a single customer. Smaller firms do not have the funds to individually pay high connection fees. Though there are several industrial 'lit' buildings which appear to be served by AT&T, Integra &/or Comcast[xvi], these building owners may have paid large fees to have fiber extended to their individual buildings. Fixed Wireless was not mentioned by interviewees, either because business owners are either unaware of its availability or put off by its costs.

The City and Chamber have an opportunity to bring these small users together so that maybe as a group they can jointly entice a server to install to multiple

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locations at the same time. Bringing these users together would start with a survey to better understand specific needs.

The City itself may also be able to participate directly. The City owns a 100 foot tall wireless tower by the Police Station which has potential to be outfitted to serve the industrial areas, and existing street light conduits may be useable for fiber installations to businesses. Lastly, there may be some "dark fiber" in the city that has already been lain. Dark fiber is an existing line that is not actively carrying traffic but could.

Electricity and Gas

Electricity

Manufacturers and data centers are the heaviest power users in a community. Electricity was not mentioned as an issue interviewees. SMUD serves power to Rancho Cordova. The new substation near Security Park, plus the City's three other substations, ensures that adequate power is available to all users, including manufacturers.

Natural Gas

Natural Gas is essential to some manufacturers, especially those who have furnaces or otherwise use heat in their manufacturing processes. It is also a cost-effective alternative to electricity in some circumstances. Among the list manufacturers in Rancho Cordova, a handful of industrial occupants may be the type to need gas service, including plastics molders, breweries, aerospace, and chemicals. The small number of gas users may also be a function of lack of gas service in the first place.

Gas appears to be spotty in the industrial area. Scribner Plastics uses gas to melt plastic in its manufacturing process. Few others, if any, in the area have furnaces or heaters requiring gas. The City should work with PG&E to expand existing lines so the newer industrial areas can accommodate heavier manufacturing processes.

Signage

Outdoor Advertising by Industrial Area Occupants

As the interview comments below show, several small business owners want to erect freeway-visible signs on their buildings. They also stated that they were stymied in the past, either by Caltrans or by City staff. The Caltrans policy:

> "Outdoor Advertising Permit Requirements Outdoor advertising displays require a permit from Caltrans if they are within 660 feet from the edge of the right-of-way and viewed primarily by persons traveling on the main-traveled way of the freeway. Permit Requirements are available on the Internet at http://www.dot.ca.gov/hq/oda/permit_requirements.htm. Some of the requirements include: the location must be zoned commercial or industrial; the applicant must have property owner consent; the applicant must have building permit from local agency; there must be a business activity within 1,000 feet of proposed display; and the display may not be located adjacent to a landscaped freeway or scenic highway. In addition the display must be 500 feet from any other permitted display and not exceed 1,200 square feet in size."[xvii]

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Business Interview Comments

Manufacturing Business Interview Comments

During the preparation of these reports, 33 manufacturers and industrial brokers were interviewed, either in three focus groups or individually. There appear not to be significant differences of opinion between user types (i.e. insurance, medical, engineering and technology.

1. A comment by a City staffer, which has been echoed many times over:

   "I'm making phone calls today and just called a family-run manufacturing business who can't come to the focus group meeting next week, but said to let you know they've been in business here since 1973 and have grown from 4 employees to 100 employees and Rancho Cordova can't do anything for them except to continue to remain a business-friendly community."

2. There is some concern about the proximity of future housing in Rio Del Oro to the existing manufacturing businesses, and whether new homes will complain about 24-hour noise. The businesses in the area need some reassurance about the proposed buffers and future industrial development in the flight path.
3. There is also concern about whether International Drive will eventually be extended through to Rio Del Oro, taking some properties. Those in the path of the extension are concerned, but there is recognition that big parkways aid traffic and truck circulation. It appears that this extension is 20-40 years out[xviii];
4. Natural Gas service appears to be spotty in the industrial area and non-existent on Luyung Dr. Some get by with propane service or all-electric service;
5. People sometimes drop off junk onto streets at night, this is a larger problem on Recycle Road. In addition, drivers often load trucks and do other work on the City streets instead of in a yard or on private property. This sometimes causes temporary traffic or driveway blockages that inconveniences others in the area.
6. There is very little knowledge about the CordoVan service. This service should be expanded and promoted, especially in the Grapevine newspaper, if not already;
7. Rancho Cordova is a great place to do business. The City is "business friendly"; but does have some problems. It is still dead in the evenings[xix];
8. The City is "surrounded by everything", restaurants, light rail, especially. in east Rancho Cordova (Fite Circle, Horn Road & Business Park Drive). Access to Highway 50 is good for the most part. One can generally get everywhere quickly;
9. The Enterprise Zone credits were huge for several companies. The Governor made a mistake taking them away;
10. Internet service gets mixed reviews. There are four main internet

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providers in the City: AT&T, SureWest, Comcast, and Integra. Though service has been extended to larger customers, extending fiber eastward along Folsom Boulevard, for instance, would be quite expensive. Businesses appear to be able to transition from DSL to T-1 as needed. Fiber is available, but connecting is not possible without exorbitant fees;

11. Sunrise Blvd. is a "nightmare" to travel on. Staff of various businesses adjust their commute hours and choose where they live to avoid Sunrise Blvd. and other heavy trafficked intersections. Two have specifically complained about poor signalization on Sunrise Blvd. at Folsom Boulevard with long red lights and short green lights. The planned perimeter loops will ultimately help congestion;
12. Rancho Cordova is not the easiest, but not the most difficult permit process. Sometimes response is slow. When needed, applicants have contacted members of the City Council, Curt Haven and Amanda Norton for expediting. The currently embraced Permit Simplicity program will be a help;
13. Metro Fire is commonly singled out as having "belligerent inspectors who demand exorbitant fees for minimal work."[xx] The actual corrections demanded are not an issue, just attitudes and fees;
14. Signage, especially sandwich boards and signs visible from the freeway, are inconsistently regulated by the City. Some are allowed, some are not;
15. FEDEX and UPS service is good, but rates are increasing. Customers are starting to seek less expensive alternatives;
16. The Rancho Cordova Chamber of Commerce can become a more effective business advocate over time;
17. Rancho Cordova should not raise the minimum wage or take other anti-business actions some cities are considering;

Broker Comments

Additional Industrial Broker Comments

1. Rancho Cordova is a lower cost area for smaller industrial users. There is ample product right now. The right pricing sells quickly. Rents vary, with good freeway or street access available. Sites with yard space at 10-20,000 square feet are especially coveted;
2. Rancho's industrial product is older, with some exceptions. These buildings often lack the higher parking ratios (should be at least 2-3 per 1,000 s.f.) demanded by newer industrial users. Newer tenants are trending toward multi-use, with manufacturing, warehousing, offices and showrooms all in the same facility. These combinations typically require higher parking ratios. The Horn Road area is better parked;
3. Security Park is a tough sell today. Even though it is less expensive ($0.15/s.f.), it is remote with limited infrastructure. It is, however, a good area for hard-to-site users. The 80 acres immediately east is a good candidate to be developed and marketed.

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4. Rancho's industrial product is also concentrated on smaller users under 15,000 square feet. Finding space for larger users becomes problematic in the City. It would help if the City could entice a builder to erect a 100-150,000 square foot divisible building with 22-24 feet clear heights;
5. The industrial land on South Zinfandel Dr., under the flight path, is user-ready and should be promoted by the City as the next to build;
6. Any fast-track process the City sets up must actually perform. Too many communities claim to have fast-track processes but do not. The City's new "Zoning Check" software will be helpful;
7. Fees are too high. Rancho Cordova is mid-range @ $12-15 per 100 square feet. They are about $6 in Woodland, $7 in Sacramento, $20 in Roseville, and $8-15 in most other places. Costs become competitive at $8.00. If reductions are not possible, then deferrals and financing tools are helpful. Smaller users, in particular have a small tolerance for extra fees, and will abandon a project if they become too onerous;
8. Function should trump beauty in industrial areas. Industrial facilities are analogous to "the garage" of the home. The garage is not subject to the same aesthetic rules as other parts of the house. Therefore signage, fencing, landscaping, building appearance and other regulations should reflect this philosophy;
9. Create and publicize a one-page services fact sheet so a buyer or tenant knows fees, utilities, the zoning and approval process, and who to contact;
10. Get City Council out of day-to-day project decisions. Some councils make too many individual permit decisions that should have been delegated to staff. This adds cost, uncertainty and inconsistency because of the possibility of a single council member expressing a last-minute personal preference about design, paint color, fence material, etc. Delegate to staff whenever possible;
11. Executive housing is not a problem. Even though there is very little in Rancho Cordova proper, there is plenty in Gold River, Folsom, El Dorado Hills, etc. within an easy commute. This is not a negative for business attraction;
12. To fill its vacant spaces more quickly, Rancho should market its strengths – construction, auto repair and dismantling, etc.;
13. Promotional/branding ideas include:
    a. Affordable and right-pricing here;
    b. A nice place to run your business;
    c. Executive housing nearby;
    d. Strong contracting and home improvement;
    e. Positive Work/live lifestyle for smaller businesses;
    f. Clean work and living environment as a whole.

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Recommendations

Recommendations

1. Form an industrial and manufacturing forum with topics including Internet service, Rio Del Oro, natural gas, permitting, etc.;
2. Improve Internet service to the City's industrial areas:
   a. Survey occupants of the City's' industrial zones to get details on the quality and price of their internet service;
   b. Talk to Comcast, AT&T, Integra and perhaps others about their services in the M1 and M2 zones.
   c. Convene a meeting with industrial tenants in the areas who feel they do not have adequate Internet capacity. Discuss service and pricing options.
   d. Devise a strategy to entice one or more fiber companies to lay the missing fiber; Investigate connecting wirelessly via Succeed.Net, Fortis Telecom and/or others, perhaps by establishing a cooperative fund and/or issuing an RFP;
3. At the appropriate time, convene a meeting or otherwise inform the businesses in the area about the Rio Del Oro master plan, including proposed parkland buffers, any extension of International Drive, and future industrial development in the flight path;
4. Encourage the south Zinfandel industrial area – under the flight path -- to develop. The infrastructure there is ready;
5. Work with PG&E to complete gas service over time to existing areas, and to the new industrial area as it is built;
6. Step up interaction with Metro Fire about its inspection process, including working with Gay Jones, the District 8 Board Member;
7. Advertise CordoVan service and its routes in the Grapevine, if not being done already;
8. Review the existing sign ordinance and liberalize it whenever possible. Work with Caltrans and Planning Department to allow selected signage visible from the freeway. Set up an ad hoc business advisory group to help with these issues. Caltrans outdoor advertising requirements can be found at http://www.dot.ca.gov/hq/oda/permit_requirements.htm;
9. Strengthen networks for employment into the manufacturing businesses from postsecondary schools, high schools, neighborhood centers, Sacramento Works, and other employment and training providers;
10. Establish permit ombudsperson, especially for the smaller companies that have little or no experience getting permits or licenses. The ombudsperson can set up workshops and industry meetings to improve communications.
11. Ensure that future roads include utility easements, including set asides for 69 Kv overhead power lines.

Businesses in Manufacturing and Industrial niche with 20 or more Employees

Adema Technologies Inc.
American River Brewing Co
AMPAC Fine Chemicals LLC
Aerojet Rocketdyne
Api Technologies Cmt Filters
Bakemark USA LLC
California Job Journal
Cesca Therapeutics Inc.
Chemical Technologies Intl
Com Sonics
Cybo Energy Inc.
Design Rite Xl
Direct Digital Controls Inc.
El Dorado Molds Inc.
Elite Optical Co
Form & Fusion Manufacturing, Inc.
Girard Development Inc.
J L Haley Enterprises
KATZ & Klein
Northern Ca Injection Molding
Omega Products Intl Inc.
PROMAX Tool Co
River City Millwork Inc.
Russell Mechanical Inc.
Scribner Plastics
Star One Investments
Stewart Tool Co
Sunrise Manufacturing Inc.
Tri Tool Inc.
VSP One
West Coast Computer Exchange
Western Contract
Woodmack Products Inc.

References

[i] Tri Tool, Inc. is the only firm in SIC 508425, Machine Tools.

[ii] Technology is discussed in a companion report in this series entitled "Technology in Rancho Cordova"

[iii] Reference USA, December 2014

[iv] Reference USA, March 2015

[v] Reference USA, December 2014

[vi] Rancho Cordova General Plan, Land Use Element, Table LU-4

[vii] Costar Q1 2015 Industrial Market Report

[viii] Costar Q1 2015 Industrial Market Report

[ix] CBRE MarketView, Industrial Q1 2015

[x] "Rancho Cordova Industry Overview, Niche Identification, Business Interviews and City Actions", Table 4. Presented to the City Council on May 4, 2015

[xi] Industrial Research and Forecast Report, Sacramento Region, Q4 2014, by Colliers International

[xii] BBC News – "US Manufacturing: the rise of the niche manufacturer" Feb 19, 2015

[xiii] 2012-2022 Industry Employment Projections for Sacramento-Roseville-Arden-Arcade Metropolitan Statistical Area, by EDD-LMID, published December 2014.

[xiv] Mbps = Million bits per second. Not to be confused with MBps, or Million bytes per second, which is much faster. According to Comcast, a download speed of 25Mbps is adequate for small business with 2-4 users, and 75 Mbps can accommodate a medium business with 10 users and heavy Web browsing. Packages in all these ranges are offered between $100 and 250 per month. See http://business.comcast.com/internet/business-internet/plans-pricing and http://www.getintegra.com/services/Business_Broadband_Internet.php .

[xv] http://www.broadbandmap.gov/provider/wireline

[xvi] www.fiberlocator.com

[xvii] From "Landscaped Freeways and Outdoor Advertising Displays" at http://www.dot.ca.gov/serp.html?q=signs+along+freeways&cx=001779225245372747843%3Auh1ozfcfcdu&cof=FORID%3A10&ie=UTF-8&siteurl=http%3A%2F%2Fwww.dot.ca.gov%2Fdist3%2Fdepartments%2Fplanning%2Fcsm_index.htm&submit.x=8&submit.y=11

[xviii] Communication with Public Works Department on 6/30/15;

[xix] The companion report, "Office Industries in Rancho Cordova", discusses evening amenities at length.

[xx] Quote from an individual interviewee. Strongly stated, but sentiment we heard many times. Staff committed to keeping all interview and focus group comments confidential, and to aggregate them when possible.

MEMORANDUM

DATE: May 4, 2015

TO: Honorable Mayor and Council Members

FROM: Amanda Norton, Economic Development

SUBJECT: Economic Development Work Plan

RECOMMENDATION

Council to review and provide comments, suggestions, and recommend action items for the Economic Development Work Plan.

RESULT OF RECOMMENDED ACTION

Staff will take Council recommendations to create the work plan for the Economic Development Department.

BACKGROUND

On September 23, 2014 the City Council held a work session to select “Fresh Take” economic development initiatives. These initiatives are in addition to the regular ongoing functions of the Department. At the workshop the Council prioritized the following initiatives and asked for an update on the first two initiatives within 6 months:

1. Retail growth
2. Niche industry identification and support
3. Office market and office building revitalization
4. Manufacturing industry and building revitalization
5. Improve citizen access to healthcare
6. Folsom Boulevard Revitalization and Pulse Point development.

The Office and Manufacturing initiatives #3 & #4 will be dealt with immediately after.

Staff followed a logical process to ensure an accurate analysis and to get substantial comments from industry representatives:

1. Find the most accurate data source for the analysis;
2. Identify appropriate concentrations of business types, loosely called clusters. Staff is calling them ‘niches’ because they bring the City a competitive specialized strength not found elsewhere in the region;
3. Map and characterize the companies, their numbers, locations and employee counts;

4. Conduct outreach interviews with industry representatives to refresh the City's relationships with business;
5. Identify the needs of the industry, including space, location, infrastructure, employee skills, training, and capital;
6. Design tools, tactics, incentives and regulatory processes to address those needs;
7. Implement and monitor.

INITIATIVE #1 -- RETAIL

Analysis

Sales tax derived from retail sales is an important source of City revenues, and the retail industry should continue to be a high economic development priority. Rancho Cordova has a diverse retail base and good per-capita spending overall. Even though significant leakages occur in store types typically found in regional malls and auto malls, the City has surpluses in the home improvement industry that more than makes up the difference.

Existing retail centers are aging and in need of updating. The City needs to continue helping the owners of these centers modernize.

The City's retail is unusually linear, focused along Folsom Boulevard and Sunrise Boulevard, limiting the City to a string of smaller shopping centers. The Folsom-Olson-Zinfandel Triangle and Capital Village are non-linear exceptions that include the city's larger retailers and bring significant revenue. A future retail mall or life style shopping development in the south or east area would help reduce leakage in apparel.

Retail Recommendations

Comments were received from a number of retailers and real estate brokers interviewed for this report. Business owners are generally happy with the City and its attitude and helpfulness toward businesses. They would like to see more outdoor seating, safe gathering places, and good uses of the new half-cent sales tax. All Recommendations have been aggregated to include:

1. Keep promoting the City and changing its image. Strong promotion of the new Fresh Take brand is important;
2. Increase patrols at light rail stops and commercial complexes;
3. Continue recruiting new retailers, personal services and small office users to suitable locations. Provide free market data to aid recruitment;
4. Conduct more frequent roundtables with owners of existing shopping centers to refine potential City actions;
5. Establish a permit ombudsperson to help applicants navigate the permit, inspection and fee processes;
6. Consider joint marketing with local business groups to help bring in more clients;
7. Establish a city small business loan program for gap financing, including façade improvements and tenant improvements. Keep a catalog of other available small business loans;

8. Continue modernization of Folsom Boulevard, particularly creating transit-oriented development at light rail pulse points. Encourage more bus routes to and from light rail, homes and employment centers;
9. Continue congestion relief planning and implementation along Sunrise Boulevard.

INITIATIVE #2 – NICHE INDUSTRY IDENTIFICATION AND SUPPORT

Identified Niches Include:

1. Retail. Sales tax is a key source of City revenues, with leakages in store types typically found in and near regional and auto malls. The lack of a regional mall and an auto mall in the City is made up by large surpluses in automotive, business-to-business and construction/home improvement sales. Consumer oriented retailers are generally spaced in a linear fashion, with the most vibrant retail in central modified strip center locations such as the Folsom Olson Zinfandel triangle and Capitol Village. The City is encouraging the updating of its existing retail centers, and anticipates its future retail development to be in new retail centers;
2. Construction, Contracting and Home Improvement. A large and unique cluster of home improvement retailers, contractors and construction firms is located in Rancho Cordova. Retail stores and small contractors offer every need for the DIY homeowner. Residential and commercial contractors large and small take jobs throughout the region, but their headquarters and employees are here. Keys to the industry are the City's central location in the region and its affordable space. Construction employment is expected to grow by over 2,000 jobs between 2012 and 2022;
3. Vehicles. A cluster that contains companies involved in parts, recycling, dismantling and services for automobiles, boats, and recreational vehicles. These companies are responsible for significant sales tax revenues. Especially because of the dismantlers and recyclers, the City is the place to go for all things automotive, with the exception of new car sales. Similar clusters are only found in Stockton and the Bay Area;
4. Technology. The City has a surprising concentration of data processing, manufacturing, and engineering companies, which constitutes a larger niche than in all neighboring cities except Folsom. Its strength is primarily due to the historic telecommunications grid created when Mather Air Force Base was active. This niche will be assessed in more detail with the office and manufacturing clusters;
5. Education and Trade Schools. Twenty three (23) private postsecondary schools operate in Rancho Cordova. This industry appears to locate near companies where graduates can obtain employment, and Rancho Cordova is centrally located. Education employment is expected to grow by 31% in the region between 2012 and 2022;
6. Recreation, Entertainment and Lodging. The City has a unique blend of traditional and specialized sports and entertainment venues. Most dominant are health and sport clubs and centers, which include panque, trampoline, climbing and gymnastics. The City's 16 hotels and 2,015 rooms are highly concentrated at the Zinfandel Drive and Sunrise Boulevard interchanges, generate almost $36 Million in annual sales, and create $2.6 Million in TOT taxes;

The City is a highly concentrated employment center, with several unique clusters of businesses that give it strength in raising revenues, attracting customers from outside the City, and providing services. These same concentrations are not found in other communities of the region. The City should actively promote the existing niches. The major issues to address include improving the City's image and updating older buildings and shopping centers;

Niche	Firms	Employees	Avg. Employees per firm	Percent of all firms*
All firms	3,363*	42,630,	12.7	100%
Contracting, construction, home improvement	731	6,809	9.3	22%
Office	641	14,449	22.5	19%
Retail	628	6,540	10.4	19%
Vehicle	383	2,901	7.6	11%
Manufacturing	158	3,733	23.6	5%
Technology	145	4,398	30.3	4%
Recreation, entertainment	71	739	10.8	2%
Lodging	16	521	32.6	<1%
Education (private postsecondary)	24	370	15.4	1%

*Note: totals and percentages do not add as some firms are included in more than one category, and not all firms in the City are included in a niche.

Niche Recommendations

1. Keep up the City's existing momentum and maintain the current good balance of economic, civic, recreation and maintenance services;
2. Continue to strengthen neighborhood services and policing and increase the frequency of patrols. Focus in neighborhoods, at light rail stops, along Folsom Boulevard, and in the office and commercial complexes;
3. Form a joint marketing cooperative or provide marketing funding to help groups of companies promote their locations, products and services;
   a. Build a City-powered web site with featured Rancho Cordova Businesses – a "Power Mall";
   b. Consider co-hosting a community-wide home show;
   c. Start a buy local program with credits, rebates or other incentives for local purchases;
4. Create nodes in neighborhoods throughout the City as gathering places. Ideas include shopping centers, city centers, parks. Create more walkability between jobs, stores, restaurants, homes in a safe environment, especially north of 50;
5. Make it easier to start a business in Rancho Cordova, and to expand a small business by:
   a. Creating a small business revolving loan fund for owners and tenants so they may help finance facades, inventory, and other startup costs;
   b. Limiting the creation of new regulations, design requirements or other roadblocks to small businesses;
   c. Lobby against new regulations at the state level that are not business friendly;

   d. Provide free customer research data, and information about available commercial kitchens, meeting space, and other useful information;
   e. Work with owners of shopping centers get their space rented. Encourage a good mix of chains and mom-and-pops;
6. Recruit more business and jobs. As vacant properties fill up, business will again thrive. Put some focus on the old Office Depot and Sam's Club buildings;
7. Take over maintenance and security at light rail stations, including a stronger police and volunteer monitoring presence. Respond to issues quickly;
8. Provide assistance to homeowners in older parts of town for "pride of ownership' improvements;
9. Have official business issue roundtable forums and listening sessions. Work with the Chamber, but be more inclusive than just Chamber membership;
   a. Establish a business permitting working group to promote streamlining at Planning, Building, and Code Compliance desks;
   b. Include Metro Fire and Environmental Health. Start by meeting with contractors and construction companies;
   c. Review zoning ordinances to make mixed uses easier. More breweries and other retailers are going into industrial space;
   d. Establish or strengthen programs for deferred fees;
   e.
   f. Look for ways to standardize permit pricing for similar projects;
   g. Review and potentially revise sign regulations to make them more liberal;
10. Recommended economic development funding priorities:
   a. Community policing and neighborhood services;
   b. Promoting A Fresh Take;
   c. Permit streamlining;
   d. Small business loans and assistance;
   e. Enhancing parks, schools, greenbelts;
   f. Folsom Boulevard and development around Light Rail;
   g. Eliminating congestion on Sunrise Blvd.;
   h. Continue City beautification, including razing eyesores.

FISCAL IMPACT

None at this time. At the completion of all analysis and Work Plan will be presented to Council at funds may be allocated for specific tasks contained in the Plan.

ATTACHMENT(S)

1. Niche Overview
2. Retail
3. Construction, Contracting and Home Improvement Niche
4. Vehicle Niche
5. Technology Niche
6. Education and Trade Schools Niche
7. Recreation, Entertainment and Lodging Niche

UNIQUE LOCAL INDUSTRIES

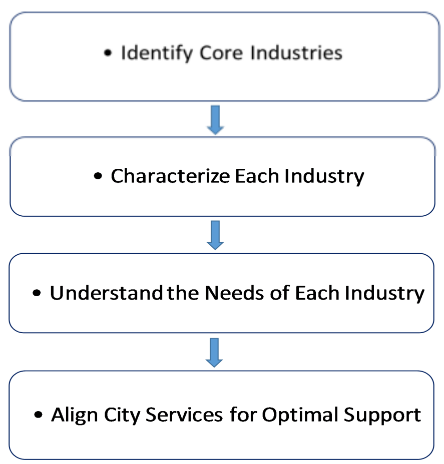
Rancho Cordova Industry Overview, Niche Identification, Business Interviews and City Actions

Introduction

Introduction

This series of Niche reports accomplishes the first two of six important economic development initiatives as directed by the City Council. It also advances the City's Fresh Take program.

The Economic Development Department has, as part of its overall strategy, created six initiatives that have been prioritized by the City Council. They include 1) encouraging retail growth, 2) Identifying and supporting the City's industry niches, 3) Office Market and Building revitalization, 4) manufacturing industry revitalization, 5) improving citizen healthcare access, and 6) continued Folsom Boulevard Revitalization. Staff is following the process in the chart below to first understand and then support key industries:



Industry Overview

Industry Overview

Rancho Cordova's Overall Industry Mix

The City has a balanced mix of industries that are competitive in the region. The ReferenceUSA® database counts the City's businesses by Standard Industrial Classification (SIC)[i] as shown in Table 1. Table 2 lists the number of businesses by city, and shows that Rancho Cordova has a similar resident-to-business ratio as other cities, except Elk Grove which is known to be a bedroom community. Rancho Cordova's business mix is further analyzed in this set of reports.

UNIQUE LOCAL INDUSTRIES

Table 1 – Rancho Cordova Business Count by 2-Digit SIC in 2014[ii]

SIC	Industry Title	Estab. Count	Percentage
01-09	Agriculture, forestry and fishing	71	2%
10-14	Mining	1	0%
15-17	Construction	360	11%
20-39	Manufacturing	158	5%
40-49	Transportation, Communications, Utilities	104	3%
50-51	Wholesale Trade	286	9%
52-59	Retail Trade	618	18%
60-67	Finance, Insurance and Real Estate	349	10%
70-89	Services	1,292	38%
91-98	Public Administration	66	2%
99	Unclassified	55	2%
	TOTAL	**3,360**	**100%**

Table 2 – Business Counts in Nearby Cities[iii]

City	Businesses	Residents per Business
Sacramento	38,180	12.4
Roseville	7,420	17.0
Elk Grove	4,220	38.1
Folsom	3,850	19.0
Rancho Cordova	3,360	19.6
West Sacramento	1,930	17.1

Employment

Employment since 2005 has been the roller coaster everyone believes it to have been. Between 2005 and 2011 the City lost just over 15,000 jobs, mostly in Construction and in industries that occupy office space. The California Employment Development Department – Labor Market Information Division (EDD-LMID) conservatively estimates future growth to average about 1.9% per year. At that rate, by 2022 most of the region's lost jobs will be recaptured.

Figure 1 – Past and Future Employment in Rancho Cordova[iv]

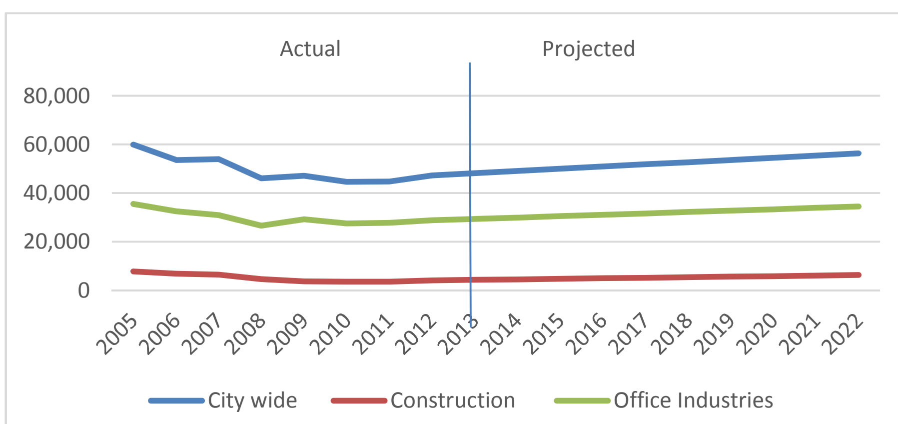


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Table 3 – Industries with the Greatest Job Losses in Rancho Cordova[v]

Industry	2005-2012 (7 yrs)		Expected Gain 2012-2022 (10 yrs)
All Industries	-12,525		+8,967
Construction Industries	-3,725		+2,224
Office Based Industries	-6,715		+5,707
Health Care & Social Services (Pvt.)		-4,005	
Information, incl. publishing & Data processing		-1,780	
Finance & Insurance		-1,646	
Professional, Technical, Scientific		-1,461	
Government, Education, Real Estate		-363	
Company Management, Administration & Support		+2,540	

The region's fastest growing industries (Table 4) include those with strong representation in Rancho Cordova. The City's strong showing in these industries presages higher-than-average employment growth over the next decade.

Table 4--
Five Fastest Growing Industries in the Sacramento Region 2012-2022[vi]

Industry	Expected Percent Growth 2012-2022
Construction	54.2%
Education	31.0%
Health Care and Social Services	30.3%
Administrative Support	28.5%
Professional, Technical, Scientific	27.4%

Business Counts Depend on the Database

Depending on the data source, Rancho Cordova has anywhere from 1,244[vii] to 3,364 unique businesses,[viii] and between 43,450 and 53,055 employees. No data source is perfect, and variations in the number of businesses occur depending on the geography selected, zip code boundaries, how companies report (businesses self-select their own SIC), whether multiple firms at the same address are counted, whether home businesses are included, whether duplicates have been eliminated, how often the data is updated, how many are unclassified, and other factors. For current business demographics, this series of papers primarily uses detailed business lists and employee counts from ReferenceUSA® as of December 2014. For historic information, a number of data sources are utilized. Staff has spent many hours adjusting the December 2014 ReferenceUSA® business data to ensure it conforms to current City limits, to eliminate known duplicates, and to improve accuracy.

a fresh take.
RANCHO CORDOVA
CALIFORNIA

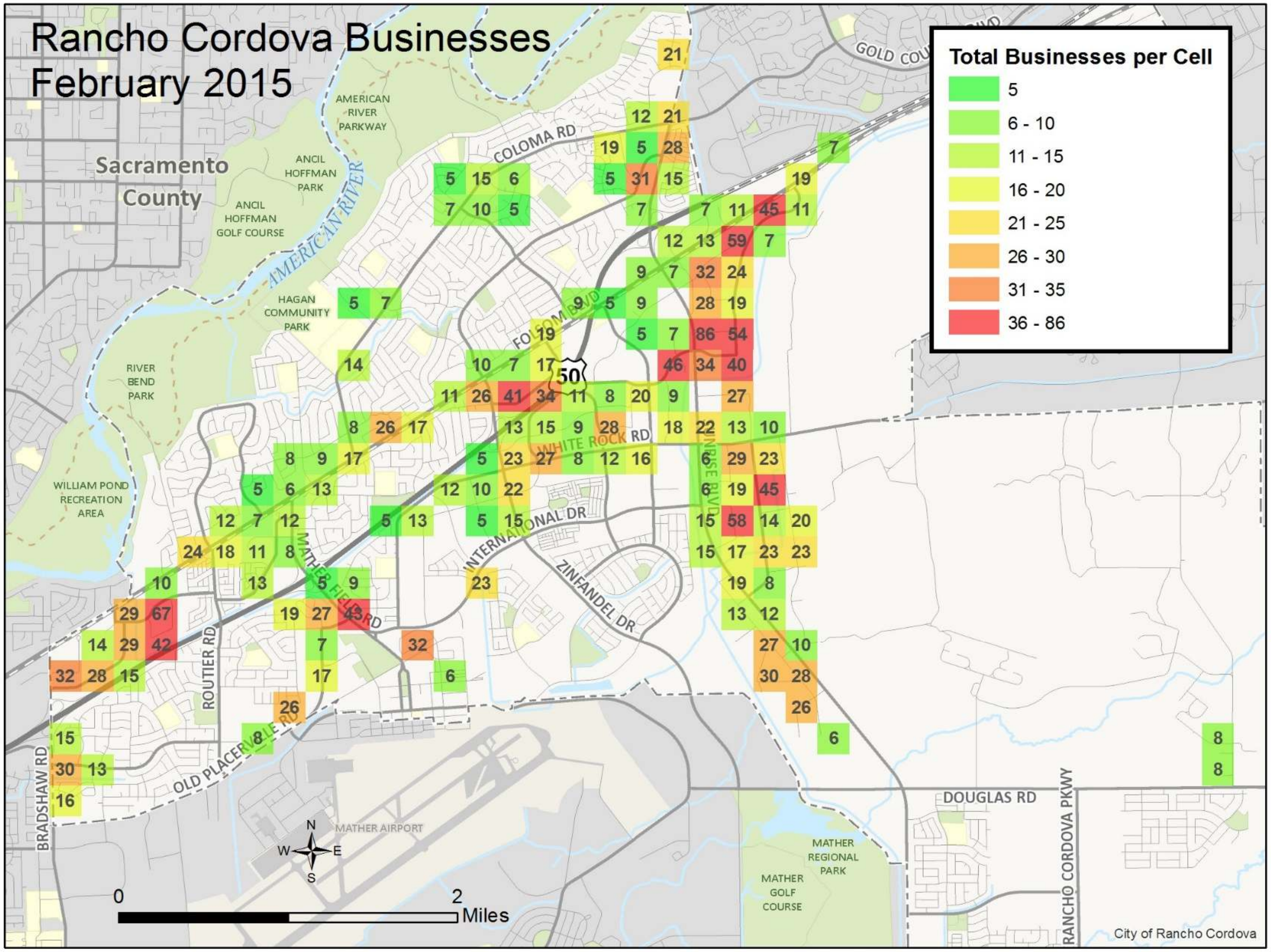

Figure 2 – Rancho Cordova Business Location Grid

UNIQUE LOCAL INDUSTRIES

Clusters/Niche Identification

Identifying Clusters/Niches

Clusters, which we are also calling niche industries, are "geographic concentrations of industries related by knowledge, skills, inputs, demand, and/or other linkages."[ix] Co-locating typically offers advantages such as transportation savings, easier inter-company interaction, larger employee pools, and access to a customer base. Of the 3,363 companies in the ReferenceUSA®[x] database, Rancho Cordova has several unique concentrations of companies compared to other jurisdictions in the region. These business concentrations have important economic advantages for the City and its residents. These niches are identified via the following analysis of Concentration and Aggregation.

Concentration: Table 5 identifies the most concentrated 6-digit Standard Industrial Classifications (SIC) in Rancho Cordova -- those with 20 or more companies in the SIC. This list includes 871 firms, or 26% of the City's 3,360 firms. The remaining 2,489 firms have fewer than 20 businesses in the same SIC, and are thus less concentrated. However, many of them will be included in their niches as we define them below.

Table 5– SIC concentrations of 20 or more firms

SIC	Primary SIC Description	Count
641112	Insurance	93
581208	Restaurants	82
801101	Physicians & Surgeons	78
651303	Apartments	52
753801	Automobile Repairing & Service	51
501508	Automobile Dismantling/Recycling (Whls)	40
811103	Attorneys	40
653118	Real Estate	37
723106	Beauty Salons	37
866107	Churches	36
078204	Landscape Contractors	28
802101	Dentists	27
521101	Doors to Garage	26
821103	Schools -- Public	25
152103	General Contractors	24
154213	Building Contractors	24
152144	Construction Companies	22
172101	Painters	22
173101	Electric Contractors	22
553111	Automobile Parts & Supplies to Retail-New	22
753201	Automobile Body to Repairing & Painting	22
653108	Real Estate Management	21
171117	Air Conditioning Contractors & Systems	20
616201	Real Estate Loans	20
	Sub-total of SIC's with 20 or more firms	**871**

UNIQUE LOCAL INDUSTRIES

Aggregating: The SIC's in Table 5 can be grouped into industries with similar characteristics such as similar space, infrastructure and business needs:

- 341 are office space users, including insurance, physicians and surgeons, attorneys, real estate, dentists, and schools. Their space requirements differ depending on size. Larger employers in these categories are among the City's largest companies and largest office tenants. The smaller employers primarily locate in smaller office parks and/or retail centers;
- 188 are Contractors, almost all in the home construction and home improvement industry. These companies tend to locate in industrial and commercial areas. As presented in Table 6 below, there are many more companies in the home improvement category than contractors;
- 135 are in vehicles, repair, recycling, parts and supplies. Most businesses in this industry locate in retail and industrial space, depending on their level of retail customer contact. The vehicle recycle cluster on south Sunrise Blvd. is unique in the region;
- 119 are Retailers and personal services firms, including restaurants and beauty salons. Except for the stand-alone big box retailers, these establishments tend to locate in retail shopping centers. There are many more businesses that are classified as retailers for the niche report, as shown in Table 6 below;
- 82 are restaurants, or 2% of all firms. Restaurants tend to spread out to be close to their customer base. The number does not by itself constitute a niche, for this is about average for a community. Roseville, which is a regional restaurant destination, has 408 restaurants, or 4% of its total establishments. The retail niche report notes that there is not leakage in Rancho Cordova's restaurant sales;
- Lastly, the City has 52 apartment complexes, suggesting a significant concentration of young, single, and/or lower income residents. The City already has a proactive rental housing program, and regularly works with the owners of these complexes.

City Niches Identified

City Niches

When we logically merge the above aggregations with all City businesses -- based on similar customer bases, space and other needs, the niches listed in Table 6 emerge. Each niche includes a number of different SIC's, which will be described in separate niche reports.

Table 6 – Concentrations of Similar Types of Firms

Likely Niches	Number of Firms*	Percent of City firms
Contracting, construction, home improvement	731	22%
Office users, large and small (including insurance, medical equip & services, engineering, real estate)	641	19%
Retail	628	19%
Vehicles and automotive sales, services, repair	383	11%
Manufacturing	158	5%
Technology	145	4%
Recreation and Entertainment	71	2%
Education and Trade Schools (postsecondary)	23	1%

*Note -- many firms fit into more than one category, so totals will not add.

UNIQUE LOCAL INDUSTRIES

Note that in Table 6 a company can reasonably fit into more than one category. For instance, Home Depot is both a retailer and home improvement, and the City's auto parts stores are both retailers and part of the vehicle niche. Large office space users have similar needs, whether they are in the insurance, medical or legal industry. Proximity to other similar firms is an advantage for sales and for employee recruiting.

The following groups thus appear to be the City's local strengths, or niches. The City should understand these niches, actively recruit new firms, and keep existing company owners and managers satisfied:

- Large Office users - the City has a large office park with large plate buildings. The office niche analysis will include details about the insurance, medical and technology sectors;
- Retail - this industry needs attention by the City as its vacancies and older existing space need revitalization;
- Contracting, construction and Home Improvement – the City has a unique concentration and large number of firms in this grouping;
- Vehicles and vehicular services, including recyclers, parts and sales – the City has a large unique concentration of these businesses;
- Technology - there are 145 technology firms and the strength of this cluster warrants investigation;
- Manufacturing - there is a significant historic presence in several locations, which should be retained and perhaps expanded;
- Education and Trade Schools - the number of trade schools co-located with the contracting, construction and trades should be explored;
- Entertainment, Recreation and Lodging – the City enjoys a unique concentration of specialty recreation and entertainment establishments along with the more traditional types. We have included lodging in this niche.

Niche Employment

Employment Concentration Confirms These Niches

Table 7 shows that 78% of Rancho Cordova's employment is concentrated in eight industries. These industries are not as concentrated in neighboring communities - constituting only about half of total employment in Sacramento County and California. The Top 8 list also confirms that office users, manufacturing, construction and retail are appropriate City niches.

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Table 7 – Top 8 City Industries by Employment, 2012 [xi]

Industry Sector (NAICS Classifications)	Rancho Cordova Top 8		Sacramento County	California
	# of Employees	%. of Total	%. of Total	%. of Total
Finance & Insurance	9,011	19.0%	4.0%	3.5%
Admin & Support, Waste Mgt, Remediation	6,641	14.0%	6.9%	6.3%
Manufacturing	5,452	11.5%	3.6%	8.4%
Construction	4,104	8.7%	4.3%	4.1%
Professional, Scientific, Technical Services	3,972	8.4%	6.6%	7.4%
Retail Trade	3,425	7.2%	9.9%	10.4%
Health Care & Social Assistance	2,450	5.2%	1.4%	1.4%
Accommodation & Food Services	2,012	4.3%	7.5%	9.2%
Subtotal	37,067	78%	44%	51%
All Others, incl. Govt.	10,257	22%	56%	49%

Niche Report Contents

Niche Reports include as applicable:

- An industry overview/background
- A snapshot of the niche's demographics, including number of firms, geographic location and employment numbers, and wage data when available
- Sales tax contribution to the City, if applicable
- Unique details about the niche that are important to understand
- Growth potential and barriers
- Space and infrastructure needs
- Notes from interviews with industry representatives
- Ideas for ways the City can help the niche thrive
- A list of businesses in the niche
- Partners helping achieve a thriving niche
- References, in the form of endnotes

UNIQUE LOCAL INDUSTRIES

Business Interviews

Consolidated Comments

Business Focus Groups and Interviews

In February and March this year, Economic Development staff conducted ten business focus groups and ten individual interviews for those who could not attend a focus group. Representatives from different niches were invited to different groups, including retail, vehicle, contracting and home improvement, education, recreation, and personal services. More than 44 individuals provided their input.

Though many industries were separately consulted, many comments were similar, and therefore are summarized and consolidated here.

Consolidated Comments about the Business Climate

1. Rancho Cordova is first and foremost a very cost-effective and centralized location to do business. The City is centrally located for transportation and distribution to local clients. Well maintained, well managed commercial space is inexpensive;
2. The concentrations of employment, contracting, automotive and data processing are unique assets that are good for all businesses. Clientele come from all over. For instance, you can get any vehicle part you want or find any contractor you need;
3. Many businesses locate in Rancho Cordova because they found the facility they are looking for, rather than choosing the City specifically. Many business owners live in El Dorado Hills, Gold River, Elk Grove, and other communities;
4. The City's is a good place to do business. Commenters generally applaud the attitude of City employees, the City Council, and the business climate;
5. Opinions about the City's permit processes are mixed. Bad permitting and other poor customer service experiences have occurred, but are not consistent in any single area. Depending on the project, some have had great difficulty, others an easy time. In general, more problem solving by staff in getting to "yes" is important. Regulations, mostly driven by the State, are always getting worse and it's getting more expensive to comply;
6. Metro Fire has a poor reputation as a regulator and for its customer service;
7. The City's past poor reputation as a place to live must continue to be counteracted, because the reality is much better. Efforts by the Chamber, the City, the Community Council, the Convention and Visitors Bureau and many others are bearing fruit.
8. Congestion is a real issue for some, but only a nuisance for most. Traffic is not yet bad enough to drive business away. The worst spots for congestion are on Sunrise Boulevard and at the Folsom-Olson-Zinfandel triangle. Unless congestion on Sunrise Blvd. and Highway 50 are relieved, businesses will start to be impacted. The new interchange and parkway are important for the future;
9. Crime is more of an image than actual problem, not worse or better than other places. However, there are locations where crime is worse. A few businesses have chronic crime issues, and many have had occasional issues with theft. Improved patrols, neighborhood watch programs, etc. will help;

UNIQUE LOCAL INDUSTRIES

10. Bus service, including Regional Transit and the Rancho Cordova Van have routes through employment centers, others through residential areas, but residential areas and employment areas are not adequately connected to each other. Regional Transit is focused on transportation between cities or to and from light rail, with stops at civic, shopping and medical facilities. They do not connect the residential areas north of 50 to the employment areas south of 50. Only one Van route (176) goes between Anatolia and the city's employment concentrations. More local loop shuttle routes should be created to better transfer people from their jobs to their homes, and from their jobs to lunchtime amenities.

11. Several commented that the sign ordinance is a problem, and that if they had more visibility they could get more customers;

12. Retail vacancy is not as high as 15%, because if you eliminate the square footage of Sam's and the old Office Depot, vacancy is actually about 8-10%;

13. The City's overall image needs improvement. The reality of doing business is just fine. Suggested improvements include:

a. The City is highly bifurcated by the Freeway and light rail. More linkages between the two halves are needed;

b. The City is missing destination entertainment. Create a city center for culture and an entertainment center. Capital Village is a good example of livable, walkable central activities. Densification is the future of development;

c. Create more outdoor seating and restaurant clusters throughout the City;

d. Continue cleaning up main thoroughfares with landscaping, gathering places and other amenities;

e. Kids leave after finishing school and congregate in Mid-Town or other areas with more entertainment and restaurants;

f. Add more gateways so you know when you are entering the City;

g. Schools are an impediment to business recruitment;

14. More entry level jobs are needed.

15. People from the neighborhoods need more opportunity for education and jobs.

16. Hard to start a new business because of limited capital and opportunity, and because many credit ratings have suffered over the recession. This is true all over;

17. There are a limited number of 5,000 square-foot spaces with a yard for growing contracting and construction businesses. 1,000 – 2,000 square foot spaces are the easiest to fill;

18. Most restaurants have plenty of lunch business but very limited dinner trade. More residents will help;

19. The city has no 'buy local' program to give local suppliers and contractors an edge;

20. The new entertainment center is greatly needed.

UNIQUE LOCAL INDUSTRIES

Recommendations

Recommendations

1. Keep up the City's existing momentum and maintain the current good balance of economic, civic, recreation and maintenance services;

2. Continue to strengthen neighborhood services and policing and increase the frequency of patrols. Focus in neighborhoods, at light rail stops, along Folsom Boulevard, and in the office and commercial complexes;

3. Form a joint marketing cooperative or provide marketing funding to help groups of companies promote their locations, products and services;

   a. Build a City-powered web site with featured Rancho Cordova Businesses – a "Power Mall";

   b. Consider co-hosting a community-wide home show;

   c. Start a buy local program with credits, rebates or other incentives for local purchases;

4. Create nodes in neighborhoods throughout the City as gathering places. Can be at shopping centers, city centers, parks. Create more walkability between jobs, stores, restaurants, homes in a safe environment, especially north of 50;

5. Make it easier to start a business in Rancho Cordova, and to expand a small business by:

   a. Creating a small business revolving loan fund for owners and tenants so they may help finance facades, inventory, and other startup costs;

   b. Limiting the creation of new regulations, design requirements or other roadblocks to small businesses;

   c. Lobby against new regulations at the state level that are not business friendly;

   d. Provide free customer research data, and information about available commercial kitchens, meeting space, and other useful information;

   e. Work with owners of shopping centers get their space rented. Encourage a good mix of chains and mom-and-pops;

6. Recruit more business and jobs. As vacant properties fill up, business will again thrive. Put some focus on the old Office Depot and Sam's Club buildings;

7. Take over maintenance and security at light rail stations, including a stronger police and volunteer monitoring presence. Respond to issues quickly;

8. Provide assistance to homeowners in older parts of town for "pride of ownership' improvements;

UNIQUE LOCAL INDUSTRIES

9. Have official business issue roundtable forums and listening sessions. Work with the Chamber, but be more inclusive than just Chamber membership;

a. Establish a business permitting working group to promote streamlining at Planning, Building, and Code Compliance desks;

b. Include Metro Fire and Environmental Health. Start by meeting with contractors and construction companies;

c. Review zoning ordinances to make mixed uses easier. More breweries and other retailers are going into industrial space;

d. Establish or strengthen programs for deferred fees;

e. Consider the Permit Simplicity ideas proposed by Region Builders;

f. Look for ways to standardize permit pricing for similar projects;

g. Review and potentially revise sign regulations to make them more liberal;

10. Recommended economic development funding priorities:

a. Community policing and neighborhood services;

b. Promoting Fresh Take;

c. Permit streamlining;

d. Small business loans and assistance;

e. Enhancing parks, schools, greenbelts;

f. Folsom Boulevard and development around Light Rail;

g. Eliminating congestion on Sunrise Blvd.;

h. Continue City beautification, including razing eyesores.

Endnotes

[i] The Standard Industrial Classification System, which classifies different industry types, was replaced by the North American Industrial Classification System (NAICS) several years ago, but is still useful today. Many data sources, including ReferenceUSA® still include the SIC system. Like the Dewey Decimal system, adding more digits to the SIC classification adds more detail. For the purposes of these reports, there is very little difference between the two classification systems.

[ii] ReferenceUSA, December 2014

[iii] ReferenceUSA as of March 2015, rounded. Business counts are quite dynamic, and vary by month and data source.

[iv] California Employment Development Department, Labor Market Information Division, Historical Employment Data for Rancho Cordova

[v] California Employment Development Department, Labor Market Information Division, Historical Employment Data for Rancho Cordova and 2012-2022 Industry Employment Projections, issued December 2014

[vi] California Employment Development Department, Labor Market Information Division, 2012-2022 Industry Employment Projections, issued December 2014 for the Sacramento-Roseville-Arden-Arcade SMA

[vii] from the 2011 Census of Business Patterns

[viii] The Rancho Cordova Business License database includes 2,302 unique businesses.

[ix] "Defining Clusters of Related Industries, NBER Working Paper No. 20375, August 2014, http://www.nber.org/papers/w20375

[x] ReferenceUSA, December 2014

[xi] Rancho Cordova Economic and Demographic Profile, Figure 5, by the Center for Strategic Economic Research, May 2014

UNIQUE LOCAL INDUSTRY

RETAIL IN RANCHO CORDOVA

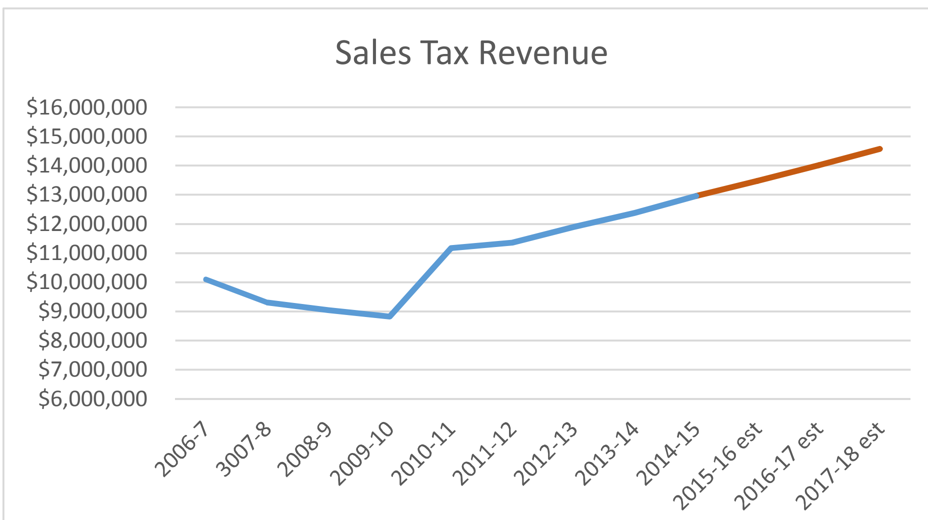
Sales Tax Revenues to the City

Sales Tax Revenues

Sales tax is the largest source of revenue for the City, about one third of total revenues[i]. Net sales tax revenues were $11.9 Million in FY 2013, property tax revenues were $11.7 Million, and total revenues were $34.9 Million. Even though retail sales declined during the recession between 2008 and 2010, total sales tax revenues still grew 51% between 2007 and 2014.[ii] Partly because retail sales are spread fairly evenly among many different types of sales tax producing companies and industries, the City suffered less than jurisdictions that rely on revenues from a regional mall or auto mall. In addition, the eastern Folsom Boulevard "Finger" annexation added about $1.5 Million in net annual sales tax revenues beginning in 2011.

Figure 1 – Rancho Cordova Sales Tax Revenue by Fiscal Year[iii]

(Red line indicates future estimated revenues)



Retail Industry Snapshot

Retail Industry Snapshot

Rancho Cordova is home to 628 retailers who generate sales tax and another 284 wholesalers who generate sales tax when product is sold directly to the end user. Table 1 displays the distribution of retailers which mirror the overall business mix, with concentrations in the food, vehicular, and home improvement sectors. Twelve store types represent almost 40% of all retailers and 45% of all retail employment. Sixty one percent of the City's retail store types, or 376 firms, are represented by fewer than ten types of businesses each.

Table 1 -- Retail Store Types with 10 or More Establishments[v]

Store type by SIC	Establishments	% of Establishments	Employment	Percent of Retail Employment
Restaurants, Delis, snack & coffee shops (exc. pizza)	91	14%	1,604	25%
Garage Doors	26	4%	66	1.0%
Auto Parts, new	22	4%	162	2.5%
Service stations	16	3%	87	1.3%
Furniture & mattress	15	2%	320	4.9%
Auto Glass	15	2%	52	0.8%
Groceries	14	2%	272	4.2%
Convenience Stores	11	2%	68	1.0%
Pizza	12	2%	180	2.8%
Tire Dealers	10	2%	46	0.7%
Liquor Stores	10	2%	17	0.3%
Party Supplies	10	2%	47	0.7%
Top retailers total	252	40%	2,921	44.7%
All Other Retail[iv]	376	60%	3,619	55.3%
TOTAL	628	100%	6,540	100%

Per Capita Sales Tax

Per Capita Sales Tax

Even though Rancho Cordova has below average per capita incomes for the region, it nevertheless receives above average per capita sales taxes.

Table 2 -- Per Capita Retail Sales 2014

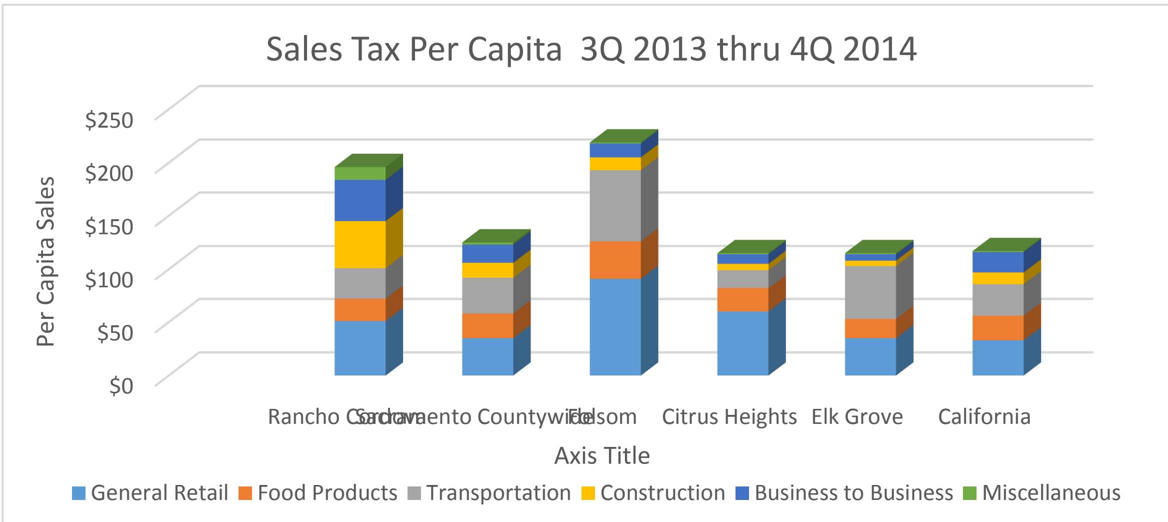
Jurisdiction	Per Capita Incomes[vi]	Per Capita Sales Tax[vii]
Rancho Cordova	$23,727	$ 196
Sacramento County including cities	$26,739	$ 125
Sacramento city	$25,508	$ 122
Folsom	$37,821	$ 218
Citrus Heights	$25,023	$ 115
Elk Grove	$28,898	$ 115
California	$29,527	$ 116

Diverse Revenue Sources

Sources of Sales Tax Revenues

Figure 2 presents that the City has a more diverse mix of sales tax generators than its neighbors, including general retail, food products, transportation, construction, business-to-business, and miscellaneous sectors. This diversity means the City weathers economic downturns better than its neighbors. Folsom and Citrus Heights are more dependent on general retail (i.e. Sunrise Mall and Palladio), and Folsom and Elk Grove are more dependent on new car sales.

Figure 2 Per Capita Sales Tax Distribution[viii]



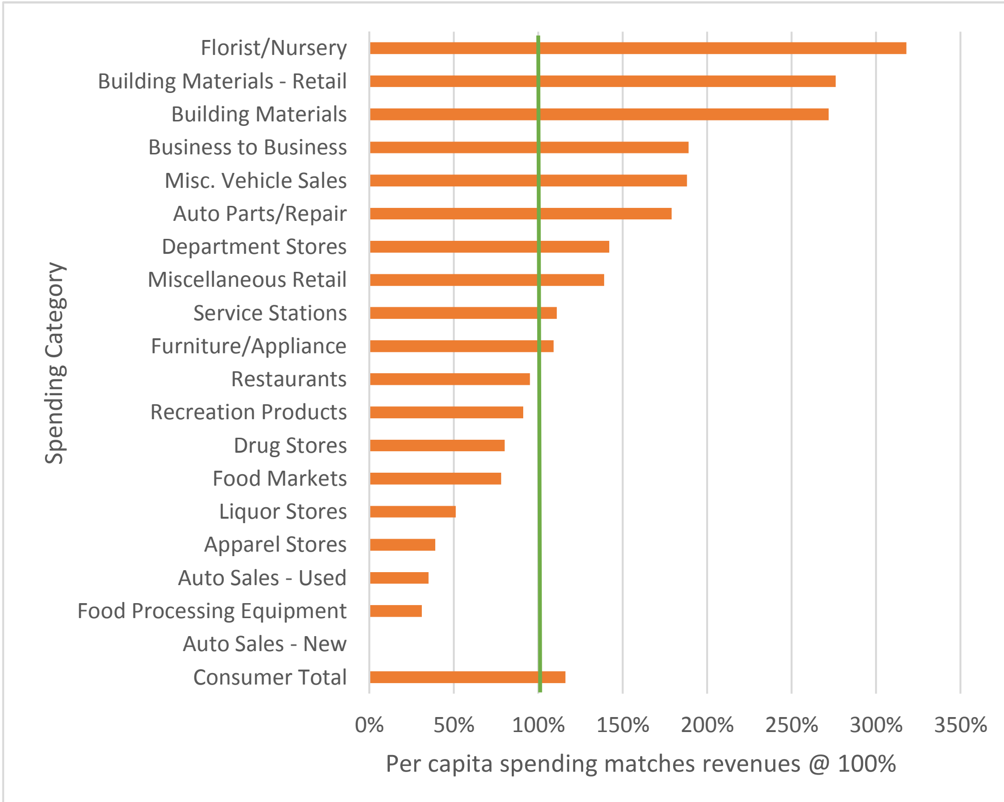
Surpluses and Leakages

Surpluses and Leakages

Figure 3 details sales tax surpluses and leakages by industry type. Surpluses mean residents are spending less for products than local businesses capture. Leakages mean residents are spending more for products than local businesses capture. Leakage does not necessarily translate into opportunity. For example, there could be a strong competitor such as the Folsom Auto Mall in a neighboring community that captures the market for that type of product or store.

Rancho Cordova's sales at service stations, furniture and appliance stores, restaurants, and for recreation products roughly matches per capita purchases of these types of goods. Rancho Cordova has surpluses (attracting outside customers) with Florist/Nursery, Building Materials Retail, Business-to-Business sales, Miscellaneous Vehicle Sales, Auto Parts and Repair, Department Stores, and Miscellaneous Retail. The City has major leakages (residents go outside to shop) in new and used auto sales, Apparel Stores, Liquor Stores, and Food Markets. Even with leakage in the new and used vehicle category, Rancho Cordova captures more than its share in the other vehicle categories.

Figure 3 – Sales Tax Capture and Gap 3Q 2014[ix]



Consumer vs. Business Retail Spending

Consumer Spending vs. Business Spending

Retail spending can generally be segmented into consumer oriented (purchases by individuals for personal consumption) and business oriented (purchases by businesses). Table 3 summarizes employment in consumer and business retail sectors. More information about each retail spending category will be presented the following sections of this report.

Table 3 – Retail/wholesale Snapshot by primary customer[x]

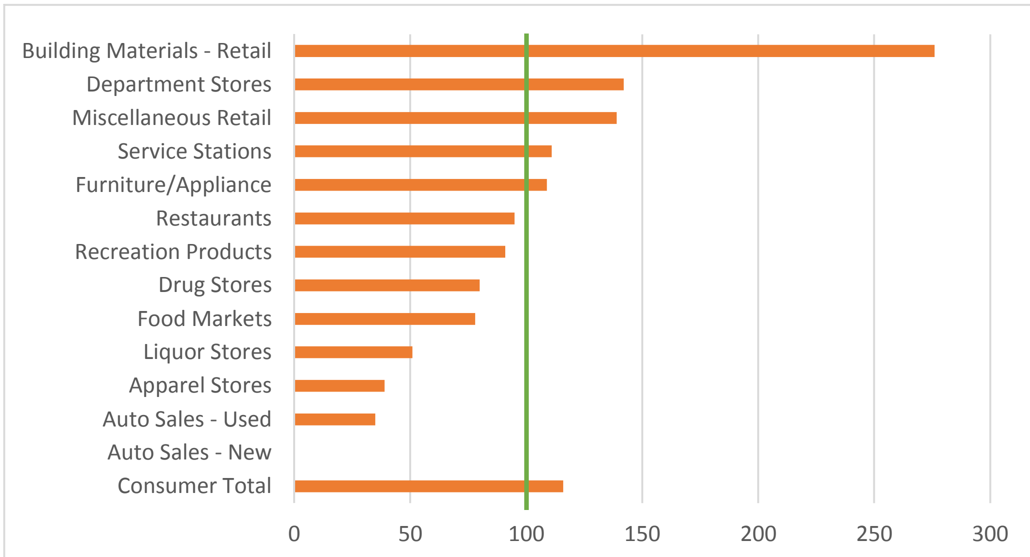
Type	Establishments	Employees	Avg. Employees
Consumer Retail	628	6,540	10.4
Business Oriented (wholesale)	284	2,730	9.6

Consumer Retail Spending

Consumer Spending

Though there is plenty of crossover, consumer spending is generally considered to be captured under General Retail (apparel, department stores, furniture, drug stores, recreation products, florists, and miscellaneous retail), Food Products (restaurants, food markets, and liquor stores), and Transportation (auto parts/repair, auto sales-new, auto sales-used, and service stations). Business spending is generally in the categories of Construction (building materials-non-retail), business-to-business, and Miscellaneous Retail (Table 5). It is virtually impossible to identify if the purchaser is an individual consumer or commercial buyer. For instance, a significant share of the purchases made at Costco, Home Depot, Lowes, Smart & Final and other major retailers are by businesses. Conversely, many wholesalers also sell direct to consumers.

Figure 4 -- Percent of Local Consumer Capture 3Q 2014[xi]



Consumer Leakage Conclusion

Consumer Conclusion

Contrary to the general belief that consumer spending in Rancho Cordova is below average, the City has good total per capita retail capture. The table above shows that the City actually has acceptable overall per capita consumer sales based on its residents' effective buying income (disposable income), 100% on the table above represents no leakage or surplus. Figure 4 does show obvious consumer leakages in the new car, used car, apparel, liquor, and drug store categories. The City has no regional mall to attract high end clothing and luxury retailers – those are located in neighboring Citrus Heights and Folsom. Nor does the City have an auto mall -- neighboring Folsom and Elk Grove have these. Drug sales may be below their potential due to the lack of a hospital. Lastly, food market leakage is probably lower than indicated because many shop for food at Costco, Wal-Mart and others which are included in the warehouse club and department store categories. With plenty of regional malls, auto malls and hospitals nearby, the City is not likely to attract categorical sales any time soon, nor is the City likely to eliminate leakage in these categories in the near term. However, as the City grows to the south and east, a new 'power center' with some mall-type retail will likely be constructed in the new Greenfield areas with more modern configurations.

Top Consumer Retailers in Rancho Cordova[xii]

Altair Eye Wear (by VSP)
ARCO AM/PM Mini Marts
Beck's Furniture
Chevron Service Stations
Costco Wholesale
Enterprise Rent-a-Car
Folsom Lake RV
Home Depot
Lowe's Home Centers
Target Stores
Wal Mart Stores
Wayside Lumber

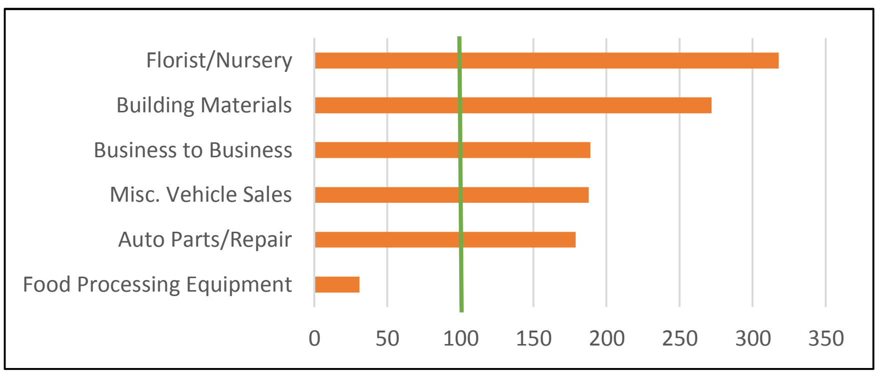
Business Retail Spending

Business Retail Spending

Even though there are some obvious leakages in consumer spending, the City's retailers and wholesalers more than offset the loss by attracting plenty of spending from outside the City. Local businesses and residents are well served with plenty of choices for needs such as building materials, vehicle parts and services, and general merchandise.

In sales tax-generating categories typically dominated by business spending, the City has several retail advantages. In particular, Rancho Cordova has an extraordinarily strong showing in Florist/Nursery products and equipment, Building Materials and two vehicular categories. Each category draws from throughout the region— attracting clients from outside the City. The building materials and vehicular sub-clusters are discussed in more detail in separate niche reports.

Figure 5 -- Percent of Business Retail Capture 3Q 2014[xiii]



Top Business Retailers in Rancho Cordova[xiv]

Bedrosian's Builders Supply
Costco Wholesale
Enterprise Rent-a-Car
Folsom Ready-Mix
Graybar Electric Company
Home Depot
Lowe's Home Centers
Masters Wholesale Distributor
McKesson Health Solutions
PAC Coast Building Services
Pacific Supply Company
Roofing Supply Group
SCP Distributors
Sierra Office Supply
Sunrise Manufacturing
Volcano Corporation
Wayside Lumber

Retail Employment

Retail Employment

Retail employment is less robust in Rancho Cordova than in other jurisdictions. Retail was the sixth largest employer in Rancho Cordova in 2012, with 7.2% of all employment. California and Sacramento County have higher percentages of retail employment[xv]. The City did lose 14.8% of its retail employment between 2007 & 2012, while Sacramento County lost 11% and California lost 10%. In the future, growth in the City's existing retail sectors should be strong, expected to be 2.4% per year until 2016[xvi].

Table 4 – Retail Employment, 2012 [xvii]

Industry Sector	Rancho Cordova		Sacramento County	California
	# of Employees	%. of Total	%. of Total	%. of Total
Retail Trade	*3,425*	*7.2%*	*9.9%*	*10.4%*

Wages

Wages

Wages in some retail positions are starting to rise as the economy recovers. Between 2011 and 2014 the mean hourly wage has risen for a cashier from $11.22 to $12.15 (8%) and for a retail sales clerk from $11.74 to $ 12.82 (9%). However, during the same time period, the mean hourly wage for a restaurant cook remained unchanged at $11.53 per hour.[xviii]

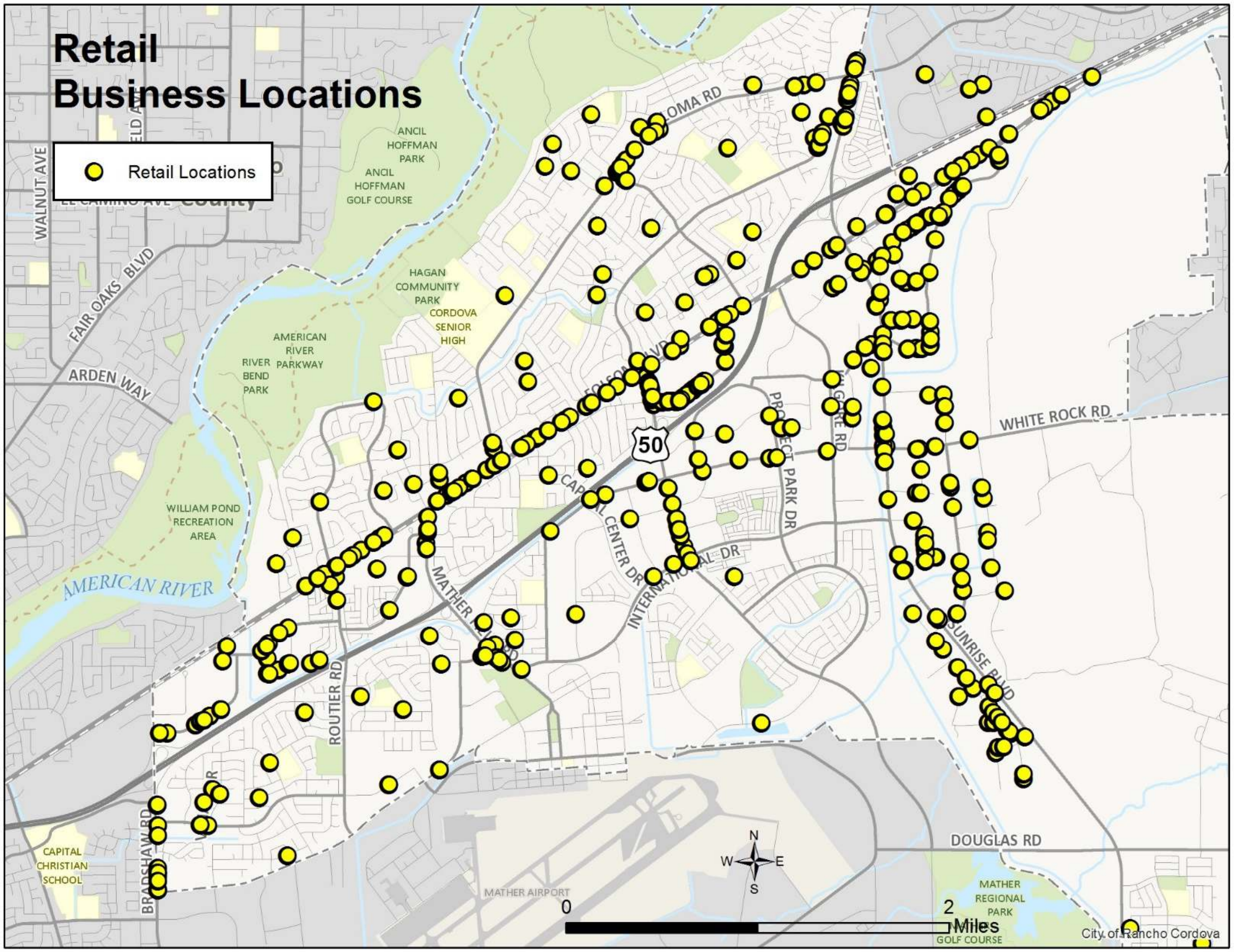
Retail Geography

Retail Geography in Rancho Cordova

Most of the city's retail is located in smaller older shopping centers that tend to align along Folsom Boulevard, Sunrise Boulevard and other major arterials. This geography reflects not only the city's origin as a stop along Highway 50, but the many years of passive county jurisdiction, and the former Air Force Base with key services formerly located on-base. In spite of the linear distribution of retail and lack of a major mall, the city fares quite well in terms of overall retail capture. The Folsom Boulevard revitalization efforts are an especially positive influence on retail revitalization. Figures 6 & 7 below, display the locations and employment centers of retail businesses in the city. Note that Capitol Village and the Folsom-Olson-Zinfandel triangle include most of the city's largest retailers.

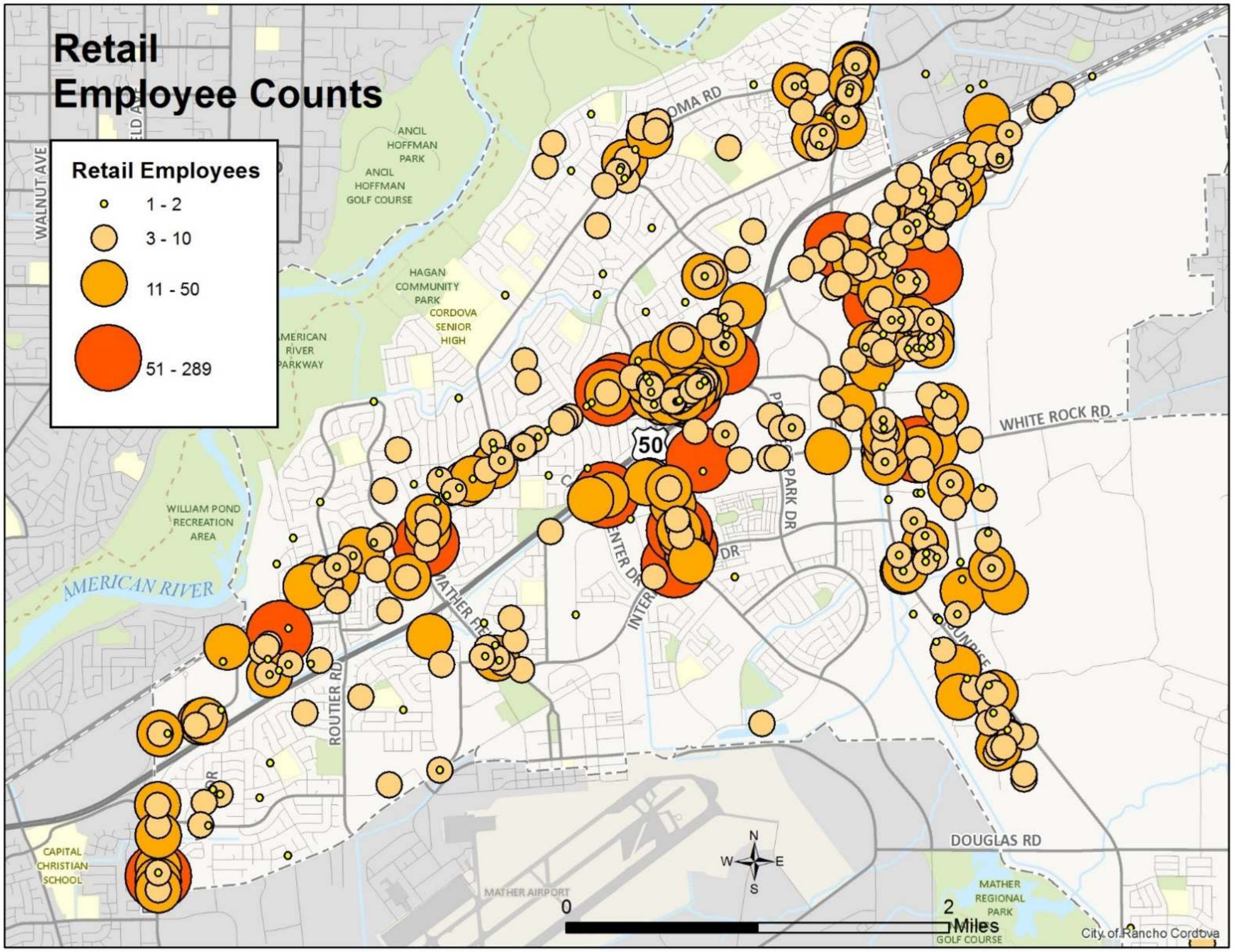
a fresh take. RANCHO CORDOVA CALIFORNIA

Figure 6 – Retail Business Locations



a fresh take.
RANCHO CORDOVA
CALIFORNIA

Figure 7 – Retail Employee Counts



Retail Space

Retail Space

Retail space is typically occupied by a large mix of users, including the City's 628 retailers, plus the 131 businesses that comprise the personal services category such as salons, cleaners, tax preparers, tutors, and therapists. In addition, many of the 71 establishments that offer recreational and entertainment services such as health clubs and live entertainment also locate in retail space, especially the smaller ones. Lastly, almost any small business or office user can locate in retail space, including banks, schools, realtors, sales offices, and medical and government offices. All these establishment types all tend to locate in retail centers throughout the City.

Retail Inventory, Rents & Vacancy

Retail Inventory, Vacancy Rates and Pricing

According to CoStar, The Highway 50 Corridor has 351 retail buildings with 5.157 million square feet of gross lease area, and the current Corridor vacancy rate is 15.1%, or 780,879 square feet. This is the highest vacancy rate in the region. Absorption was about 48,000 square feet in the first three quarters of 2014.[xix] The Corridor includes Rancho Cordova and Southeastern Sacramento (including the Florin Fruitridge area). Rancho Cordova probably represents about half of the Corridor total.

Table 5 -- Highway 50 Corridor Submarket Retail Inventory[xx]

Category	50 Corridor Total	
	Number	Square feet
General Retail	199 buildings	1,890,898
Malls	0/10	0
Power Centers	0/30	0
Shopping Centers	63 centers	3,176,789
Specialty Centers	1	88,945
Total Retail	351 buildings	5,156,632

Table 6 – Selected Sacramento Retail Market Statistics[xxi]

Submarket	Gross Leasable Area	Total Vacancy	2014 Net Absorption	Average Asking ($/sf/Mo NNN)
50/Rancho Cordova	2,801,204	22.5%*	82,103	$ 1.08
Arden/Watt/ Howe	3,500,639	7.9%	-80,591	$ 1.73
Laguna/Elk Grove	5,012,437	5.8%	25,323	$ 1.62
Folsom/ El Dorado Hills	5,445,247	10.4%	78,806	$ 2.01
Roseville	6,397,251	8.8%	-77,008	$ 1.76

Vacancy rates vary depending on the source. Other Real Estate Brokerage reports suggest Highway 50 Corridor vacancy is between 15.1% and 22.5%. One broker has noted that vacancy in the corridor is similar to other submarkets if you remove three big box buildings from the vacancy list -- the former Sam's Club @ 100,000 square feet, the former Office Depot/Arizona Tile at about 80,000 square feet, and the former Raley's at Coloma Rd. and Folsom Blvd @ 50,000 square feet.

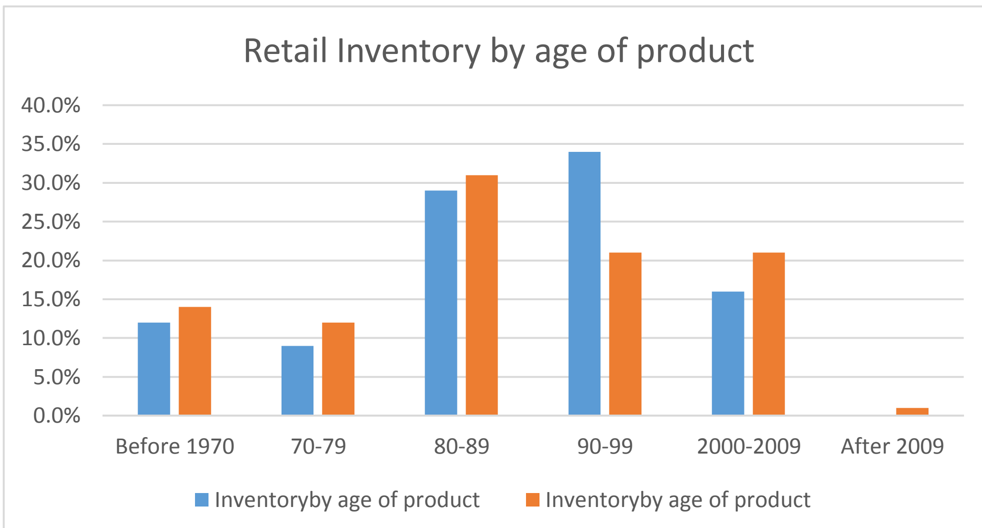
According to Terranomics, another commercial real estate firm, asking annual NNN rents are up from their historic low of $13.50 ($1.12/mo.) in early 2013 to almost $15.00 ($1.25/mo.) in late 2014. Vacancy rates are down from their historic high of 23% in early 2013 to about 17% in late 2014.[xxii]

Infrastructure Needs of Retail Establishments

Retailers' desire good streets with heavy traffic, curb appeal, easy vehicular access, adequate parking, and capital for operations, expansion and facility upgrades. The City, like most communities in the United States, has been over-retailed since before the recession, and less desirable space has suffered higher vacancies as a result. The age of the City's space also makes it less attractive than newer space.

Existing Retail Space Needs Updating

Figure 9 – Retail Inventory by Age of Product



Staff has been on site tours, has collected data including absorption data, and has conducted a number of interviews to get a sense of the City's existing retail space. Existing retail space north of Highway 50 is generally spread out, older, is a mix of neighborhood and strip centers, and is less desirable to national tenants. Updating and filling the larger empty spaces at Mills Station and other locations will take time, and will require flexibility by the City in allowing mixes of uses such as small local retailers, churches and offices. Developers such as Ethan Conrad, who are investing in upgrades and are bringing new tenants, should be encouraged. As revitalization occurs, vacant space should fill and vacancy rates should go down. The City's newer, more concentrated shopping areas, including the Folsom-Olson Zinfandel triangle and Capitol Village, are more vibrant.

Retail Conclusions	

Retail Conclusions

1. Sales tax remains an important source of city revenues. The city should continue recruiting retailers and helping to fill vacant space.

2. Rancho Cordova has a diverse retail base. However, significant leakages occur in store types typically found in and around regional malls, auto malls, and near hospitals. Due to the existence of regional and auto malls in adjacent communities, the City should not expect to correct these leakages any time soon.

3. Many existing Retail Centers are aging and in need of updating. The City needs to continue to engage in helping these centers modernize.

The historic linear nature of retail development is problematic, especially with light rail along one side of Folsom Boulevard. This limits the City to a string of smaller shopping centers. A future retail mall development in the south or east area should help reduce leakage in apparel.

Helping the Retail Industry

Based on interviews and research, the city's best actions include:

1. Keep promoting the City and changing its image. Strong promotion of the new Fresh Take brand is important;

2. Increase security patrols at light rail stops and commercial complexes;

3. Continue recruiting new retailers, personal services and small office users to suitable locations. Provide free market data as an aid to recruitment;

4. Conduct more frequent roundtables with owners of existing shopping centers to refine potential City assistance;

5. Establish the permit ombudsperson function to help applicants navigate the permit, inspection and fee processes;

6. Consider joint marketing with local business groups to help bring in more clients;

7. Establish a city business loan program for gap financing, including façade improvements, and tenant improvements. Keep a catalog of other available business loan programs;

8. Continue modernization of Folsom Boulevard, particularly creating transit-oriented development at light rail pulse points. Encourage more bus routes to and from light rail, homes, and employment centers;

Continue congestion relief planning and implementation along Sunrise Boulevard.

Partners

Partners:

Shopping center owners and developers, major retailers, Chamber, retail brokers, others.

Standard Industrial Classifications included in Retail

481207	Cellular Telephones (Services)	555129	Watercraft to Personal	581224	Barbecue Restaurant
521101	Doors to Garage	556103	Recreational Vehicles	581228	Coffee Shops
521106	Windows to Metal	556106	Truck Canopies, Caps & Shells	581248	Juice Bars
521107	Windows	557101	All Terrain Vehicles	581255	Hookah Bars & Lounges
521109	Windows to Vinyl	557106	Motorcycles & Motor Scooters to Dealers	581301	Bars
521116	Screens to Door & Window	559908	Aircraft Equipment Parts & Supplies	581303	Cocktail Lounges
521118	Siding Materials	559909	Wreckers to Dealers	591205	Pharmacies
521119	Shutters	561101	Men's Clothing & Furnishings to Retail	591207	Pharmaceutical Consultants
521126	Building Materials	561102	Salvage & Surplus Merchandise	592102	Liquors to Retail
521128	Concrete to Ready Mixed	562101	Women's Apparel- Retail	593202	Antiques to Dealers
521131	Doors	562104	Bridal Shops	593215	Junk to Dealers
521136	Energy Conservation Prods & Systems	562108	Boutique Items to Retail	593217	Furniture to Used
521137	Hardwoods	564101	Baby Accessories	593222	Thrift Shops
521138	Home Centers	565101	Clothing to Retail	594113	Sporting Goods to Retail
521142	Lumber to Retail	566101	Shoes to Retail	594119	Sauna Equipment & Supplies
521154	Masonry Supplies	566102	Shoes- Orthopedic	594122	Playground Equipment
521166	Stone- Retail	569907	Western Apparel	594123	Backpacking & Mountaineering Equip
521171	Roofing Materials to Metal	569909	Wigs Toupees & Hairpieces	594129	Guns & Gunsmiths
523107	Paint to Retail	569915	Swimwear & Accessories to Retail	594130	Golf Equipment & Supplies to Retail
523110	Glass to Auto Plate Window & Etc	569917	T to Shirts-Retail	594145	Ammunition
523121	Glass- Residential	569919	Tailors	594148	Soccer Equipment & Supplies
525101	Saws	569922	Uniforms	594201	Book Dealers- Retail
525104	Hardware to Retail	569932	Alterations to Clothing	594301	Office Supplies
525115	Tools to New & Used	569947	Apparel & Garments to Retail	594302	Filing Equipment Systems & Supplies
526101	Lawn & Garden Equip & Supplies- Retail	571203	Retail Equipment & Supplies	594306	Rubber & Plastic Stamps
526103	Fountains- Garden Display Etc	571204	Tables	594310	Educational Materials
526109	Lawn Mowers	571211	Kitchen Cabinets & Equipment Household	594407	Clocks- Dealers
526136	Sprinklers to Garden & Lawn-Retail	571218	Counter Tops	594408	Jewlry Designers
526137	Engines to Gasoline	571216	Furniture to Dealers-Retail	594409	Jewelers to Retail
531102	Department Stores	571217	Furniture to Designers & Custom Builders	594501	Craft Supplies
531108	Home & Personal Care Products	571220	Mattresses	594506	Magicians Supplies
531110	Wholesale Clubs	571236	Cabinets	594508	Hobby & Model Constr Supplies to Retail
533101	Variety Stores	571305	Carpet & Rug Dealers to New	594509	Games & Game Supplies
533102	Trading Posts	571306	Floor Materials	594520	Crafts
539901	General Merchandise to Retail	571308	Floor Coverings to Retail	594701	Balloons to Novelty & Toy
541101	Food Markets	571404	Quilting	594710	Greeting Cards to Retail
541103	Convenience Stores	571911	Blankets Retail	594711	Gift Wrapping Materials
541104	Food Products to Retail	571912	Pottery	594712	Gift Shops
541105	Grocers to Retail	571916	Window Coverings to Dealers	594716	Party Supplies
542107	Meat to Retail	571917	Venetian Blinds to Retail	594913	Quilting Materials & Supplies
543101	Fruits & Vegetables & Produce to Retail	571926	Lighting Fixtures to Retail	596102	Internet & Catalog Shopping
544101	Candy & Confectionery to Retail	571929	Housewares to Retail	596104	E to Commerce
545102	Yogurt	571930	Glass to Carved Ornamental Beveled Etc	596201	Vending Machines
546102	Bakers to Retail	571932	Fireplaces	596301	Party Planning Service
546105	Doughnuts	571969	Window Treatments	596305	Food Service to Management
549901	Health & Diet Foods to Retail	571988	Home Accessories & Furnishings	596307	Coffee Break Service & Supplies
549904	Vitamin & Food Supplements	572202	Appliances to Household-Major-Dealers	598401	Propane (Lp) Gas
549913	Herbs	572216	Vacuum Cleaners to Household-Dealers	599201	Florists to Retail
549920	Gourmet Shops	572220	Ranges & Stoves to Dealers	599301	Cigar Cigarette & Tobacco Dealers Retail
549948	Beverages to Non-Alcoholic-Retail	573105	Stereophonic & High Fidelity Equip to Dlrs	599402	Magazines to Dealers
551102	Automobile Dealers to New Cars	573107	Satellite Equipment & Systems to Retail	599502	Optical Goods to Retail
551103	Automobile Dealers to Used Cars	573113	Audio to Visual Equipment-Dealers	599902	Cellular Telephones to Equipment & Supls
552101	Truck to Dealers-Used	573117	Electronic Equipment & Supplies to Retail	599910	Tropical Fish to Retail
552102	Automobile to Antique & Classic	573121	Home Theatre Systems	599917	Hot Tubs & Spas
553102	Filters- Air & Gas	573401	Computer Software	599919	Chemicals to Retail
553107	Automobile Alarms	573403	Publishing- Desktop	599927	Picture Frames to Dealers
553111	Automobile Parts & Supplies -New	573405	Computers to Dealers-Used	599929	Pet Supplies & Foods to Retail
553113	Automobile Racing Car Equipment	573407	Computer & Equipment Dealers	599930	Pet Shops
553114	Automobile Radio & Stereo Systems	573801	Records Tapes & Compact Discs to Retail	599931	Factory Outlets
553116	Batteries to Storage-Retail	573608	Musical Instruments to Dealers	599933	Orthopedic Appliances
553123	Tire to Dealers-Retail	581203	Ice Cream Parlors	599936	Wine Makers' Equipment & Supplies
553129	Automobile Accessories	581208	Restaurants	599940	Wedding Supplies & Services
554101	Service Stations to Gasoline & Oil	581209	Delicatessens	599963	Plastics to Products-Retail
554110	Alternative Fuels	581212	Caterers	599967	Artificial Flowers & Plants & Trees
555103	Boat Equipment & Supplies	581214	Cafes	599969	Art Galleries & Dealers
555104	Boat Dealers Sales & Service	581219	Sandwiches	599990	Wood Products
555113	Marine Equipment & Supplies	581220	Restaurant Management	599992	Cosmetics & Perfumes to Retail
555122	Kayaks	581222	Pizza		

ENDNOTES

[i] City of Rancho Cordova FY 2013-15 Adopted Budget.
[ii] City of Rancho Cordova Economic Review 2014Q3, by MuniServices.
[iii] City of Rancho Cordova FY 2013-15 Adopted Budget.
[iv] Other Retail includes 376 firms in 192 SIC Codes with fewer than ten competitors each, representing over half of the retail establishments and just over half the City's retail employment. 104 of these firms are specialized firms selling unique equipment and products (e.g antique autos, gourmet foods, personal watercraft, orthopedic shoes, etc.).

[v] Employment data and establishment counts from Reference USA. Employment trends from Center for Strategic Research 2014.

[vi] US Census Bureau, http://quickfacts.census.gov/qfd/states/06/0659444.html Updated December 2014

[vii] City of Rancho Cordova Economic Review 2014Q3, by MuniServices
[viii] City of Rancho Cordova Economic Review 2014Q3, by MuniServices
[ix] City of Rancho Cordova Economic Review 2014Q3, by MuniServices
[x] City of Rancho Cordova Economic Review 2014Q3, by MuniServices

[xi] City of Rancho Cordova Economic Review 2014Q3, by MuniServices
[xii] City of Rancho Cordova Economic Review 2014Q3, by MuniServices
[xiii] City of Rancho Cordova Economic Review 2014Q3, by MuniServices
[xiv] City of Rancho Cordova Economic Review 2014Q3, by MuniServices

[xv] Rancho Cordova Economic and Demographic Profile, by the Center for Strategic Economic Research, May 2014, Figure 6.

[xvi] Rancho Cordova Economic and Demographic Profile, by the Center for Strategic Economic Research, May 2014

[xvii] Rancho Cordova Economic and Demographic Profile, Figure 5, by the Center for Strategic Economic Research, May 2014
[xviii] Occupational Employment and Wage Data for Sacramento-Arden Arcade-Roseville MSA for 1Q 2011 and 1Q 2014, by State of California Employment Development Department Labor Market Information Division

[xix] The Costar Retail Report, Sacramento Retail Market, 3Q 2014, by the Costar Group, Inc.

[xx] The Costar Retail Report, Sacramento Retail Market, 3Q 2014, by the Costar Group, Inc
[xxi] CBRE Sacramento Retail Market View Q4 2014
[xxii] Retail Shopping Centers Report, Highway 50/Rancho Cordova, 4th Quarter 2014, by Terranomics (www.dtz.com)

UNIQUE LOCAL INDUSTRY

CONTRACTING, CONSTRUCTION AND HOME IMPROVEMENT IN RANCHO CORDOVA

Industry Overview

Rancho Cordova is dominant in the region with firms whose primary business relates to home improvement. This includes the cluster of contracting companies and retailers that offer design, construction, repair, and other services to homeowners, home builders, and commercial entities. This concentration is very strong, and represents 22% of all firms and 16% of all employment in Rancho Cordova.

Table 1 lists niche businesses types in Rancho Cordova with 14 or more companies. There are 185 other individual Standard Industrial Classifications (SIC) with 13 or fewer companies, from cabinet makers, to tile contractors, to pavers, to architects, and many more (See also Table 5).

Table 1 – Major Business Counts in Home Improvement[i]

Type	SIC[ii]	Establishments	Employment
Landscape contractors	078204	28	319
Garage Doors	521101	26	66
General contractors	152103	24	168
Building contractors	154213	24	366
Painters	172101	23	151
Construction Companies	152144	22	192
Electric contractors	173101	22	219
Air Conditioning Contractors & Systems	171117	20	385
Tile/Ceramic contractors & Dealers	174301	17	129
Furniture Dealers, Retail	571216	15	312
Plumbing Contractors	171105	14	115
Subtotal	--	235	2,422
All others in niche	185 more	497	4,387
TOTAL		**732**	**6,809**

Location(s) of Cluster

Industry Locations

Rancho Cordova officials have long known that the City is the region’s largest clustered hub for the home improvement industry. These establishment types all tend to locate in industrial areas throughout the City, including the major concentration of retailers and contractor showrooms on Sunrise Blvd. between Highway 50 and White Rock Blvd, and along Horn Road and Business Park Drive. See maps on the following pages.

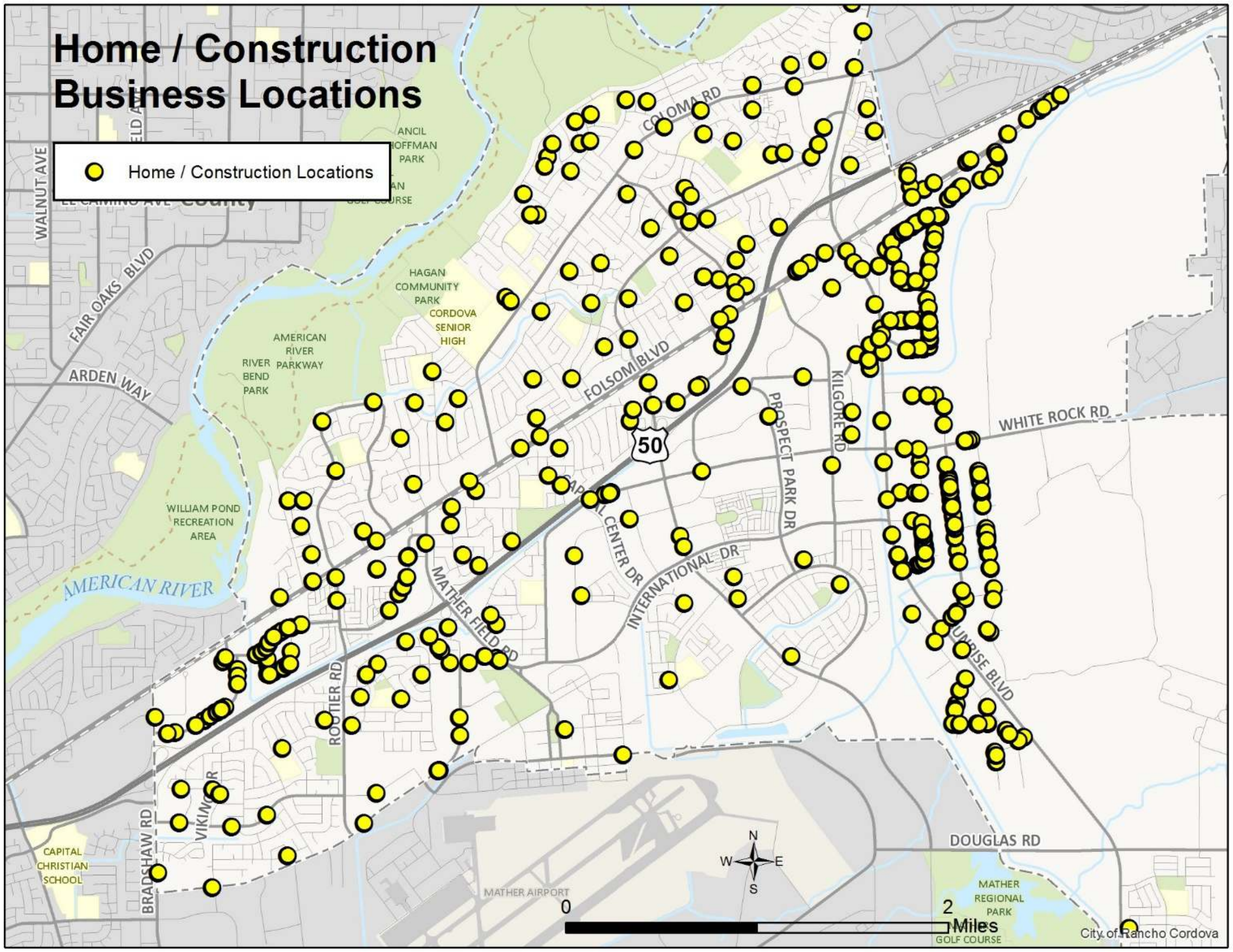


Figure 1 – Contracting, Construction and Home Improvement Industry in Rancho Cordova

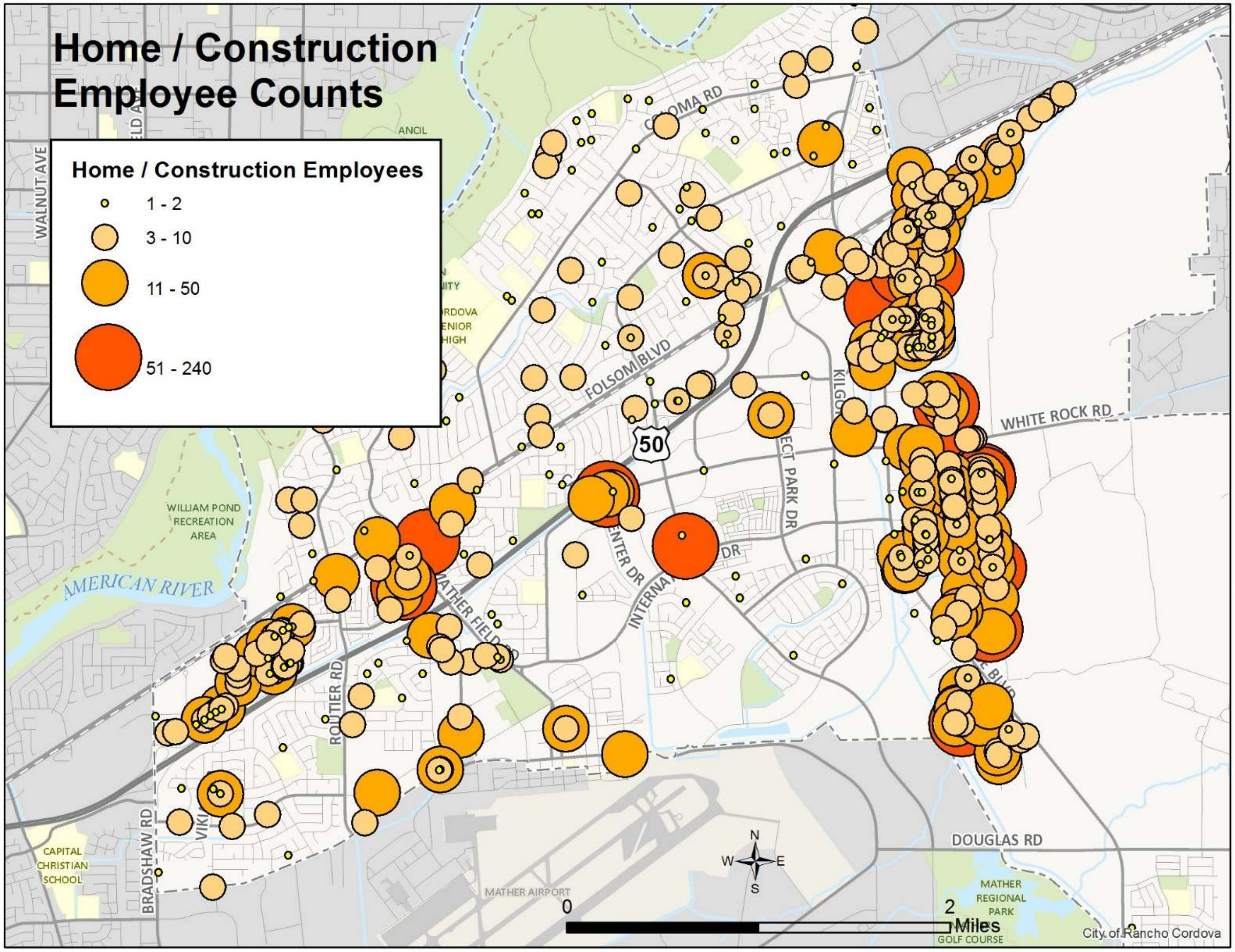


Figure 2 – Contracting, Construction and Home Improvement Employment in Rancho Cordova

Concentrated Industry

The City is known as the place to go for anyone seeking home improvement products and services, such as Do-It-Yourselfers, home builders, and commercial builders. Table 2 shows that the number of contractors and home improvement businesses are spread evenly throughout the region, verifying that such firms tend to locate near where their customers live. Rancho Cordova has more firms than similarly sized cities in the 4-county Sacramento-Roseville-Arden-Arcade SMA.

Table 2 – Contracting, Construction and Home Improvement Businesses – Top 7 Jurisdictions

Jurisdiction – by Zip Codes	Business Count	Percent of Region's Industry
Sacramento City	5,031	30.1%
Roseville	996	6.0%
Rancho Cordova	***745***	***4.5%***
Elk Grove	677	4.1%
Placerville	592	3.5%
Auburn	579	3.5%
Folsom	541	3.2%
Sacramento MSA	**16,710**	**100.0%**

Rancho Cordova's key strength is its strong percentage of contractors and retailers in the industry (19%) that draw from throughout the region, attracting clients from outside the City. Other cities do not have the same percentage or concentration[iii] as Rancho Cordova. The firms in these other cities are spread throughout the city and are not at all concentrated.

Table 3 – Concentrations of Contractors and Retailers[iv]

Jurisdiction	Contractors	Home Improvement Retail Estabs.	Percent of Total City Estabs.
Rancho Cordova	494	97	19%
Roseville	455	52	7%
Folsom	237	62	8%
West Sacramento	144	44	10%
Sacramento City	2,477	3,142	9%
All of Sacramento County (incl cities)	4,464	776	8%

Sales Tax Revenues

This niche is a major sales tax generator for the City. According to MuniServices, the firm that analyzes Rancho Cordova's sales taxes, the construction sub-segment of retail, which does not include home improvement retailers, brought the city 24% of its sales tax revenues in the last reported year, or just under $3 Million.[v] Growth in retail sales is expected to be about 2.4% through 2016 and about 4% after. By 2018, the City should be earning about $3.5 Million per year in sales tax from construction activity alone.[vi]

Wages and Employment Growth

Wages and Employment Growth Potential

Construction lost many jobs during the recession, but is expected to be the fastest growing industry over the next decade (Table 4).

Table 4 – Rancho Cordova Construction Industry Job Change 2005-2022[vii]

Industry	Job Losses 2005-2012 (12 Yrs)	Expected Gain 2012-2022 (10 Yrs)	Percent Change 2012-2022
Construction	-3,725	+2,224	+54.2%
All Industries	-12,525	+8,967	

A December 2014 report by the California Employment Development Department-Labor Market Information for the Sacramento-Roseville-Arden-Arcade MSA lists their top 55 fastest growing occupations. Construction and trade occupations represent 18 of the top 55. Most of these entry level occupations require less than a High School degree, the more skilled and supervisory levels require a High School diploma and some postsecondary non-degree training. Some examples are listed in Table 5.

Table 5-- 2012-2022 Fastest Growing Occupations[viii]

Occupation Title	Est Empl. 20012	Projected Need 2022	Percent Change	Annual Avg Percent Change	Median Hourly	Median Annual
Tile and Marble Setters	980	1,630	66.3%	6.6%	$21.04	$43,756
Tapers	680	1,120	64.7%	6.5%	$23.95	$49,807
Painters, Construction and Maintenance	2,300	3,740	62.6%	6.3%	$17.44	$36,258
Drywall and Ceiling Tile Installers	970	1,580	61.9%	6.2%	$22.84	$47,500
Cement Masons and Concrete Finishers	1,070	1,660	56.1%	5.6%	$19.77	$41,135
Plumbers, Pipefitters, and Steamfitters	1,780	2,630	47.8%	4.8%	$25.89	$53,845
Cost Estimators	1,730	2,540	46.8%	4.7%	$31.30	$65,118
Carpenters	8,120	11,830	45.7%	4.6%	$22.15	$46,073
HVAC & Refrigeration Mechanics & Installers	1,470	2,130	45.6%	4.6%	$23.30	$48,467
Sheet Metal Workers	910	1,320	45.1%	4.5%	$30.40	$63,226
Roofers	1,040	1,500	44.2%	4.4%	$24.47	$50,900
First-Line Supervisors of Construction Trades	2,990	4,260	42.8%	4.3%	$35.30	$73,416
Electricians	2,810	4,000	42.3%	4.2%	$26.84	$55,828
Construction Laborers	7,380	10,390	40.9%	4.1%	$19.54	$40,649

Infrastructure

Space and Infrastructure Needs

Most of the contractors and construction companies are situated in two industrial areas of town: 1) East of Sunrise Blvd. and South of Folsom Boulevard, and 2) in Western Rancho Cordova along Croydon Way, Mills Station Road, Horne Road, and Business Park Drive. These areas are established with adequate infrastructure, but individual land use conflicts occasionally occur. These areas will have to continuously be maintained and upgraded whenever possible.

Industry Issues

Industry Issues

Four key issues surfaced during the business outreach for this niche, along with the general comments described earlier:

1. As traffic gets heavier on Sunrise Blvd, customers will have more difficulty getting to contractors and retailers. While only a nuisance now, solutions will have to be discussed. While some traffic is routed on Zinfandel Dr., the new Rancho Cordova Parkway from Anatolia to the new interchange will be critical. Planned street improvements that aid traffic flow should be completed.

2. Over half of the firms in this industry have 1-4 employees, and all but a handful qualify as a small businesses under the Small business Administration's definition (under 500 employees company-wide). These companies have more difficulty obtaining capital for large jobs, expansions, and other business purposes.

3. Most of the contractors headquartered in town do work in communities throughout the region and do only some of their business in Rancho Cordova proper. Permits and regulations vary between jurisdictions. There is, however, interest in working with the Community Development Department to streamline the permit process. Some ideas include: 1) reducing the number of inspections required for replacement products such as windows and doors; and 2) allowing certified inspectors, which will speed up the inspection process[ix];

4. The Signage Ordinance limits the ability of some to advertise. Some believe better signage will bring more customers.

City Next step(s)

Based on interviews and other research, the City's best actions for this industry include:

1. Collaborate with the industry to help promote the City's key concentration of home improvement contractors, retailers, and service firms;
2. Offer selected incentives for equipment purchases, renovations, showrooms, and facades;
3. Establish a working group between replacement contractors (windows, doors, concrete, etc. to discuss the City's permit regime and to find ways to streamline and discuss implementation of the new Permit Simplicity program;
4. Invite owners of existing establishments to periodic roundtables;
5. Ensure Sunrise Blvd stays as an attractive, landscaped thoroughfare with limited congestion, and that buildings and automotive businesses there keep attractive facades;

Partners

Partners: Builders Exchange, Chamber, Real Estate Brokers, others.

References

Representative Companies[x]

K Designers
Timberlake Cabinet Co.
Sunworld LLC
Naturewood Home Furnishings
Home Depot
Sun World Landscape
Pacific Coast Building Products
Lowe's Home Improvement
ACCO Engineered Systems
Cima's Landscape & Maintenance
Zuke's Landscape Inc.
Alley & Co Heating/Air Inc.
Pacific Supply
Horizons Painting
Teichert Aggregates
General Pool and Spa Supply
Beebe Diversified
Sierra Pacific Home
Wardlow Tile and Stone
Associated Concrete Pumping
Mee Moving and Storage

Table 6 -- List of Primary SIC codes in Home Improvement and Contracting

SIC		Estabs	Employment
0781-0783	Landscaping, lawn, tree services	45	574
1521 - 1522	Residential Builders & remodelers	76	508
1542	Building and Maintenance Contractors	31	382
1611-1629	Commercial Construction	12	166
1711-1799	Specialty Contractors	241	2,128
4214-4841	Movers, storage, TV cable providers	21	178
5021-5199	Furniture & Bldg Materials Wholesalers	69	712
5211-5999	Retailers	155	1,625
7217-7699	Services, cleaning, pest control, etc.	60	366
8712-8748	Architects, planners, other consultants	22	170
TOTAL		**732**	**6,809**

Endnotes

[i] Reference USA December 2014
[ii] SIC = Standard Industrial Classification
[iii] Comparison between cities drawn from ReferenceUSA February 2015. Rancho Cordova's count may vary slightly from December 2014. In addition, this is not a total count of all firms in the home improvement industry, only those in contracting and retailing.
[iv] ReferenceUSA, March 2015
[v] City of Rancho Cordova Economic Review 2014 Q3, by MuniServices, "Annual Sales Tax by Business Category"
[vi] Ibid
[vii] California Employment Development Department, Labor Market Information Division, Historical Employment Data for Rancho Cordova and 2012-2022 Industry Employment Projections, issued December 2014
[viii] 2012-2022 Fastest Growing Occupations, Sacramento-Roseville-Arden-Arcade SMA, by California Employment Development Department – Labor Market Information Division. December 2014.
[ix] We note that the City just approved proceeding with a pilot "Permit Simplicity" program along with Elk Grove. Implementation is scheduled for launch on July 1, 2015. http://www.bizjournals.com/sacramento/news/2015/04/09/elk-grove-rancho-cordova-adopting-permit-simplicit.html and http://www.topix.com/city/rancho-cordova-ca/2015/04/1504093ODL4J
[x] ReferenceUSA, December 2014

UNIQUE LOCAL INDUSTRY

VEHICLES AND VEHICULAR SERVICES IN RANCHO CORDOVA

Industry Overview

Rancho Cordova is unique in the region with its concentration of firms whose primary business relates to vehicles. These broadly include auto/boat/recreational vehicle dealers, dismantlers, wrecking and towing, and parts and repair/maintenance. The only automotive segments not well represented are new and used car retail, which are concentrated in Folsom.

Table 1 – Vehicular Industry makeup[i]

Type	SIC Range	Establishments	Employment
Automotive services (repairing, service, etc.)	7299-7999	152	835
Retail vehicles and parts	5231-5599	97	541
Wholesale (dismantling, recycling, parts, towing)	5012-5172	84	789
Service stations	5541	12	100
Manufacturing (including machine shops)	3559-3714	26	293
Transportation Services	4119-4226	12	343
All Vehicular		**384**	**2,901**

Location(s) of Cluster

Industry Locations

Rancho Cordova officials have long known that the City is the region's largest concentrated hub for the vehicle aftermarket industry. The City is the place to go for commercial vehicle services and the Do-It-Yourself market. In particular, Rancho Cordova has an extraordinarily strong showing of dismantlers. Each draws cliental from throughout the region, thus attracting clients from outside the City. Smaller clusters (shown in Table 2 below) exist in West Sacramento and Roseville/Rocklin, but not in the same concentrations. While Sacramento has the largest number of businesses they are spread throughout the city. The closest similar concentrations are in Stockton or the Bay Area. Also, it was reported from a business representative interviewed for this report that the niche in Rancho Cordova is unique as the only cluster of businesses in the state that have their products in searchable databases to ease in the location of items.

These establishment types all tend to locate in industrial areas throughout the City, including the major concentration of dismantlers and parts stores on South Sunrise Boulevard. Parts stores and small repair shops tend to locate in retail areas along Folsom and Sunrise Boulevards. See maps on the following pages.

The dismantling industry is located on Sunrise Blvd., between the newest most affluent sections of town to the south and the large commercial/employment area to the north. Residents in Anatolia and other subdivisions must traverse this area to get home. It is important to keep Sunrise Boulevard as an attractive thoroughfare over time.

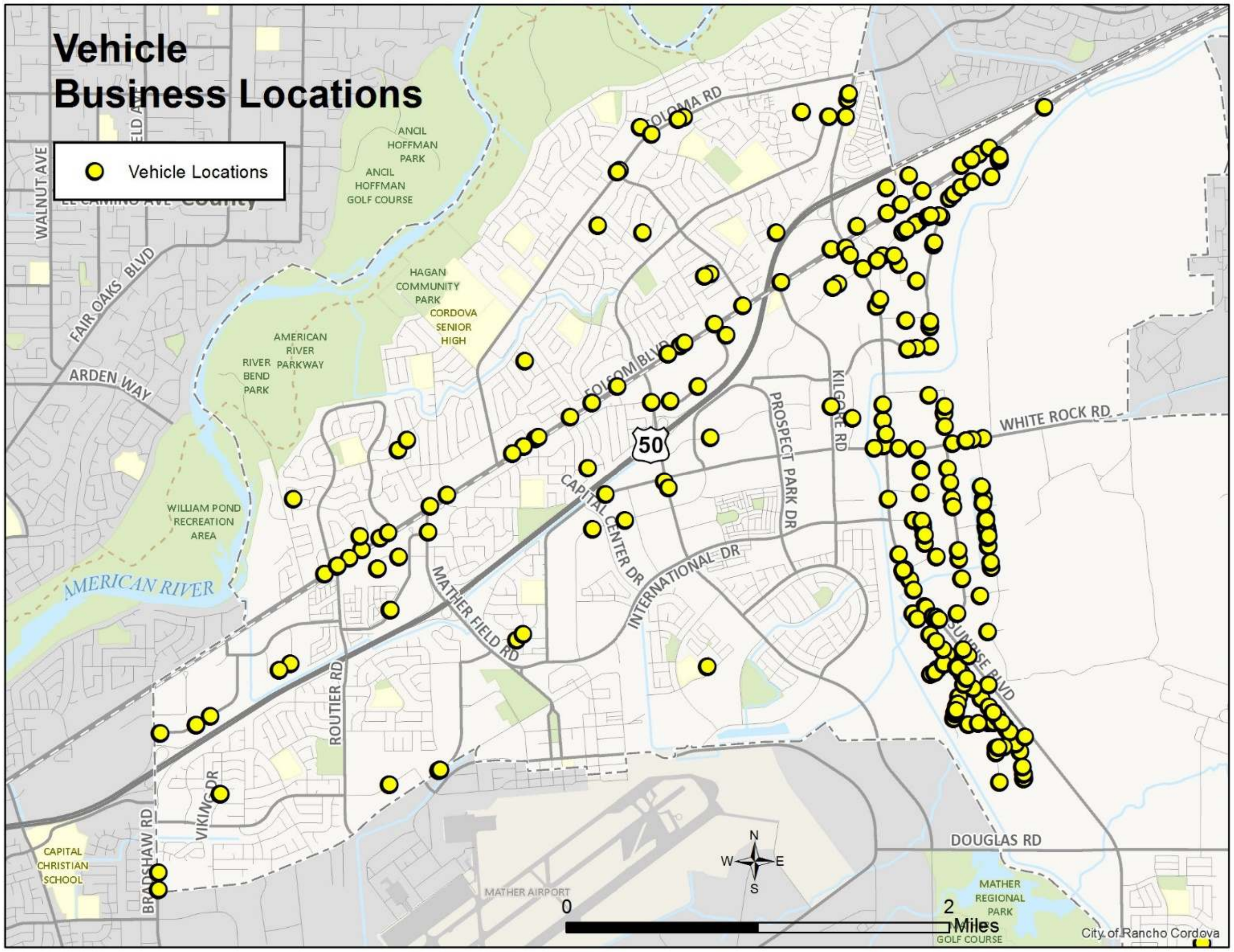


Figure 1 – The Vehicle Niche in Rancho Cordova

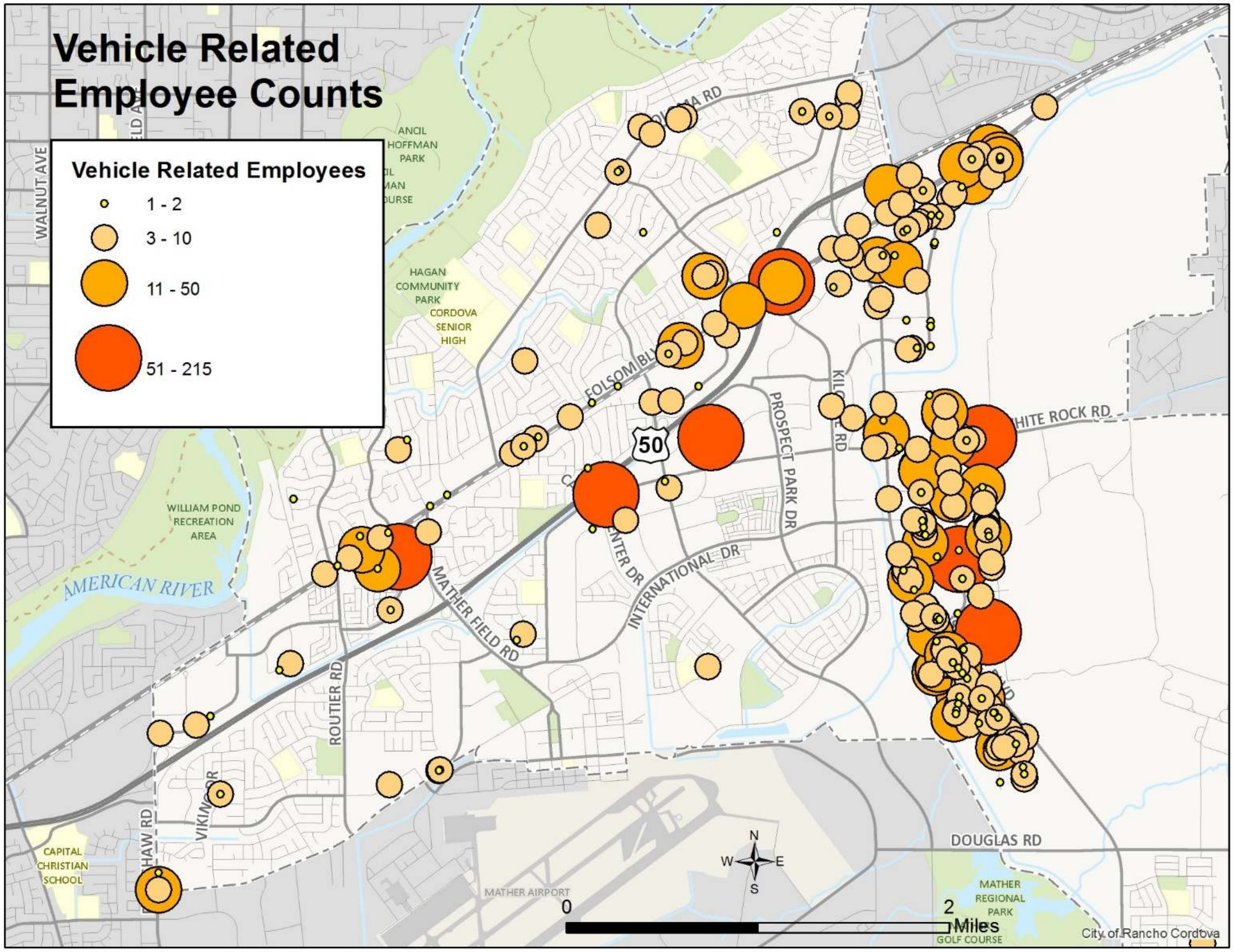


Figure 2 – Vehicle Niche Employment in Rancho Cordova

Large Share of Region's Industry

The retail and service components of the industry, including auto parts stores, gas stations, automotive services and transportation services, tend to spread out in every city to be close to the customer. On the other hand, dismantlers/wholesalers and manufacturers of vehicular parts tend to cluster near each other. The number of dismantlers, wholesalers and manufacturers by city is shown in Table 2. Rancho Cordova itself represents a full 25% of all firms in the 4-county Sacramento-Roseville-Arden-Arcade Metropolitan Statistical Area. The regional cluster is highly concentrated on South Sunrise Blvd., while spread out in other communities.

Table 2 – City business counts vehicular wholesale and manufacturing[ii]

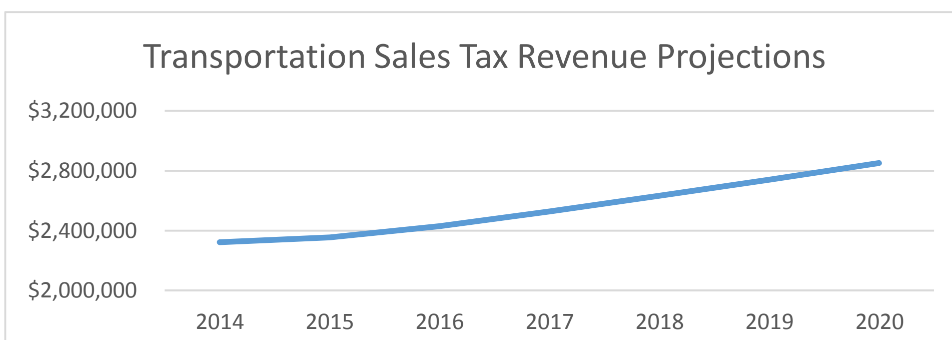
Jurisdiction	Manufacturing & Wholesale	Percent of Metro Area's Industry
Sacramento City	228	47%
Rancho Cordova	121*	25%
West Sacramento	47	10%
Woodland	28	6%
Roseville	24	5%
Total Sacramento MSA[iii]	490	100%

***Note that for data consistency for comparison between jurisdictions, all values in this table are based on zip code boundaries, not jurisdiction boundaries.

Growth Potential

The transportation sub-segment of retail brought the City 15% of its sales tax revenues in the last reported year.[iv] Growth in transportation related retail sales is expected to be about 2.4% through 2016 and about 4% percent through 2020.[v]

Table 3 –Transportation Sales Tax Revenue



Industry Issues

Based on interviews, observations and other research, key issues include:

1. As housing development occurs and traffic gets heavier on south Sunrise Blvd., the dismantling yards will increasingly find themselves in the center of town rather than the edge. Pressure will increase for landscaping, screening and perhaps even relocation. It will therefore be increasingly important to work with the cluster to maintain an attractive curbside appeal.
2. On the other hand, the traffic and the close proximity to other like businesses has been a great boon and helps generate significant trade. Employee accommodations such as modifying work schedules have been effective. Shift changes and ambulance routes are adjusted accordingly.
3. Because of heavy truck and other traffic, the streets tend to require frequent maintenance;
4. The City's vehicle washing regulations have also been an issue, and to the extent the issue is unresolved, a group meeting with City regulators may be indicated.
5. There is a unique opportunity to attract Bay Area businesses, who are experiencing more red tape and are being increasingly crowded out.

City Next step(s)

The City's best actions include:

1. Ensure Sunrise Blvd. stays as an attractive, landscaped thoroughfare, that road maintenance is kept up, and that buildings and automotive businesses there keep attractive facades;
2. Invite owners of existing establishments to a series of roundtables to discuss ongoing industry issues;
3. Make small business loans available;
4. Offer selected incentives for renovations and façade improvements;
5. Help promote the City's key concentration of automotive parts and services to the outside.

Partners

Partners

SCADA (State of California Auto Dismantlers Association), Chamber, retail brokers, others.

References

<u>Largest Rancho Cordova Companies in Vehicular niche</u>

Alphaone Ambulance Medical Svc	Pacific Jet Charter Inc
B & J Body Shop	Party Bus
B & J Towing	Pep Boys
First Responder AMBULANCE Svc	Pick-N-Pull
Folsom Lake RV	Rancho Recycling Inc
Gamboa's Body & Frame	Republic Services
Insurance Auto Auctions Inc	Rubicon Express
J L Haley Enterprises	Sacramento Vintage Ford Parts
LKQ Specialized Parts	Sims Metal Management
Mazda Auto Recycling	TAP Recycling
MV Transportation Inc	West Coast Differentials Inc
Now Ventures Inc Nissan	Woodmack Products Inc

Endnotes

[i] Reference USA December 2014

[ii] ReferenceUSA March 2015

[iii] The Sacramento-Roseville-Arden-Arcade MSA includes the greater Sacramento Region, which is composed of El Dorado, Placer, Sacramento and Yolo Counties

[iv] City of Rancho Cordova Economic Review 2014 Q3, by MuniServices

[v] Ibid

UNIQUE LOCAL INDUSTRY

TECHNOLOGY IN RANCHO CORDOVA

Industry Overview

Rancho Cordova is competitive in the region with its surprisingly strong concentration of firms whose primary business relates to technology. With almost 4% of all firms so classified, this is the highest concentration in the area.

Table 1 – Percentage of Firms in Technology by Primary NAICS[i]

Jurisdiction	Technology Firms[ii]	Total firms	Percent of all Firms
Rancho Cordova	***131***	***3,360***	***3.9%***
Roseville	176	7,209	2.4%
Folsom	151	3,759	4.0%
West Sacramento	58	1,840	3.2%
Elk Grove	74	4,284	1.7%
Sacramento County(includes all cities)	1,544	62,638	2.5%
California	45,601	1,792,019	2.5%

Technology businesses in the City are concentrated in engineering and technology services, telecommunications services, computer system design, and data processing.

Table 2 -- Rancho Cordova's Technology Industry makeup[iii]

Type	Establishments	Employment
Manufacturing	8	1,744*
Data processing	15	1074
Engineering & Technology Services	73	1042
Telecommunications services	25	303
Computer system design	19	226
Computer Training	4	9
All Technology	**145**	**4,398**

*includes Areojet @ 1,600

Location(s) of Niche

Rancho Cordova's data processing, engineering and telecommunications firms tend to locate in industrial and office areas throughout the city. See maps.

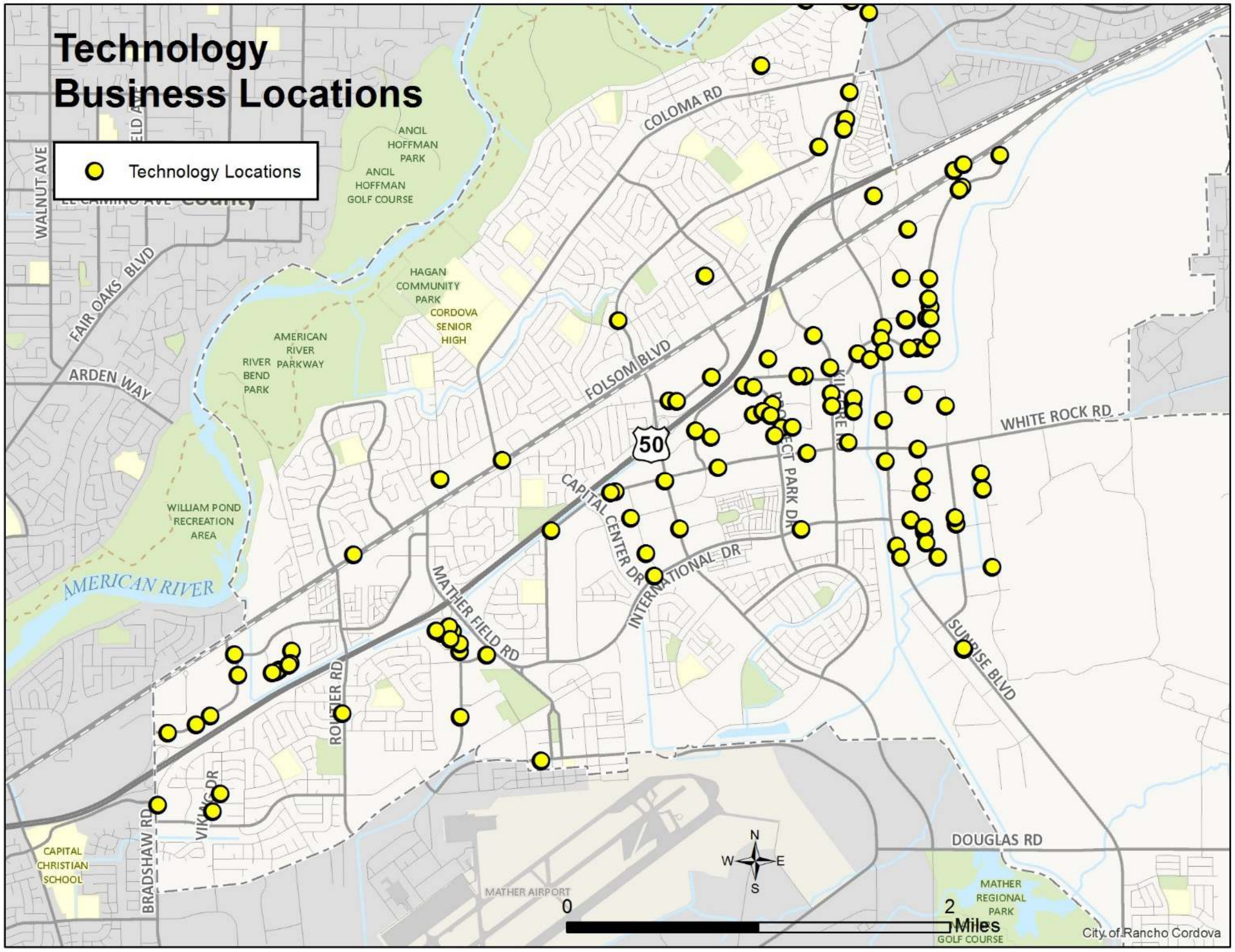


Figure 1 – Technology companies in Rancho Cordova

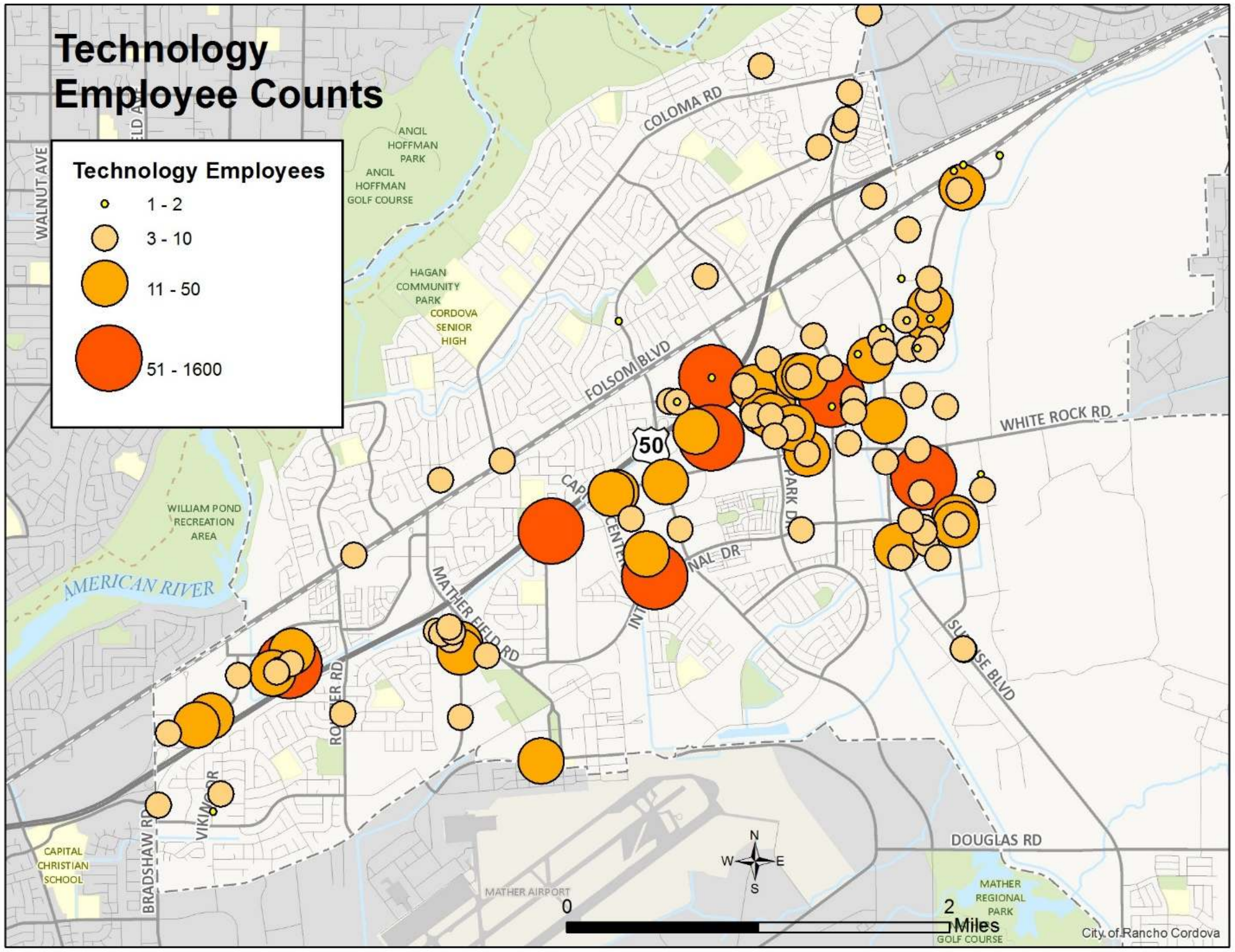


Figure 2 – Technology Employment in Rancho Cordova

Workforce Needs and Growth Potential

Technology Workforce needs

Between now and 2020, the Sacramento region is expected to create 9,420 new jobs and need replacements for 5,616 existing jobs in the Information and Communication Technologies.[iv] This is one of the region's top 10 regional industry clusters as defined by EDD.[v]

Technology is important in the nation and by extension locally as an economic driver. The Brookings Institute, for instance, defines the "Advanced Industries Sector" as 50 industries who use technology, and states that it employs 80% of the nation's engineers, generates about 85% of the patents, accounts for 60 percent of all US exports, and directly and indirectly accounts for nearly one-fourth of all U.S. employment. Those 50 industries include those in this Technology niche report, plus may others.[vi] That same report further states that the Sacramento-Roseville-Arden-Arcade SMA ranks 41's in the nation with 56,320 such jobs. Jobs in these industries are filled by high concentrations of those in STEM (Science, Technology, Engineering, and Math) occupations. Education requirements are increasing in mathematical and scientific concepts. Nationally, the average worker in Advanced Industries Sector earns 145% more than the average U.S. worker.[vii] In the Sacramento region, an architect or engineer earns 14% more than the national average for the same job, a computer and mathematical occupation about the same as nationally[viii]. Sacramento ranked as the fourth fastest growing U.S. city for tech jobs in 2012,[ix] a trend which is expected to continue.

Infrastructure Needs

Infrastructure needs

The historic telecommunications grid left over from the development of Mather Air Force Base is a key reason for the strength in telecommunications. Because of this, the City is one of the relatively few Hub or POP sites in Northern California, and there is a significant concentration of fiber optics buried throughout the employment area.[x] Staff intends to further investigate the current state of telecommunications infrastructure during the office niche investigations.

Except for engineering and technology services which thrive in flexible office and R&D space, most technology industries locate their facilities in industrial areas, in functional buildings. Data centers in particular have a significant positive impact on community development. They require good roads, water, sewer and especially power. Although they employ fewer people per square foot than typical employers, high capital investment in equipment more than makes up the difference. Data centers need:

- A high capacity reliable power supply;
- Fast, diverse communications connectivity;
- Secure buildings

City Next step(s)

City Actions to Support the Industry

Most interviews with industry representatives and a more detailed infrastructure analysis will occur during the office and manufacturing analyses, so little input has yet been received. Based in the information in this report, certain next steps are indicated for the City:

1. Study the condition of existing space now or potentially used by technology firms, and particularly space that can be converted into flex space;
2. Make sure local schools, trade schools and universities offer ample STEM curricula, and that the city's education institutions work with employers to meet their needs.
3. Study the City's telecommunications network for its capacity, condition, potential for expansion, and other factors;

Partners

Partners: individual local businesses, California Manufacturers & Technology Association (CMTA), SARTA, Chamber, retail brokers.

References

Table 3 -- SIC codes in Technology niche

SIC	Description
3571-3861	Technology manufacturing, including Computers and peripheral equipment, communications equipment, consumer electronics, Electronic components, semiconductors, space and defense systems, measuring and controlling instruments, electromedical equipment, and photonics.
4822-4899 & 7374-7389	Communications Services
7372	Software publishers
7371-7379 except 7372	Computer systems design and related services
8711, 8748	Engineering services
8734	R&D and testing labs
8423	Computer training

Endnotes

[i] Technology as defined by the TechAmerica Foundation.

[ii] Counts from ReferenceUSA as of March 15, 2015 using the same criteria for all communities.

[iii] Reference USA December 2014

[iv] "Regional Economic Analysis Profile, Sacramento Region", August 2014, by the California Employment Development Department, LMI Division, Page 2

[v] "Regional Economic Analysis Profile, Sacramento Region", August 2014, by the California Employment Development Department, LMI Division, defines the Information and Communication Technologies cluster as that which:

> "…includes interdependent industries related to computers and peripheral equipment, as well as software design and manufacturing, computer programming services, installation services, and wireless telecommunications carriers. During 2012-2013*, more than 28,000 people were employed in the region or 2.7 percent of the region's workforce. Industries with the highest number of projected job openings include:
>
> - Computer Systems Design and Related Services
> - Computer and Peripheral Equipment Manufacturing
> - Other Telecommunications
> - Wholesale Electronic Markets and Agents and Brokers
> - Semiconductor and Other Electronic Component Manufacturing"

[vi]"America's Advanced Industries, What they Are, Where they are, and Why They Matter", by Brookings, 2015. http://www.brookings.edu/research/reports2/2015/02/03-advanced-industries#/M10420

[vii] Ibid

[viii] "Occupational Employment and wages in Sacramento-Arden-Arcasde-Roseville, May 2013, U.S. Bureau of Labor Statistics.

[ix] The Dice Report, March 2012: "Fastest Growing Cities for Technology Jobs"

[x] For instance, Integra Company fiber optics is buried throughout the city in high concentrations http://www.integratelecom.com/pages/network-map.aspx and is one of their only two Hub/POP's in northern California (see the Updated Long-Haul Fiber Map at the same URL).

UNIQUE LOCAL INDUSTRY

COLLEGES AND VOCATIONAL TRAINING IN RANCHO CORDOVA

Industry Overview

Rancho Cordova is home to 24 colleges and private vocational and trade schools, with five institutions just outside the ity limits. Employees and residents can find general 2- and 4-year degrees, or a myriad of specialized degrees and certificates including in professions such as aircraft piloting, fashion design, computers, and dental hygiene to name a few.

Rancho Cordova has a good share of the technical and trade schools in the region.

Table 1 – Colleges & Private Postsecondary Schools[i]

Location	Establishments
Rancho Cordova	24
West Sacramento	10
Roseville	9
Folsom	8
Sacramento City	75

Locations of Cluster

The schools are spread throughout the City, embedded within the City's concentration of office buildings and shopping centers. This makes sense as the space needs for schools are generally identical to those of office users. Some schools acknowledge locating here to take advantage of proximity to so many potential employers for their graduates and proximity to young residents headed for jobs in various trades

a fresh take.
RANCHO CORDOVA
CALIFORNIA

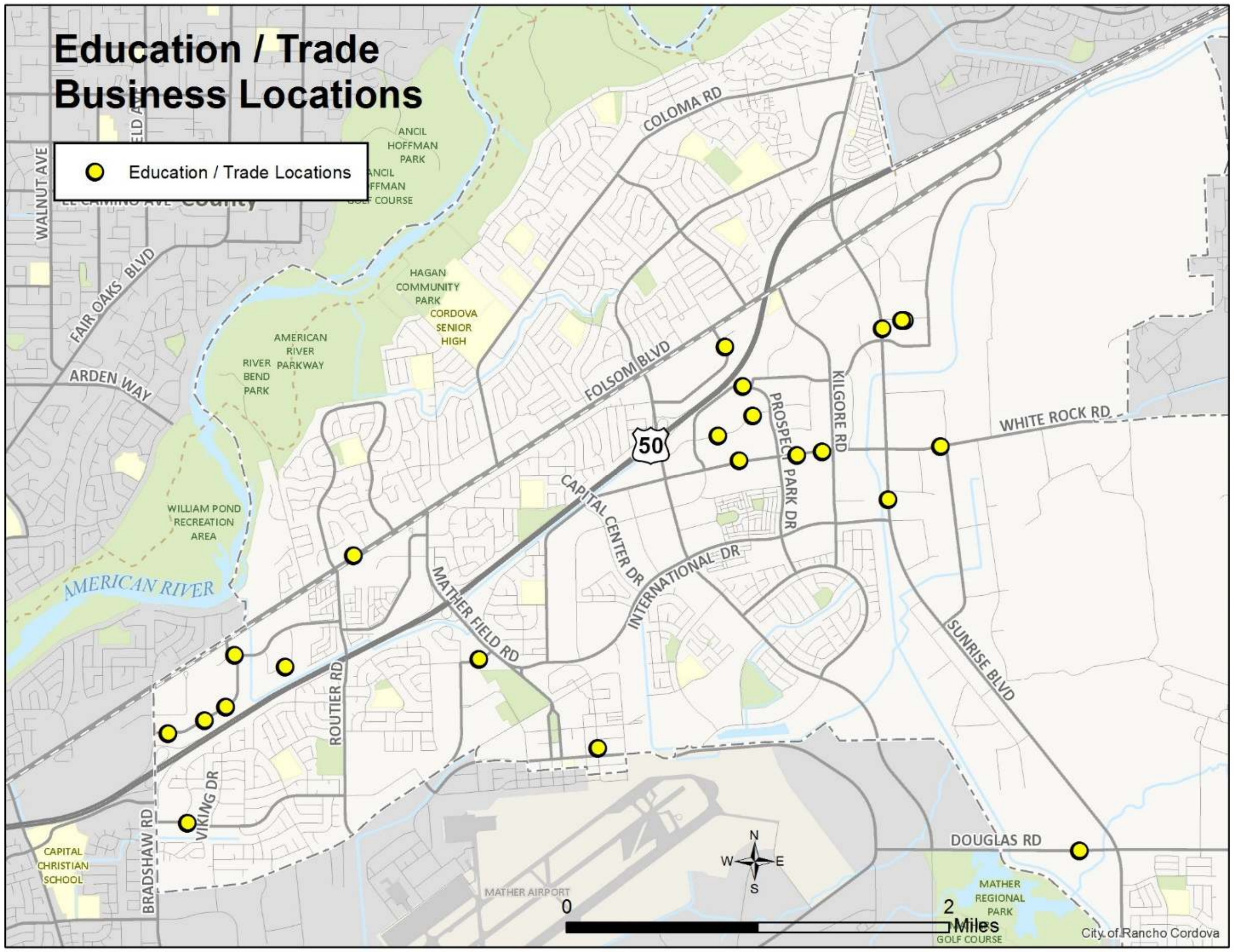


Figure 1 – Education and Trade Schools in Rancho Cordova

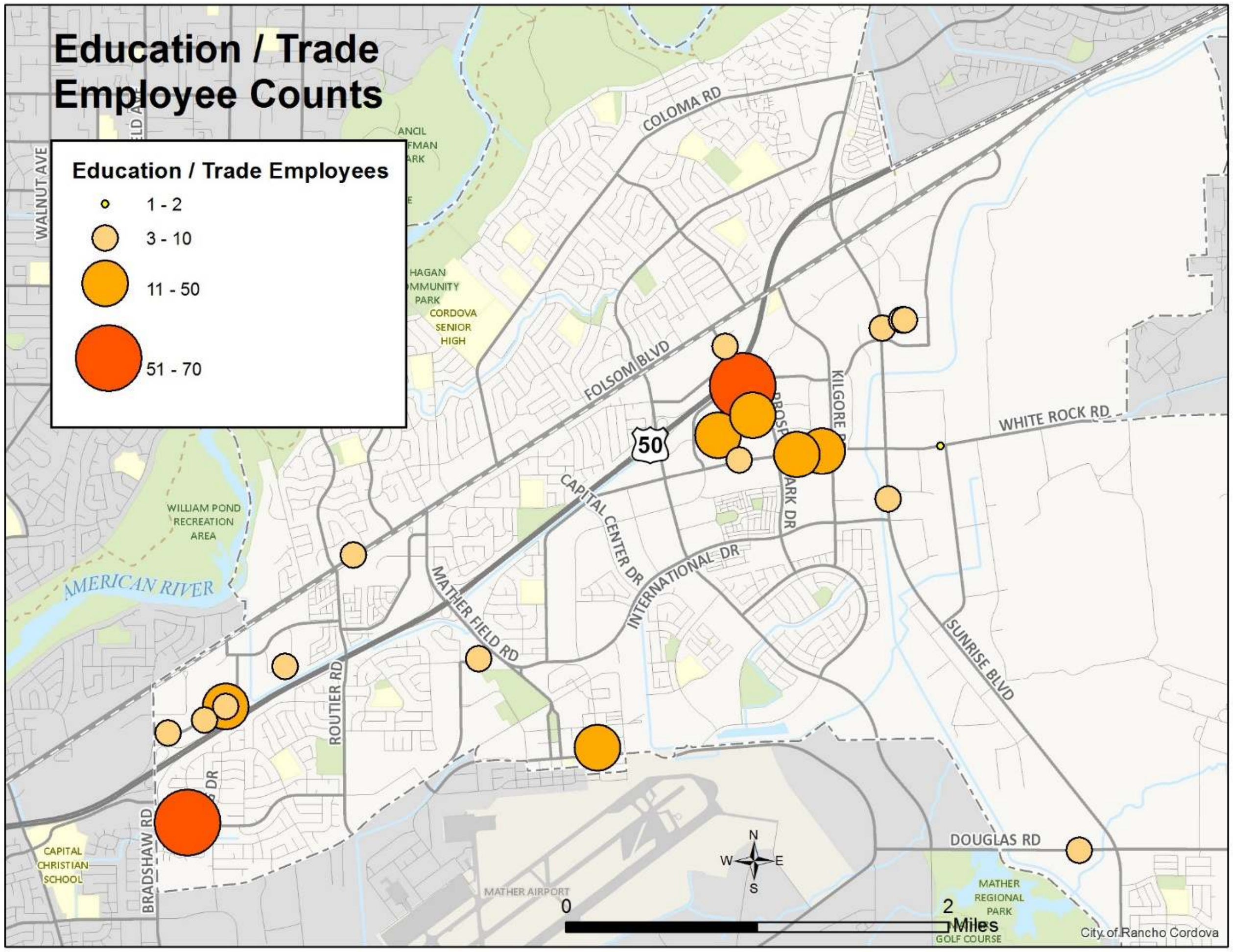


Figure 2 – Education and Trade School Employment in Rancho Cordova

Growth Potential	The Future of Technical Education As baby boomers and their offspring age, fewer people are of traditional college age. Because of declining enrollments, liberal arts colleges and universities everywhere have been struggling to maintain student throughput. Trade schools, however, are gaining in enrollment, primarily because of the large number of people re-training for new careers. Rancho Cordova's education niche will continue strong as long as the City remains a large employment center in need of skilled workers.
Employment, Wages and Growth	Employment and Wages[ii] Education is the second fastest growing industry in the Sacramento Region and is expected to grow 31.0% between 2012 and 2020. Post-recession wages for teachers are increasing. For example, the average annual wage for a secondary school teacher in the Sacramento-Roseville-Arden-Arcade MSA was $67,916 in 2014, up from $62,642 in 2011 (+8.4%). The average annual wage for a Postsecondary Nurse Instructor or teacher was $82,364 in 2014, up from $66,289 in 2011 (+24%). Other occupations are also enjoying increases. A Postsecondary Vocational Education Teacher earned $62,301 in 2014, up from $56,511 in 2011 (+10%). The average annual wage for all teaching and library professions was $56,353 in 2014, up from $55,407 in 2011 (+2%). As the need for skilled craftsmen, cashiers, health practitioners and office professions increase over the next decade, so will the need to teach the requisite skills.
Infrastructure	Infrastructure needs Primarily, schools need space that can be divided into classrooms and ample parking. Their telecommunications needs are similar to but less demanding than the technology industry. Attractive office space is more of a premium to schools than to processing centers.
City Next step(s)	Based on interviews and other research, the City's best actions include: 1. Help candidate schools find suitable facilities and locations; 2. Invite existing school representatives to a series of roundtables; 3. Improve communications between employers and schools so that graduates are fed into the job pipeline; 4. Promote the existing education cluster outside the City; 5. As Los Rios/Folsom Lake College expands at the Mather Pulse Point, build a node of other services and shops to help the new location thrive
Partners	Partners: Greater Sacramento, SARTA, Sacramento Jobs, GoBiz, SBDC, Higher Education, Entrepreneurs, Chamber, local industry groups, others.

References

List of Colleges & Postsecondary Schools in Rancho Cordova

Advanced Security Institute
Agee Fashion INstitute
Anthem College
California Northstate College
Click It
Contractor License Schools
Contractors Intelligence Schl
Los Rios/ Folsom Lake College, RC Center
Forklift LLC Svc
Heald College-Rancho Cordova
ITT Technical Institute
License Instruction School Inc
Licensed Contractors Insurance
National Career Education
National University Sacramento
OSC Computer Training
Pearson Education
Pinnacle College
San Joaquin Valley College
Simcheck International
Sonic Training
Strayer University (Verizon Campus)
Truck Driving Academy
Western Electric Contractors Assn

Schools Just Outside the City Limits

ABC Bartending College
Bryan College
Embry Riddle Aeronautical University
Ives Training Group
UC Cooperative Extension

Table 2 -- List of SIC codes in education niche

SIC	Description
8221	Schools, Universities, & Colleges Academic
8222	Junior Colleges and Technical Institutes
8243	Computer Training
8249	Schools, Industrial, Technical and Trade
8299	Driving Instruction, Educational Centers
5943	Educational Materials

Endnotes

[i] ReferenceUSA SIC 8221-8229
[ii] Occupational Employment Statistics and Wage Data, by EDD LMID, 1st Quarter 2011 and 1st Quarter 2014.

UNIQUE LOCAL INDUSTRY

ENTERTAINMENT, RECREATION & LODGING IN RANCHO CORDOVA

Industry Overview

Rancho Cordova is competitive in the region with its existing concentration of firms whose primary business relates to recreation and entertainment, including active and passive opportunities for physical health and entertainment.

In addition, the City has 16 lodging establishments with 2,015 rooms that are mostly occupied by business travelers during the week, but also host some recreational travelers. Lodging is discussed starting on Page 3.

Recreation & Entertainment

Recreation and Entertainment

Table 1 – Firms in Recreation and Entertainment in the Region[i]

Jurisdiction	Recreation Firms*	Total firms	Percent of all Firms
Rancho Cordova	***85***	***3,360***	***2.5%***
Roseville	182	7,209	2.5%
Folsom	109	3,759	2.9%
West Sacramento	48	1,840	2.6%
Elk Grove	122	4,284	2.8%
Sacramento City	877	38,209	2.3%

*To maintain accurate comparisons between jurisdictions, this is raw data from the ReferenceUSA database. Table 2 has a more accurate count refined for Rancho Cordova's city limits.

The largest component of recreation/entertainment in the city appears to be organized clubs that offer fitness.

Table 2 -- Rancho Cordova's Recreation/Entertainment Industry makeup[ii]

Type	Establishments	Employment
Video rentals and taping	7	20
Instruction (dance, karate, gymnastics, baseball)	16	103
Entertainers and centers (adult, karaoke, clubs, casinos, etc.)	13	226
Health and sport clubs & centers (incl. gymnastics & fitness)	20	181
Services (bounce houses, museums, consultants)	9	166
Public parks, museums, etc.	7	68
TOTAL	71	739

Unique recreation

Rancho Cordova has a number of unique recreation opportunities that draw from outside the area, including for instruction and competitive events. Some of the most interesting facilities include:

- The Club Francais De Sacramento, which has one of only 51 petanque centers in the United States, and which hosts national tournaments (Petanque is a variation of Bocce ball);
- The Sky High Sports trampoline center, which is co-located with a number of other fitness centers on Folsom Boulevard, including Cross Fit, Gymnastics, swimming, Granite Arch rock climbing, and indoor soccer;
- The 73,000 square foot Rancho Cordova Sports and Event Center, which books basketball, volleyball, and other indoor sports, and which rents its facility out for conferences and trade shows;

The users of these and the other facilities in the city like their central location, ease of access, and nearby hotels and restaurants. These facilities are generally tied in with organizations that help promote them, including the Convention & Visitors Bureau, the Chamber, and the Community Council.

Location(s) of Cluster

Rancho Cordova's recreation and entertainment firms tend to locate in different areas throughout the city, depending on the space needs of the facility. Larger indoor sports venues typically locate in industrial areas, fitness gyms tend to locate in retail spaces, and outdoor facilities at the Mather Sports Complex and other park facilities. See Figure 1.

Local hotels and motels are primarily located in highly visible highly traveled locations close to the city's employment center.

a fresh take. RANCHO CORDOVA CALIFORNIA

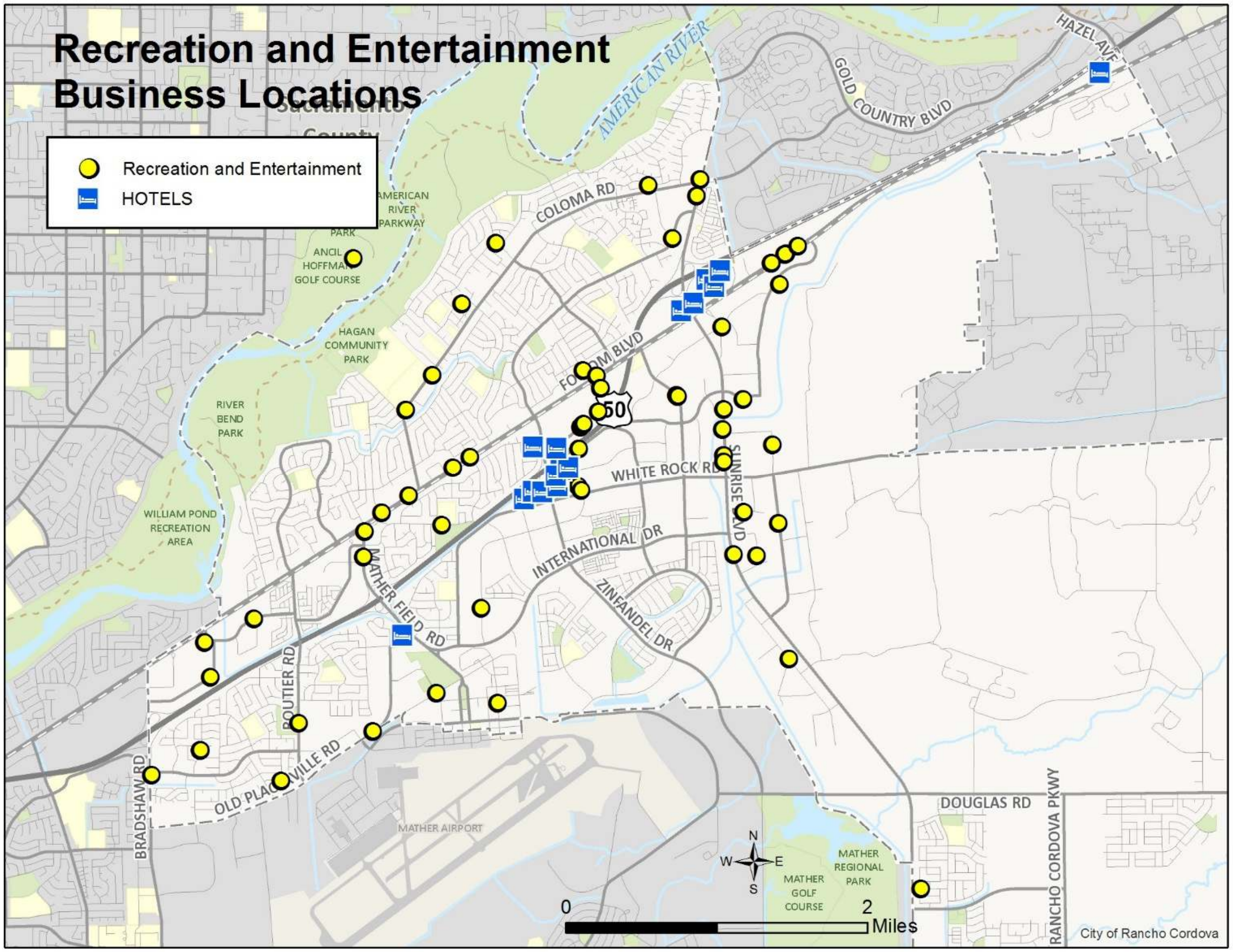


Figure 1 – Rancho Cordova Recreation, Entertainment and Lodging Facilities

Lodging

LODGING

As noted above, the City has 16 lodging establishments that are mostly occupied by business travelers during the week, but also host some recreational travelers.

Table 3 – Selected Facts about Rancho Cordova's Lodging Industry[iii]

Selected Lodging Data[iv]	Data	Comment
Lodging Establishments	16	See list below
Rooms	2,015	
Average number of rooms each	126	
Total Employees	521	
Average employment per establishment	32.6	
High Season -- over 68% occupancy	April - October	Coincides with business and leisure travel seasons.
High Days of the Week – Over 70% occupancy	Tues, Wed, Sat	Mix of business and leisure travelers
Average total number of Rooms available in 2014	771,264	
Average annual lodging revenue in the City, 2014	$35.9 Million	
Transient Occupancy Tax (TOT) Collected in 2014 @ 12%	$2.64 Million	Some is used by the Rancho Cordova CVB to promote visitation, some is shared with the County, and some provides city services.

TOT revenues to the City decreased between 2006 and 2010 due to the recession, but increased in 2010 due to the annexation of five properties. Since 2011 revenue has been steadily increasing[v] and should continue with small but consistent growth as long as the economic recovery continues.[vi]

Niche Industry Issues

Niche Industry Interview comments

A number of recreation, entertainment and lodging interviewees have indicated the following priorities:

1. "if your child is in competitive sports, you come to Rancho Cordova"[vii]
2. Increase police patrols. Though actual crime is no worse than other communities, the visible presence of homeless near hotels, Light Rail and other locations conveys the impression that there is more crime than actual.
3. The city is known to lack a movie theater and other traditional entertainment amenities, and is working to create these missing components.
4. Improving curb appeal at key locations and throughout the city is an important need;
5. Increasing the number of amenities during the evening, and ones that can be easily walked to such as restaurants and events;
6. Building more flex space for events for multiple uses;
7. Industry representatives are interested in joint marketing with the City and other entities, including:
   a. Publishing a recreation map of the city, including a GPS database;
   b. Attracting conventions and sports events;
   c. Linking to social media via a shared hash tag
   d. Improved signage to various facilities
   e. Creating a standing events team to bid on conventions, tournaments and other opportunities;
8. The Parks District should consider reducing fees for lighted practice. The park usage fees are twice that in other jurisdictions;
9. Improving public transportation to and from venues;
10. Linking with schools and others for more after school programs
11. Keeping startup costs for small businesses low;

City Next Steps

Based on interviews and other research, the City's best actions to aid this industry include:

1. Advertising the amazing concentration of facilities in the city, especially joint promotion and advertising;
2. Convening a working group to identify joint marketing possibilities, and participating in appropriate marketing activities;
3. Creating a small business loan program;
4. Helping to keep the cost of recreation programs affordable;
5. Engaging with the CVB, Chamber, Community Council and others on various collaborative programs and events.

Partners

Partners: individual local businesses, Rancho Cordova Convention and Visitors Bureau, Cordova Community Council, Chamber, Rancho Cordova Recreation and Parks District, others.

Reference Materials

Table 4 -- SIC codes in Recreation, Entertainment and Lodging Niche

SIC	Description
075225 - 075228	Equestrian centers and training
4725	Tour operators
79xx	Amusement and Recreation Services
84xx	Museum, Art Galleries, and Botanical and Zoological Gardens
701101	Hotels and Motels

Selected Rec & Entertainment Establishments
24 Hour Fitness
California Family Fitness
Cordova Rec and Park District
Cordova Restaurant and Casino
Curves
Déjà vu
Granite Arch Climbing Center
Mather Sports Center
Planet Fitness
Premier Performance
Reserve America
Sacramento Children's Museum
Sacramento Motorcycle Rental
Sports Leisure Vacations
Sky High Sports Sacramento
Technique Adventure and Activity
Terry's Total Fitness, Inc.

Hotels and Motels in Rancho Cordova
Best Western
Comfort Inn
Courtyard-Sacramento/Rancho
Crossland Economy Studios
Days Inn
Extended Stay America
Fairfield Inn-Rancho Cordova
Hampton Inn-Sacramento/Rancho
Holiday Inn-Sacramento Rancho
Hyatt House
Hyatt Place
LA Quinta Inn
Marriott-Sacramento
Motel 6
Red Roof Inn
Residence Inn

Endnotes

[i] Establishment counts are from ReferenceUSA as of March 15, 2015 using the same criteria for all communities. Because the database is updated monthly, total company counts vary by up to 100 plus or minus, depending on the date the data is accessed. Verified companies, which includes some duplicates.

[ii] Original database from Reference USA December 2014, with duplicates eliminated and the list adjusted for known establishments.

[iii] ReferenceUSA, STR Report, and Rancho Cordova Adopted Budget 2014-2015.

[iv] STR Report, collected confidentially by subscription, used by the Rancho Cordova Convention and Visitors Bureau.

[vv] STR Report, collected confidentially by subscription, used by the Rancho Cordova Convention and Visitors Bureau.

[vi] Rancho Cordova Adopted Budget 2014-2015, Page 37.

[vii] Comment by interviewee during a focus group session.

Office Niche
Manufacturing Niche
Economic Development Workplan

Completing the
Economic Development Work Plan

a fresh take.
RANCHO CORDOVA
CALIFORNIA

aFreshTake.org

Introduction

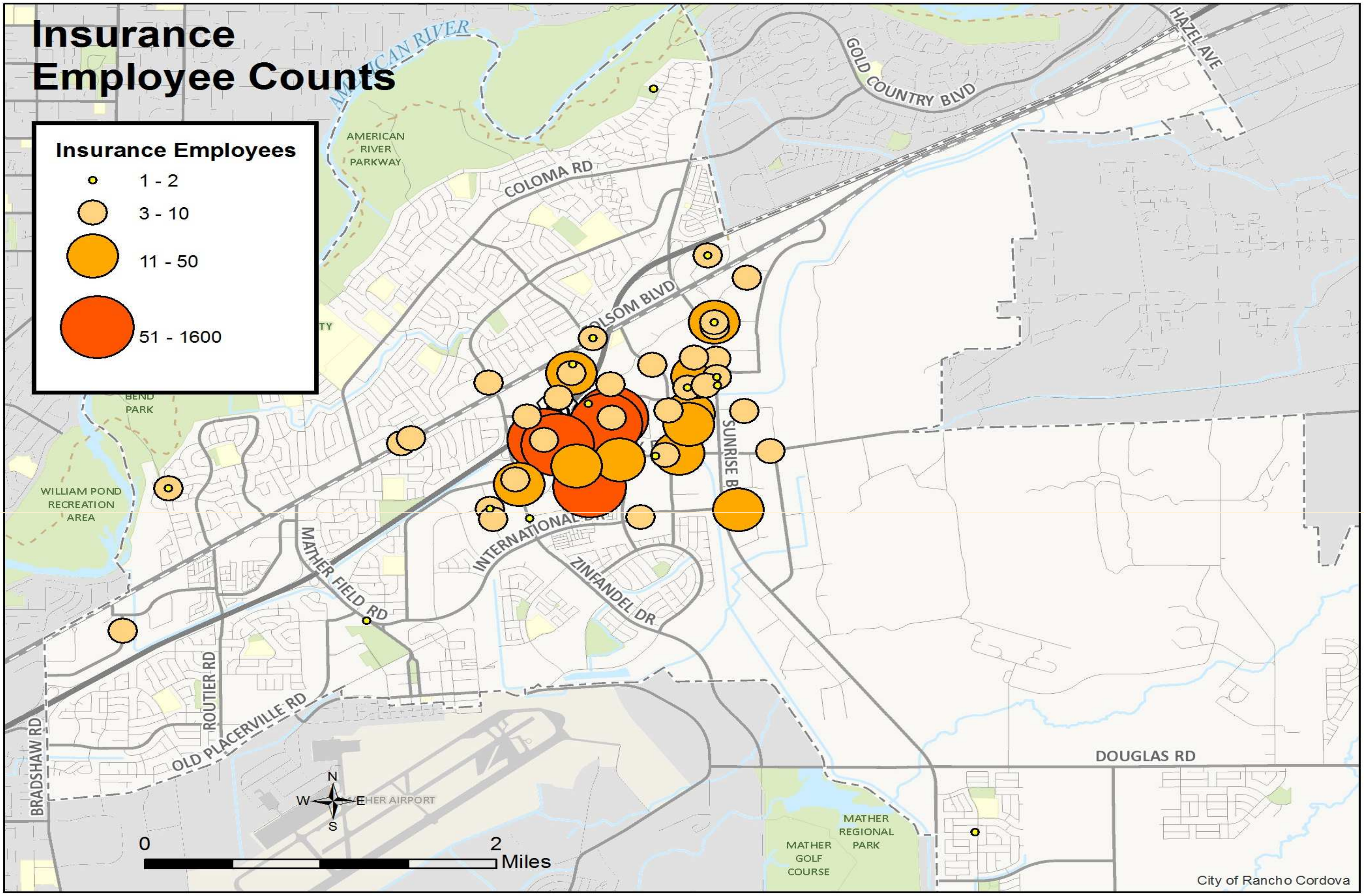
- Council reviewed ED Fresh Take initiatives
- Picked in order:
    1. Retail
    2. Niche Industries
    3. Office
    4. Manufacturing
    5. Access to Healthcare
    6. Folsom Blvd. Revitalization
- Retail and Niches before, Office and Manufacturing Today
- Overall ED Work Plan

Overview Citywide

- Primary Data Source = ReferenceUSA – deduped, City limits, names/addresses, up to date;
- 3,360 firms with 45,975 employees as of Dec 2014
- Constant change (e.g. Aerojet, Heald, Blue Shield)
- Strongest concentrations in contracting, office uses, vehicles, trade schools
- In-depth study of Office and Manufacturing today
- Interviews and focus groups =108

a fresh take. RANCHO CORDOVA CALIFORNIA

aFreshTake.org



Insurance Employee Counts
Insurance Employees
1 - 2
3 - 10
11 - 50
51 - 1600
AMERICAN RIVER
AMERICAN RIVER PARKWAY
COLOMA RD
GOLD COUNTRY BLVD
HAZEL AVE
FOLSOM BLVD
SUNRISE B
INTERNATIONAL DR
ZINFANDEL DR
MATHER FIELD RD
ROUTIER RD
OLD PLACERVILLE RD
BRADSHAW RD
DOUGLAS RD
WILLIAM POND RECREATION AREA
BEND PARK
MATHER REGIONAL PARK
MATHER GOLF COURSE
N
S
E
W
0
2
Miles
City of Rancho Cordova

Office Highlights

- Largest employment sector = 27,000 (56.1%)
- Rancho Office Core (ROC) = 20,000 in 1 mi^2
- Finance & Insurance = 8,300 jobs
- 10 stand-alone data centers
- 18% of all office real estate in region

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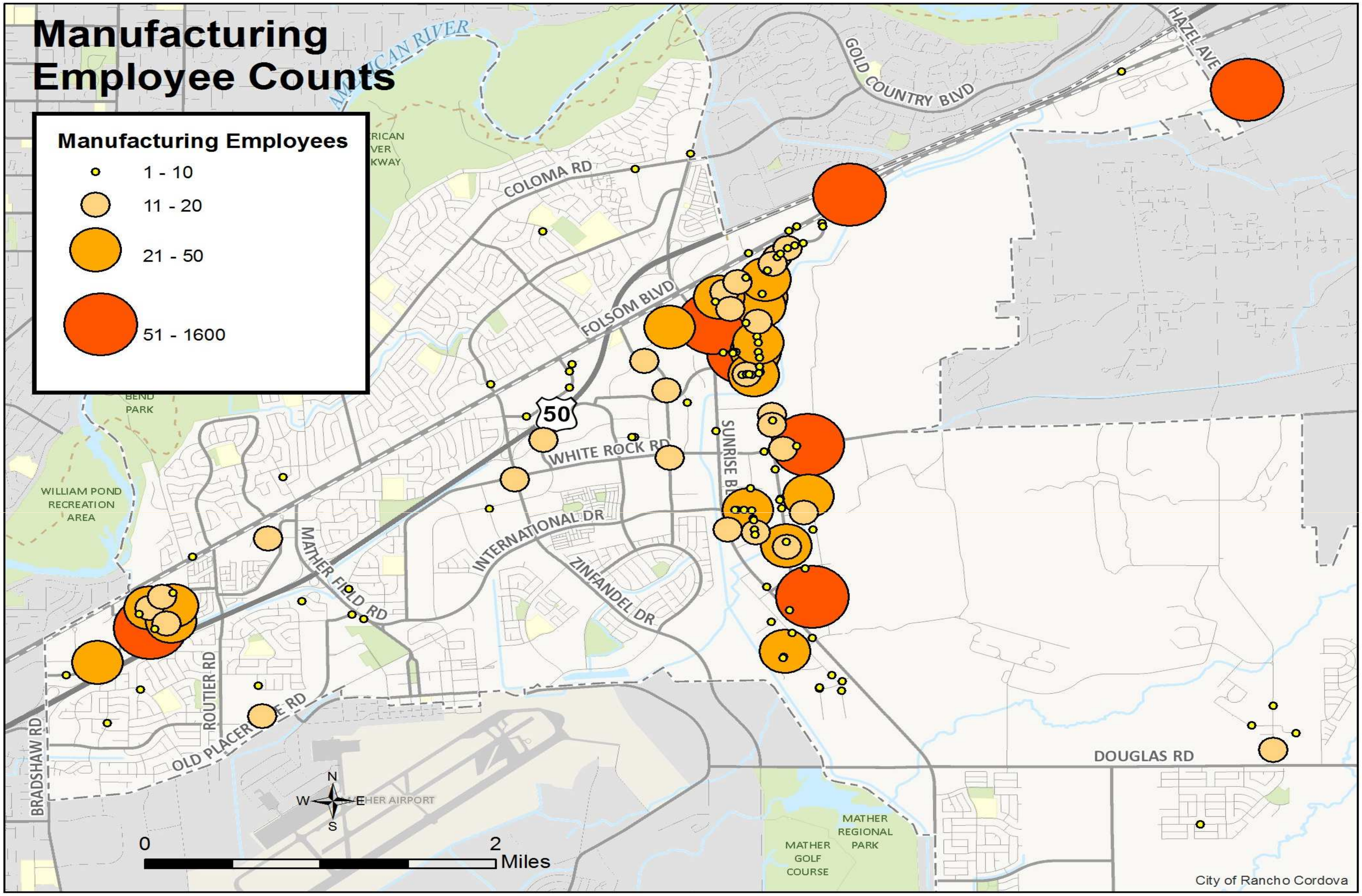
aFreshTake.org

Office Recommendations

- Fill existing vacancies as economy improves
- Offices are older, need updating
  - Title 24, parking, interiors
- Easier Commutes -- CordoVan, Light Rail
- Amenities for employees and residents
- Form working group of property managers
  - Problem solve, joint marketing, communications



Manufacturing Employee Counts
Manufacturing Employees
1 - 10
11 - 20
21 - 50
51 - 1600
COLOMA RD
FOLSOM BLVD
GOLD COUNTRY BLVD
HAZEL AVE
50
WHITE ROCK RD
INTERNATIONAL DR
ZINFANDEL DR
MATHER FIELD RD
ROUTIER RD
BRADSHAW RD
DOUGLAS RD
WILLIAM POND RECREATION AREA
MATHER REGIONAL PARK
MATHER GOLF COURSE
N
S
E
W
0
2
Miles
City of Rancho Cordova

Manufacturing Highlights

- Industrial area is a mix of users
- 12.5 Million s.f. -- sweet spot = 10-20ksf
- 158 manufacturers
  - printers, machine shops, wood products, etc.
- Trend is multi-use facilities
- Area of inadequate Internet service
- Product is older, lower cost, ample for now

Manufacturing Recommendations

- Fees are too high, reduce $$ & fast track
- Form an industrial working group
  - – Improve broadband E of Sunrise
  - – Firms worried about future City plans
    - Extend International, homes too close, expansion?
- Improve transit service

Actions Requested of City

- Keep up existing momentum, activities
- Minimize crime and increase police presence
- Continue neighborhood revitalization
- Collaborate with niches to promote business
  - Free customer research data
- Limit new regulations –working groups helpful
- Periodic listening sessions
- Loan $$ for infrastructure, TI's, startups

Economic Development WorkPlan

- Direct outcome of interviews and analyses.
- Focused on highest priorities
- Businesses segmented by city response
- Consistent with GP, Council Goals
- Initiatives vs. ongoing Activities
- Time Management – new resources
- 6-month check up – In the Hopper

a fresh take. RANCHO CORDOVA CALIFORNIA

aFreshTake.org

WorkPlan Priorities

- Form Niche Problem Solving Groups
  - ROC, Contracting, Vehicles, Ethnic
- Light Rail Safety and Crime Reduction
- CordoVan awareness & more routes
- Small Businesses services
  - RLF, Ombuds, Sign, Façade, fee deferrals
- Broadband industrial
- Amenities to the ROC

Next Steps for ED Staff

- Present to Council for adoption
- Tackle WorkPlan priorities
- Explore & Form Community Development Corporation (CDC)
- Establish Revolving Loan Fund (RLF)
- Set up industry working groups
- Ongoing stuff – recruit, retention, etc.

CONCURRENT MEETING
CITY COUNCIL/SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY (CRA)/RANCHO CORDOVA FINANCING CORPORATION (RCFC)

City Hall
2729 Prospect Park Drive, Rancho Cordova

Monday, August 17, 2015

5:30 PM – Regular Meeting
David B. Roberts Council Chambers

DRAFT MINUTES

1. REGULAR MEETING - CALL TO ORDER / ROLL CALL

Mayor McGarvey called the regular meeting to order in the David B. Roberts Council Chambers at 5:35 PM.

Council Members Present:	McGarvey, Sander, Budge, Skoglund
Council Members Absent:	Terry
Staff Members Present:	Lindgren, Cuppy, Abhar, Busch, Goold, Holt, Stricker, Garcia, Vang, Grossi, Sampson, Harriman, Judish, Behrends, Cuffe

2. METRO CABLE TV TELEVISION ANNOUNCEMENT

The City Clerk read the meetings recordings and playback schedules.

3. PLEDGE OF ALLEGIANCE

George E. Johnson II led the pledge.

4. INVOCATION

Dr. David Davidson-Methot from St. Clement's Episcopal Church of Rancho Cordova gave the invocation.

5. PRESENTATIONS

5.1 Conquering The Great Race Presentation by Troy Holt, Director of Communications and Government Relations and George E. Johnson II, President of Eppie's Great Race Foundation.

5.2 The City of Rancho Cordova was Designated Bicycle Friendly Community, at the Bronze Level by the League of American Bicyclists. Presentation Given by Albert Stricker, Interim Public Works Director, Steven Pas, Bicycling Advocates for Rancho Cordova (BARC) and Jim Brown, Sacramento Area Bicycle Advocates (SABA) and a League of American Bicyclists, Bicycle Friendly Community Application Reviewer.

6. PUBLIC COMMENT

Mayor McGarvey opened the public comment period. The following individuals addressed the Council:

- Carol Kraus inviting the City Council to attend Town Hall meeting for information on the pool renovation.
- Derald Langwell regarding oversight for Measure H funds.
- Janes Feci regarding stingray/video surveillance.

Mayor McGarvey closed the public comment period.

7. COUNCIL REPORTS

Council reported on events since the last meeting.

8. CONSENT CALENDAR ITEMS - ROLL CALL VOTE

ACTION: Motion to approve by Sander second by Budge;
Carried by a 4:0 roll call vote (Terry absent).

8.1 **Subject:** Meeting Minutes of August 3, 2015 Special and Regular City Council Meeting.
Recommendation: Adopt minutes.

8.2 **Subject:** Quarterly Treasurers Report.
Recommendation: The report be received and filed.
Result of Recommended Action: The Treasurer's Report is required to be submitted to the City Council at least quarterly in accordance with California Government Code Section 53600 et. seq. The purpose of the treasurer's report is to update the City Council and the public on the status of the City's cash balances and investments, and highlight material changes from one period to another.
Staff Report: Liisa Behrends, Acting Finance Director.
Advances Goal: 4.

8.3 **Subject:** An Ordinance of the City Council of the City of Rancho Cordova Amending Table 23.325-1 in Section 23.325.020, Convention Overlay Zoning District, of the Zoning Code to Add "Grocery Stores/Supermarkets" to the Allowable Land Use Categories.
Recommendation: Waive the second reading and adopt Ordinance 11-2015.
Result of Recommended Action: Approval of Ordinance 11-2015 would amend Table 23.325-1 to add "Grocery store/supermarket' to the Land Use Category and allow said use by right throughout the Convention Overlay zone.
Staff Report: Jessica Jordan, Principal Planner.

Advances Goals: 2, 6.

8.4 **Subject:** An Ordinance of the City Council of the City of Rancho Cordova Adding Chapter 10.25 to the Rancho Cordova Municipal Code Establishing a Preferential Residential Parking Permit Program to Assist Residents in High Volume Parking Areas.
Recommendation: Waive second reading and adopt Ordinance No. 12-2015.
Result of Recommended Action: Adoption of Ordinance No. 12-2015 would allow the City of Rancho Cordova to establish a preferential residential parking permit program.
Staff Report: Albert Stricker, Interim Public Works Director.
Advances Goals: 1, 2.

8.6 **Subject:** Resolution Designating Voting Delegate and Alternates for the 2015 League of California Cities Annual Business Meeting.
Recommendation: Adopt Resolution No. 109-2015.
Result of Recommended Action: The Voting Delegate or Alternate will be able to represent the City by voting at the Annual Business Meeting at the League of California Cities Conference.
Staff Report: Mindy Cuppy, City Clerk.
Advances Goals: 1, 3.

8.7 **Subject:** Resolution Cancelling the December 21, 2015 Regular City Council Meeting.
Recommendation: Adopt Resolution No. 112-2015.
Result of Recommended Action: Adoption of this resolution will approve cancelling the previously schedule December 21, 2015 regular city council meeting.
Staff Report: Mindy Cuppy, MMC, City Clerk.
Advances Goal: 5.

8.9 **Subject:** Resolution Awarding Construction Contract No. 81-2015 in the Amount of $456,916 to May Han Electric Inc. DBA M&M Electric for the International Drive/Femoyer Street Intersection Signal Improvement Project.
Recommendation: Adopt Resolution No.105-2015.
Result of Recommended Action: Adoption of this resolution will award construction contract No.81-2015 to May Han Electric Inc. dba M&M Electric in the amount of $456,916.00 to construct the International Drive/Femoyer Street Intersection Signal Improvement Project.
Staff Report: Albert Sticker, Interim Public Works Director and Chris Boyer, Associate Civil Engineer.
Advances Goals: 1, 2, 5.

8.10 **Subject:** Resolutions Authorizing the City Manager to Execute a Fifth Amendment and Execute a New Three Year Contract with Interwest Consulting Group to Continue Providing On-call Building Plan Check, Inspection and Permitting Services.
Recommendation: Adopt Resolution No. 106-2015 and Resolution No. 107-2015.
Result of Recommended Action: Adoption of Resolution No. 106-2015 will authorize the City Manager to execute contract amendment 19-2009-5 with Interwest Consulting Group to increase the on-call contract by $14,340.88. Adoption of Resolution No. 107-2015 will authorize the Interim City Manager to execute a new three year on-call contract with Interwest Consulting Group in the amount of $1,050,000.
Staff Report: Joe Cuffe, Interim Building Official.
Advances Goal: 5.

8.11 **Subject:** Resolution Amending the Fiscal 2014/2015 Adopted Budget for the City of Rancho Cordova.
Recommendation: Adopt Resolution 104-2015.
Result of Recommended Action: The 2014/2015 Adopted Budget will be amended to reflect variances in expenses not originally anticipated in the budget. This amendment will bring our actual anticipated expenditures in line with our approved appropriations for those specific items.
Staff Report: Liisa Behrends, Interim Finance Director.
Advances Goal: 5.

8.12 **Subject:** A Resolution of the City Council of the City of Rancho Cordova Authorizing the City Manager and the City Attorney to Execute Certain Documents Required by the State Board of Equalization (BOE) to Collect the City's Utility Users Tax (UUT) on Prepaid Wireless Services and Authorizing the Examination of Prepaid Mobile Telephone Services Surcharges and Local Charge Records.
Recommendation: Adopt Resolution 90-2015.
Result of Recommended Action: Adoption of this Resolution will allow the BOE to collect UUT for prepaid wireless service as approved by AB 1717.
Staff Report: Michelle Mingay, Senior Finance Analyst.
Advances Goal: 5.

8.13 **Subject:** Resolution of the Successor Agency to the Community Redevelopment Agency of the City of Rancho Cordova Approving the Recognized Obligation Payment Schedule (ROPS) 15-16B and Administrative Budget for the Six Month Period Covering January 1, 2016 Through June 30, 2016.
Recommendation: Adopt Resolution No. SA-02-2015.
Result of Recommended Action: Adoption of this resolution will allow the Rancho Cordova Successor Agency to make payments on obligations listed on the Recognized Obligation Payment Schedule (ROPS) and establishes the administrative budget for the next six month period; to the extent funds are available.
Staff Report: Michelle Mingay, Finance Department.
Advances Goal: 5.

8.14 **Subject:** Support for the California Product Stewardship Council (CPSC) by Endorsing Extended Producer Responsibility and Authorizing Funding for CPSC.
Recommendation: Adopt Resolution No. 111-2015 endorsing legislative support for Extended Producer Responsibility (EPR) and authorizing funding support for the California Product Stewardship Council (CPSC) in the amount of $1,500 per year for three years, through Fiscal Year 2017/18.
Result of Recommended Action: Adoption of this resolution endorses legislative support for EPR by the City of Rancho Cordova and pledges funding to the CPSC in support of their efforts to advocate for local governments and ratepayers with regards to the management of certain problematic consumer products, including those banned from landfill disposal.
Staff Report: Steve Harriman, Public Works Division Manager.
Advances Goals: 1, 2, 5.

8.15 **Subject:** Resolution Authorizing the City Manager to Execute Contract Amendment for On-call Professional Services with Environmental Science Associates for the White Rock Road Widening Project.
Recommendation: Adopt Resolution No. 108-2015.
Result of Recommended Action: Adoption of this resolution will authorize the City Manager to execute contract amendment No.122-2014-1 for on-call professional

services with Environmental Science Associates (ESA) to increase the contract amount from $100,000 to $300,000 to accommodate the environmental process for the White Rock Road Widening Project.
Staff Report: Albert Stricker, Interim Public Works Director and Kathy Garcia, Senior Engineer.
Advances Goal: 5.

8.16 **Subject:** Resolution Approving the First Amendment to the First Restated Agreement for Legal Services with Meyers Nave.
Recommendation: Staff recommends the City Council adopt the attached Resolution.
Result of Recommended Action: Adoption of Resolution No. 110-2015 will authorize the Mayor to execute the First Amendment to the First Restated Agreement for Legal Services with Meyers Nave.
Staff Report: Cyrus Abhar, Interim City Manager.
Advances Goals: 1, 2, 3, 4, 5, 6.

8.17 **Subject:** Appointment of Labor Negotiators.
Recommendation: Appoint Cyrus Abhar, Interim City Manager, and Adam Lindgren, City Attorney, as Labor Negotiators.
Result of Recommended Action: The City Council shall appoint negotiators in open session prior to any closed session to discuss labor negotiations. Appointment of negotiators will allow the City Council and negotiators to hold a closed session which is currently scheduled for later on this agenda.
Advances Goal: 5.

8.18 **Subject:** Appointment of Real Property Negotiators.
Recommendation: Appoint Cyrus Abhar, Interim City Manager, and Adam Lindgren, City Attorney, as Real Property Negotiators.
Result of Recommended Action: The City Council shall appoint negotiators in open session prior to any closed session to discuss real property negotiations. Appointment of negotiators will allow the City Council and negotiators to hold a closed session which is currently scheduled for later on this agenda.
Advances Goal: 5.

9. CONSENT PUBLIC HEARING ITEMS - ROLL CALL VOTE

Mayor McGarvey opened the public hearing. There were no speakers. Mayor McGarvey closed the public hearing.

ACTION: Motion to approve by Skoglund second by Budge;
Carried by a 4:0 roll call vote (Terry absent).

9.1 **Subject:** Ordinance Adding A Small Residential Rooftop Solar Energy System Review Process to the Rancho Cordova Municipal Code.
Recommendation: Adoption of this Ordinance will amend Sections 16.07.010 through 16.07.060 to the City of Rancho Cordova Municipal Code titled “Expedited Permit Process for Small Residential Rooftop Solar Energy Systems.”
Result of Recommended Action: Waive first reading and introduce Ordinance 10-2015.
Staff Report: Joe Cuffe, Interim Building Official.
Advances Goals: 1, 3, 5, 6.

10. PUBLIC HEARING ITEMS

Mayor McGarvey opened the public comment period. The following individuals addressed the Council:

- James Feci in opposition.
- Linda Dockter in opposition.
- Carol expressing her concerns.

Mayor McGarvey closed the public comment period.

ACTION: Motion to continue item to a date uncertain by Budge second by Skoglund; Carried by a 4:0 roll call vote. (Terry absent)

10.1 **Subject:** City-sponsored Zoning Code Amendments – Urban Agriculture Ordinance.
Recommendation: Introduce and waive first reading of Ordinance 14-2015.
Result of Recommended Action: The City sponsored Zoning Code Amendments would add Chapter 23.904.020 (Urban Agriculture), add Urban Agriculture as a defined use to Chapter 23.1101.020 (Definitions), and amend tables 23.310.-1, 23.313-1, and 23.316-1 to add Urban Agriculture as an allowed use. These amendments would allow the selling of produce grown on site in residential and commercial zones subject to the design standards contained in the code amendments.
Staff Report: Bret Sampson, Senior Planner.
Advances Goals: 1, 2, 6.

11. REGULAR CALENDAR ITEMS

NONE.

12. COUNCIL REQUESTS FOR FUTURE AGENDA ITEMS

Council did not have any requests for new future agenda items.

13. CITY MANAGER'S REPORT

Interim City Manager Cyrus Abhar gave report.

14. ADJOURNMENT

Mayor McGarvey adjourned the meeting at 6:59 PM in honor of Diamond Francies.

15. CLOSED SESSION - CALL TO ORDER/ROLL CALL

Mayor McGarvey called the closed session to order in the Community Board Room at 7:14 PM.

Council Members Present: McGarvey, Sander, Budge, Skoglund

Council Members Absent: Terry

Staff Members Present: Lindgren, Abhar, Haven

16. CLOSED SESSION

CONFERENCE WITH LABOR NEGOTIATORS
Agency designated representatives: Cyrus Abhar, Interim City Manager; and Adam Lindgren, City Attorney
Unrepresented employee: Police Chief

ACTION: Discussion item only; no action taken.

CONFERENCE WITH REAL PROPERTY NEGOTIATORS
Property: 2897 Kilgore Road, Rancho Cordova, CA 95670
Agency negotiator: Cyrus Abhar, Interim City Manager, and Adam Lindgren, City Attorney
Negotiating parties: City of Rancho Cordova, Rancho Cordova Police Department (via the Sacramento County Sheriff's Office)
Under negotiation: Lease price and payment terms

ACTION: Discussion item only; no action taken.

17. OPEN SESSION - REPORT FROM CLOSED SESSION

City Attorney Adam Lindgren reported that there was no reportable action taken in closed session.

18. ADJOURNMENT

Mayor McGarvey adjourned the meeting at 8:18 PM.

____
Mindy Cuppy, MMC, City Clerk

CITY OF RANCHO CORDOVA

ORDINANCE NO. 10-2015

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA AMENDING TITLE 16 OF RANCHO CORDOVA MUNICIPAL CODE BY ADDING CHAPTER 16.07 "EXPEDITED PERMIT PROCESS FOR SMALL RESIDENTIAL ROOFTOP SOLAR ENERGY SYSTEMS"

RECITALS

WHEREAS, as set forth in Government Code Section 65850.5(a), it is the policy of the State of California that local agencies encourage the installation of solar energy systems by removing obstacles to, and minimizing the costs of, permitting such energy systems; and

WHEREAS, as set forth in Government Code Section 65850.5(g), cities must adopt an ordinance on or before September 30, 2015, that creates an expedited, streamlined permitting process for small residential rooftop solar energy systems; and

WHEREAS, the City Council of the City of Rancho Cordova finds that it is in the interest of the health, welfare and safety of the public to provide an expedited permitting process to encourage the effective development of solar technology; and

WHEREAS, solar energy creates local jobs and economic opportunity; and

WHEREAS, the City Council recognizes that rooftop solar energy provides reliable energy and pricing for its residents; and

WHEREAS, the City Council finds the following ordinance will have the effect of encouraging the installation of small residential solar energy systems and minimizing barriers, obstacles, and costs of obtaining permits for their installation.

THEREFORE, THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA DOES HERBY ORDAIN AS FOLLOWS:

<u>SECTION 1.</u> Title 16, Chapter 7, "Expedited Permit Process for Small Residential Rooftop Solar Energy Systems" is hereby added to read as follows:

"Expedited Permit Process for Small Residential Rooftop Solar Energy Systems"

16.07.010 Purpose.
The purpose of this Chapter is to provide expedited, streamlined solar permitting process that complies with the Solar Rights Act and AB 2188 (Chapter 521, Statues 2013, California

Government Code Section 65850.5) in order to achieve timely and cost-effective installations of small residential rooftop solar energy systems. The provisions of this Chapter encourage the use of solar systems by removing unreasonable barriers, minimizing costs to property owners and the City, and expanding the ability of property owners to install solar energy systems. This Chapter allows the City to achieve these goals while protecting public health and safety.

16.07.020 Definitions.

"Association" means a nonprofit corporation or unincorporated association created for the purpose of managing a common interest development.

"Common interest development" means any of the following:

A. A community apartment project.

B. A condominium project.

C. A planned development.

D. A stock cooperative.

"Board of Appeals" means the Building Board of Appeals for the City of Rancho Cordova.

"Building Official" means the Chief Building Official of the City or his or her designee.

"Building department" means the Building and Safety Division for the City of Rancho Cordova.

"City" means the City of Rancho Cordova.

"Electronic submittal" means the utilization of electronic email or submittal via the Internet or facsimile.

"Expedited permitting" and "expedited review" means the process outlined in Section 16.07.060 entitled "Expedited Permit Review and Inspection Requirements"

"Reasonable restrictions" on a solar energy system are those restrictions that do not significantly increase the cost of the system or significantly decrease its efficiency or specified performance, or that allow for an alternative system of comparable cost, efficiency, and energy conservation benefits.

"Restrictions that do not significantly increase the cost of the system or decrease its efficiency or specified performance" means:

A. For water heater systems or solar swimming pool heating systems: an amount exceeding 10 percent of the cost of the system, but in no case more than one thousand dollars ($1,000), or decreasing the efficiency of the solar energy system by an amount exceeding 10 percent, as originally specified and proposed.

B. For photovoltaic systems: an amount not to exceed one thousand dollars ($1,000) over the system cost as originally specified and proposed, or a decrease in system efficiency of an amount exceeding 10 percent as originally specified and proposed.

"Small residential rooftop solar energy system" means all of the following:

A. A solar energy system that is no larger than 10 kilowatts alternating current nameplate rating or 30 kilowatts thermal.

B. A solar energy system that conforms to all applicable state fire, structural, electrical, and other building codes as adopted or amended by the City, and all applicable health and safety standards

C. A solar energy system that is installed on a single- or two-family dwelling.

D. A solar panel or module array that does not exceed the maximum legal building height as defined by the City.

"Solar energy system" means either of the following:

A. Any solar collector or other solar energy devise whose primary purpose is to provide for the collection, storage, and distribution of solar energy for space heating, space cooling, electric generation or water heating.

B. Any structural design feature of a building, whose primary purpose is to provide for the collection, storage, and distribution of solar energy for electricity generation, space heating or cooling, or for water heating.

"Specific, adverse impact" means a significant, quantifiable, direct, and unavoidable impact, based on objective, identified, and written public health or safety standards, policies, or conditions as they existed on the date the application was deemed complete.

16.08.030 Applicability.

1. This Chapter applies to the permitting of all small residential rooftop solar energy system in the City.

2. Small residential rooftop solar energy systems legally established or permitted prior to the effective date of this ordinance are not subject to the requirements of this Chapter unless physical modifications or alterations are undertaken in such a way as to require new permitting. Routine operation and maintenance shall not require a permit.

16.08.040 Requirements and Standards.

1. All small residential rooftop solar energy systems shall meet applicable health and safety standards and requirements imposed by the state, the local fire district, and the City.

2. All small residential rooftop solar energy systems used for heating water shall be certified by an accredited listing agency as defined by the California Plumbing and Mechanical Code.

3. All small residential rooftop solar energy systems used for producing electricity shall meet all applicable safety and performance standards established by the California Electrical Code, the institute of Electrical and Electronics Engineers, and accredited testing laboratories such as Underwriters Laboratories and, where applicable, rules of the Public Utilities Commission regarding safety and reliability.

4. All small residential rooftop solar energy systems proposed on a structure that is a designated Historic Landmark or is located with a designated Historic District may be permitted provided that the design of the system is consistent with the purposes of the Landmark or District designation.

16.08.050 Duties of the Building & Safety Division and the Building Official

1. All documents required for the submission of an expedited solar energy system application shall be made available on the City's publically accessible website.

2. Electronic submittal of the required permit application and documents via email, the City's website, or facsimile, shall be made available to all small residential rooftop solar energy system permit applicants.

3. An applicant's electronic signature shall be accepted on all forms, applications, and other documents in lieu of a wet signature.

4. The building department shall adopt a standard plan and checklist of all requirements with which small residential rooftop solar energy systems shall comply to be eligible for expedited review.

5. The small residential rooftop solar system permit process, standard plans(s) and checklist(s) shall substantially conform to the recommendations for expedited permitting, including the checklist and standard plans contained in the most current version of the California Solar Permitting Guidebook adopted by the Governor's Office of Planning and Research, copies of which are on file in the building department.

6. All fees prescribed for the permitting of small residential rooftop solar energy systems must comply with Government Code Sections 65850.55, 66015, and 66016 and with Health and Safety Code Section 17951.

16.07.060 Expedited Permit Review and Inspection Requirements.

1. The building official shall implement an administrative, nondiscretionary review process to expedite approval of small residential rooftop solar energy systems on or before September 30, 2015. The building department shall issue a building

permit, the issuance of which is nondiscretionary, within three business days upon receipt of a complete application that meets the requirements of the approved checklist and standard plan.

2. Review of the application shall be limited to the building official's review of whether the application meets local, state, and federal health and safety requirements.

    a. The building official may require an applicant to submit additional plans and documentation if the official finds, based on substantial evidence, that the solar energy system could have a specific, adverse impact upon the public health and safety. Such decisions may be appealed to the Board of Appeals, whose decision shall be final.

        i. In addition, to a building permit the City may require a use permit. The City may deny the use permit application if it makes written findings based upon substantive evidence in the record that the proposed installation would have a specific, adverse impact upon public health or safety and there is no feasible method to satisfactorily mitigate or avoid, as defined, the adverse impact. Such findings shall include the basis for the rejection of the potential feasible alternative for preventing the adverse impact. Such decision may be appealed to the City Council, whose decision shall be final.

3. Any condition imposed on an application shall be designed to mitigate the specific, adverse impact upon health and safety at the lowest possible cost.

4. "A feasible method to satisfactorily mitigate or avoid the specific, adverse impact", includes, but is not limited to, any cost-effective method, condition, or mitigation imposed by the City on another similarly situated application in a prior successful application for a permit. The City shall use its best efforts to ensure that the selected method, condition or mitigation meets the conditions of subparagraphs (A) and (B) of paragraph (1) of subdivision (d) of Section 714 of the Civil Code defining restrictions that do no significantly increase the cost of the system or decrease its efficiency or specified performance.

5. City approval of an application for small residential rooftop solar energy system shall not be conditional on approval by an association or common interest development governing body or architectural review committee.

6. If an application is deemed incomplete, a written correction notice detailing all deficiencies in the application and any additional information or documentation required to be eligible for expedited permit issuance shall be sent to the applicant for resubmission.

7. Only one inspection shall be required and performed by the building department for small residential rooftop solar energy systems eligible for expedited review. The local fire district may require a separate inspection.

8. The building department inspection shall be done in a timely manner and should include consolidated inspections. Requested inspections shall be scheduled within one to three business days.

9. If a small residential rooftop solar energy system fails inspection, a subsequent inspection is authorized but need not conform to the requirements of the Chapter.

Section 3. Severability

If any provision of this ordinance or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the ordinance which can be given effect without the invalid provision or application and to this end the prevision of this ordinance are severable. This City Council declares that it would have adopted this ordinance irrespective of the invalidity of any particular portion thereof and intends that the invalid portions should be severed and the balance of the ordinance be enforced.

Section 4. Effective Date

Within fifteen (15) days after adoption, a Summary of this Ordinance shall be published once in the Grapevine Independent, or the Sacramento Bee, a newspaper of general circulation printed and published in Sacramento County and circulated in the City of Rancho Cordova, in accordance with Government Code Section 36933. This Ordinance shall take effect and be enforced thirty (30) days after its inception.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the _____ day of _____, 2015 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

____
Robert J. McGarvey, Mayor

ATTEST:

____
Mindy Cuppy, MMC, City Clerk

MEMORANDUM

DATE: September 8, 2015

TO: Honorable Mayor and Council Members

FROM: Matthew Diaz, Associate Planner

SUBJECT: **BRADSHAW BUSINESS PARK TENTATIVE PARCEL MAP; PROJECT NO. DD8595 – LOCATED AT 9727, 9745, AND 9767 BUSINESS PARK DRIVE**

PROPERTY OWNER:	APPLICANT/DEVELOPER:
NCWP-Bradshaw Business Park, LLC Mrs. Michelle Brockmann 810 NW Marshall Street, Suite 300 Portland, OR 97209	Leonard Development Company Mr. John Leonard 2020 Capital Avenue, Suite 1 Sacramento, CA 95811

PROJECT:	Bradshaw Business Park Tentative Parcel Map
FILE:	DD8595
LOCATION:	9727, 9745, and 9767 Business Park Drive
APN:	068-0160-049-0000
PLANNER:	Matthew Diaz, Associate Planner

RECOMMENDATION

Adopt the Resolution 115-2015.

RESULT OF RECOMMENDED ACTION

Adoption of Resolution 115-2015 would approve the applicant's request for a commercial subdivision to divide one existing parcel totaling 4.74 acres into three new parcels with sizes ranging from 1.36 acre, 1.63 acre, and 1.76 acre. Each new parcel would contain an existing commercial building and will continue to have cross vehicular and pedestrian access, shared parking, and common landscaped areas.

BACKGROUND

The project site is a developed business center consisting of three existing commercial warehouse buildings, paved parking area with landscaping, on a parcel located on the north side of Business Park Drive. The project site is zoned FB- OIMU (Office Industrial Mixed Use in the Folsom Boulevard Specific Plan).

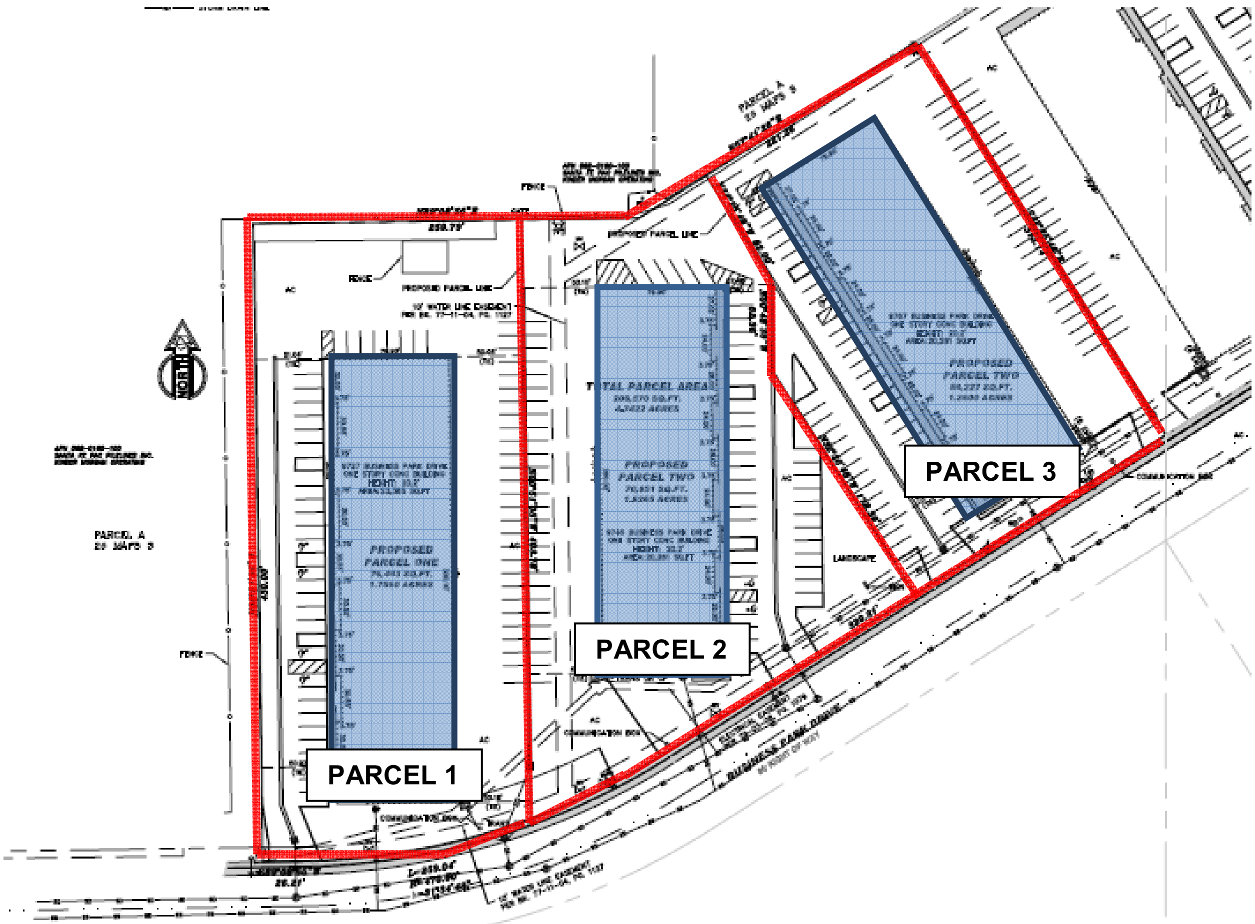
Figure 1: Project Site

The City of Rancho Cordova received an application on July 1, 2015 requesting a Tentative Parcel Map to divide the existing parcel into three (3) new parcels. The new parcels will include;

- Parcel 1: A new 1.76 acre (76,493 square feet) parcel with an existing 23,365 square foot (0.31 floor area ratio) one-story commercial/light industrial building along Business Park Drive with paved parking area and landscape;
- Parcel 2: A new 1.63 acre (70,851 square feet) parcel with an existing 20,261 square foot (0.29 floor area ratio) one-story commercial/light industrial building along Business Park Drive with paved parking area and landscape;
- Parcel 3: A new 1.36 acre (59,227 square feet) parcel with an existing 20,261 square foot (0.34 floor area ratio) one-story commercial/light industrial building along Business Park Drive with paved parking area and landscape;

The application was routed to the City's commenting agencies and reviewed for environmental concerns.

Figure 2: Proposed 3 Parcel Subdivision



REQUIRED PERMITS AND REGULATORY BASIS

According to the State Subdivision Map Act and Municipal Code, a commercial parcel may be split up into separate lots with a Subdivision Map, guided by the following provisions:

1. Subdivision Map Act
2. RCMC Title 22, Land Development, provides the local authority under the Subdivision Map Act to subdivide land.
3. Folsom Boulevard Specific Plan provides specific standards for development to regulate the use and size and is the primary regulatory tool for the site.
4. RCMC Title 23 Zoning Code provides the local authority for all development standards to regulate parking, landscaping, and other onsite improvements.

ANALYSIS

The applicant is requesting approval of a Tentative Parcel Map to divide a developed parcel totaling 4.74 acres into three (3) parcels and does not propose any physical improvements or changes in use at this time.

General Plan: The project site is located in the Folsom Boulevard Planning Area (FBPA) of the City's General Plan. The Folsom Boulevard Planning Area is a high-intensity development corridor with many sites that are visible from Highway 50.

Figure 3: Photo looking north from Business Park Drive at the main entrance between the proposed Parcel One and Parcel Two.

Figure 4: Photo looking north from Business Park Drive at the main entrance between the proposed Parcel Two and Parcel Three.

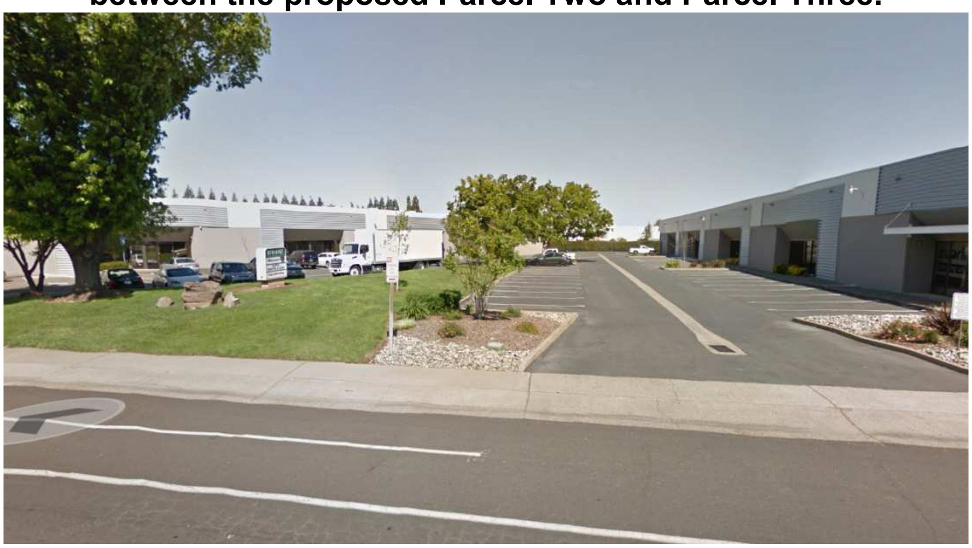


Table 1: Surrounding Designations and Existing Uses

Location	Existing Use	General Plan Designation	Zoning Designation
9727, 9745, and 9767 Business Park Drive (Project Site)	Existing Commercial Warehouses	FBPA (Folsom Boulevard Planning Area)	FB-OIMU (Office Industrial Mixed Use within the Folsom Boulevard Specific Plan)
North	Industrial Uses and Undeveloped land	FBPA (Folsom Boulevard Planning Area)	FB-OIMU (Office Industrial Mixed Use within the Folsom Boulevard Specific Plan)
East	Existing Commercial/Light Industrial Warehouses	FBPA (Folsom Boulevard Planning Area)	FB-OIMU (Office Industrial Mixed Use within the Folsom Boulevard Specific Plan)
South	Existing Commercial/Light Industrial Warehouses	FBPA (Folsom Boulevard Planning Area)	FB-OIMU (Office Industrial Mixed Use within the Folsom Boulevard Specific Plan)
West	Existing Industrial Uses	FBPA (Folsom Boulevard Planning Area)	FB-OIMU (Office Industrial Mixed Use within the Folsom Boulevard Specific Plan)

Zoning Code: The project site is zoned FB-OIMU (Office Industrial Mixed Use within the Folsom Boulevard Specific Plan) which allows for a wide range of commercial, office, and light industrial mixed-use development. While a predominantly office and light industrial district, the FB-OIMU category is designed to provide for the integration of office, light industrial and commercial uses. The Specific Plan does not require a minimum lot size for new parcels in the OIMU Zone; therefore the lot sizes proposed have been designed to give each lot the necessary setbacks and floor area ratios (FAR) to be code compliant. The plan currently exceeds the minimum FAR of 0.20 (0.29, 0.31 and 0.34 proposed) as well as the 10-foot structural setback from interior side yard (between 20-30 feet are proposed). The parcel split does not propose any new exterior construction and will not change any of the site features of the subject property.

There is sufficient parking onsite for standard and handicap accessible stalls with each new parcel maintaining their share of required parking adjacent to the existing building. All new parcels will maintain shared access. Condition of approval #7 requires all parcels within the subdivision to be the subject of a reciprocal access and shared parking agreement. This will ensure that minimum parking standards are met and allow for efficient vehicle access throughout the business center. Additionally, this agreement will ensure access and parking should the new parcels be sold to other owners.

Title 22 - Land Development: Title 22 of the City of Rancho Cordova Municipal Code regulates land division and is intended to supplement and implement the Subdivision Map Act. The proposed project, as conditioned, is consistent with requirements and procedures of a tentative parcel map application.

FISCAL IMPACT

The City anticipates that this project will result in additional revenues created from the potential sale of the new parcels and through taxes collected for each new parcel.

ENVIRONMENTAL

The project is exempt from the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations, Chapter 3, Division 6 (State CEQA Guidelines) Section 15315 (Minor Land Division). A description of the evidence for the exemption is found in the findings included in **Attachment 1**.

RECOMMENDED MOTIONS

Staff recommends that the City Council find the project to be in compliance with the California Environmental Quality Act (CEQA) as a Class 5 exemption per section 15315 "Minor Land Division" and adopt Resolution Number 115-2015 approving the Tentative Parcel Map for the Bradshaw Business Park DD8595, subject to the findings, Project Plans (**Exhibit A**) and Conditions of Approval (**Exhibit B**)."

ATTACHMENTS

1. Resolution 115-2015, including Tentative Parcel Map (**Exhibit A**) and subject to the Conditions of Approval (**Exhibit B**).
2. 500' Radius Map and Labels.

ATTACHMENT 1

CITY OF RANCHO CORDOVA

RESOLUTION NO. 115-2015

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA APPROVING THE BRADSHAW BUSINESS PARK TENTATIVE PARCEL MAP, PROJECT NO. DD8595

WHEREAS, John Leonard of the Leonard Development Company (hereinafter referred to as Applicant) filed an application with the City of Rancho Cordova for a three lot Tentative Parcel Map for the Bradshaw Business Park, located at 9727, 9745, and 9767 Business Park Drive (Assessor's Parcel Number: 068-0160-049-0000); and

WHEREAS, the City Council is the appropriate authority to hear and take action on this project; and

WHEREAS, the City Council of the City of Rancho Cordova has conducted a properly noticed public hearing pursuant to Government Code Section 65090 and has duly considered all written and verbal testimony presented during the hearing.

NOW, THEREFORE, BE IT HEREBY RESOLVED THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA does authorize that the Council approves the Bradshaw Business Park Tentative Parcel Map **(Exhibit A)**, subject to the following findings and attached Conditions of Approval (**Exhibit B**):

A. Finds the project site was adequately analyzed according to the California Environmental Quality Act (CEQA) Guidelines and is Exempt under Section 15315, Minor Land Division, as supported by the following:

   The property is in an urbanized area zoned for commercial and light industrial uses. The division of one lot into three parcels is in conformance with the General Plan and Specific Plan standards as no variances or exceptions are required. All services and access to the proposed parcels to local standards are available and the parcel does not have an average slope greater than 20 percent.

B. Section 66474 of the California Subdivision Map Act requires a City to deny approval of a tentative map, if any of the findings are found to be true. In the case of the proposed map, none of the required findings were found to be true. The following evidence supports the map request:

   1. Finding: That the proposed map is not consistent with applicable general and specific plans as specified in Section 65451.

      Evidence: The proposed project is consistent with the General Plan and the land use designation specified for this parcel. The current uses and buildings are consistent with the existing development standards of the General Plan planning area and the Zoning Code designation of Office Industrial Mixed Use within the Folsom Boulevard Specific Plan (FB-OIMU). No changes to the existing uses are proposed, only the splitting of the one parcel into three parcels.

2. Finding: That the design or improvement of the proposed subdivision is not consistent with applicable general and specific plans.

   Evidence: The current uses and buildings are consistent with the existing development standards of the General Plan designation of Folsom Boulevard Planning Area (FBPA) and the Zoning Code designation of Office Industrial Mixed Use within the Folsom Boulevard Specific Plan (FB-OIMU). The subject property is compliant to the adopted Folsom Boulevard Specific Plan standards as no physical improvements are proposed with the Tentative Parcel Map.

3. Finding: That the site is not physically suitable for the type of development.

   Evidence: The site is physically suitable to subdivide. The existing parcel will be split into three parcels. Buildings will be located within the individual parcels and all parcel lines will be placed in compliance with setback requirements. Each new parcel will be supported by on-site parking, cross access, and landscaping per the requirements of the City of Rancho Cordova Folsom Boulevard Specific Plan and Zoning Code.

4. Finding: That the site is not physically suitable for the proposed density of development.

   Evidence: The site is physically suitable for the proposed density of development. The proposed Tentative Parcel Map will divide the existing parcel into three commercial lots. No additions or physical improvements are proposed at this time. The existing parking and vehicular access drives will be reciprocally joined for common use and maintenance as a condition of the map.

5. Finding: That the design of the subdivision or the proposed improvements are likely to cause substantial environmental damage or substantially and avoidably injure fish or wildlife or their habitat.

   Evidence: The proposed project does not involve any physical improvements or changes in use at this time. The site is currently developed with paved parking, landscaped areas, and three existing commercial buildings without any undeveloped areas that could contain sensitive plant and/or wildlife. The proposed project can be found exempt from environmental review pursuant to Section 15315 of the California Environmental Quality Act.

6. Finding: That the design of the subdivision or the type of improvements is likely to cause serious public health problems.

   Evidence: The subdivision of one parcel into three new parcels would allow the existing and future buildings to be placed on individual lots. The subject property is already developed with a commercial-office center. The proposed Tentative Parcel Map does not include any physical change and will not disturb any previously undisturbed area. No public health problems will result from approval of the subdivision map.

7. Finding: That the design of the subdivision or the type of improvements will conflict with easements, acquired by the public at large, for access through or

ATTACHMENT 1

use of property within the proposed subdivision. In this connection, the legislative body may approve a map if it finds that alternate easements, for access or for use, will be provided, and that these will be substantially equivalent to ones previously acquired by the public.

Evidence: There are existing easements within the proposed subdivision for access through the property. No change is proposed with this subdivision and a condition has been placed on the project to ensure the access and shared parking remains for all businesses prior to sale of the new parcels.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the ____ day of _________________ 2015 by the following vote:

AYES:

NOES:

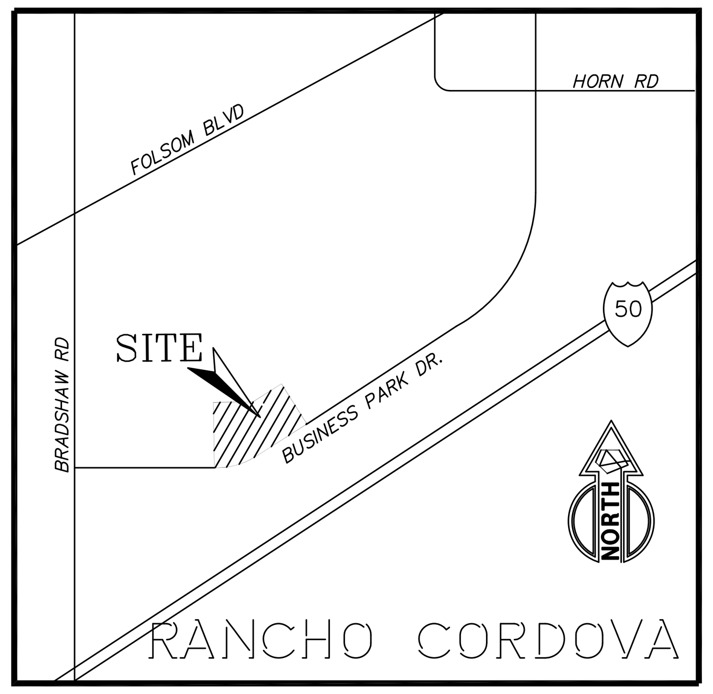
ABSENT:

ABSTAIN:

____
Robert J. McGarvey, Mayor

ATTEST:

____
Mindy Cuppy, MMC, City Clerk



VICINITY MAP
NOT TO SCALE

LEGEND OF SYMBOLS:

AC	ASPHALT
APN	ASSESSOR PARCEL NUMBER
BFP	BACK FLOW PREVENTOR
BLDG	BUILDING
BSL	BUILDING SETBACK LINE
CB	CATCH BASIN
DWY	DRIVEWAY
EB	ELECTRICAL BOX
EC	ELECTRICAL CABINET
EV	ELECTRICAL VAULT
FDC	FIRE DEPARTMENT CONNECTION
FH	FIRE HYDRANT
GM	GAS METER
PIV	POST INDICATOR VALVE
SQ. FT.	SQUARE FEET
SDMH	STORM DRAIN MANHOLE
SSCO	SANITARY SEWER CLEANOUT
SSMH	SANITARY SEWER MANHOLE
TEL	TELEPHONE MANHOLE
TRANS	TRANSFORMER
UB	UTILITY BOX
WM	WATER METER
WV	WATER VALVE
YL	YARD LIGHT
	FOUND 3/4" REBAR
SS	SANITARY SEWER LINE
SD	STORM DRAIN LINE

UTILITY COMPANIES:

GAS - PG&E
5555 FLORIN-PERKINS ROAD
SACRAMENTO, CA 95826

ELECTRIC - SMUD
6201 S STREET
SACRAMENTO, CA 95816

WATER - CALIFORNIA AMERICAN WATER COMPANY
4701 BELOIT DRIVE
SACRAMENTO, CA 95838

SEWER - SACRAMENTO AREA SEWER DISTRICT
10060 GOETHE ROAD
SACRAMENTO, CA 95827

STORM - CITY OF RANCHO CORDOVA
2729 PROSPECT PARK DRIVE
RANCHO CORDOVA, CA 95670

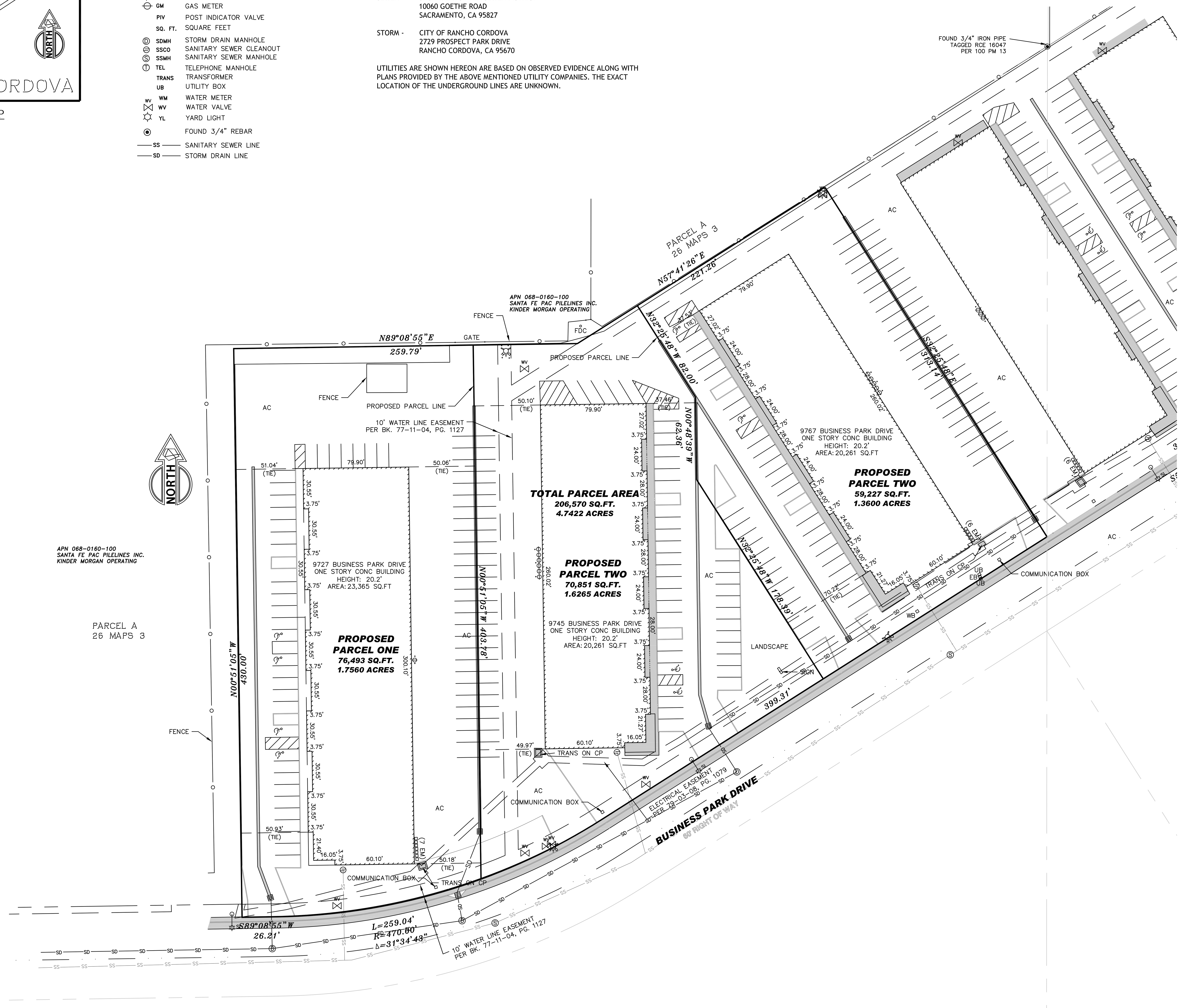
UTILITIES ARE SHOWN HEREON ARE BASED ON OBSERVED EVIDENCE ALONG WITH PLANS PROVIDED BY THE ABOVE MENTIONED UTILITY COMPANIES. THE EXACT LOCATION OF THE UNDERGROUND LINES ARE UNKNOWN.

TENTATIVE PARCEL MAP

ALL THAT PORTION OF PARCEL "B" AS SHOWN ON THE PARCEL MAP ENTITLED "FOLSOM INDUSTRIAL PARK", BEING A PORTION OF RANCHO RIO DE LOS AMERICANOS IN PROJECT T. 8 N., R. 6 E., M.D.M.", AS RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF SACRAMENTO COUNTY ON APRIL 29, 1976, IN PARCEL MAP BOOK 26, PAGE 3

9727, 9745, 9767 BUSINESS PARK DRIVE
SACRAMENTO, COUNTY OF SACRAMENTO CALIFORNIA

SCALE 1" = 40'
DATE: DECEMBER, 2014



TOTAL LAND AREA:

206,570 SQ. FT.
4.7422 ACRES

LEGAL DESCRIPTION:

ALL THAT PORTION OF PARCEL "B" AS SHOWN ON THE PARCEL MAP ENTITLED "FOLSOM INDUSTRIAL PARK", BEING A PORTION OF RANCHO RIO DE LOS AMERICANOS IN PROJECT T. 8 N., R. 6 E., M.D.M.", AS RECORDED IN THE OFFICE OF THE COUNTY RECORDER OF SACRAMENTO COUNTY ON APRIL 29, 1976, IN PARCEL MAP BOOK 26, PAGE 3, DESCRIBED AS FOLLOWS:

COMMENCING AT THE POINT WHICH IS THE MOST SOUTHEASTERLY CORNER OF PARCEL "B" AND THE MOST SOUTHWESTERLY CORNER OF SAID PARCEL "C", THENCE NORTH 0° 02' 43" EAST, ALONG THE EAST LINE OF. SAID PARCEL "B", 427.28 FEET TO THE POINT OF BEGINNING; THENCE SOUTH 57° 34' 12" WEST 399.31 FEET; THENCE ALONG THE ARC OF A TANGENT CURVE TO THE RIGHT, WITH A RADIUS OF 470.00 FEET AND A CENTRAL ANGLE OF 31° 34' 43" THE CHORD OF WHICH BEARS SOUTH 73° 21' 33" WEST 255.78 FEET; THENCE SOUTH 89° 08' 55" WEST 26.21 FEET; THENCE NORTH 00° 51' 05" WEST 430.00 FEET;. THENCE NORTH 89° 08' 55" EAST 259.79 FEET; THENCE NORTH 57° 41' 26" EAST 221.26 FEET; THENCE SOUTH 32° 25' 48" EAST 313.14 FEET TO THE TRUE POINT OF BEGINNING.

SLOOTEN CONSULTING INC.
SURVEYING & ENGINEERING
E-MAIL: OFFICE@SLOOTEN.COM
4740 NORTHGATE BLVD., SUITE 115
SACRAMENTO, CA 95834
(916)641-7570
(FAX)641-7572
JOB NO. 9364-01

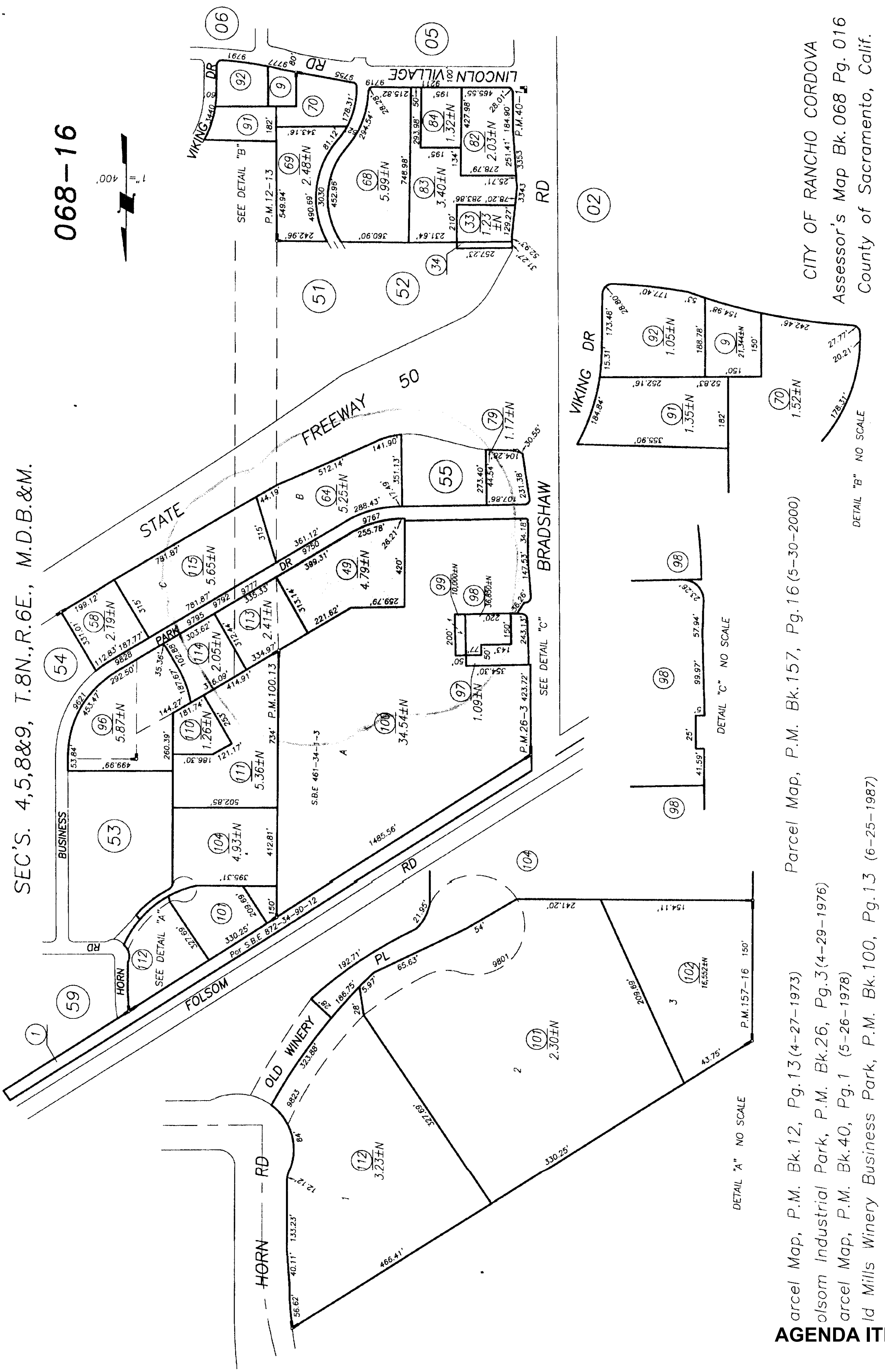
AGENDA ITEM 13.1

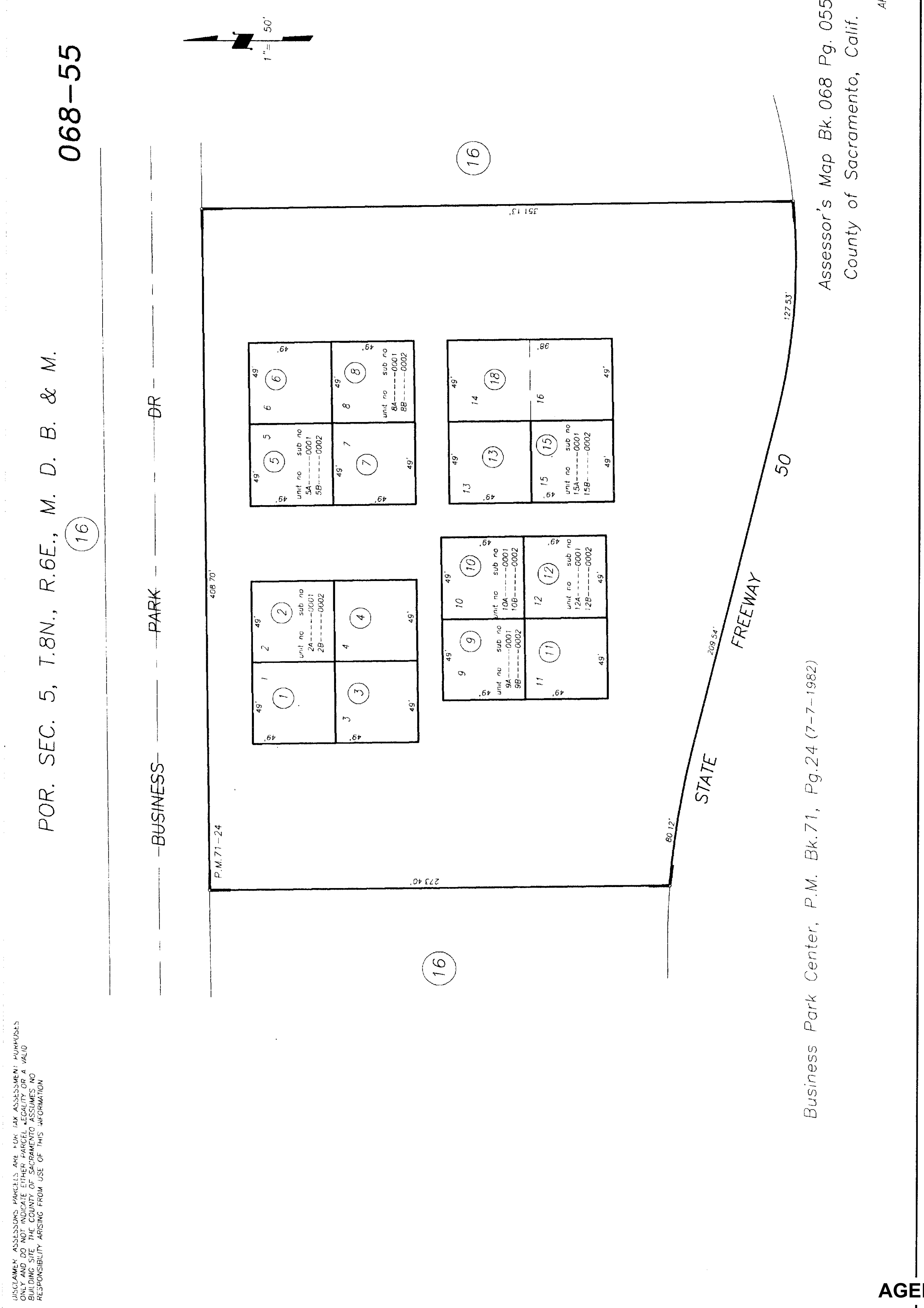
Conditions of Approval

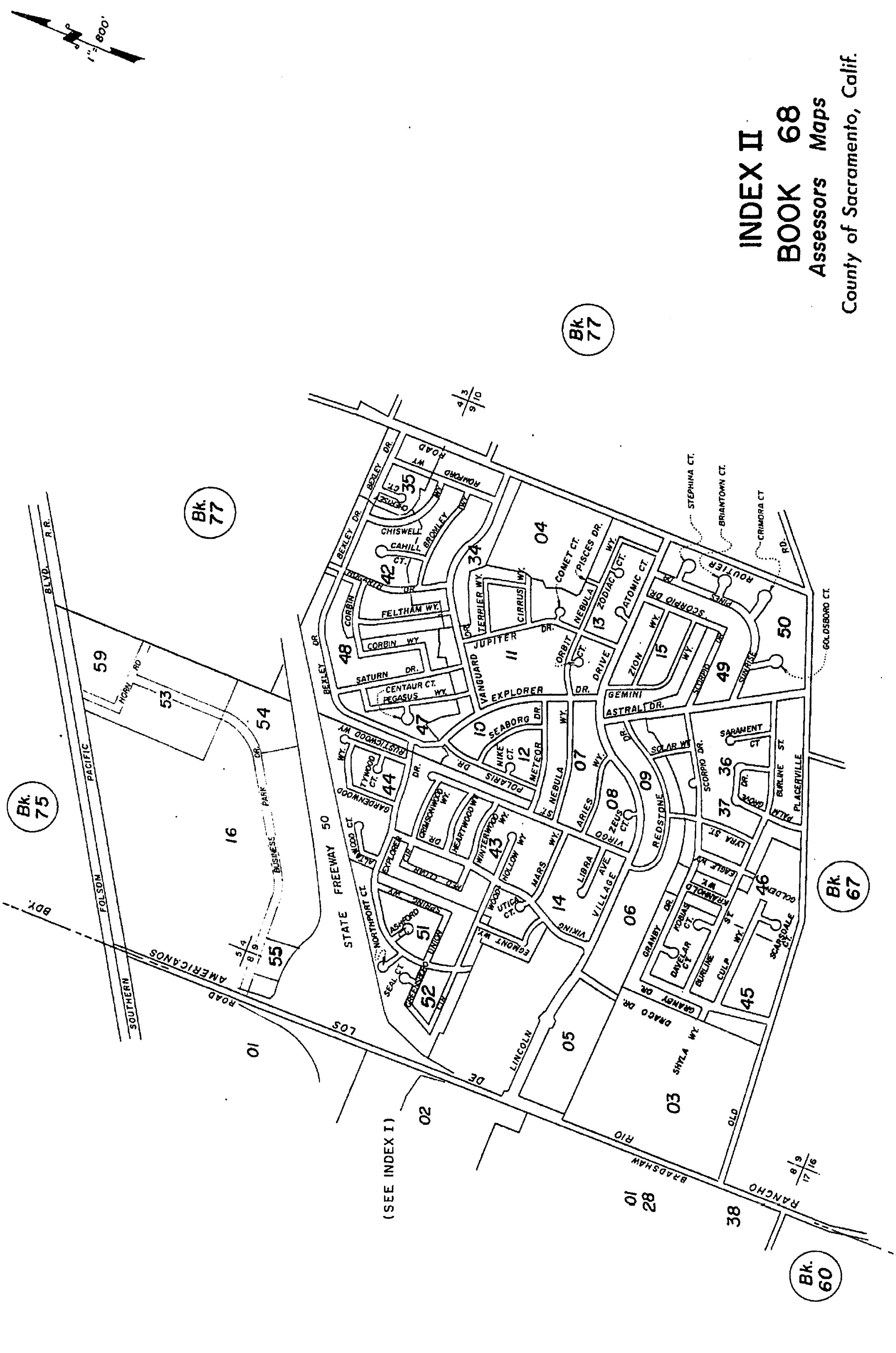
EXHIBIT B

		Category	Timing/ Implementation	Enforcement/ Monitoring	Verification (date & Signature)
General Conditions					
1.	The approved entitlement is for a Tentative Parcel Map, to subdivide one (1) parcel (APN 068-0160-049-0000) into three (3) parcels, as described in the City Council staff report dated September 8, 2015 and Tentative Subdivision Map (**Exhibit A**) submitted July 1, 2015 with the conditions herein, for project number DD8595.	Project Description	On-Going	Planning	
2.	The Applicant shall hold harmless the City, its Council Members, officers, agents, employees, and representatives from liability for any award, damages, costs and fees incurred by the City and/or awarded to any plaintiff in an action challenging the validity of this permit or any environmental or other documentation related to approval of this permit. Applicant further agrees to provide a defense for the City in any such action.	General	On-Going	Planning	
3.	Any future alteration to the buildings, change in use, intensification of the site, or modification to the parking and landscaped area must be reviewed by the City to ensure compliance with all local, state, and federal regulations. Minor modifications that are found to be in substantial conformance with the approved plans such as colors, plant materials, or minor lot line adjustments, may be approved administratively. Major modifications shall be approved by the applicable decision making body.	General	On-Going	Planning/ Building /Public Works	
4.	Applicant/Developer shall not carry a negative account balance with the City for the processing of the project. If a negative account balance occurs, it will be the developer's responsibility to pay the balance due, in order to avoid delays in the processing of future permits or recordation of maps. Please email the Finance Department at billings@cityofranchocordova.org for the status of your account with the City.	General	On-Going	Finance	

		Category	Timing/ Implementation	Enforcement/ Monitoring	Verification (date & Signature)
Prior to Recordation of the Subdivision Map					
5.	The Tentative Parcel Map approval is valid for three years from the date of City Council approval, unless an extension of time is subsequently approved per Government Code Section 66452.6(e), unless extended by the terms of a Development Agreement.	Subdivision	Three years, commencing with the date of approval.	Planning/Public Works	
6.	A note shall be placed on the final map stating that “Reciprocal access and parking between parcels shown hereon shall be granted/reserved prior to the sale and/or reconveyance of said parcels. Any change in tenant parking must be reviewed and approved by the planning department prior to occupancy of the buildings.	Access and Parking	Prior to Recordation of the Subdivision Map	Public Works/Planning	
7.	Dedicate a standard 12.5-foot Public Utility Easement for the installation and maintenance of water, gas, sewer and drainage pipes, traffic control devices and for poles and overhead and underground wires and conduits for electrical, television and telephone services and appurtenances adjacent to all public drive.	Utilities	Prior to Recordation of the Subdivision Map	Public Works	
8.	Due to the parcel splits for the 3 buildings, Metro Fire would require all the buildings to have separate Fire Alarm systems if they don’t at this time. This must be confirmed with the Fire Department prior to Final Map. For questions please contact Mike Olcese Fire Inspector II at (916) 851-8933.	Safety	Prior to Recordation of the Subdivision Map	Sacramento Metro Fire	


068–16
1" = 400'
SEC'S. 4,5,8&9, T.8N.,R.6E., M.D.B.&M.
STATE FREEWAY 50
LINCOLN VILLAGE RD
VIKING DR
BRADSHAW RD
BUSINESS PARK DR
FOLSOM RD
HORN RD
OLD WINERY PL
SEE DETAIL "A"
SEE DETAIL "B"
SEE DETAIL "C"
DETAIL "A" NO SCALE
DETAIL "B" NO SCALE
DETAIL "C" NO SCALE
P.M.12–13
P.M.100.13
P.M.26–3
P.M.40–1
P.M.157–16
S.B.E 461–34–1–3
Por S.B.E 872–34–90–12
CITY OF RANCHO CORDOVA
Assessor's Map Bk.068 Pg.016
County of Sacramento, Calif.
Parcel Map, P.M. Bk.157, Pg.16 (5–30–2000)
arcel Map, P.M. Bk.12, Pg.13 (4–27–1973)
olsom Industrial Park, P.M. Bk.26, Pg.3 (4–29–1976)
arcel Map, P.M. Bk.40, Pg.1 (5–26–1978)
ld Mills Winery Business Park, P.M. Bk.100, Pg.13 (6–25–1987)


068–55
POR. SEC. 5, T.8N., R.6E., M. D. B. & M.
BUSINESS PARK DR
16
16
16
1" = 50'
351.13'
408.70'
273.40'
127.53'
209.54'
80.12'
P.M.71–24
STATE FREEWAY 50
unit no sub no
2A-----0001
2B-----0002
5A-----0001
5B-----0002
8A-----0001
8B-----0002
9A-----0001
9B-----0002
10A-----0001
10B-----0002
12A-----0001
12B-----0002
15A-----0001
15B-----0002
Business Park Center, P.M. Bk.71, Pg.24 (7-7-1982)
Assessor's Map Bk. 068 Pg. 055
County of Sacramento, Calif.
APRIL 25, 2014
DISCLAIMER: ASSESSORS PARCELS ARE FOR TAX ASSESSMENT PURPOSES ONLY AND DO NOT INDICATE EITHER PARCEL LEGALITY OR A VALID BUILDING SITE. THE COUNTY OF SACRAMENTO ASSUMES NO RESPONSIBILITY ARISING FROM USE OF THIS INFORMATION


POR. T.8N., R.6E., M.D.B.& M.
& POR. RANCHO RIO DE LOS AMERICANOS
INDEX II
BOOK 68
Assessors Maps
County of Sacramento, Calif.
1" = 800'
(SEE INDEX I)
STATE FREEWAY 50
FOLSOM BLVD.
SOUTHERN PACIFIC R.R.
AMERICANOS ROAD
LOS RIO DE
BRADSHAW
OLD PLACERVILLE
Bk. 75
Bk. 77
Bk. 77
Bk. 67
Bk. 60
ROUTIER RD.

068 0160 049 0000
Ncwp Bradshaw Bsns Pk LLC
810 NW Marshall St #300
Portland, OR 97209-3359

068 0160 064 0000
Shaw
9857 Horn Rd
Sacramento, CA 95827-1947

068 0160 079 0000
Mavin Capital LLC(Foodmaker Inc)
9330 Balboa Ave
San Diego, CA 92123-1516

068 0160 097 0000
Pac P L Ptns(Kinder Morgan Oper Southern
1100 Town/country Rd
Orange, CA 92868-0000

068 0160 098 0000
Pac P L Ptns(Kinder Morgan Oper Southern
1100 Town/country Rd
Orange, CA 92868-0000

068 0160 099 0000
Santa Fe Pac Pipelines Inc(Kinder Morgan
1100 Town/country Rd
Orange, CA 92868-0000

068 0160 100 0000
Santa Fe Pac Pipelines Inc(Kinder Morgan
1100 Town/country Rd
Orange, CA 92868-0000

068 0160 111 0000
Bruce & Arlyne Fite D
9857 Horn Rd
Sacramento, CA 95827-1947

068 0160 113 0000
Ncwp Bradshaw Bsns Pk LLC
810 NW Marshall St #300
Portland, OR 97209-3359

068 0160 114 0000
Ncwp Bradshaw Bsns Pk LLC
810 NW Marshall St #300
Portland, OR 97209-3359

068 0160 115 0000
Ncwp Bradshaw Bsns Pk LLC
810 NW Marshall St #300
Portland, OR 97209-3359

068 0550 001 0000
Costa
9700 Business Park Dr #100
Sacramento, CA 95827-1712

068 0550 002 0001
Bradshaw Pk Props LLC
9700 Business Park Dr #102
Sacramento, CA 95827-1717

068 0550 002 0002
Bradshaw Pk Props LLC
9700 Business Park Dr #102
Sacramento, CA 95827-1717

068 0550 003 0000
Brock
9700 Business Park Dr #105
Sacramento, CA 95827-1717

068 0550 004 0000
Bradshaw Pk Props LLC
9700 Business Park Dr #102
Sacramento, CA 95827-1717

068 0550 005 0001
Robert & Joanna Fugitt
9700 Business Park Dr #201
Sacramento, CA 95827-1717

068 0550 005 0002
Cynthia Miller
2037 Empire Mine Cir
Gold River, CA 95670-7724

068 0550 006 0000
William Williams
1523 26th St
Sacramento, CA 95816-6304

068 0550 007 0000
S & W Investments LLC
9700 Business Park Dr #204
Sacramento, CA 95827-1717

068 0550 008 0001
William Williams
1523 26th St
Sacramento, CA 95816-6304

068 0550 008 0002
Luigi Piciucco
9700 Business Park Dr
Sacramento, CA 95827-1712

068 0550 009 0001
Jawa Partners LLC
184 Orange Blossom Cir
Folsom, CA 95630-8102

068 0550 009 0002
Jawa Partners LLC
184 Orange Blossom Cir
Folsom, CA 95630-8102

068 0550 010 0001
R A & S Johnson
11959 Prospect Hill Dr
Gold River, CA 95670-7528

068 0550 010 0002
Samy Nam
9700 Business Park Dr #403
Sacramento, CA 95827-1718

068 0550 011 0000
Jawa Partners LLC
184 Orange Blossom Cir
Folsom, CA 95630-8102

068 0550 012 0001
Zehnder
9700 Business Park Dr #406
Sacramento, CA 95827-1718

068 0550 012 0002
Zehnder
9078 Doncaster Ct
Elk Grove, CA 95624-3133

068 0550 013 0000
Daniel & Kristen Spector
3400 Sierra Oaks Dr
Sacramento, CA 95864-5731

068 0550 015 0001
Campbell
4928 Papaya Dr
Fair Oaks, CA 95628-4240

068 0550 015 0002
David McReynolds
9700 Business Park Dr #B
Sacramento, CA 95827-1712

068 0550 018 0000
Joseph Franklin Micallef
9700 Business Park Dr #300
Sacramento, CA 95827-1718

068 0160 049 0000
Occupant At
9767 Business Park Dr
Sacramento, CA 95827-1711

068 0160 064 0000
Occupant At
9750 Business Park Dr
Sacramento, CA 95827-1716

068 0160 079 0000
Occupant At
9680 Business Park Dr
Sacramento, CA 95827-1701

068 0160 097 0000
Occupant At
Bradshaw Rd
Sacramento, CA 95827-0000

068 0160 098 0000
Occupant At
9687 Gore Rd
Sacramento, CA 95827-0000

068 0160 099 0000
Occupant At
Bradshaw Rd
Sacramento, CA 95827-0000

068 0160 100 0000
Occupant At
3009 Bradshaw Rd
Sacramento, CA 95827-0000

068 0160 111 0000
Occupant At
9815 Business Park Dr
Sacramento, CA 95827-1730

068 0160 113 0000
Occupant At
9777 Business Park Dr
Sacramento, CA 95827-1707

068 0160 114 0000
Occupant At
9795 Business Park Dr
Sacramento, CA 95827-1708

068 0160 115 0000
Occupant At
9792 Business Park Dr
Sacramento, CA 95827-1736

068 0550 001 0000
Occupant At
9700 Business Park Dr #100
Sacramento, CA 95827-1712

068 0550 002 0001
Occupant At
9700 Business Park Dr
Sacramento, CA 95827-1717

068 0550 002 0002
Occupant At
9700 Business Park Dr
Sacramento, CA 95827-1717

068 0550 003 0000
Occupant At
9700 Business Park Dr #105
Sacramento, CA 95827-1717

068 0550 004 0000
Occupant At
9700 Business Park Dr
Sacramento, CA 95827-1717

068 0550 005 0001
Occupant At
9700 Business Park Dr #201
Sacramento, CA 95827-1717

068 0550 005 0002
Occupant At
9700 Business Park Dr
Sacramento, CA 95827-1712

068 0550 006 0000
Occupant At
9700 Business Park Dr
Sacramento, CA 95827-1712

068 0550 007 0000
Occupant At
9700 Business Park Dr #204
Sacramento, CA 95827-1717

068 0550 008 0001
Occupant At
9700 Business Park Dr
Sacramento, CA 95827-1712

068 0550 008 0002
Occupant At
9700 Business Park Dr
Sacramento, CA 95827-1712

068 0550 009 0001
Occupant At
9700 Business Park Dr
Sacramento, CA 95827-1712

068 0550 009 0002
Occupant At
9700 Business Park Dr
Sacramento, CA 95827-1712

068 0550 010 0001
Occupant At
9700 Business Park Dr
Sacramento, CA 95827-1712

068 0550 010 0002
Occupant At
9700 Business Park Dr #403
Sacramento, CA 95827-1718

068 0550 011 0000
Occupant At
9700 Business Park Dr
Sacramento, CA 95827-1712

068 0550 012 0001
Occupant At
9700 Business Park Dr #406
Sacramento, CA 95827-1718

068 0550 012 0002
Occupant At
9700 Business Park Dr
Sacramento, CA 95827-1712

068 0550 013 0000
Occupant At
9700 Business Park Dr
Sacramento, CA 95827-1712

068 0550 015 0001
Occupant At
9700 Business Park Dr
Sacramento, CA 95827-1712

068 0550 015 0002
Occupant At
9700 Business Park Dr #B
Sacramento, CA 95827-1712

068 0550 018 0000
Occupant At
9700 Business Park Dr #300
Sacramento, CA 95827-1718

MEMORANDUM

DATE: September 8, 2015

TO: Honorable Mayor and Council Members

FROM: Mark Thomas, Public Works Department

SUBJECT: **ORDINANCE AMENDING SECTION 10.50.010 AND 10.50.020 OF THE CITY OF RANCHO CORDOVA MUNICIPAL CODE REGARDING REDUCED SPEED LIMITS ON SPECIFIC STREETS TO BE IN COMPLIANCE WITH STATE LAW.**

RECOMMENDATION

Continue public hearing to the October 5, 2015 city council meeting.

RESULT OF RECOMMENDED ACTION

Continuation of this item will allow staff to refine and clarify the ordinance that will set speed limits to be enforceable by RADAR on City streets.

BACKGROUND

State law establishes the process for setting speed limits for roadways in California. Many of our speed limits have not changed since the City Council approved our current speed limit ordinance in 2004. Staff is preparing the process documentation that will recommend modification of speed limits on a few of our roadways. These surveys and analyses are required so that RCPD can enforce speed limit changes. The details of these recommended changes will be provided in the staff report and ordinance for the October 5, 2015 City Council meeting.

FISCAL IMPACT

There is no fiscal impact to the City's General Fund.

MEMORANDUM

DATE: September 8, 2015

TO: Honorable Mayor and Council Members

FROM: Jessica Hayes, Community Development Department

SUBJECT: **RESOLUTION APPROVING THE 2014-2015 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) CONSOLIDATED ANNUAL PERFORMANCE EVALUATION REPORT (CAPER) FOR SUBMITTAL TO US. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD).**

RECOMMENDATION

Continue public hearing to the September 21, 2015 city council meeting.

RESULT OF RECOMMENDED ACTION

Continuation of this item will allow staff to reach out to subrecipients for additional information to present regarding program performance, and will provide time to get feedback on the draft CAPER from the City's new HUD representative.

BACKGROUND

The CAPER is an annual report due to HUD that details the City's performance with CDBG funds over the prior program year. HUD has been steadily moving the Annual Action Plan and the CAPER process into the Integrated Disbursement Information System (IDIS) to standardize the planning process. While this migration is intended to ultimately allow for a simpler CDBG administration process, there have been extensive updates to IDIS and prolonged periods of down time that have slowed the CAPER entry and completion process. To help ensure that the City's CAPER is HUD approved in light of these changes, staff have submitted a draft to our new HUD rep, and is awaiting comments. Staff would also like to make sure that all of the City's subrecipients get an opportunity to share their accomplishments with Council and several were unable to make it to the Sept. 8th meeting.

FISCAL IMPACT

There is no fiscal impact to the City's General Fund.

MEMORANDUM

DATE: September 8, 2015

TO: Honorable Mayor and Council Members

FROM: Michelle Mingay, Sr. Finance Analyst

SUBJECT: **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO CORDOVA CONFIRMING AUTHORIZATION OF THE ISSUANCE AND SALE OF SPECIAL TAX BONDS, APPROVING OFFICIAL STATEMENT, BOND PURCHASE AGREEMENT AND AUTHORIZING RELATED DOCUMENTS AND ACTIONS ON BEHALF OF THE CITY OF RANCHO CORDOVA SUNRIDGE NORTH DOUGLAS COMMUNITY FACILITIES DISTRICT NO. 2005-1**

RECOMMENDATION

Adopt Resolution 114-2015

RESULT OF RECOMMENDED ACTION

Adoption of this resolution will authorize the sale of the first series of Special Tax Bonds (the "Bonds") for and on behalf of Sunridge North Douglas Community Facilities District No. 2005-1 for the purpose of providing money for the construction and acquisition of improvements, and the payment of certain fees, within the Community Facilities District.

BACKGROUND

Sunridge North Douglas Community Facilities District No. 2005-1 (the "CFD 2005-1") or (the "District") was formed in 2005 to assist in the financing of the acquisition and construction of certain public facilities, and payment of certain fees, within the North Douglas project. Through various Council actions, the City Council has declared the necessity to incur bonded indebtedness in a maximum principal amount not to exceed $35,000,000 and set an annual appropriations limit for the same.

While the City and the developer had worked on an initial Bond issuance for this District in 2007, Bonds were never issued as a result of the decline in the housing market. The developer now desires to proceed with the issuance of the first series of Special Tax Bonds for and on behalf of CFD 2005-1 and has requested the City Council to adopt the attached Resolution to conclude the approval process. Although the Bonds sizing has not yet been determined, staff expects the Bonds will be issued with a par amount between $12-14 million. This would result in approximately $10-12 million in proceeds available for the construction and acquisition of improvements and/or the payment of certain impact fees applicable to the District.

An updated appraisal of the property in the District has been undertaken by Seevers, Jordan, Ziegenmeyer, an MAI appraiser based in Rocklin. Based on the current status of the property in the District, the appraisal estimates the value of the property at approximately $59.5 million. Based on the proposed par amount for the Bonds, the property value compared to bonded debt lien would not exceed 4:1, which is consistent with prior special tax bonds issued within the City.

Assuming the City Council approves this financing; staff will work with the Bond Finance Team to determining the final Bond sizing and the preliminary Official Statement will be finalized and posted electronically for investors to review. Assuming the market remains stable, the City, Public Financial Management, Inc. (PFM), the City's Financial Advisor, and Piper Jaffray, Co., the bond underwriter, will hold a pre-pricing call around September 22nd to review the bond market conditions and the preliminary interest rates, after which bond certificates will be sold. The Interim Finance Director will enter into a Bond Purchase Agreement with Piper Jaffray, Co. finalizing the bond pricing which is anticipated to close around October 6th. After the Bond Issue closes, the bond proceeds will be delivered to the City to be used for the construction and acquisition of improvements and/or the payment of certain impact fees applicable to the District.

The financing-related resolution approves the sale of the Bonds in an amount not to exceed $20 million, approves the Official Statement, Bond Purchase Agreement and authorizes related documents on behalf of CFD 2005-1. Descriptions of these documents are as follows:

Preliminary Official Statement: The preliminary Official Statement is a document which serves as the prospectus for a municipal bond. It is a disclosure of the finances surrounding the current bond issuance. The Official Statement is the offering document used by the underwriter to market the bonds and indicated how investors in the bonds will be repaid.

Bond Purchase Agreement: The Bond Purchase Agreement is a legally binding document between the issuer (City on behalf of CFD 2005-1) and an underwriter (Piper Jaffray & Co.) establishing the terms of the bond sale. After the issuer delivers the bonds to the underwriter and the underwriter pays the issuer for them, the underwriter will put the bonds on the market at the price and yield established in the bond purchase agreement and investors will purchase the bonds from the underwriter.

Joint Community Facilities Agreement: The Joint Community Facilities Agreements (JCFA's) will allow CFD 2005-1 to finance facilities within the District that are to be owned and operated by a public agency other than the agency that created the District. In this case, the City is the forming agency and both Cordova Recreation and Park District (CRPD) and Sacramento County Water Agency (SCWA) would be the other public agencies. Approval of the JCFA's will allow the developers to use the bond proceeds from CFD 2005-1 to finance both park and water facilities located within the District. These Agreements were approved by the respective Boards in 2006 and 2007 but have not yet been approved by the City Council as a result of the developer not moving forward with the initial bond issuance in 2007.

FISCAL IMPACT

None. The Special Tax Bonds are secured solely by the Special Taxes levies within the District and are not a debt of the City's General Fund.

ATTACHMENTS

1. Resolution No. 114-2015.
2. Preliminary Official Statement.

ATTACHMENT 1

CITY OF RANCHO CORDOVA

RESOLUTION NO. 114-2015

A RESOLUTION CONFIRMING AUTHORIZATION OF THE ISSUANCE AND SALE OF SPECIAL TAX BONDS, APPROVING OFFICIAL STATEMENT, BOND PURCHASE AGREEMENT AND AUTHORIZING RELATED DOCUMENTS AND ACTIONS ON BEHALF OF THE CITY OF RANCHO CORDOVA SUNRIDGE NORTH DOUGLAS COMMUNITY FACILITIES DISTRICT NO. 2005-1

WHEREAS, the City Council of the City of Rancho Cordova has conducted proceedings under and pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5 (commencing with Section 53311) of the California Government Code (the "Act"), to form the Sunridge North Douglas Community Facilities District No. 2005-1 (the "CFD"), to authorize the levy of special taxes upon the land within the CFD, and to issue bonds secured by said special taxes for the purpose of providing moneys for the construction and acquisition of improvements, and the payment of certain fees, within the CFD; and

WHEREAS, the City Council, as legislative body of the CFD, is authorized to provide for the issuance of special tax bonds of the City for and on behalf of the CFD in one or more series in an aggregate principal amount not to exceed $35,000,000; and

WHEREAS, pursuant to Resolution No. 67-2015 adopted by the City Council on July 6, 2015, the City Council, as legislative body of the CFD, authorized the issuance of special tax bonds of the City for the CFD designated as "City of Rancho Cordova Sunridge North Douglas Community Facilities District No. 2005-1 Special Tax Bonds Series 2015" (the "Bonds") in an aggregate principal amount not to exceed $20,000,000 (the “Authorized Amount”) to finance authorized facilities and the payment of certain fees for the CFD and approved a Fiscal Agent Agreement by and between the City, for and on behalf of the CFD, and U.S. Bank National Association, as fiscal agent;

WHEREAS, there has been submitted to the City Council a form of a Preliminary Official Statement for the Bonds (the “Official Statement”) which includes a form of continuing disclosure undertaking (the “Continuing Disclosure Undertaking”) with respect to the Bonds and a form of Bond Purchase Agreement by and between the City, for and on behalf of the CFD, and Piper Jaffray & Co., as the Underwriter (the "Underwriter") with respect to the Bonds (the “Bond Purchase Agreement”), and the City Council has reviewed the Official Statement, Continuing Disclosure Undertaking and Bond Purchase Agreement and found each such document to be in proper order, and now desires to approve each such document and authorize related documents and actions in connection with the issuance and sale of the Bonds; and

WHEREAS, there has been placed on file with the City Clerk a form of a Joint Community Facilities Agreement by and between the City, for and on behalf of the CFD and the Cordova Recreation and Park District (CRPD) and a Joint Community Facilities Agreement by and between the City, for and on behalf of the CFD and the Sacramento County Water Agency (SCWA) (together, the "Joint Community Facilities Agreements") providing for certain CFD authorized facilities to be acquired by CRPD and/or SCWA pursuant to Section 53316.2 of the Act, and the City Council, with the assistance of staff, has reviewed the Joint Community

Facilities Agreements and found them to be in proper order, and now desires to approve each such agreement; and

WHEREAS, it appears that each of said documents and instruments which are now before this meeting is in appropriate form and is an appropriate document or instrument to be executed and delivered for the purpose intended; and

WHEREAS, all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of the Bonds as contemplated by this Resolution and the documents referred to herein exist, have happened and have been performed in due time, form and manner as required by the laws of the State of California, including the Act.

NOW, THEREFORE, IT IS HEREBY ORDERED AND RESOLVED as follows:

SECTION 1. Confirmation of Prior Actions. The City Council hereby ratifies and confirms its actions taken in Resolution No. 67-2015.

SECTION 2. Approval of Official Statement. The City Council hereby approves the preliminary Official Statement with respect to the Bonds, in substantially the form on file with the City Clerk. Distribution of the preliminary Official Statement by the City and the Underwriter is hereby approved, and, prior to the distribution of the preliminary Official Statement, the City Manager or Finance Director (including anyone serving in such capacity on an interim basis) or such other person or persons as either of them may designate (each an "Authorized Officer"), each acting alone or together with any other Authorized Officer, is authorized and directed, on behalf of the City, to deem the preliminary Official Statement "final" pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule"). The execution of a final Official Statement, which shall include such changes and additions thereto deemed advisable by the Authorized Officer executing the same, and such information permitted to be excluded from the preliminary Official Statement pursuant to the Rule, is hereby approved for delivery to the purchasers of the Bonds, and each Authorized Officer, each acting alone or together with any other Authorized Officer, is authorized and directed to execute and deliver the final Official Statement for and on behalf of the City, to deliver to the Underwriter a certificate with respect to the information set forth therein and to deliver to the Underwriter the Continuing Disclosure Undertaking in substantially the form on file with the City Clerk, together with such changes and additions thereto deemed advisable by the Authorized Officer executing the same.

SECTION 3. Approval of Bond Purchase Agreement. The City Council hereby approves the Bond Purchase Agreement in substantially the form on file with the City Clerk. An Authorized Officer is hereby authorized and directed to execute the Bond Purchase Agreement in substantially the form on file with the City Clerk, together with such changes and additions thereto deemed advisable by the Authorized Officer executing the same.

SECTION 4. Approval of Joint Facilities Agreements. The City Council hereby approves the Joint Community Facilities Agreements in substantially the forms on file with the City Clerk. An Authorized Officer is hereby authorized and directed to execute the Joint Community Facilities Agreements in substantially the form on file with the City Clerk, together with such changes and additions thereto deemed advisable by the Authorized Officer executing the same.

SECTION 5. Actions Authorized. All actions heretofore taken by the Authorized Officers and other officers and agents of the City with respect to the issuance and sale of the Bonds are hereby approved, confirmed and ratified, and each of the Authorized Officers is hereby authorized and directed to do any and all things and take any and all actions and execute any and all certificates, agreements and other documents, which or any of them may deem necessary or advisable in order to consummate the lawful issuance, sale and delivery of the Bonds, including but not limited to any actions required in connection with issuance of ratings or a municipal bond insurance policy with respect to the Bonds, and any certificate, agreement, and other document described in the documents herein approved. All actions to be taken by an Authorized Officer may be taken by such Authorized Officer or any designee, with the same force and effect as if taken by the Authorized Officer.

SECTION 6. Effective Date. This Resolution shall take effect upon its adoption. The provisions of any previous resolutions in any way inconsistent with the provisions hereof in and for the issuance, sale and delivery of the Bonds as herein described are hereby repealed.

PASSED AND ADOPTED by the City Council of the City of Rancho Cordova on the _____ day of _____, 2015 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

____
Robert J. McGarvey, Mayor

ATTEST:

____
Mindy Cuppy, MMC, City Clerk

Jones Hall Draft 9.1.15

PRELIMINARY OFFICIAL STATEMENT DATED ____________, 2015

NEW ISSUE-FULL - BOOK ENTRY **NOT RATED**

In the opinion of Jones Hall, A Professional Corporation, San Francisco, California, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions and assuming (among other things) compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes. In the opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that it is included in adjusted current earnings in calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences caused by ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

$____________*
CITY OF RANCHO CORDOVA
SUNRIDGE NORTH DOUGLAS COMMUNITY FACILITIES DISTRICT NO. 2005-1
SPECIAL TAX BONDS
SERIES 2015

Dated: Date of Delivery **Due: September 1, as shown below**

The $____________* Rancho Cordova Sunridge North Douglas Community Facilities District No. 2005-1 Special Tax Bonds, Series 2015 (the "Bonds"), are being issued by the City of Rancho Cordova (the "City") by and through its Sunridge North Douglas Community Facilities District No. 2005-1 (the "District"). The Bonds are special tax obligations of the City, authorized pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being California Government Code Section 53311, et seq. (the "Mello-Roos Act"), and are issued pursuant to a Fiscal Agent Agreement dated as of __________ 1, 2015 (the "Fiscal Agent Agreement") by and between the City and U.S. Bank National Association, as fiscal agent (the "Fiscal Agent") thereunder. The Bonds are issued to (i) construct and acquire certain public facilities (or pay fees related to facilities) of benefit to the District; (ii) establish a reserve fund, and (iii) pay the costs of issuance of the Bonds. Interest on the Bonds is payable March 1, 2016, and thereafter semiannually on September 1 and March 1 of each year.

The Bonds are being issued as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to ultimate purchasers in the denomination of $5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. See "APPENDIX G – DTC AND THE BOOK-ENTRY ONLY SYSTEM."

The Bonds are secured by and payable from a pledge of Special Tax Revenues (as defined herein) levied on property within the District according to the rate and method of apportionment of special tax, from the proceeds of any foreclosure actions brought following a delinquency in the payment of the Special Taxes (as defined herein), and from amounts held in certain funds under the Fiscal Agent Agreement, all as more fully described herein. The taxable real property within the District consists of mostly undeveloped land planned primarily for single family residential development. **Unpaid Special Taxes do not constitute a personal indebtedness of the owners of the parcels within the District. In the event of delinquency, proceedings may be conducted only against the parcel of real property securing the delinquent Special Tax. There is no assurance the owners will be able to pay the Special Tax or that they will pay such Special Tax even though financially able to do so.** To provide funds for payment of the Bonds and the interest thereon as a result of any delinquent installments, the City will establish a Reserve Fund from Bond proceeds, as described herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

Property in the District subject to the Special Tax is comprised of land in the City of Rancho Cordova, Sacramento County, California, planned for development of approximately 662 single-family homes, as well as public and quasi-public uses, parks and open space not subject to the Special Tax. All the property in the District is currently owned by two developers, with homebuilding underway, as described herein. See "THE DISTRICT."

The Bonds are subject to optional and mandatory redemption prior to maturity as described herein. See "THE BONDS - Redemption."

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE COUNTY OF SACRAMENTO, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS DO NOT CONSTITUTE A DEBT OF THE CITY WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL DEBT LIMITATION. THE INFORMATION SET FORTH IN THIS OFFICIAL STATEMENT, INCLUDING INFORMATION UNDER THE HEADING "SPECIAL RISK FACTORS," SHOULD BE READ IN ITS ENTIRETY.

This cover page contains certain information for general reference only. It is not a summary of all of the provisions of the Bonds. Prospective investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. See "SPECIAL RISK FACTORS" herein for a discussion of the special risk factors that should be considered, in addition to the other matters and risk factors set forth herein, in evaluating the investment quality of the Bonds.

MATURITY SCHEDULE

Maturity (Sept. 1)	Principal Amount	Interest Rate	Price/ Yield	CUSIP†	Maturity (Sept. 1)	Principal Amount	Interest Rate	Price/ Yield	CUSIP†

$___________ ____% Term Bonds Due September 1, 20__ — Price ___%
$___________ ____% Term Bonds Due September 1, 20__ — Price ___%

† Copyright 2015, American Bankers Association. CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc., and are provided for convenience of reference only. Neither the City nor the Underwriter assumes any responsibility for the accuracy of these CUSIP data.

The Bonds are offered when, as and if issued, subject to approval as to their legality by Jones Hall, A Professional Corporation, San Francisco, California, Bond Counsel. Certain legal matters will also be passed on by Jones Hall as Disclosure Counsel. Certain legal matters will be passed upon for the City by Meyers Nave Riback Silver & Wilson, Sacramento, California, as City Attorneyy, and for the Underwriter by Nossaman LLP, Irvine, California. It is anticipated that the Bonds will be available for delivery to DTC on or about _____________, 2015.

PIPER JAFFRAY & CO.

The date of this Official Statement is _____________, 2015

* Preliminary, subject to change.

CITY OF RANCHO CORDOVA

City Council

Robert McGarvey, *Mayor*
David Sander, *Vice Mayor*
Linda Budge, *Councilmember*
Daniel Skoglund, *Councilmember*
Donald Terry, *Councilmember*

Staff

Cyrus Abhar, *Interim City Manager*
Liisa Behrends, *Interim Finance Director*
Mindy Cuppy, *City Clerk*
Adam Lindgren of Meyers Nave Riback Silver & Wilson, *City Attorney*

SPECIAL SERVICES

Bond and Disclosure Counsel
Jones Hall, A Professional Corporation
San Francisco, California,

Fiscal Agent
U.S. Bank National Association
Seattle, Washington

Appraiser
Seevers Jordan Ziegenmeyer
Rocklin, California

Special Tax Consultant
Goodwin Consulting Group, Inc.
Sacramento, California

Financial Advisor
Public Financial Management, Inc.
San Francisco, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the Bonds.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the City, in any press release and in any oral statement made with the approval of an authorized officer of the City, the words or phrases "will likely result," "are expected to", "will continue", "is anticipated", "estimate", "project," "forecast", "expect", "intend" and similar expressions identify "forward looking statements." Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the City since the date hereof.

Limit of Offering. No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained herein and if given or made, such other information or representation must not be relied upon as having been authorized by the City or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Involvement of Underwriter. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities to investors under the Federal Securities Laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. All summaries of the documents referred to in this Official Statement, are made subject to the provisions of such documents, respectively, and do not purport to be complete statements of any or all of such provisions.

Stabilization of Prices. In connection with this offering, the Underwriter may overallot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the public offering prices set forth on the cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

SECURITIES PRODUCTS AND SERVICES ARE OFFERED THROUGH PIPER JAFFRAY & CO., MEMBER SIPC AND NYSE, INC.

PIPER JAFFRAY & CO. SINCE 1895. MEMBER SIPC AND NYSE.

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APPENDIX G DTC AND THE BOOK-ENTRY ONLY SYSTEM

OFFICIAL STATEMENT

$_____________*
CITY OF RANCHO CORDOVA
SUNRIDGE NORTH DOUGLAS COMMUNITY FACILITIES DISTRICT NO. 2005-1
SPECIAL TAX BONDS
SERIES 2015

This Official Statement, including the cover page and all Appendices hereto, is provided to furnish certain information in connection with the issuance by the City of Rancho Cordova (the "**City**") for its Sunridge North Douglas Community Facilities District No. 2005-1 (the "**District**") of its Rancho Cordova Sunridge North Douglas Community Facilities District No. 2005-1 Special Tax Bonds, Series 2015 (the "**Bonds**").

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Definitions of certain terms used herein and not defined herein shall have the meaning set forth in the Fiscal Agent Agreement.

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and attached appendices, and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

Creation of the District. The District was established and authorized to incur bonded indebtedness in an aggregate principal amount not to exceed $20,000,000 at a special election in the District held in October 2005, which amount was increased to $35,000,000 at a special election held for the District in April 2015, pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311, *et seq.*, of the Government Code of the State of California) (the **"Mello-Roos Act"**). The Bonds represent the first series of a total of $35,000,000 of bonds authorized by the District.

The Bonds. The Bonds are issued pursuant to the provisions of the Mello-Roos Act and a Fiscal Agent Agreement dated as of __________ 1, 2015 (the **"Fiscal Agent Agreement"**) between the City and U.S. Bank National Association, as fiscal agent (the **"Fiscal Agent"**) and a resolution (the "**Resolution**") adopted on July 6, 2015 by the City Council of the City which authorized the issuance of the Bonds.

* Preliminary, subject to change.

Registration of Ownership of Bonds. The Bonds are issued only as fully registered bonds in book-entry form, registered in the name of Cede & Co., as nominee of The Depository Trust Company ("**DTC**"), without coupons, in the denomination of $5,000 or any integral multiple thereof and shall be dated as of and bear interest from the date of delivery thereof at the rate or rates set forth on the cover page hereof. Interest on the Bonds is payable on March 1 and September 1 of each year (each an "**Interest Payment Date**"), commencing March 1, 2016. Ultimate purchasers of Bonds will not receive physical certificates representing their interest in the Bonds. So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the Owners shall mean Cede & Co., and shall not mean the ultimate purchasers of the Bonds. Payments of the principal, premium, if any, and interest on the Bonds will be made directly to DTC, or its nominee, Cede & Co. so long as DTC or Cede & Co. is the registered owner of the Bonds. Disbursements of such payments to DTC's Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC's Participants and Indirect Participants, as more fully described herein. See "APPENDIX G - DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Use of Proceeds. Proceeds of the Bonds and any Additional Bonds (defined herein) will primarily be used to finance a portion of the costs of acquiring and constructing certain public infrastructure improvements necessary for development in the District, or payment of fees related thereto (the **"Facilities,"** as described herein). The Facilities consist generally of road and related improvements, including drainage, water, sanitary sewer, joint trench utilities, concrete curbs, gutters and sidewalks, maintenance holes, street lighting, landscaping, masonry walls, traffic signals, park improvements (and/or fees to finance such improvements) and other miscellaneous infrastructure improvements necessary for development of property within the District. Proceeds of the Bonds will also be used to establish a reserve fund for the Bonds, and to pay the cost of issuance of the Bonds. Proceeds of the Bonds will not be sufficient to finance all of the Facilities; a portion of the Facilities are expected to be financed by one or more series of Additional Bonds (described herein) and a portion will need to be financed from contributions of the Master Developer (defined below). See "THE FACILITIES."

Source of Payment of the Bonds. The Bonds are payable from the levy, according to a methodology approved by the City, of special taxes for facilities (the "**Special Tax**" or "**Facilities Special Tax**"), net of administration expenses as described herein (the "**Special Tax Revenues**") on taxable real property within the boundaries of the District. A special tax levy of the District is also anticipated to also include a component attributable to services provided to property in the District, which is not pledged to payment of the Bonds. The Bonds are also payable from the proceeds of any foreclosure actions brought following a delinquency in the payment of the Special Taxes, and from amounts held in certain funds and accounts pursuant to the City, including a reserve fund, all as more fully described herein. The Special Tax applicable to each taxable parcel in the District will be levied and collected according to the tax liability determined by the application of the Amended and Restated Rate and Method of Apportionment of Special Tax dated as of February 19, 2015 for the District (the "**Special Tax Formula**"). The Special Tax Formula is set forth in APPENDIX A hereto. The Special Taxes represent fixed liens on the parcels of land subject to a Special Tax of the District and failure to pay the Special Taxes could result in proceedings to foreclose title to the delinquent property. The Special Taxes do not constitute the personal indebtedness of the owners of taxed parcels and no proceedings to collect directly from an owner is permitted. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Special Tax Methodology" and "APPENDIX A - RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX."

Pursuant to the Mello-Roos Act, the Resolution of Formation (as defined herein), and the

Fiscal Agent Agreement, so long as any Bonds are outstanding, the City will annually levy the Special Tax against all land within the District taxable under the Mello-Roos Act in accordance with the proceedings for the authorization and issuance of the Bonds and to make provision for the collection of the Special Tax in amounts which will be sufficient to pay interest on, principal of and redemption premium (if any) on the Bonds as such becomes due and payable and to replenish the Reserve Fund (as defined herein) as necessary. See "SECURITY FOR THE BONDS – Special Taxes" herein.

The maximum authorized indebtedness for the District is $35 million; the Bonds are the first series of bonds being issued by the District and additional bonds are expected to be issued in the future in accordance with the conditions set forth in the Fiscal Agent Agreement (the Bonds and any such additional bonds are collectively referred to herein as the "**Bonds**"). See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Additional Bonds."

In connection with the issuance of the Bonds, the City will direct the Fiscal Agent to establish a Reserve Fund (the "**Reserve Fund**") from Bond proceeds in the amount of the Reserve Requirement (described herein), which amount is available for payment of the Bonds in the event of delinquencies in the payment of the Special Taxes to the extent of such delinquencies. The Reserve Fund will be available for payment of the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Reserve Fund." If there are additional delinquencies after depletion of funds in the Reserve Fund, the City is not obligated to pay the Bonds or supplement the Reserve Fund.

Property Subject to the Special Tax. The District is comprised of approximately 148 acres located in the City in the eastern portion of Sacramento County (the **"County"**) and is commonly known as the "Sunridge North Douglas" area, which is a part, but not all, of the Sunridge Specific Plan (the "**Sunridge Specific Plan**"), a land use plan which was adopted by the County of Sacramento in 2002 (the City was incorporated on July 1, 2003).

The District has final subdivision map approval for the development of 662 detached residential lots with typical lot sizes projected to range from 3,150 to 5,775 square feet. All of the property in the District is was originally owned by Lennar Homes of California, Inc., a California Corporation, who as master developer ("Lennar" or the "Master Developer") installed infrastructure and mapped 8 large lot "villages" for development. The Master Developer sold 83 lots to Woodside 05N, LP, a California limited partnership doing business as Woodside Homes of Northern California, LP ("Woodside Homes"). Both the Master Developer and Woodside Homes recently began homebuilding; model homes have been completed and sales commenced in spring of 2015, as described herein. Eight separate residential villages are planned within the development. Presently Lennar owns 581 lots and Woodside owns 83 (totaling 664 however 2 lots owned by Lennar are not currently developable). Both entities plan to develop homes, although lots may be sold to other merchant builders. Infrastructure improvements are currently complete in all but Village 8. See "THE DISTRICT." See also "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Special Tax Methodology - Assignment of Maximum Special Tax." See also "THE DISTRICT - Property Within the District."

Security for the Bonds. Property in the District is security for the Special Tax. The City authorized the preparation of an appraisal report for the real property within the District, which appraisal sets forth a hypothetical value of property in the District of $68,580,000 as of June 22, 2015, with an update letter confirming the valuation as of August 20, 2015. The valuation assumes completion of the Facilities funded by the Bonds (most of which has been completed) and does not include the value of homes presently completed or under construction. See "THE FACILITIES."

In considering the estimates of value evidenced by the appraisal, it should be noted that the appraisal is based upon a number of standard and special assumptions which affected the estimates as to value, in addition to the assumption of completion of the Facilities. See "APPRAISAL OF PROPERTY WITHIN THE DISTRICT" and Appendix B. The principal amount of the Bonds is $____________*. Consequently, the appraised value, subject to the Special Tax lien, of the real property within the District, is approximately _____* times the principal amount of the Bonds [[and the special tax obligation allocable to properties in the District from the Folsom-Cordova Unified School District Schools Facilities Improvement District No. 1 bonds]]. The appraised valuation accounts for the impact of the lien of the Special Tax securing the Bonds.

Risks of Investment. Investment in the Bonds involves risks that may not be appropriate for some investors. See the section of this Official Statement entitled "SPECIAL RISK FACTORS" for a discussion of special factors that should be considered, in addition to the other matters set forth herein, in considering the investment quality of the Bonds.

Limited Obligation of the City. **The general fund of the City is not liable and the full faith and credit of the City is not pledged for the payment of the interest on, or principal of or redemption premiums, if any, on the Bonds. The Bonds are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of the City or any of its income or receipts, except the money in the Special Tax Fund (described herein) established under the Fiscal Agent Agreement, and neither the payment of the interest on nor principal of or redemption premiums, if any, on the Bonds is a general debt, liability or obligation of the City. The Bonds do not constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitation or restrictions and neither the City Council, the City nor any officer or employee thereof shall be liable for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds other than from the proceeds of the Special Taxes and the money in the Special Tax Fund, as provided in the Fiscal Agent Agreement.**

Summary of Information. Brief descriptions of certain provisions of the Fiscal Agent Agreement and certain other documents are included herein. The descriptions and summaries of documents herein do not purport to be comprehensive or definitive, and reference is made to each such document for the complete details of all its respective terms and conditions, copies of which are available for inspection at the office of the City. All statements herein with respect to certain rights and remedies are qualified by reference to laws and principles of equity relating to or affecting creditors' rights generally. Capitalized terms used in this Official Statement and not otherwise defined herein have the meanings ascribed to such terms in the Fiscal Agent Agreement. See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT." The information and expressions of opinion herein speak only as of the date of this Official Statement and are subject to change without notice. Neither delivery of this Official Statement, any sale made hereunder, nor any future use of this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the City or the District since the date hereof.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. For definitions of certain terms used herein and not defined herein, see "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT."

* Preliminary, subject to change

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the Fiscal Agent Agreement, approved by a resolution adopted by the City Council on July 6, 2015, and the Mello-Roos Act.

The District was established and authorized to incur bonded indebtedness in an aggregate principal amount not to exceed $20,000,000 at a special election in the District held on October 17, 2005 pursuant to the Mello-Roos Act, which amount was increased to $35,000,000 at a special election in the District held in 2015. Under the provisions of the Mello-Roos Act, since there were fewer than 12 registered voters residing within the District at any point during the 90-day period preceding the adoption of the City's resolution forming the District on October 17, 2005 (the **"Resolution of Formation"**), the sole qualified elector was the developer/landowner who was entitled to cast one vote for each acre or portion of an acre of land owned within the District. The landowners voted to incur the indebtedness and to approve the annual levy of Special Taxes to be collected within the District, for the purpose of paying for the Facilities, including repaying any indebtedness of the District, replenishing the Reserve Fund and paying the administrative expenses of the District. The Bonds are the first series of bonds being issued by the District; after issuance of the Bonds, the City will have a remaining authorization to issue approximately $________* additional bonds secured on a parity with the Bonds. The City expects to issue one or more additional series of bonds secured by the Special Tax of the District as development progresses, subject to the conditions set forth in the Fiscal Agent Agreement, to finance Facilities not financed with proceeds of the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Additional Bonds."

Description of the Bonds

The Bonds are being issued as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("**DTC**"), and will be available to ultimate purchasers in the denomination of $5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Ultimate purchasers of Bonds will not receive physical certificates representing their interest in the Bonds. So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the Owners shall mean Cede & Co., and shall not mean the ultimate purchasers of the Bonds. Payments of the principal, premium, if any, and interest on the Bonds will be made directly to DTC, or its nominee, Cede & Co., by U.S. Bank National Association, as the fiscal agent, registrar and transfer agent (the "**Fiscal Agent**") for the Bonds, so long as DTC or Cede & Co. is the registered owner of the Bonds. Disbursements of such payments to DTC's Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC's Participants and Indirect Participants, as more fully described herein. See "APPENDIX G - DTC AND THE BOOK-ENTRY ONLY SYSTEM." below.

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* Preliminary, subject to change.

The Bonds will be dated as of and bear interest from the date of delivery thereof at the rates and mature in the amounts and years, as set forth on the cover page hereof. The principal of the Bonds and premiums due upon the redemption thereof, if any, will be payable in lawful money of the United States of America at the principal corporate trust office of the Fiscal Agent in Seattle, Washington, or such other place as designated by the Fiscal Agent, upon presentation and surrender of the Bonds.

Interest on the Bonds, computed on the basis of a 360-day year consisting of twelve 30-day months, will be paid in lawful money of the United States of America semiannually on March 1 and September 1 of each year (each an "**Interest Payment Date**"), commencing March 1, 2016. Interest on the Bonds (including the final interest payment upon maturity or earlier redemption) is payable by check of the Fiscal Agent mailed on each Interest Payment Date by first class mail to the registered Owner thereof at such registered Owner's address as it appears on the registration books maintained by the Fiscal Agent at the close of business on the 15th day of the calendar month preceding the Interest Payment Date (the "**Record Date**"), or by wire transfer made on such Interest Payment Date upon written instructions received by the Fiscal Agent on or before the Record Date preceding the Interest Payment Date, of any Owner of $1,000,000 or more in aggregate principal amount of Bonds; provided that so long as any Bonds are in book-entry form, payments with respect to such Bonds shall be made by wire transfer, or such other method acceptable by the Fiscal Agent, to DTC. See "APPENDIX G – DTC AND THE BOOK-ENTRY ONLY SYSTEM" below.

Each Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is authenticated on an Interest Payment Date, in which event it shall bear interest from such date of authentication, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (iii) it is authenticated prior to the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from the dated date; provided, however, that if at the time of authentication of a Bond, interest is in default thereon, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, payments of the principal, premium, if any, and interest on the Bonds will be made directly to DTC, or its nominee, Cede & Co. Disbursements of such payments to DTC's Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC's Participants and Indirect Participants, as more fully described herein. See "APPENDIX G - DTC AND THE BOOK-ENTRY ONLY SYSTEM" below.

Redemption

Optional Redemption. The Bonds are subject to optional redemption from any source of available funds prior to maturity, in whole, or in part among maturities as shall be specified by the City and by lot within a maturity, on any date on or after September 1, ______, at the following respective redemption prices (expressed as percentages of the principal amount of the Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

Redemption Dates	Redemption Price
September 1, ____ through March 1, ______	
September 1, ____ through March 1, ______	
March 1, ______ and thereafter	

Mandatory Redemption From Prepayments. The Bonds are subject to mandatory redemption from prepayments of the Special Tax by property owners, in whole or in part among maturities as shall be specified by the City and by lot within a maturity, on any Interest Payment Date at the following respective redemption prices (expressed as percentages of the principal amount of the Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

Redemption Dates	Redemption Price
September 1, 2016 through September 1, ______	
September 1, _____ through March 1, ______	
September 1, ______ and thereafter	

Mandatory Sinking Fund Redemption. The Term Bonds maturing September 1, _______ and September 1, _______ are subject to mandatory sinking payment redemption in part on September 1, _______ and September 1, _______, respectively, and on each September 1 thereafter to maturity, by lot, at a redemption price equal to one hundred percent (100%) of the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts as set forth in the following tables:

Term Bonds of __________

Mandatory Redemption Date (September 1)	Sinking Fund Payment

Term Bonds of _________

Mandatory Redemption Date (September 1)	Sinking Fund Payment

The amounts in the foregoing table shall be reduced pro rata, in order to maintain substantially uniform debt service, as a result of any prior partial optional redemption or mandatory redemption of the Bonds.

In lieu of redemption, moneys in the Bond Fund may be used and withdrawn by the Fiscal Agent for purchase of Outstanding Bonds, upon the filing with the Fiscal Agent of an Officer's Certificate requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer's Certificate may provide, but in no event may Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase.

Redemption Procedure by Fiscal Agent. The Fiscal Agent shall cause notice of any redemption to be mailed by first class mail, postage prepaid, at least 30 days but not more than 60 days prior to the date fixed for redemption, to the Securities Depositories and to one or more Information Services, and to the respective registered Owners of any Bonds designated for redemption, at their addresses appearing on the Bond registration books in the Principal Office of the Fiscal Agent; but such mailing shall not be a condition precedent to such redemption and failure to mail or to receive any such notice, or any defect therein, shall not affect the validity of the proceedings for the redemption of such Bonds.

Such notice shall state the redemption date and the redemption price and, if less than all of the then Outstanding Bonds are to be called for redemption, shall designate the CUSIP numbers and bond numbers of the Bonds to be redeemed by giving the individual CUSIP number and number of each Bond to be redeemed or shall state that all Bonds between two stated numbers, both inclusive, are to be redeemed or that all of the Bonds of one or more maturities have been called for redemption, shall state as to any Bond called in part the principal amount thereof to be redeemed, and shall require that such Bonds be then surrendered at the Principal Office of the Fiscal Agent for redemption at the said redemption price, and shall state that further interest on such Bonds will not accrue from and after the redemption date.

The City has the right to rescind any notice of the redemption of Bonds. Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an event of default.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent practicable, bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Whenever provision is made in the Fiscal Agent Agreement for the redemption of less than all of the Bonds of any maturity, the Fiscal Agent shall select the Bonds to be redeemed, from all Bonds or such given portion thereof of such maturity by lot in any manner which the Fiscal Agent in its sole discretion shall deem appropriate. Upon surrender of Bonds redeemed in part only, the City shall execute and the Fiscal Agent shall authenticate and deliver to the registered Owner, at the expense of the City, a new Bond or Bonds, of the same series and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the Bonds so called for redemption shall have been deposited in the Bond Fund, such Bonds so called shall cease to be entitled to any benefit under the Fiscal Agent Agreement other than the right to receive payment of the redemption price, and no interest shall accrue thereon on or after the redemption date specified in such notice.

Transfer or Exchange of Bonds

So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, transfers and exchanges of Bonds shall be made in accordance with DTC procedures. See "Appendix G" below. Any Bond may, in accordance with its terms, be transferred or exchanged by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form approved by the Fiscal Agent. Whenever any Bond or Bonds shall be surrendered for transfer or exchange, the City shall execute and the Fiscal Agent shall authenticate and deliver a new Bond or Bonds, for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such transfer or exchange shall be paid by the City. The Fiscal Agent shall collect from the Owner requesting such transfer any tax or other governmental charge required to be paid with respect to such transfer or exchange.

No transfers or exchanges of Bonds shall be required to be made (i) within 15 days prior to the date established by the Fiscal Agent for selection of Bonds for redemption or (ii) with respect to a Bond after such Bond has been selected for redemption.

Bonds Mutilated, Lost, Destroyed or Stolen

If any Bond shall become mutilated, the City shall execute, and the Fiscal Agent shall authenticate and deliver, a new Bond of like tenor and principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Fiscal Agent of the Bond so mutilated. Every mutilated Bond so surrendered to the Fiscal Agent shall be canceled by it and destroyed by the Fiscal Agent who shall deliver a certificate of destruction thereof to the City. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Fiscal Agent and, if such evidence be satisfactory to it and indemnity for the Fiscal Agent and the City satisfactory to the Fiscal Agent shall be given, the City shall execute, and the Fiscal Agent shall authenticate and deliver, a new Bond of like tenor and principal amount in lieu of and in substitution for the Bond so lost, destroyed or stolen. The City may require payment of a sum not exceeding the actual cost of preparing each new Bond delivered and of the expenses which may be incurred by the City and the Fiscal Agent for the preparation, execution, authentication and delivery.

ESTIMATED SOURCES AND USES OF FUNDS

A summary of the estimated sources and uses of funds associated with the sale of the Bonds follows:

Estimated Sources of Funds:	
Principal Amount of Bonds	
[Less: Original Issue Discount]	
Total	
Estimated Uses of Funds:	
Deposit to Improvement Fund	
Deposit to Reserve Fund	
Costs of Issuance [(2)]	
Total	

[(1)] Includes initial fees, expenses and charges of the Fiscal Agent, costs of printing the Official Statement, administrative fees of the City, Underwriter's discount, fees of Bond Counsel and Disclosure Counsel, and other costs of issuance.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

The Bonds are secured by and payable from a first pledge of the proceeds of the **"Special Tax Revenues,"** defined in the Fiscal Agent Agreement as the proceeds of the Facilities Special Tax (as defined in the Special Tax Formula) received by the City, net of the Administrative Expenses Cap, including any scheduled payments and prepayments thereof, interest and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes to the amount of said interest, but shall not include any interest in excess of the interest due on the Bonds or any penalties collected in connection with any such foreclosure. The "Administrative Expenses Cap" is (i) for fiscal year 2015-16, $50,000, and (ii) for each subsequent year, an amount equal to the preceding fiscal year's Administrative Expenses Cap plus an additional 2% of such amount. The Special Tax Revenues and all moneys deposited into said funds are pledged to the payment of the principal of, and interest and any premium on, the Bonds as provided in the Fiscal Agent Agreement and in the Mello-Roos Act until all of the Bonds have been paid and retired or until moneys or Federal Securities (as defined in the Fiscal Agent Agreement) have been set aside irrevocably for that purpose. Property in the District is also subject to a special tax levy component attributable to services provided to property in the District, which is referred to as the "Services Special Tax" in the Special Tax Formula and is not pledged to payment of the Bonds.

Amounts in the Costs of Issuance Fund and the Improvement Fund established under the Fiscal Agent Agreement are not pledged to the repayment of the Bonds. The Facilities are not in any way pledged to pay the debt service on the Bonds. Any proceeds of condemnation, destruction or other disposition of any Facilities are not pledged to pay the debt service on the Bonds and are free and clear of any lien or obligation imposed under the Fiscal Agent Agreement.

Special Taxes

A Special Tax applicable to each taxable parcel in the District will be levied and collected according to the tax liability determined by the City through the application of the Special Tax Formula prepared by Goodwin Consulting Group, Inc., Sacramento, California (the "**Special Tax Consultant**") and set forth in APPENDIX A hereto, for all taxable properties in the District. Interest and principal on the Bonds is payable from the annual Special Taxes to be levied and collected on such property within the District, from amounts held in certain funds and accounts established under the Fiscal Agent Agreement and from the proceeds, if any, from the sale of such property for delinquency of such Special Taxes.

The Special Taxes are exempt from the property tax limitation of Article XIIIA of the California Constitution, pursuant to Section 4 thereof as a "special tax" authorized by a two-thirds vote of the qualified electors. The levy of the Special Taxes was authorized by the City pursuant to the Mello-Roos Act in a maximum amount determined according to the Special Tax Formula approved by the City. See "Special Tax Methodology" below and "APPENDIX A - RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX."

The amount of Special Taxes that the District may levy in any year, from which principal and interest on the Bonds is to be paid, is limited by the maximum rates approved by the qualified electors within the District which are set forth as the "**Maximum Facilities Special Tax**" in the Special Tax Formula. Under the Special Tax Formula, Facilities Special Taxes for the purpose of making payments on the Bonds will be levied annually in an amount not in excess of the Maximum Special Tax. The Facilities Special Taxes and any interest earned on the Facilities Special Taxes shall constitute a trust fund for the principal of and interest on the Bonds pursuant to the Fiscal Agent Agreement and, so long as the amount levied for principal of and interest on these obligations remains unpaid, the Facilities Special Taxes and investment earnings thereon shall not be used for any other purpose, except as permitted by the Fiscal Agent Agreement, and shall be held in trust for the benefit of the owners thereof and shall be applied pursuant to the Fiscal Agent Agreement. Property in the District is also subject to a Maximum Services Special Tax for services provided to property in the District, which is not pledged to payment of the Bonds. The Special Tax Formula apportions the Facilities Special Tax Requirement and the Services Special Tax Requirement (as defined in the Special Tax Formula and described below) among the taxable parcels of real property within the District according to the rate and methodology set forth in the Special Tax Formula. See "Special Tax Methodology" below. See also "APPENDIX A - RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX."

The City may levy the Special Tax at the Maximum Facilities Special Tax rate authorized by the qualified electors within the District as set forth in the Special Tax Formula if conditions so require and the City has covenanted to annually levy the Special Taxes in an amount at least sufficient to pay the Facilities Special Tax Requirement (as defined below). Because each Special Tax levy for payment of the Bonds is limited to the Maximum Facilities Special Tax rates authorized as set forth in the Special Tax Formula, no assurance can be given that, in the event of Special Tax delinquencies, the amount of the Facilities Special Tax Requirement will in fact be collected in any given year. See "SPECIAL RISK FACTORS - Collection of Special Taxes" herein. The Special Taxes are collected for the City by the County of Sacramento in the same manner and at the same time as *ad valorem* property taxes.

The authorized levy of a special tax levy attributable to services provided to property in the District, referred to as the "Services Special Tax" in the Special Tax Formula, may be levied up to the "Maximum Service Special Tax" rate described in the Special Tax Formula. The Services Special Tax is not pledged to payment of the Bonds.

Proceeds of the Bonds will not be sufficient to finance all of the Facilities; a portion of the Facilities are anticipated to be financed in part with additional bonds of the District to be issued in the future secured on a parity with the Bonds, as well as from contributions of the Master Developer and possibly others as merchant builders. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Additional Bonds" below. *The City and the developers of property in the District contemplate that additional bonds secured by the Special Tax in the District on a parity with the Bonds will be issued as development progresses.*

Special Tax Methodology

The Special Tax authorized under the Mello-Roos Act applicable to land within the District will be levied and collected according to the tax liability determined by the City through the application of the appropriate amount or rate as described in the Special Tax Formula (defined terms set forth below in this section have the meanings set forth in the Special Tax Formula) set forth in "APPENDIX A - RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX." The Special Tax will be levied each year from parcels within the District in an amount at least sufficient to pay debt service on outstanding Bonds and administrative expenses of the District. The Special Tax is expected to be collected at the same time and in the same manner as *ad valorem* property taxes. The City reserves the right to collect the taxes in another manner if required to meet annual obligations of the District.

Each year, the City will determine the Facilities Special Tax Requirement of the District for the upcoming fiscal year. The "**Facilities Special Tax Requirement**" is defined in the Special Tax Formula as the amount necessary in any Fiscal Year (i) to pay principal and interest on Bonds which are due in the calendar year which begins in such Fiscal Year, (ii) to create or replenish reserve funds to the extent such replenishment was not included in the computation of Facilities Special Tax Requirement in a previous Fiscal Year, (iii) to cure any delinquencies in the payment of principal or interest on Bonds which have occurred in the prior Fiscal Year, (iv) to pay Administrative Expenses that have not been included in the Services Special Tax Requirement, and (v) to pay a portion of the costs, as determined by the City, of Authorized Facilities. The Facilities Special Tax Requirement may be reduced in any Fiscal Year by (i) interest earnings on, or surplus balances in, funds and accounts for the Bonds to the extent that such earnings or balances are available to apply against debt service pursuant to the Indenture, Bond resolution, or other legal document that set forth these terms, (ii) Capitalized Interest, (iii) proceeds from the collection of penalties associated with delinquent Special Taxes, and (iv) any other revenues available to pay debt service on the Bonds as determined by the Administrator.

The City will also levy the **"Services Special Tax"** (as defined in the Special Tax Formula) on each parcel of Developed Property, which tax is authorized to be used for police services of benefit to property in the District. The Services Special Tax is $______ per Residential Unit and for Non-Residential Property it is $______ per square foot of gross Parcel area, subject to annual escalation on and after July 1, ______. The Services Special Tax is not pledged to payment of the Bonds.

Parcels Subject to the Special Tax. The City will prepare a list of the parcels subject to the Special Tax using the records of the City and the County Assessor. The City has the authorization to tax all parcels within the District except tax-exempt parcels as described in the Special Tax Formula. Taxable parcels that are acquired by a public agency after the District is formed will remain subject to the Special Tax unless a "trade" resulting in no loss of Special Tax revenue can be made, as described in the Special Tax Formula.

Assignment of Maximum Special Tax. *Defined terms in this subsection have the meaning ascribed to them in the Special Tax Formula.* The Special Tax Formula describes in detail the precise method for assigning the Maximum Facilities Special Tax to parcels within the District, which generally provides that each year the City will use the definitions contained in the Special Tax Formula to classify each parcel as tax-exempt or taxable.

On or about July 1 of each Fiscal Year, the City shall identify the current Assessor's Parcel numbers for all Parcels of Taxable Property. The City shall also determine: (i) whether each Assessor's Parcel of Taxable Property is Developed Property or Undeveloped Property, (ii) the Zoning Designation for each Parcel of Developed Property, and (iii) the Facilities Special Tax Requirement and Services Special Tax Requirement. In addition, the City shall, on an ongoing basis, monitor whether changes in land use have been proposed that will affect the Expected Maximum Facilities Special Tax Revenues. If the Expected Maximum Facilities Special Tax Revenues will be reduced pursuant to a proposed land use change, the City shall apply the steps set forth in the Special Tax Formula. In any Fiscal Year, if it is determined that (i) a parcel map for a portion of property in the District was recorded after January 1 of the prior Fiscal Year (or any other date after which the Assessor will not incorporate the newly-created

Parcels into the then current tax roll), (ii) because of the date the parcel map was recorded, the Assessor does not yet recognize the new Parcels created by the parcel map, and (iii) one or more of the newly-created Parcels meets the definition of Developed Property, the City shall calculate the Special Taxes for the property affected by recordation of the parcel map by determining the Special Taxes that applies separately to each newly-created Parcel, then applying the sum of the individual Special Tax to the Parcel that was subdivided by recordation of the parcel map.

Once the Special Tax Requirement has been determined for a particular fiscal year, the Special Tax will be levied according to the following order of priority:

(1) First, the Special Tax shall be levied Proportionately on each Parcel of Developed Property in the District up to 100% of the Maximum Facilities Special Tax for Developed Property.

(2) If additional revenue is needed, in order to meet the Facilities Special Tax Requirement after Capitalized Interest has been applied to reduce the Facilities Special Tax Requirement, the Facilities Special Tax shall be levied Proportionately on each Parcel of Undeveloped Property up to 100% of the Maximum Facilities Special Tax for such Undeveloped Property.

(3) If additional revenue is needed after applying the first two steps, the Facilities Special Tax shall be levied Proportionately on each Parcel of Public Property, exclusive of property exempt from the Special Tax pursuant to Section G in the Special Tax Formula, up to 100% of the Maximum Facilities Special Tax for Undeveloped Property for such Fiscal Year.

The following table shows the Maximum Facilities Special Tax for Fiscal Year 2014-15, calculated as set forth in the Special Tax Formula.

Development Status	**Land Use**	**Zoning Designation**	**FY 2014-15 Maximum Facilities Special Tax (1)**	
Developed and Final Map Property	Single Family Detached Property	LDR/RD-5	$1,804.59	per SFD Lot
	Single Family Detached Property	LDR/RD-7	$1,649.23	per SFD Lot
	Single Family Detached Property	LDR/RD-10	$1,087.53	per SFD Lot
	Other Taxable Residential Property	All Others	$11,592.40	per Acre
	Non-Residential Property	All Commercial and Industrial Designations	$11,592.40	per Acre
Undeveloped Property	N/A	N/A	$11,592.40	per Acre

(1) On July 1, 2015 and each July 1 thereafter, the Maximum Facilities Special Taxes shall be increased by two percent of the amount in effect in the previous fiscal year.
Source: Goodwin Consulting Group, Inc.

Termination of the Special Tax. The Special Tax will be levied until all Bonds have been repaid and all authorized facilities have been funded, however, Special Taxes cannot be levied under any circumstance after fiscal year 2055-56.

Prepayment of the Special Tax. The Special Tax obligation assigned to a particular parcel within the District can be prepaid, which will release the parcel making the prepayment from the Mello-Roos special tax lien. Section H of the Special Tax Formula sets forth a detailed formula by which the prepayment for a parcel can be calculated. Proceeds of such prepayment will be used to redeem a portion of the Bonds. See "THE BONDS - Redemption."

Special Tax Fund

When received, the Facilities Special Taxes are required under the Fiscal Agent Agreement to be deposited into a Special Tax Fund to be held by the City in trust for the benefit of the City and the Owners of the Bonds. Within the Special Tax Fund, the City will establish and maintain two accounts, (i) the Debt Service Account, to the credit of which the City will deposit, immediately upon receipt, all Special Tax Revenue, and (ii) the Surplus Account, to the credit of which the City will deposit surplus Special Tax Revenue as described below. Moneys in the Special Tax Fund will be disbursed as provided below and, pending any disbursement, will be subject to a lien in favor of the Owners of the Bonds. From time to time, the City may withdraw from the Debt Service Account or the Surplus Account of the Special Tax Fund amounts needed to pay the City administrative expenses; provided that such transfers will not be in excess of the portion of the Special Tax Revenues collected by the City that represent levies for administrative expenses.

All Special Tax Revenue will be deposited in the Debt Service Account upon receipt. No later than 10 Business Days prior to each Interest Payment Date, the City will withdraw from the Debt Service Account of the Special Tax Fund and transfer (i) to the Fiscal Agent for deposit in the Reserve Fund, an amount which when added to the amount then on deposit therein is equal to the Reserve Requirement, and (ii) to the Fiscal Agent for deposit in the Bond Fund an amount, taking into account any amounts then on deposit in the Bond Fund, such that the amount in the Bond Fund equals the principal, premium, if any, and interest due on the Bonds on the next Interest Payment Date. At such time as deposits to the Debt Service Account equal the principal, premium if any, and interest becoming due on the Bonds for the current Bond Year and the amount needed to restore the Reserve Fund balance to the Reserve Requirement, the amount in the Debt Service Account in excess of such amount may, at the discretion of the City, be transferred to the Surplus Account, which will occur on or after September 15th of each year.

Moneys in the Surplus Account may, at the City's discretion, be transferred to the Improvement Fund to pay for costs of the Facilities, to pay the principal of, premium, if any, and interest on the Bonds or to replenish the Reserve Fund to the amount of the Reserve Requirement, but are not pledged to payment of the Bonds. See "Assignment of Maximum Special Tax" above."

Deposit and Use of Proceeds of Bonds

The Bonds are additionally secured by amounts generated from proceeds of the Bonds, together with interest earnings thereon pledged under the Fiscal Agent Agreement. The proceeds of the initial purchase of the Bonds shall be paid to the Fiscal Agent, who shall deposit such proceeds in the Improvement Fund, Reserve Fund and Costs of Issuance Fund established under the Fiscal Agent Agreement. See "APPENDIX C - SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT" for information on use of the moneys, including investment earnings thereon, in the various funds established under the Fiscal Agent Agreement. See also “Reserve Fund” and “Improvement Fund” below.

Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure

The Special Tax will be collected in the same manner and the same time as *ad valorem* property taxes, except at the City’s option, the Special Taxes may be billed directly to property owners. In the event of a delinquency in the payment of any installment of Special Taxes, the City is authorized by the Mello-Roos Act to order institution of an action in superior court to foreclose the lien therefore.

The City has covenanted in the Fiscal Agent Agreement with and for the benefit of the Owners of the Bonds that it will annually on or before September 1 of each year review the public records of the County of Sacramento relating to the collection of the Special Tax in order to determine the amount of the Special Tax collected in the prior Fiscal Year, and if the City determines on the basis of such review that the amount so collected is deficient by more than five percent (5%) of the total amount of the Special Tax levied in such Fiscal Year, it will within thirty (30) days thereafter institute foreclosure proceedings as authorized by the Act in order to enforce the lien of the delinquent installment of the Special Tax against each separate lot or parcel of land in the District for which such installment of the Special Tax is delinquent, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale; *provided,* that if the City determines on the basis of such review that (a) the amount so collected is deficient by less than 5% of the total amount of the Special Tax levied in the District in such Fiscal Year, but that property owned by any single property owner in the District is delinquent by more than $5,000 with respect to the Special Tax due and payable by such property owner in such Fiscal Year, or (b) that property owned by any single property owner in the District is delinquent cumulatively by more than $3,000 with respect to the current and past Special Tax due (irrespective of the total delinquencies in the District) then the City will institute, prosecute and pursue such foreclosure proceedings in the time and manner provided in the Fiscal Agent Agreement against each such property owner.

Under the Mello-Roos Act, foreclosure proceedings are instituted by the bringing of an action in the superior court of the county in which the parcel lies, naming the owner and other interested persons as defendants. The action is prosecuted in the same manner as other civil actions. In such action, the real property subject to the special taxes may be sold at a judicial foreclosure sale for a minimum price which will be sufficient to pay or reimburse the delinquent Special Taxes.

The owners of the Bonds benefit from the Reserve Fund established pursuant to the Fiscal Agent Agreement; however, if delinquencies in the payment of the Special Taxes with respect to the Bonds are significant enough to completely deplete the Reserve Fund, there could be a default or a delay in payments of principal and interest to the owners of the Bonds pending prosecution of foreclosure proceedings and receipt by the City of the proceeds of foreclosure sales. Additionally, it is possible that no bids are received at a foreclosure sale. Provided that it is not levying the Special Tax at the Maximum Facilities Special Tax rates set forth in the Special Tax Formula, the City may adjust (but not to exceed the Maximum Special Tax) the Special Taxes levied on all property within the District subject to the Special Tax to provide an amount required to pay debt service on the Bonds and to replenish the Reserve Fund.

Under current law, a judgment debtor (property owner) has at least 140 days from the date of service of the notice of levy in which to redeem the property to be sold. If a judgment debtor fails to redeem and the property is sold, his or her only remedy is an action to set aside the sale, which must be brought within 90 days of the date of sale. If, as a result of such an action a foreclosure sale is set aside, the judgment is revived and the judgment creditor is entitled to interest on the revived judgment as if the sale had not been made (California Code of Civil Procedure Section 701.680).

Foreclosure by court action is subject to normal litigation delays, the nature and extent of which are largely dependent upon the nature of the defense, if any, put forth by the debtor and the condition of the calendar of the superior court of the county. Such foreclosure actions can be stayed by the superior court on generally accepted equitable grounds or as the result of the debtor's filing for relief under the Federal bankruptcy laws. The Mello-Roos Act provides that, upon foreclosure, the Special Tax lien will have the same lien priority as is provided for *ad valorem* taxes and special assessments. See "APPRAISAL OF PROPERTY WITH THE DISTRICT - Priority of Lien."

Reserve Fund

In connection with the issuance of the Bonds, the City will direct the Fiscal Agent to establish a Reserve Fund (the "**Reserve Fund**") from Bond proceeds in the amount of the Reserve Requirement, which amount is available for payment of the Bonds in the event of delinquencies in the payment of the Special Taxes to the extent of such delinquencies. The **"Reserve Requirement,"** is an amount equal to the lesser of (a) Maximum Annual Debt Service on the Outstanding Bonds, (b) 125% of average annual Debt Service, or (c) ten percent (10%) of the total proceeds of the Bonds. The City is required to maintain an amount of money or other security equal to the Reserve Requirement in the Reserve Fund at all times that the Bonds are outstanding. All amounts deposited in the Reserve Fund will be used and withdrawn by the Fiscal Agent, on a pro-rata basis among all series of Bonds, solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of, and interest on, the Bonds. Whenever transfer is made from the Reserve Fund to the Bond Fund due to a deficiency in the Bond Fund, the Fiscal Agent will provide written notice thereof to the City. If there are additional delinquencies after depletion of funds in the Reserve Fund, the City is not obligated to pay the Bonds or supplement the Reserve Fund. The Reserve Fund will be increased from proceeds of any Additional Bonds and be available on a parity basis with any Additional Bonds, for payment of the Bonds and such Additional Bonds.

Whenever, on the Business Day prior to any Interest Payment Date, the amount in the Reserve Fund exceeds the then applicable Reserve Requirement, the Fiscal Agent will transfer an amount equal to the excess from the Reserve Fund to the Bond Fund or the Improvement Fund as provided below, except that investment earnings on amounts in the Reserve Fund may be withdrawn from the Reserve Fund for purposes of making payment to the Federal government to comply with rebate requirements.

Moneys in the Reserve Fund will be invested and deposited in accordance with the Fiscal Agent Agreement. Interest earnings and profits resulting from the investment of moneys in the Reserve Fund and other moneys in the Reserve Fund will remain therein until the balance exceeds the Reserve Requirement; any amounts in excess of the Reserve Requirement will be transferred to the Improvement Fund, if the Facilities have not been completed, or if the

Facilities have been completed, to the Bond Fund to be used for the payment of the principal of and interest on the Bonds in accordance with the Fiscal Agent Agreement.

The City has the right at any time to cause the Fiscal Agent to release funds from the Reserve Fund, in whole or in part, by tendering to the Fiscal Agent an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company (a **"Qualified Reserve Fund Credit Instrument"**), provided certain conditions are met, including that the long-term credit rating of such bank or insurance company is rated "AA" or higher by S&P or Moody's.

Whenever the balance in the Reserve Fund exceeds the amount required to redeem or pay the Outstanding Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, and make any other transfer required under the Fiscal Agent Agreement, the Fiscal Agent will transfer the amount in the Reserve Fund to the Bond Fund to be applied, on the next succeeding Interest Payment Date, to the payment and redemption of all of the Outstanding Bonds. If the amount so transferred from the Reserve Fund to the Bond Fund exceeds the amount required to pay and redeem the Outstanding Bonds, the balance in the Reserve Fund will be transferred to the City, after payment of any amounts due the Fiscal Agent, to be used for any lawful purpose of the City.

Improvement Fund

Under the Fiscal Agent Agreement, there is established an Improvement Fund, which is to be held and withdrawn by the Fiscal Agent to pay the costs of the Facilities. Before any payment from the Improvement Fund shall be made, the City shall file or cause to be filed with the Fiscal Agent a written request of the City for disbursement of moneys from such fund. Such withdrawals shall be implemented by the City pursuant to the terms and requirements of the Acquisition Agreement (described below). The Fiscal Agent need not make any such payment if it has received notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys to be so paid, that has not been released or will not be released simultaneously with such payment. The Fiscal Agent shall not incur any liability for any disbursement from the Improvement Fund made in reliance upon any requisition. When the City determines that all of the costs of the Facilities to be financed with proceeds of the Bonds have been paid, the City shall provide written notification of such determination to the Fiscal Agent and direct the Fiscal Agent to transfer any remaining balance in any Improvement Fund into the Bond Fund. See “THE FACILITIES - Acquisition by the City.”

Additional Bonds

The Resolution of Formation authorizes the issuance of up to $35 million of bonds, of which the Bonds represent the first series. In addition to the Bonds, the City expects that it will, by a Supplemental Fiscal Agent Agreement, authorize the issuance of one or more additional series of bonds (**“Additional Bonds”**) payable from Special Taxes and secured by the Special Taxes on a parity with the Bonds and other Additional Bonds previously issued, upon compliance by the City with the conditions set forth in the Fiscal Agent Agreement, which include the following:

(i) The amount on deposit in the Reserve Fund shall be increased (or a separate reserve fund established) to an amount at least equal to the Reserve Requirement with respect to the Outstanding Bonds and the Additional Bonds.

(ii) Projected Maximum Special Taxes for each Fiscal Year are equal to or greater than one hundred ten percent (110%) of Debt Service for each Fiscal Year that the Bonds and Additional Bonds will be outstanding.

(iii) The aggregate value of all parcels in the District subject to the Special Tax, including then existing improvements and any facilities to be constructed or acquired with the proceeds of the proposed series of bonds, as determined by an MAI appraisal or, in the alternative, the assessed value of all such parcels and improvements thereon (and improvements to be financed from proceeds of the bonds proposed to be issued) as shown on the then current County tax roll, or by a combination of both methods is at least 4.00 times the sum of (i) the aggregate principal amount of all bonds then outstanding plus (ii) the aggregate principal amount of the series of bonds proposed to be issued, plus (iii) the aggregate principal amount of any bonds then outstanding and payable from assessments which are a lien against property in the District, plus (iv) a portion of the aggregate principal amount of all Mello-Roos bonds, other than bonds then outstanding, and payable at least partially from special taxes to be levied on parcels of land subject to the Special Tax within the District (the **"Other Mello-Roos Bonds"**) equal to the aggregate principal amount of the Other Mello-Roos Bonds multiplied by a fraction, the numerator of which is the amount of special taxes levied for the Other Mello-Roos Bonds on parcels of land within the District subject to the Special Tax, and the denominator of which is the total amount of special taxes levied for the Other Mello-Roos Bonds on all parcels of land subject to the Special Tax against which the special taxes are levied to pay the Other Mello-Roos Bonds (such fraction to be determined based upon the special taxes which could be levied the year in which maximum annual debt service on the Other Mello-Roos Bonds occurs), based upon information from the most recent available fiscal year.

Subordinate Bonds. The District may issue bonds that are junior and subordinate to the payment of the principal, premium, interest, and reserve fund requirements for the bonds and which subordinated obligations are payable as to principal, premium, interest, and reserve fund requirements, if any, from Special Taxes only after the prior payment of all amounts then due required to be paid hereunder from Special Taxes for principal, premium, interest and reserve fund requirements for the bonds, as the same become due and payable and at the times and in the manner as required in the Fiscal Agent Agreement.

DEBT SERVICE SCHEDULE

The annual debt service on the Bonds based on the interest rates and maturity schedule set forth on the cover of this Official Statement is set forth below (assuming no optional redemption), followed by a table showing projected debt service coverage.

Sunridge North Douglas Community Facilities District No. 2005-1
Special Tax Bonds Series 2015
Debt Service

Period Ending (September 1)	Bonds Principal	Bonds Interest	Bonds Total

THE SUNRIDGE SPECIFIC PLAN AREA

Property in the District includes only a portion of the land contained in the Sunridge Specific Plan. The remainder of the land within the Sunridge Specific Plan area is not in the District, and will not serve as security for the Bonds.

The District comprises a portion of the northeastern area of the Sunridge Specific Plan Area (the **"Specific Plan Area"**) approved by the Sacramento County Board of Supervisors by adoption of Ordinance SZC-2002-0014 on July 17, 2002. The Specific Plan Area encompasses 2,605 acres and is currently projected for development of approximately 8,120 dwelling units and is presently comprised of a combination of recently occupied homes, subdivisions in various stages of construction, and undeveloped land with relatively poor agricultural soils. The terrain encompasses slightly rolling alluvial terraces created by the American River. Annual grasslands are interspersed with occasional groups of non-native trees and seasonal wetlands and drainages typical of eastern Sacramento County.

Lands to the south and east of the Specific Plan Area are used for grazing and other limited farming purposes. A rendering plant is located to the west of the Specific Plan Area. The 11,000-acre Aerojet facility (see "THE DISTRICT - Environmental Matters" below) and other industrial and commercial facilities along the Highway 50 corridor and just north of the Specific Plan Area make up a major employment center within the greater Sacramento region. Presently, Aerojet uses the property in a non-intensive manner and has previously sold approximately 1,100 acres to the north of the Specific Plan Area to Elliott Homes for residential development. The Sunridge Specific Plan is intended to provide a location for new housing to meet the demand generated by job development existing, approved or planned nearby in the Highway 50 Corridor.

Sunridge Specific Plan Land Uses

The land use in each neighborhood of the Sunridge Specific Plan Area is predominantly residential, but includes a neighborhood school, parks, and a mixed-use commercial area or neighborhood center. Mixed uses are retail or commercial goods or service facilities which provide auxiliary or supplemental goods or services to residents (in the case of residential land uses). Small Commercial Mixed-Use sites within neighborhoods will include some combination of retail and services, small work centers and residential uses. Neighborhood residents may conduct business, use telecommunications equipment, and otherwise supplement their home occupation or telecommuting employment activities in the work centers. Day care facilities are permitted within all the non-residential zones.

Most neighborhoods are organized around two activity centers: the neighborhood school and park, and a small commercial center adjacent to a second neighborhood park. The small commercial center and the adjacent park will serve as the "Town Square." Each neighborhood is near a major retail commercial center that will provide the primary shopping and services for the community residents. These major retail centers, community recreation facilities, and similar land uses rely on a broad market area for their economic viability. These uses will require access from major streets for automobile traffic. The major streets by-pass the neighborhoods in order to avoid through traffic within the residential areas. However, the collector street system within the neighborhood provides a direct route for the local traffic and pedestrian circulation. Each neighborhood will be somewhat different in size and shape depending on topography, open space areas and other specific site conditions. Each neighborhood will have a distinctive character and style expressed in a variety of housing types and densities appropriate to that character. Environmentally sensitive areas including drainage corridors will be preserved. These open space areas will contribute to the identity of the neighborhood and will help maintain a sense of scale.

The Sunridge Specific Plan sets forth the following land use policies:

Policy LU-1: Establish a community that provides for the social, recreational, economic, and housing needs of plan area residents.

Policy LU-2: Develop an urban core area that provides regional automobile access to the plan area, as well as pedestrian circulation that ties land uses together and encourages walking, cycling, and use of alternative vehicles within the plan area.

Policy LU-3: Provide space for retail and professional services necessary to serve the plan area residents and the public.

Policy LU-4: Provide shopping, recreation and services, and convenient non-auto travel modes, such that residents can reduce the need to travel outside of the plan area for many routine daily needs.

Policy LU-5: Integrate residential and non-residential land uses and provide pedestrian and bicycle path system such that residents are encouraged to minimize auto use for shopping, services and leisure activities.

Policy LU-6: Provide appropriate land use buffers between incompatible uses.

Policy LU-7: Implement an “aviation easement” designed to notify property owners of the aviation operations at Mather Field.

Additional information on the Sunridge Specific Plan, including a map, is available on the City's website.

THE DISTRICT

On September 6, 2005, the City Council adopted a Resolution of Intention to form the District under the Mello-Roos Act, to levy a special tax and to incur bonded indebtedness for the purpose of financing the Facilities and making contributions to certain public facilities. After conducting a noticed public hearing, on October 17, 2005, the City Council adopted the Resolution of Formation, which established the Sunridge North Douglas Community Facilities District No. 2005-1, set forth the Special Tax Formula within the District and set forth the necessity to incur bonded indebtedness in a total amount not to exceed $20,000,000. On the same day, an election was held within the District in which eligible landowner voters in the District, approved the proposed bonded indebtedness and the levy of the Special Tax. The $20,000,000 authorization was increased to $35,000,000 in 2015 by a vote of eligible landowner voters. See "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT" below.

All of the property in the District was owned by Lennar Homes of California, Inc., a California Corporation, as Master Developer, who currently remains the owner of all the land, other than some recently closed sales of new homes to homeowners and 83 lots sold to Woodside 05N, LP, a California limited partnership doing business as Woodside Homes of Northern California, LP. Both are homebuilder entities and are building homes in the District. Each builder has constructed model homes and is currently building homes for sale, with initial homeowner closings having occurred and additional homeowner sales under contract, as described herein. Lennar is not actively marketing lots to merchant builders although other lot sales may occur in the future as conditions warrant.

Location of the District

Property in the District is located approximately 15 miles east of the Sacramento Central Business District, south of U.S. Highway 50, in the City limits. The District is north of Douglas Road and east of the newly constructed Americanos Boulevard, which provides access and frontage to the Property.

The City was incorporated on July 1, 2003. The greater Rancho Cordova neighborhood is a mature suburban area, which encompasses all types of land uses, including single-family and multifamily residential, retail, office and industrial, and has experienced continued growth since the mid 1980's. This area currently is a substantial suburban office market within the Sacramento region, as well as a major employment center, most of which is located along U.S. Highway 50 which traverses the City. Historically, residential development has generally been located north of U.S. Highway 50 and office and industrial parks, the former Mather Air Force Base and several large employers located along and south of the highway. The largest employer in the area was Mather Air Force Base until its closing in 1993. The former base is now being utilized for air cargo and related industries. For certain demographic information relating to the City, see "APPENDIX D - THE CITY OF RANCHO CORDOVA AND SACRAMENTO COUNTY DEMOGRAPHI INFORMATION."

Prior to commencement of recent development, the immediate area of the District was comprised of agricultural land with rural residential development and a very small population residing in homes which were approximately 30-50 years old situated on large parcels. With the recent development in the District and under the Sunridge Specific Plan, the area has begun to change and is planned for development of a variety of land uses, including single and multifamily residential, commercial and recreational uses pursuant to the Sunridge Specific

Plan. See "The Sunridge Specific Plan Area" above. *The District is within the Specific Plan area, but does not comprise all of the area in the Sunridge Specific Plan.*

New home construction and sales are also underway in the vicinity of the District. This area of the City is experiencing a transition from largely undeveloped, agriculturally oriented uses toward residential and residential oriented suburban land uses, and this transition has particularly occurred since incorporation of the City in 2003. The predominant land use to the north, south and east of the District is vacant land and rural residential, and land to the west is predominantly commercial/industrial.

The nearby "Anatolia" master planned community, where home construction and sales have been underway since May of 2003, is southwest to (and outside of) the District. It comprises approximately 654 acres planned for a single-family residential component incorporating over 3,210 single-family residential and half-plex lots and a commercial component comprising five separate sites totaling approximately 46 acres, as well as public and other uses. The area is generally bounded by Douglas Road to the north, Jaeger Road to the east, Kiefer Boulevard to the south and Sunrise Boulevard to the west. Additionally, the approximate 1,300-unit Sunridge Park development in the area commenced selling homes in 2006. To date, over ______ homes have been built and sold to homeowners in this area.

Map

The following page shows a map of the District.

[**Holder page for Map**]

Property Within the District

The District is comprised of the North Douglas project which is located within the Sunrise Douglas Community Plan and Sunridge Specific Plan (SDCP/SRSP) areas on the northeast corner of Douglas Road and the newly constructed Americanos Boulevard in Rancho Cordova California. The Sunridge Specific Plan was approved by the Sacramento County Board of Supervisors on September 18, 2002 (Resolution No. 2002-0901).

Property within the District is comprised of approximately 148 gross acres designated for the development of 662 single-family residential lots in accordance with the Sunridge Specific Plan. Initially there were 665 lots in the District, as discussed in the Appraisal, but one of the lots has since become subject to a deed restriction and is therefore not contemplated for home development, and two lots are currently undevelopable. Approximately 2.8 acres is a water tank site and not subject to the Special Tax. The development plan also includes a public park (not to be subject to a Special Tax). The District contains 119.1 net acres, excluding the tax-exempt areas, and is mostly flat.

Development in the District

The Master Developer and Woodside Homes have provided the following information with respect to development within the District. No assurance can be given that all information is complete. No assurance can be given that development of the property will be completed, or that it will be completed in a timely manner. Since the ownership of the parcels is subject to change, the development plans outlined below may not be continued by the subsequent owner if the parcels are sold, although development by any subsequent owner will be subject to the Development Agreement and the policies and requirements of the City. No assurance can be given that the plans or projections detailed below will actually occur.

The Master Developer and Woodside Homes are homebuilders and each plans for development within the District to be consistent with the current approved land uses, which primarily consist of low density residential neighborhoods. Residential lots may be sold to other merchant homebuilders in the future. Permitted land uses are configured to reinforce the neighborhood identity and sense of community.

The District is planned for the development of 662 detached residential lots within 8 villages, with typical lot sizes ranging from 3,150 to 5,775 square feet. 600 of the lots are fully improved and the remaining 62 (in Village 8) are partially improved. Home construction has begun on a portion of the improved lots; Woodside Homes has constructed model homes and is currently building homes for sale, with the first closing of a sale expected to occur by the end of September. A 7.9 acre site, designated for a neighborhood park, a 2.8 acre parcel owned by the Sacramento County Water Agency for a water tank, and three additional lots are within the boundaries of the District but are not subject to the Lien of the Special Tax. Construction of the water tank has been completed. To the extent the District includes land to be used for public/quasi-public uses, such as parks, such land will not be subject to the Special Tax.

Entitlements. The North Douglas property has land-use entitlements for the contemplated 662 single-family residences. The Property obtained tentative map approval in June 2004 and final map approval in April 2006.

There are eight separate villages within the development, of which seven villages are expected to be developed by Lennar, and most of one village (Village 2) is planned to be developed by Woodside. The following table shows the planned village configuration in the District.

Tentative Map Designation	Proposed Land Use	Net Acreage	No. of Lots	Typical Lot Size	Density (Units/Acre)	Expected Developer
Village 1	Single Fam	16.3	88	5,775	5.4	Lennar
Village 2	Single Fam	14.4	80	5,775	5.6	Woodside(1)
Village 3	Single Fam	14.2	72	5,775	5.1	Lennar
Village 4	Single Fam	16.1	82	5,775	5.1	Lennar
Village 5	Single Fam	16.3	77	5,775	4.7	Lennar(1)
Village 6	Single Fam	15.0	75	4,725	5.0	Lennar
Village 7	Single Fam	19.5	128	4,725	6.6	Lennar
Village 8	Single Fam	7.3	62	3,150	8.5	Lennar
Lot A	Park	7.9	-	-	-	N/A
TOTAL		127.0	664(2)			

(1) Lennar owns one lot in Village 2 and Woodside owns 4 lots in Village 5. Model homes have been completed on 3 of the 4 lots owned by Woodside in Village 5; the fourth is a parking lot for the models.

(2) Two lots will not be available for home construction.

Infrastructure and Utilities. The Master Developer has completed construction of most of the infrastructure improvements in the District. Mass grading and construction of the project's backbone infrastructure, funded by the Master Developer, commenced in spring 2006 and has been completed. As of June 2015, all on-site infrastructure for development of Villages 1-7 is complete. Village 8 is contemplated for homes built and sold by the Master Developer, with infrastructure construction possibly beginning in spring of 2016, as market conditions warrant. Water and sewer off-site construction is complete. See "THE FACILITIES" below.

Lennar Development Plans. Lennar has begun construction on single-family residential lots in Villages 1 and 7 as shown on approved final maps. Lennar has also completed 6 model homes in Village 5, which opened in July 2015, however, Lennar began selling homes to homebuyers from a sales trailer in May 2015. As of September 1, 2015, 2 home sales have closed and 25 home sales are under contract. Lennar is offering 8 home floorplans in a traditional detached development. Home sizes range from approximately 1,577 to 3,200 square feet with base pricing ranging from approximately $340,000 to $450,000.

Lennar Development

Begin Home Construction	Begin Home Sales	First Home Sale Closings	No. of Floor-Plans	Approx. Home Square Footage	Approx. Base Price Range
Mar 2015	May 2015	August 2015	8	1,577-3,200	$340,000 – $450,000

Woodside Plans. Woodside has begun construction on single-family residential lots in Village 2 as shown on approved final maps. Woodside has completed construction of 4 model homes, which are open in Village 5. Woodside is offering four floorplans ranging from 1,870 to 3,207 square feet in size with base pricing ranging from approximately $340,000 to $420,000. As of mid-August 2015, six homes are under contract with the first closing of a sale expected to occur by the end of September.

Woodside Homes Development

Begin Home Construction	Begin Home Sales	First Home Sale Closings	No. of Floor-Plans	Approx. Home Square Footage	Approx. Base Price Range
Mar 2015	Jul 2015	Oct 2015	4	1,870 - 3,207	$340,000 – $420,000

Development Agreement

General. The City and U.S. Homes/KB North Douglas, LLC entered into a Development Agreement for the project dated November 1, 2004 and amended April 17, 2006 and July 21, 2014, (the "**Development Agreement**") in accordance with Sections 65864 through 65869.5 of the California Government Code, as implemented through City ordinance. Development of the property in Sunridge North Douglas is subject to the Development Agreement as well as the Sunridge Specific Plan. The Development Agreement creates a binding contract which sets forth the needed infrastructure improvements, park dedication requirements, timing and method for financing improvements and other specific performance obligations of the City and the developers in the District for development of Sunridge North Douglas, including the terms, conditions, rules, regulations, entitlements, vested rights and other provisions relating to the development according to the Sunridge Specific Plan entitlements. Included are provisions relating to infrastructure improvements, public dedication requirements, landscaping amenities and other obligations of the parties. The Development Agreement runs with the property, and may be modified only by mutual consent of the City and the successors to the original party thereto, and in a manner consistent with the Sunridge Specific Plan. With the Development Agreement in place, subject to compliance with the terms of the Development Agreement, construction of homes within the District may occur upon City approval of subdivision maps, satisfaction of certain design requirements and conditions of such maps and issuance of building permits. The Development Agreement will be binding on the all successor owner-developers of property in the District, if any.

The Development Agreement also sets forth the responsibility of the Master Developer and its successors for a portion of the costs of certain public improvements required for its development. Funding of the Facilities with Bond proceeds will satisfy a portion, but not all, of the relevant obligations of the District for infrastructure improvements required by the Development Agreement. The improvements not funded from Bond proceeds or Special Taxes will be funded by the Master Developer or others as merchant homebuilders. See "THE FACILITIES" below.

Environmental Matters

Water Supply Assessment. Recent laws enacted by the State have modified the California Water Code to require certain actions that provide coordination between land use lead agencies and public water purveyors in order to assure that planned water supplies are adequate to meet existing demands and the demands of development. As the responsible water purveyor, SCWA is required to provide the County with a Water Supply Assessment (**"WSA"**) for projects in the Specific Plan Area. The WSA must verify that planned SCWA water supplies are sufficient to meet the demands of the project in addition to the existing and projected water supply obligations of the SCWA. The SCWA has met that requirement by submission of a WSA prepared by Montgomery Watson Harza which identifies the proposed North Vineyard Well Field as the source of an adequate supply of water for the District. The North Vineyard Well Field and other water facilities required to serve the District have been completed.

General Plan Policy CO-20. Sacramento County General Plan Policy CP-20, adopted in 1993, prohibits granting entitlements in specific General Plan Urban Growth Areas unless agreements and financing for supplemental [non-groundwater] water supplies are in place. The number of edu's available for approval in said Urban Growth Areas is based on the supplemental water supplies acquired and the number of existing entitlements. Under the current total CO-20 entitlement limit of 12,300 equivalent dwelling units, there are sufficient edu's for the District.

[[Water Supply Effect on Development. **[UPDATE?]** In contemplation of sale and development of the property in the District, certain developers caused the preparation of a Phase 1 Environmental Site Assessment (the **"Environmental Assessment Report"**) by Wallace Kuhl & Associates, West Sacramento, California (the **"Environmental Consultant"**). In the report, the Environmental Consultant concluded that it did not believe that the regional ground water contamination is an issue for the property since on-site development will most likely be supplied potable water by the Sacramento County Water Maintenance District, an Agency that will be charged with the responsibility of providing clean potable water. The Developers will provide the alternate source, as discussed above.

The Environmental Assessment Report also indicated in its conclusion that: "the identified ground water contamination is highly unlikely to be a hazardous materials threat to future occupants of commercial and residential development on the subject property, based on the low to moderate concentrations of ground water contaminants, the large depth to first ground water beneath the property, the underlying lithology, the fact that the property will be connected to a municipal water supplier (as opposed to operating an on-site water supply well), and because the California Department of Toxic Substances Control has apparently concluded that solvent vapors potentially migrating off of the contaminated ground water is unlikely to occur, resulting in negligible potential health risk to future occupants of developed sites in the subject area."

The Environmental Assessment Report indicates that it was prepared according to workscope items of which were performed in conformance with the scope and limitations of

ASTM Standard Practice E 1527-00 for the property and that the Environmental Consultant made no exceptions to, or deletions from, the Standard Practice with respect to the selected updating workscope items. The Environmental Assessment Report generally concluded as follows: "This Assessment has revealed no evidence of Recognized Environmental Conditions in connection with the subject property except for the recommendations to implement policy and planning mitigations as discussed above with respect to future potable water supply. The drilling of new water supply wells is also prohibited by the Department of Health Services within at least some or perhaps all of the Sunrise Douglas Specific Plan area (reference the *Technical Memorandum* by ENSR dated December 2000)." Further information from the report can be obtained from the Developers.]]

Flood Hazard Map Information. The District is located in Flood Zone X, described as areas outside of the 100 and 500-year flood plains. This information is according to the Federal Emergency Management Agency Flood Map, Community Panel No. 060262-0330D, revised July 6, 1998.

Seismic Conditions. According to the Seismic Safety Commission, the District is located within Zone 3, areas of moderate seismic activity. Zone 3 is considered to be the lowest risk zone in California. In addition, the District is not located within a Fault-Rupture Hazard Zone (formerly referred to as an Alquist-Priolo Special Study Zone), as defined by Special Publication 42 of the California Department of Conservation, Division of Mines and Geology.

Utilities

Public utilities, including electricity, natural gas, water, and telephone service, are available at the perimeter of the District and will be extended as site development is completed, including in connection with construction of the Facilities. The public utilities and other services that will serve the District include the following.

Water:	Sacramento County Water Agency
Sewer:	Sacramento County Sanitation District No. 1
Drainage:	City of Rancho Cordova
Electricity:	Sacramento Municipal Utility District
Gas:	Sacramento Municipal Utility District
Telephone:	SBC/Pacific Bell
School District:	Folsom Cordova Unified School District
Fire District:	Sacramento Metro Fire District

THE FACILITIES

The proceeds of the Bonds will finance a portion of the cost of the public improvements eligible to be financed with the proceeds of the Bonds (the "**Facilities**," as described below). Construction of the Facilities (as described below), is required for development within the District to be completed. Bond proceeds will fund some, but not all of the Facilities and one or more series of Additional Bonds are expected to be issued in the future to fund Facilities.

Eligible Facilities

The Facilities eligible to be financed by the District are set forth in the Resolution of Intention and consist of roadway improvements, including roadway design, project management, grading, and construction of roadways, including curbs, gutters, sidewalks, pavement, street lighting, dry utilities, soundwalls and landscaping, as well as drainage facilities, park improvements and other miscellaneous improvements. Authorized Facilities also include joint trench utilities, sanitary sewer facilities, water facilities and other capital improvements for which developer impact fees are payable to the City pursuant to the Sunridge Specific Plan for development within the District, as well as incidental expenses as authorized by the Act.

The Master Developer has installed substantial infrastructure for the construction and of homes; presently, 600 of the lots are fully improved and the remaining 62 (in Village 8) are partially improved.

Acquisition by the City

The City and Lennar Homes of California have entered into a Funding, Construction and Acquisition Agreement dated July 21, 2014 and amended by a First Amendment dated _________, 2015 (together, the "**Acquisition Agreement**") which provides that the Master Developer (or successors) will construct (or cause to be constructed or funded) the Facilities. As components of the Facilities are completed and proceeds of a portion of the Bonds, as well as proceeds of Additional Bonds expected to be issued in the future, will be used to pay all or a part of the purchase price of various Facilities pursuant to the terms of the Acquisition Agreement. The portion of the cost of construction of the Facilities which will not be provided from Bond proceeds will be the responsibility of the Master Developer or merchant homebuilders.

Certain of the Facilities include certain park and recreation facilities to be owned by the Cordova Recreation and Park District, and certain water facilities to be owned by the Sacramento County Water Agency. As to each entity, the City has entered into a separate Joint Community Facilities Agreement which provides that if such applicable facilities are constructed in accordance with required specifications and standards, each entity will accept such facilities for operation and maintenance and the City will pay for such acquisition costs under appropriate conditions and subject to acquisition terms agreed upon by the City.

OWNERSHIP OF PROPERTY WITHIN THE DISTRICT

Unpaid Special Taxes do not constitute a personal indebtedness of the owners of the parcels within the District. There is no assurance that the present single owner or any subsequent owners have the ability to pay the Special Taxes or that, even if they have the ability, they will choose to pay such taxes. An owner may elect to not pay the Special Taxes when due and cannot be legally compelled to do so. Neither the City nor any Bondowner will have the ability at any time to seek payment directly from the owners of property within the District of the Special Tax or the principal or interest on the Bonds, or the ability to control who becomes a subsequent owner of any property within the District.

The Master Developer and Woodside Homes have provided the respective information set forth under the heading "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT" below. No assurance can be given that all information is complete. No assurance can be given that development of the property will be completed, or that it will be completed in a timely manner. The Special Taxes are not personal obligations of the developers or of any subsequent landowners; the Bonds are secured only by the Special Taxes and moneys available under the Fiscal Agent Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and "SPECIAL RISK FACTORS" herein.

Woodside 05N, LP, a California limited partnership doing business as Woodside Homes of Northern California, LP owns 79 lots in Village 2 and 4 lots in Village 5; all the remaining lots, other than recently closed sales to homowners, are owned by Lennar Homes of California, Inc., a California Corporation. Woodside acquired the lots from Lennar in September 2014. All lots other than in Village 8 (which is zoned for greater density than the other villages) have infrastructure in place for construction of homes. The following table shows the ownership by villages in the District.

Lennar Village	Lennar Lot Size	Lennar # of Lots	Woodside Village	Woodside Lot Size	Woodside # of Lots
1	5,775	88	1	n/a	0
2	5,775	1	2	5,775	79
3	5,775	72	3	n/a	0
4	5,775	82	4	n/a	0
5	5,775	73[1]	5	5,775	4
6	4,725	75	6	n/a	0
7	4,725	128	7	n/a	0
8	3,150	62	8	n/a	0
Total		582	Total		83

(1) As of September 1, 2015, 2 Lennar sales to homeowners have closed and 25 homes are under contract for sale to homeowners.

The following table shows Special Tax revenue by villages in the District.

City of Rancho Cordova
Sunridge North Douglas CFD No. 2005-1
Special Tax Revenue By Village

Development Status	No. of Parcels[1]	Acres	FY 2015-16 Facilities Special Tax Levy	% of Facilities Special Tax Levy
Developed Property				
Village 1	6	0.8	$ 11,044	1.0%
Village 2	5	0.7	9,203	0.8
Village 5	9	1.4	16,566	1.5
Village 7	14	1.7	23,551	2.1
Subtotal	**34**	**4.6**	**60,365**	**5.3**
Final Map Property				
Village 1	81	12.3	$149,095	13.1
Village 2	74	10.8	136,210	11.9
Village 3	72	11.4	132,529	11.6
Village 4	82	12.6	150,936	13.2
Village 5	68	11.2	125,166	11.0
Village 6	75	9.5	126,167	11.1
Village 7	114	13.6	191,773	16.8
Village 8	62	5.3	68,775	6.0
Subtotal	**628**	**86.6**	**$1,080,651**	**94.7%**
Undeveloped Property	0	0.0	$0	0.0%
Total	**662**	**91.2**	**$1,141,016**	**100.0%**

Source: Goodwin Consulting Group.

Lennar. Lennar Homes of California, Inc. is a wholly-owned subsidiary of Lennar Corporation, a Delaware corporation (**"Lennar Corporation"**), with headquarters in Miami, Florida. Lennar Corporation ("**Lennar Corporation**"), a diversified real estate company headquartered in Miami, Florida and publicly traded on the New York Stock Exchange under the symbol LEN. It has two classes of stock: Class A common stock which is entitled to one vote per share; and Class B common stock, which is entitled to ten votes per share. Stuart Miller, the President and Chief Executive Officer, has voting control, through family owned entities and personal holdings of Class A and Class B common stock. This entitles Mr. Miller to approximately 48% of the combined votes that can be cast by the holders of their outstanding Class A and Class B common stock combined.

Lennar Corporation started as a Dade County, Florida homebuilder in 1954 and currently reports that it is one of the largest homebuilders in the United States with operations in Arizona, California, Colorado, Florida, Illinois, Maryland, Minnesota, Nevada, New Jersey, North Carolina, Ohio, Pennsylvania, South Carolina, Texas, Virginia, West Virginia, and Wisconsin. 2014 marked the seventeenth year Lennar Corporation has operated in the Sacramento Area.

Lennar Corporation is subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports, proxy statements and other information with the SEC. Such filings, particularly the Annual Report on Form 10-K and its most recent Quarterly Report on Form 10-Q, may be inspected and copied at the public reference facilities maintained by the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. Such files can also be accessed over the Internet at the SEC's website at www.sec.gov. Copies of such material can be obtained from the public reference section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, the aforementioned material may also be inspected at the office of the NYSE at 20 Broad Street, New York, New York 10005. Additionally, Lennar Corporation provides investor relations information on its website.

For further information on Lennar, see its Internet homepage located at www.lennar.com. *The website address is given for reference and convenience only, and the information on the website may be incomplete or inaccurate and has not been reviewed by the City or the Underwriter. Nothing on this website is a part of this Official Statement or incorporated into this Official Statement by reference.*

Woodside. Woodside Homes is one of the largest Western U.S. regional homebuilders. Headquartered in North Salt Lake, Utah, they develop, design, build, market and sell single-family homes across seven primary markets in Arizona, California, Nevada, Texas and Utah. Based on MetroStudy data, Woodside believes that they hold top ten market share positions within four of their markets (California—Central Valley, California—Inland Empire, California—Sacramento and Salt Lake City) and top 25 market share positions within three other markets (Las Vegas, Phoenix, and San Antonio), based on home closings for the twelve months ended June 30, 2014. They have diversified operations across seven markets, with no single market accounting for more than 20% of their home sales for the twelve months ended June 30, 2014. *Information on Woodside Homes, including current home offerings, is available on the internet from its website at* www.woodsidehomes.com. *The website address is given for reference and convenience only, the information on the websites may be incomplete or inaccurate and has not been reviewed by the City or the Underwriter. Nothing on the website is a part of this Official Statement or incorporated into this Official Statement by reference.*

Woodside Group, Inc., the parent company of Woodside, filed for Chapter 11 bankruptcly protection in 2008, and emerged as a new company on January 1, 2010.

APPRAISAL OF PROPERTY WITHIN THE DISTRICT

The Appraisal

General. The City ordered preparation of an appraisal report dated July 20, 2015 (the "**Appraisal**"), of the estimated value of the taxable land within the District as of a June 22, 2015 date of value, and has obtained an update letter dated August 20, 2015. The Appraisal was prepared by Seevers Jordan Ziegenmeyer, Rocklin, California (the "**Appraiser**"). The Appraisal is set forth in APPENDIX B hereto. The description herein of the Appraisal is intended for limited purposes only; the Appraisal should be read in its entirety. The complete Appraisal is on file with the City and is available for public inspection at the City offices at 2720 Prospect Park Drive, Rancho Cordova, California, 95670 or from Piper Jaffray & Co. at 50 California Street, Suite 3100, San Francisco California, 94111. The conclusions reached in the Appraisal are subject to certain assumptions, conditions and qualifications which are set forth in the Appraisal.

Value Estimates. The appraised valuation excludes the value of all portions of the property in the District designated for public and quasi public purposes in the Sunridge Specific Plan and assumes completion only of infrastructure funded by the Bonds and accounts for the impact of the lien of the Special Tax. The following estimate represents the hypothetical market value of the property to be subject to the Special Tax, assuming all improvements to be financed by the Bonds are in place and available for use. The value estimate for the property as of the June 22, 2015 date of value, using the methodologies described in the Appraisal and subject to the limiting conditions and special assumptions set forth in the Appraisal, is $68,580,000. The update letter affirms that such value is not less than that amount.

The valuation by the Appraiser did not include value attributable to homes under construction as of the date of valuation. The Appraiser reported that as of that date home construction had begun on 19 homes with 14 of them more than 50% completed and five of those nearing completion. Additional lots were noted with foundation work appearing complete and ready for vertical construction. The majority of home construction had occurred in Villages 2 and 7.

The estimate of market value of the developable lots held by the master developer, Lennar Corporation, was derived by employing the subdivision development method (the "**Subdivision Development Method**"). The Subdivision Development Method is a method of estimating land value when subdivision and development are the highest and best use of the parcel of land being appraised. All direct and indirect costs and entrepreneurial profit are deducted from an estimate of the anticipated gross sales price; the resultant net sales proceeds are then discounted to present value at a market-derived rate over the development and absorption period to indicate the market value of the property.

The four main items of the Subdivision Development Method (discounted cash flow analysis) are listed as follows:

- Revenue – the gross income (aggregate value) is derived.
- Absorption Analysis – the time frame required to sell off the residential villages. Of primary importance in this analysis is the allocation of the revenue over the absorption period, including the estimation of an appreciation factor (if any).
- Expenses – the expenses associated with sell-off are calculated in this section, including: administration, marketing and commission costs, as well as taxes and special assessments.

• Discount Rate – an appropriate discount rate is derived employing a variety of data.

The revenue indicators were incorporated into a discounted cash flow analysis to estimate the hypothetical bulk market value of the subject property held by the Master Developer, Lennar Corporation, assuming the completion of the improvements to be financed by the Bonds. Given the size of the Woodside Homes holdings (83 lots) no further was applied.

Assumptions and Limiting Conditions. In considering the estimate of value evidenced by the Appraisal, the Appraisal is based upon a number of standard and special assumptions which affect the estimates as to value, including, among others, the following.

- The off-site improvements to be funded by the master developer and the Bonds will ultimately serve future developments in the area outside the District. Consequently, the master developer will receive fee credits from the City of Rancho Cordova upon obtaining building permits. The Appraiser has relied on the most recent fee credit estimates to derive a revenue estimate for the Property in the District. It is assumed these fee credits will not change significantly. If, at some future date, the credits are higher or lower than projected, the market value provided in the Appraisal could be positively or negatively affected.

- The valuation is not a bulk sale value estimate and assumes completion of the Facilities funded by the Bonds (but not any Additional Bonds) and accounts for the impact of the lien of the Special Tax securing the Bonds.

- The value estimate assumes that the transfer would reflect a cash transaction or terms considered to be equivalent to cash. The estimate is also premised on an assumed sale after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with buyer and seller each acting prudently, knowledgeably, for their own self interest, and assuming that neither is under undue stress.

- The valuation analysis is based on developer-provided site development cost projections for the subject property. In comparing these costs with the in-tract costs for other residential developments, the Appraiser noted it appeared the budgeted costs are reasonable. Any significant variations from the cost projections used in this analysis could have an impact on the values concluded.

- The valuation analysis did not include review of a current title report of all properties to determine any possible conditions of title affecting the properties appraised. The Appraiser accepts no responsibility for matters pertaining to title.

- The Appraiser has also assumed that there is no hazardous material on or in the property that would cause a loss in value. Should future conditions and events involving hazardous material reduce the level of permitted development or delay the completion of any projected development, the value of the undeveloped land would likely be reduced from that estimated by the Appraiser. See "SPECIAL RISK FACTORS — Land Values" and "— Hazardous Substances" below. See "APPENDIX B — THE APPRAISAL" hereto for a description of certain assumptions made by the Appraiser. Accordingly, because the Appraiser arrived at an estimate of current market value based upon certain assumptions which may or may not be fulfilled, no assurance can be given that should the parcels become delinquent due to unpaid Special Taxes, and be foreclosed upon and offered for sale for the amount of the delinquency, that any bid would be received for such property or, if a bid is received, that such bid would be sufficient to pay such delinquent Special Taxes.

Limitations of Appraisal Valuation. Property values may not be evenly distributed throughout the District; thus, certain parcels may have a greater value than others. This disparity is significant because in the event of nonpayment of the Special Tax, the only remedy is to foreclose against the delinquent parcel.

No assurance can be given that the foregoing valuation can or will be maintained during the period of time that the Bonds are outstanding in that the City has no control over the market value of the property within the District or the amount of additional indebtedness that may be issued in the future by other public agencies, the payment of which, through the levy of a tax or an assessment, may be on a parity with the Special Taxes. See "Priority of Lien" below.

For a description of certain risks that might affect the assumptions made in the Appraisal, see "SPECIAL RISK FACTORS" herein.

Value to Special Tax Burden Ratios

The Appraisal sets forth the estimated bulk sale market value, subject to the Special Tax lien, of all taxable property within the District to be $68,580,000 subject to the limiting conditions stated therein. (See "The Appraisal" above and Appendix B hereto.) The principal amount of the Bonds is $____________*. Consequently, the estimated bulk sale market value, subject to the Special Tax lien, of the real property within the District, is approximately _____* times the principal amount of the Bonds and the special tax obligation allocable to properties in the District from the Folsom-Cordova Unified School District Schools Facilities Improvement District No. 1 bonds.

The following tables show ownership, value to lien and special tax data for the parcels in the District.

* Preliminary, subject to change.

City of Rancho Cordova
Sunridge North Douglas CFD No. 2005-1
Appraised Value to Lien

Development Status	No. of Parcels (1)	Acres	Appraised Value* (2)	FY 2015-16 Facilities Special Tax Levy	% of Facilities Special Tax Levy	Series 2015 Bonds*(4)	Overlapping Debt(5)	Total Debt*	Average Appraised Value-to-Lien*
Developed Property									
Village 1	6	0.8	$593,406	$11,044	1.0%	$108,310	$0	$108,310	5.5:1
Village 2	5	0.7	531,325	9,203	0.8	90,258	0	90,258	5.9:1
Village 5	9	1.4	912,201	16,566	1.5	162,465	0	162,465	5.6:1
Village 7	14	1.7	1,117,388	23,551	2.1	230,967	0	230,967	4.8:1
Subtotal	**34**	**4.6**	**$3,154,319**	**60,365**	**5.3**	**591,999**	**0**	**591,999**	**5.3:1**
Final Map Property									
Village 1	81	12.3	$8,010,976	$149,095	13.1	$1,462,183	$0	$1,462,183	5.5:1
Village 2	74	10.8	7,863,614	136,210	11.9	1,335,821	0	1,335,821	5.9:1
Village 3	72	11.4	7,120,867	132,529	11.6	1,299,718	0	1,299,718	5.5:1
Village 4	82	12.6	8,109,877	150,936	13.2	1,480,234	0	1,480,234	5.5:1
Village 5	68	11.2	6,732,628	125,166	11.0	1,227,511	0	1,227,511	5.5:1
Village 6	75	9.5	5,986,006	126,167	11.1	1,237,321	0	1,237,321	4.8:1
Village 7	114	13.6	9,098,729	191,773	16.8	1,880,728	0	1,880,728	4.8:1
Village 8	62	5.3	3,422,984	68,775	6.0	674,483	0	674,483	5.1:1
Subtotal	**628**	**86.6**	**$56,345,681**	**$1,080,651**	**94.7%**	**10,598,001**	**0**	**10,598,001**	**5.3:1**
Undeveloped Property	0	0.0	$0	$0	0.0%	$0	$0	$0	N/A
Total	**662**	**91.2**	**$59,500,000**	**$1,141,016**	**100.0%**	**$11,190,000**	**$0**	**$11,190,000**	**5.3:1**

(1) Does not include three parcels which may be acquired by the City in the future.
(2) Represents an allocation of the bulk market values reported in the Appraisal. The allocated values are not indicative of the market values of the villages or the individual lots.
(3) Equal to the Maximum Facilities Special Tax that could be levied in fiscal year 2015-16 on Developed Property and Final Map Property.
(4) Equal to the estimated principal amount of the Series 2015 Special Tax Bonds.
(5) Does not include overlapping general obligation debt secured by ad valorem taxes on the property.
Sources: Seevers, Jordan, Ziegenmeyer; Piper Jaffray & Co.; Goodwin Consulting Group, Inc.
* Preliminary, subject to change.

City of Rancho Cordova
Sunridge North Douglas CFD No. 2005-1
Appraised Value-to-Lien Ratio Ranges

Appraised Value-to-Lien Category	No. of Parcels (1)	Acres	Appraised Value*(2)	FY 2015-16 Facilities Special Tax Levy (3)	% of Facilities Special Tax Levy	Series 2015 Bonds*(4)	Overlapping Debt (5)	Total Debt*	Average Appraised Value-to-Lien*
5.5:1 to 6.0:1	83	12.1	$8,820,000	$152,776	13.4%	$1,498,286	$0	$1,498,286	5.9:1
5.0:1 to 5.5:1	376	54.3	$34,477,878	$646,749	56.7	$6,342,698	$0	$6,342,698	5.4:1
4.5:1 to 5.0:1	203	24.8	$16,202,122	$341,491	29.9	$3,349,016	$0	$3,349,016	4.8:1
Totals	**662**	**91.2**	**$59,500,000**	**$1,141,016**	**100.0%**	**$11,190,000**	**$0**	**$11,190,000**	**5.3:1**

(1) Does not include three parcels which may be acquired by the City in the future.
(2) Represents an allocation of the bulk market values reported in the Appraisal. The allocated values are not indicative of the market values of the villages or the individual lots.
(3) Equal to the Maximum Facilities Special Tax that could be levied in fiscal year 2015-16 on Developed Property and Final Map Property.
(4) Equal to the estimated principal amount of the Series 2015 Special Tax Bonds.
(5) Does not include overlapping general obligation debt secured by ad valorem taxes on the property.
Sources: Seevers, Jordan, Ziegenmeyer; Piper Jaffray & Co.; Goodwin Consulting Group, Inc.
* Preliminary, subject to change.

City of Rancho Cordova
Sunridge North Douglas CFD No. 2005-1
FY 2015-16 Top Taxpayers

Owner	No. of Parcels (1)	Acres	Appraised Value*(2)	FY 2015-16 Facilities Special Tax Levy (3)	% of Facilities Special Tax Levy	Series 2015 Bonds*(4)	Overlapping Debt (5)	Total Debt*	Average Appraised Value-to-Lien*
Lennar Corporation									
Developed Property	26	3.4	$2,304,199	$45,639	4.0%	$447,586	$0	$447,586	5.1:1
Final Map Property	553	75.7	$48,375,801	$942,600	82.6%	$9,244,128	$0	$9,244,128	5.2:1
Subtotal	**579**	**79.1**	**$50,680,000**	**$988,240**	**86.6%**	**$9,691,714**	**$0**	**$9,691,714**	**5.2:1**
Woodside Homes									
Developed Property	8	1.1	$850,120	$14,725	1.3%	$144,413	$0	$144,413	5.9:1
Final Map Property	75	11.0	$7,969,880	$138,051	12.1%	$1,353,873	$0	$1,353,873	5.9:1
Subtotal	**83**	**12.1**	**$8,820,000**	**$152,776**	**13.4%**	**$1,498,286**	**$0**	**$1,498,286**	**5.9:1**
Total	**662**	**91.2**	**$59,500,000**	**$1,141,016**	**100.0%**	**$11,190,000**	**$0**	**$11,190,000**	**5.3:1**

(1) Does not include three parcels which may be acquired by the City in the future.
(2) Represents an allocation of the bulk market values reported in the Appraisal. The allocated values are not indicative of the market values of the villages or the individual lots.
(3) Equal to the Maximum Facilities Special Tax that could be levied in fiscal year 2015-16 on Developed Property and Final Map Property.
(4) Equal to the estimated principal amount of the Series 2015 Special Tax Bonds.
(5) Does not include overlapping general obligation debt secured by ad valorem taxes on the property.
Sources: Seevers, Jordan, Ziegenmeyer; Piper Jaffray & Co.; Goodwin Consulting Group, Inc.
* Preliminary; subject to change.

In comparing the appraised value of the real property within the District and the principal amount of the Bonds, it should be noted that only the real property upon which there is a delinquent Special Tax can be foreclosed upon, and the real property within the District cannot be foreclosed upon as a whole to pay delinquent Special Taxes of the owners of such parcels within the District unless all of the property is subject to a delinquent Special Tax. In any event, individual parcels may be foreclosed upon separately to pay delinquent Special Taxes levied against such parcels.

Other public agencies whose boundaries overlap those of the District could, without the consent of the City and in certain cases without the consent of the owners of the land within the District, impose additional taxes or assessment liens on the land within the District. The purpose would be to finance additional regional or local public improvements or services. The lien created on the land within the District through the levy of such additional taxes or assessments may be on a parity with the lien of the Special Tax. In addition, construction loans may be obtained by the developers of property in the District or home loans may be obtained by ultimate homeowners. The deeds of trust securing such debt on property within the District, however, will be in a junior position to the lien of the Special Tax.

Priority of Lien

The principal of and interest on the Bonds are payable from the Special Tax authorized to be collected within the District, and payment of the Special Tax is secured by a lien on certain real property within the District. Such lien is co-equal to and independent of the lien for general taxes and any other liens imposed under the Mello-Roos Act, regardless of when they are imposed on the property in the District. The imposition of additional special taxes, assessments and general property taxes will increase the amount of independent and co-equal liens which must be satisfied in foreclosure. The City, the County and certain other public agencies are authorized by the Mello-Roos Act to form other community facilities districts and improvement areas and, under other provisions of State law, to form special assessment districts, either or both of which could include all or a portion of the land within the District.

Property in the District is subject to the Services Special Tax (described in the Special Tax Formula attached as Appendix A) for police services. The City expects to levy the "Maximum Services Special Tax" (as defined in the Special Tax Formula) on each parcel of Developed Property, which tax is authorized to be used for police services of benefit to property in the District. The Maximum Services Special Tax is $317.13 per Residential Unit, subject to annual escalation on and after July 1, 2015. Property in the District is also subject to a school tax in the approximate amount of $_____ per single-family home per year. See the tables below for overlapping debt applicable to property in the District.

[[TO COME: school district debt and bond authorization?]]

There can be no assurance that the developers will not petition for the formation of other community facilities districts and improvement areas or for a special assessment district or districts and that parity special taxes or special assessments will not be levied by the County or some other public agency to finance additional public facilities, however no other special districts are currently contemplated by the City or the developers.

Private liens, such as deeds of trust securing loans obtained by developers of land in the District, may be placed upon property in the District at any time. Under California law, the Special Taxes have priority over all existing and future private liens imposed on property subject to the lien of the Special Taxes.

Set forth below is a statement of direct and overlapping public bonded debt (the "**Overlapping Debt Report**") prepared by California Municipal Statistics, Inc. as of September 1, 2015. The Overlapping Debt Report includes only such information as has been reported to California Municipal Statistics, Inc. by the issuers of the debt described therein and by others. The Overlapping Debt Report is included for general informational purposes only. Neither the City nor the District makes any representation as to its completeness or accuracy.

The first column in the table names each public agency which has outstanding bonded debt as of the date of the report and whose territory overlaps the District in whole or in part. The second column shows the assessed value of the area common to the District and the other public agency (overlapping territory), as a percentage of the total assessed value of the other public agency. This percentage, multiplied by the total outstanding bonded debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

City of Rancho Cordova
Sunridge North Douglas Community Facilities District No. 2005-1
Direct and Overlapping Indebtedness
As Of September 1, 2015

2014-15 Local Secured Assessed Valuation: $10,555,298 (1)

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 9/1/15
Los Rios Community College District	0.007%	$ 23,739
Folsom-Cordova USD School Facilities Improvement District No. 1	0.176	53,100
Folsom-Cordova USD School Facilities Improvement District No. 3	0.706	278,847
City of Rancho Cordova Community Facilities District No. 2005-1	**100.000**	**-** (2)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$355,686
OVERLAPPING GENERAL FUND DEBT:		
Sacramento County General Fund Obligations	0.008%	$ 22,131
Sacramento County Pension Obligation Bonds	0.008	76,805
Sacramento County Board of Education Certificates of Participation	0.008	581
Los Rios Community College District Certificates of Participation	0.007	381
Folsom-Cordova Unified School District Certificates of Participation	0.062	11,712
City of Rancho Cordova Certificates of Participation	0.155	31,271
Sacramento Metropolitan Fire General Fund Obligations	0.019	1,966
Sacramento Metropolitan Fire Pension Obligation Bonds	0.019	10,900
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		$155,747
Less: Sacramento County supported obligations		480
TOTAL NET OVERLAPPING GENERAL FUND DEBT		$155,267
GROSS COMBINED TOTAL DEBT		$511,433 (3)
NET COMBINED TOTAL DEBT		$510,953

(1) 2015-16 assessed valuation is $16,680,130. At this time not all information is available to prepare statement using 2015-16 assessed valuations.
(2) Excludes Mello-Roos Act bonds to be sold.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2014-15 Local Secured Assessed Valuation:

Direct Debt.. - %
Total Direct and Overlapping Tax and Assessment Debt3.37%
Gross Combined Total Debt 4.85%
Net Combined Total Debt 4.84%

Source: California Municipal Statistics.

Estimated Tax Burden on a Single Family Home

The following table sets forth the estimated total tax burden on a single family home in two different zoning areas, based on estimated tax rates for Fiscal Year 2015-16.

City of Rancho Cordova
Sunridge North Douglas CFD No. 2005-1
Sample FY 2015-16 Tax Billings

	Zoning Designation:	RD-5	RD-7
Net Taxable Value		**Amount**	**Amount**
Estimated Sales Price		$401,000.00	$361,000.00
Less: Homeowner's Exemption		(7,000.00)	(7,000.00)
Net Taxable Value		**$394,000.00**	**$354,000.00**
Ad Valorem Property Taxes	**Rate**	**Amount**	**Amount**
Base Property Tax	1.0000%	$3,940.00	$3,540.00
Los Rios College General Obligation Bond	0.0113%	44.52	40.00
Folsom Cordova Imp. 1	0.0832%	327.81	294.53
Folsom Cordova Imp. 3	0.1229%	484.23	435.07
Total Ad Valorem Property Taxes	**1.2174%**	**$4,796.56**	**$4,309.60**
Parcel Charges, Assessments, and Special Taxes		**Amount**	**Amount**
Water and Drainage Studies - SCWA 13		$6.92	$6.92
Sunridge CFD		365.18	365.18
Transit Services District Zone 2		80.34	80.34
Rancho Cordova Lighting District 2012-1		2.56	2.56
North Douglas CFD No. 2005-1 (Facilities) (1)		1,840.68	1,682.21
North Douglas CFD No. 2005-1 (Services) (2)		324.86	324.86
Total Parcel Charges, Assessments, and Special Taxes		**$2,620.54**	**$2,462.07**
Total Taxes		**$7,417.09**	**$6,771.67**
Total Effective Tax Rate		**1.85%**	**1.88%**

(1) Equal to the applicable Maximum Facilities Special Tax in FY 2015-16.
(2) Equal to the Maximum Services Special Tax in FY 2015-16.
Sources: Lennar Corporation; Sacramento County Tax Collector's Office; Goodwin Consulting Group, Inc.

SPECIAL RISK FACTORS

The purchase of the Bonds involves a degree of risk that may not be appropriate for some investors. The following includes a discussion of some of the risks that should be considered before making an investment decision. This discussion does not purport to be comprehensive or definitive or a complete statement of all factors that may be considered as risks in evaluating the credit quality of the Bonds.

Limited Obligation of the City to Pay Debt Service

The City has no obligation to pay principal of and interest on the Bonds if Special Tax collections are delinquent or insufficient, other than from amounts, if any, on deposit in the Reserve Fund or funds derived from the tax sale or foreclosure and sale of parcels for Special Tax delinquencies. The City is not obligated to advance funds to pay debt service on the Bonds.

Levy and Collection of the Special Tax

General. The principal source of payment of principal of and interest on the Bonds is the proceeds of the annual levy and collection of the Special Tax against property within the District.

Limitation on Maximum Annual Special Tax Rate. The annual levy of the Special Tax is subject to the maximum annual Special Tax rate authorized in the Special Tax Formula. The levy cannot be made at a higher rate even if the failure to do so means that the estimated proceeds of the levy and collection of the Special Tax, together with other available funds, will not be sufficient to pay debt service on the Bonds.

In addition to the maximum annual Special Tax rate limitation in the Special Tax Formula, Section 53321(d) of the Act provides that the special tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel within a community facilities district by more than 10% above the amount that would have been levied in such fiscal year had there never been any such delinquencies or defaults. In cases of significant delinquency, these factors may result in defaults in the payment of principal of and interest on the Bonds.

No Relationship Between Property Value and Special Tax Levy. Because the Special Tax Formula is not based on property value, the levy of the Special Tax will rarely, if ever, result in a uniform relationship between the value of particular parcels in the District subject to a Special Tax and the amount of the levy of the Special Tax against those parcels. Thus, there will rarely, if ever, be a uniform relationship between the value of the parcels in the District subject to a Special Tax and their proportionate share of debt service on the Bonds, and certainly not a direct relationship.

Factors that Could Lead to Special Tax Deficiencies. The following are some of the factors that might cause the levy of the Special Tax on any particular parcel of Taxable Property to vary from the Special Tax that might otherwise be expected:

Transfers to Governmental Entities. The number of parcels in the District subject to a Special Tax could be reduced through the acquisition of Taxable Property by a governmental entity and failure of the government to pay the Special Tax based upon a claim of exemption or, in the case of the federal government or an agency thereof, immunity from taxation, thereby resulting in an increased tax burden on the remaining taxed parcels.

Property Tax Delinquencies. Failure of the owners of Taxable Property to pay property taxes (and, consequently, the Special Tax), or delays in the collection of or inability to collect the Special Tax by tax sale or foreclosure and sale of the delinquent parcels, could result in a deficiency in the collection of Special Tax revenues. See "– Property Tax Delinquencies" below.

Delays Following Special Tax Delinquencies and Foreclosure Sales. The Fiscal Agent Agreement generally provides that the Special Tax is to be collected in the same manner as ordinary ad valorem property taxes are collected and, except as provided in the special covenant for foreclosure described in "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure" and in the Act, is subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for ordinary ad valorem property taxes. Under these procedures, if taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the County.

If sales or foreclosures of property are necessary, there could be a delay in payments to owners of the Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the City of the proceeds of sale if the Reserve Fund is depleted. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure."

The ability of the City to collect interest and penalties specified by State law and to foreclose against properties having delinquent Special Tax installments may be limited in certain respects with regard to properties in which the Federal Deposit Insurance Corporation (the "**FDIC**") has or obtains an interest. The FDIC would obtain such an interest by taking over a financial institution that has made a loan that is secured by property within the District. See " – FDIC/Federal Government Interests in Properties" below.

Other laws generally affecting creditors' rights or relating to judicial foreclosure may affect the ability to enforce payment of Special Taxes or the timing of enforcement of Special Taxes. For example, the Soldiers and Sailors Civil Relief Act of 1940 affords protections such as a stay in enforcement of the foreclosure covenant, a six-month period after termination of military service to redeem property sold to enforce the collection of a tax or assessment and a limitation on the interest rate on the delinquent tax or assessment to persons in military service if the court concludes the ability to pay such taxes or assessments is materially affected by reason of such service.

Property Tax Delinquencies

General. Delinquencies in the payment of property taxes and, consequently, the Special Taxes, can occur because the owners of delinquent parcels may not have received property tax bills from the County in a timely manner, including situations in which the County initially sent property tax bills to the property developer or merchant builder at a time when the parcels in question had already been sold to individual homeowners. Delinquencies can also reflect economic difficulties and duress by the property owner.

Numerous future delinquencies by the owners of Taxable Property in the District in the payment of property taxes (and, consequently, the Special Taxes, which are collected on the ordinary property tax bills) when due could result in a deficiency in Special Tax Revenues necessary to pay debt service on the Bonds, which could in turn result in the depletion of the Reserve Fund, prior to reimbursement from the resale of foreclosed property or payment of the delinquent Special Tax. In that event, there could be a delay or failure in payments of the principal of and interest on the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Reserve Fund," and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure."

The City intends to take certain actions designed to mitigate the impact of future delinquencies, including: enforcing the lien of the Special Taxes through collection procedures that will include foreclosure actions under certain circumstances (see "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure"); and increasing the levy of Special Taxes against non-delinquent property owners in the District, to the extent permitted under the Special Tax Formula and the Act and to the extent the Special Taxes are not already being levied at the Maximum Annual Special Tax rate.

Risks Related to Homeowners With High Loan-to-Value Ratios

Any future decline in home values in the District could result in property owner unwillingness or inability to pay mortgage payments, as well as ad valorem property taxes and Special Taxes, when due. Under such circumstances, bankruptcies are likely to increase. Bankruptcy by homeowners with delinquent Special Taxes would delay the commencement and completion of foreclosure proceedings to collect delinquent Special Taxes.

It is possible that laws could be enacted in the future to assist homeowners in default in the payment of mortgages and property taxes. It is further possible that federal laws could be enacted that would adversely impact the ability of the City to foreclose on parcels with delinquent Special Taxes. No assurance can be given that any such laws will be enacted, or if enacted will be effective in assisting affected homeowners.

Payment of Special Tax is Not a Personal Obligation of the Property Owners

An owner of property in the District is not personally obligated to pay the Special Taxes. Rather, the Special Taxes are an obligation running only against the parcels subject to a Special Tax. If, after a default in the payment of the Special Tax and a foreclosure sale by the City, the resulting proceeds are insufficient, taking into account other obligations also constituting a lien against the affected parcels, the City has no recourse against the owner.

Property Values

The value of Taxable Property within the District is a critical factor in determining the investment quality of the Bonds. If a property owner defaults in the payment of the Special Tax, the City's only remedy is to foreclose on the delinquent property in an attempt to obtain funds with which to pay the delinquent Special Tax. Land values could be adversely affected by economic and other factors beyond the City's control, such as a general economic downturn, relocation of employers out of the area, shortages of water, electricity, natural gas or other utilities, destruction of property caused by earthquake, flood, wildfires, or other natural disasters, environmental pollution or contamination, or unfavorable economic conditions.

The following is a discussion of specific risk factors that could affect the value of property in the District.

Risks Related to Availability of Mortgage Loans. The current state of the world-wide capital markets has adversely affected the availability of mortgage loans to homeowners, including potential buyers of homes within the District. Any such unavailability could hinder the ability of the current homeowners to resell their homes, or the sale of newly completed homes in the future.

***Natural Disasters*.** The value of the Taxable Property in the future can be adversely affected by a variety of natural occurrences, particularly those that may affect infrastructure and other public improvements and private improvements on the Taxable Property and the continued habitability and enjoyment of such private improvements.

The areas in and surrounding the District, like those in much of California, may be subject to unpredictable seismic activity, including earthquakes. See "THE DISTRICT – Location of the District."

Other natural disasters could include, without limitation, floods, wildfires, droughts or tornadoes. One or more natural disasters could occur and could result in damage to improvements of varying seriousness. The damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost, or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances there could be significant delinquencies in the payment of Special Taxes, and the value of the Taxable Property may well depreciate or disappear.

***Legal Requirements*.** Other events that may affect the value of Taxable Property include changes in the law or application of the law. Such changes may include, without limitation, local growth control initiatives, local utility connection moratoriums and local application of statewide tax and governmental spending limitation measures.

***Hazardous Substances*.** One of the most serious risks in terms of the potential reduction in the value of Taxable Property is a claim with regard to a hazardous substance. In general, the owners and operators of Taxable Property may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner or operator is obligated to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the Taxable Property be affected by a hazardous substance, is to reduce the marketability and value of the parcel by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition.

The property values set forth in this Official Statement do not take into account the possible reduction in marketability and value of any of the Taxable Property by reason of the possible liability of the owner or operator for the remedy of a hazardous substance condition of the parcel. Although the City is not aware that the owner or operator of any of the Taxable Property has such a current liability with respect to any of the Taxable Property, it is possible that such liabilities do currently exist and that the City is not aware of them.

Further, it is possible that liabilities may arise in the future with respect to any of the Taxable Property resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but that has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently on the parcel of a substance not presently classified as hazardous but that may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of Taxable Property that is realizable upon a delinquency.

Concentration of Ownership of Undeveloped Property

All the land within the District is currently owned by only two entities (Lennar Homes of California, Inc. and Woodside 05N, LP). Although there will be transfers of ownership of property within the District as development progresses and home sales are closed, the timely payment of the Bonds depends upon the willingness and ability of all of the owners of taxable property withing the District to pay the Special Taxes when due. The only assets of the owners of property within the District which constitute security for the Bonds are such owners' real property holdings located within the District, and each parcel may only be foreclosed against for delinquent Special Taxes levied against such parcel. If the current landowners choose to pay some but not all of the Special Taxes, they may, as owners of parcels in the District, choose to default on payments of the Special Tax on parcels. Also see "– Bankruptcy Delays" below.

Development of undeveloped property within the District may be subject to unexpected delays, disruptions and changes which may affect the willingness and ability of the two homebuilders or other property owners to pay the Special Taxes when due. Certain infrastructure improvements remain to be completed in order to complete construction of the remaining homes in the District. No assurance can be given that the remaining proposed residential development will be partially or fully completed, and for purposes of evaluating the investment quality of the Bonds, prospective purchasers should consider the possibility that such parcels will remain vacant and only partially improved. See the information set forth under the caption "THE DISTRICT – Infrastructure Improvements" and "– Development in the District."

Future Property Development

Continuing development of the parcels in the District may be adversely affected by changes in general or local economic conditions, fluctuations in or a deterioration of the real estate market, increased construction costs, development, financing and marketing capabilities of the developer, water or electricity shortages, discovery on the undeveloped property of any plants or animals in their habitat that have been listed as endangered species, and other similar factors. Development in the District may also be affected by development in surrounding areas, which may compete with the property in the District. A slowdown of the development process could adversely affect land values and reduce the ability or desire of the property owners to pay the annual Special Taxes. In that event, there could be a default in the payment of the Bonds.

Other Possible Claims Upon the Value of Taxable Property

While the Special Taxes are secured by the Taxable Property, the security only extends to the value of such Taxable Property that is not subject to priority and parity liens and similar claims.

The table in the section entitled "SPECIAL TAX REVENUE AND VALUE OF PROPERTY WITHIN THE DISTRICT – Overlapping Liens and Priority of Lien" shows the presently outstanding amount of governmental obligations (with stated exclusions), the tax or assessment for which is or may become an obligation of one or more of the parcels in the District subject to a Special Tax. The table also states the additional amount of general obligation bonds the tax for which, if and when issued, may become an obligation of one or more of the parcels in the District subject to a Special Tax. The table does not specifically identify which of the governmental obligations are secured by liens on one or more of the parcels in the District subject to a Special Tax.

In addition, other governmental obligations may be authorized and undertaken or issued in the future, the tax, assessment or charge for which may become an obligation of one or more of the parcels in the District subject to a Special Tax and may be secured by a lien on a parity with the lien of the Special Tax securing the Bonds.

In general, as long as the Special Tax is collected on the County tax roll, the Special Tax and all other taxes, assessments and charges also collected on the tax roll are on a parity, that is, are of equal priority. Questions of priority become significant when collection of one or more of the taxes, assessments or charges is sought by some other procedure, such as foreclosure and sale. In the event of proceedings to foreclose for delinquency of Special Taxes securing the Bonds, the Special Tax will be subordinate only to existing prior governmental liens, if any. Otherwise, in the event of such foreclosure proceedings, the Special Taxes will generally be on a parity with the other taxes, assessments and charges, and will share the proceeds of such foreclosure proceedings on a pro rata basis. Although the Special Taxes will generally have priority over non-governmental liens on a parcel of Taxable Property, regardless of whether the non-governmental liens were in existence at the time of the levy of the Special Tax or not, this result may not apply in the case of bankruptcy. See "– Bankruptcy Delays" below.

Exempt Properties

Certain properties are exempt from the Special Tax in accordance with the Special Tax Formula and the Act, which provides that properties or entities of the state, federal or local government are exempt from the Special Tax; provided, however, that property within the District acquired by a public entity through a negotiated transaction or by gift or devise, which is not otherwise exempt from the Special Tax, will continue to be subject to the Special Tax. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Special Tax Methodology."

In addition, although the Act provides that if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment, the constitutionality and operation of these provisions of the Act have not been tested, meaning that such property could become exempt from the Special Tax. The Act further provides that no other properties or entities are exempt from the Special Tax unless the properties or entities are expressly exempted in a resolution of consideration to levy a new special tax or to alter the rate or method of apportionment of an existing special tax.

California Drought; State of Emergency Proclamation

On January 17, 2014, with California facing water shortfalls in the then-driest year in recorded state history, Governor Edmund G. Brown Jr. proclaimed a State of Emergency and directed state officials to take all necessary actions to prepare for these drought conditions. In the State of Emergency declaration, Governor Brown directed state officials to assist farmers and communities that are economically impacted by dry conditions and to ensure the State can respond if Californians face drinking water shortages. The Governor also directed state agencies to use less water and hire more firefighters and initiated a greatly expanded water conservation public awareness initiative. In addition, the proclamation gave state water officials more flexibility to manage supply throughout California under drought conditions.

The Governor's drought State of Emergency follows a series of actions the administration has taken to ensure that California is prepared for record dry conditions. In May 2013, Governor Brown issued an Executive Order to direct state water officials to expedite the review and processing of voluntary transfers of water and water rights. In December 2014, the Governor formed a Drought Task Force to review expected water allocations, California's preparedness for water scarcity and whether conditions merit a drought declaration.

On April 1, 2015, for the first time in state history, the Governor directed the State Water Resources Control Board to implement mandatory water reductions in cities and towns across California to reduce water usage by 25 percent. This savings amounts to approximately 1.5 million acre-feet of water over the following nine months.

California set a new "low water" mark on April 1, 2015, with its early-April snowpack measurement. The statewide electronic reading of the snowpack's water content stood at 5 percent of the April 1st average. April 1, 2015's content was only 1.4 inches, or 5 percent, of the 28-inch average. The lowest previous reading since 1950 was 25 percent of average, so water year 2015 is the driest winter in California's written record.

The implementation of mandatory water reductions is ongoing. For more information on the City's water supply and related matters, see "THE DISTRICT – ___________" above. The City cannot predict how long the drought conditions will last, what effect drought conditions may have on property values or whether or to what extent water reduction requirements may affect the value of property in the District or the ability to develop property in the District.

FDIC/Federal Government Interests in Properties

General. The ability of the City to foreclose the lien of delinquent unpaid Special Tax installments may be limited with regard to properties in which the Federal Deposit Insurance Corporation (the "**FDIC**"), the Drug Enforcement Agency, the Internal Revenue Service, or other federal agency has or obtains an interest.

Federal courts have held that, based on the supremacy clause of the United States Constitution, in the absence of Congressional intent to the contrary, a state or local agency cannot foreclose to collect delinquent taxes or assessments if foreclosure would impair the federal government interest.

The supremacy clause of the United States Constitution reads as follows: "This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the contrary notwithstanding."

This means that, unless Congress has otherwise provided, if a federal governmental entity owns a parcel that is subject to Special Taxes but does not pay taxes and assessments levied on the parcel (including Special Taxes), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the City wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government's mortgage interest. In *Rust v. Johnson* (9th Circuit; 1979) 597 F.2d 174, the United States Court of Appeal, Ninth Circuit held that the Federal National Mortgage Association ("**FNMA**") is a federal instrumentality for purposes of this doctrine, and not a private entity, and that, as a result, an exercise of state power over a mortgage interest held by FNMA constitutes an exercise of state power over property of the United States.

The City has not undertaken to determine whether any federal governmental entity currently has, or is likely to acquire, any interest (including a mortgage interest) in any of the parcels subject to the Special Taxes, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the Bonds are outstanding.

FDIC. In the event that any financial institution making any loan which is secured by real property within the District is taken over by the FDIC, and prior thereto or thereafter the loan or loans go into default, resulting in ownership of the property by the FDIC, then the ability of the District to collect interest and penalties specified by State law and to foreclose the lien of delinquent unpaid Special Taxes may be limited.

The FDIC's policy statement regarding the payment of state and local real property taxes (the "**Policy Statement**") provides that property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property's value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution's affairs, unless abandonment of the FDIC's interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC-owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC's consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC's consent.

The Policy Statement states that the FDIC generally will not pay non-ad valorem taxes, including special assessments, on property in which it has a fee interest unless the amount of tax is fixed at the time that the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent it purports to secure the payment of any such amounts. Special taxes imposed under the Mello-Roos Act and a special tax formula which determines the special tax due each year are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC's federal immunity. The Ninth Circuit issued a ruling on August 28, 2001, in which it determined that the FDIC, as a federal agency, is exempt from special taxes levied under the Act.

The City is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency in the payment of Special Taxes on a parcel within the District in which the FDIC has or obtains an interest, although prohibiting the lien of the Special Taxes to be foreclosed out at a judicial foreclosure sale could reduce or eliminate the number of persons willing to purchase a parcel at a foreclosure sale. Such an outcome could cause a draw on the Reserve Fund and perhaps, ultimately, if enough property were to become owned by the FDIC, a default in payment on the Bonds.

Depletion of Reserve Fund

The Reserve Fund is to be maintained at an amount equal to the Reserve Requirement for the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Reserve Fund." The Reserve Fund will be used to pay principal of and interest on the Bonds (and any Additional Bonds, the principal of and interest on which is supported by amounts in the Reserve Fund) if insufficient funds are available from the proceeds of the levy and collection of the Special Tax against property within the District. If the Reserve Fund is depleted, it can be replenished from the proceeds of the levy and collection of the Special Taxes that exceed the amounts to be paid to the owners of the Bonds (and any Additional Bonds, the principal of and interest on which is supported by amounts in the Reserve Fund) under the Fiscal Agent Agreement. However, because the Special Tax levy is limited to the annual Maximum Annual Special Tax rates, it is possible that no replenishment would be achieved if the Special Tax proceeds, together with other available funds, remain insufficient to pay all such amounts. Thus it is possible that the Reserve Fund will be depleted and not be replenished by the levy and collection of the Special Taxes.

Bankruptcy Delays

The payment of the Special Tax and the ability of the City to foreclose the lien of a delinquent unpaid Special Tax, as discussed in "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS," may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State of California relating to judicial foreclosure. The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the Special Taxes to become extinguished, bankruptcy of a property owner or any other person claiming an interest in the property could result in a delay in superior court foreclosure proceedings and could result in the possibility of Special Tax installments not being paid in part or in full. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds.

In addition, the amount of any lien on property securing the payment of delinquent Special Taxes could be reduced if the value of the property were determined by the bankruptcy court to have become less than the amount of the lien, and the amount of the delinquent Special Taxes in excess of the reduced lien could then be treated as an unsecured claim by the court. Any such stay of the enforcement of the lien for the Special Tax, or any such delay or non-payment, would increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds and the possibility of delinquent Special Taxes not being paid in full.

To the extent that property in the District continues to be owned by a limited number of property owners, the chances are increased that the Reserve Fund could be fully depleted during any such delay in obtaining payment of delinquent Special Taxes. As a result, sufficient moneys would not be available in the Reserve Fund to make up shortfalls resulting from delinquent payments of the Special Tax and thereby to pay principal of and interest on the Bonds on a timely basis.

Disclosure to Future Purchasers

The City has recorded a notice of the Special Tax lien in the Office of the County Recorder. While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective purchaser or lender will consider such special tax obligation in the purchase of a parcel of land or a home in the District or the lending of money secured by property in the District. The Act and the Goals and Policies require the subdivider of a subdivision (or its agent or representative) to notify a prospective purchaser or long-term lessor of any lot, parcel, or unit subject to a Mello-Roos special tax of the existence and maximum amount of such special tax using a statutorily prescribed form. California Civil Code Section 1102.6b requires that in the case of transfers other than those covered by the above requirement, the seller must at least make a good faith effort to notify the prospective purchaser of the special tax lien in a format prescribed by statute. Failure by an owner of the property to comply with these requirements, or failure by a purchaser or lessor to consider or understand the nature and existence of the Special Tax, could adversely affect the willingness and ability of the purchaser or lessor to pay the Special Tax when due.

No Acceleration Provisions

The Bonds do not contain a provision allowing for their acceleration in the event of a payment default or other default under the terms of the Bonds or the Fiscal Agent Agreement. Under the Fiscal Agent Agreement, a Bondowner is given the right for the equal benefit and protection of all Bondowners similarly situated to pursue certain remedies. So long as the Bonds are in book-entry form, DTC will be the sole Bondowner and will be entitled to exercise all rights and remedies of Bond holders, in accordance with its procedures and rules.

Loss of Tax Exemption

As discussed under the caption "TAX MATTERS," interest on the Bonds might become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued as a result of future acts or omissions of the City in violation of its covenants in the Fiscal Agent Agreement. The Fiscal Agent Agreement does not contain a special redemption feature triggered by the occurrence of an event of taxability. As a result, if interest on the Bonds were to become includable in gross income for purposes of federal income taxation, the Bonds would continue to remain outstanding until maturity unless earlier redeemed pursuant to optional redemption, mandatory sinking fund redemption or special mandatory redemption upon prepayment of the Special Taxes. See "THE BONDS – Redemption."

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service (the "**IRS**") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of such Bonds might be affected as a result of such an audit of such Bonds (or by an audit of similar bonds or securities).

Impact of Legislative Proposals, Clarifications of the Code and Court Decisions on Tax Exemption

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Bondowners from realizing the full current benefit of the tax status of such interest.

Voter Initiatives

Under the California Constitution, the power of initiative is reserved to the voters for the purpose of enacting statutes and constitutional amendments. Since 1978, the voters have exercised this power through the adoption of Proposition 13 and similar measures, including Proposition 218, which was approved in the general election held on November 5, 1996, and Proposition 26, which was approved on November 2, 2010.

Any such initiative may affect the collection of fees, taxes and other types of revenue by local agencies such as the District. Subject to overriding federal constitutional principles, such collection may be materially and adversely affected by voter-approved initiatives, possibly to the extent of creating cash-flow problems in the payment of outstanding obligations such as the Bonds.

Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment, added Articles XIIIC and XIIID to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges.

On November 2, 2010, California voters approved Proposition 26, entitled the "Supermajority Vote to Pass New Taxes and Fees Act". Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as "fees." Proposition 26 amended Articles XIIIA and XIIIC of the State Constitution. The amendments to Article XIIIA limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. Article XIIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes require a majority vote and taxes for specific purposes ("special taxes") require a two-thirds vote.

The Special Taxes and the Bonds were each authorized by not less than a two-thirds vote of the landowners within the District who constituted the qualified electors at the time of such voted authorization. The City believes, therefore, that issuance of the Bonds does not require the conduct of further proceedings under the Act, Proposition 218 or Proposition 26.

Like their antecedents, Proposition 218 and Proposition 26 are likely to undergo both judicial and legislative scrutiny before the impact on the District and its obligations can be determined. Certain provisions of Proposition 218 and Proposition 26 may be examined by the courts for their constitutionality under both State and federal constitutional law, the outcome of which cannot be predicted.

Secondary Market for Bonds

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that any Bonds can be sold for any particular price. Prices of bond issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

No assurance can be given that the market price for the Bonds will not be affected by the introduction or enactment of any future legislation (including without limitation amendments to the Internal Revenue Code), or changes in interpretation of the Internal Revenue Code, or any action of the Internal Revenue Service, including but not limited to the publication of proposed or final regulations, the issuance of rulings, the selection of the Bonds for audit examination, or the course or result of any Internal Revenue Service audit or examination of the Bonds or obligations that present similar tax issues as the Bonds.

CONSTITUTIONAL LIMITATIONS ON TAXATION AND APPROPRIATIONS

Article XIIIA of the California Constitution, commonly known as "**Proposition 13**," provides that each county will levy the maximum *ad valorem* property tax permitted by Proposition 13 and will distribute the proceeds to local agencies in accordance with an allocation formula based in part on pre-Proposition 13 *ad valorem* property tax rates levied by local agencies.

Article XIIIA limits the maximum *ad valorem* tax on real property to 1% of "full cash value," which is defined as the County Assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment. The full cash value may be adjusted annually to reflect increases of no more than 2% per year or decreases in the consumer price index or comparable local data, or declining property value caused by damage, destruction or other factors.

Article XIIIA exempts from the 1% tax limitation any taxes to repay indebtedness approved by the voters prior to July 1, 1978, and requires a vote of two-thirds of the qualified electorate to impose Special Taxes or any additional *ad valorem*, sales, or transaction taxes on real property. In addition, Article XIIIA requires the approval of two-thirds of all members of the State Legislature to change any State laws resulting in increased tax revenues. On June 3, 1986, California voters approved an amendment to Article XIIIA of the California Constitution to allow local governments and school districts to raise their property tax rates above the constitutionally mandated 1% ceiling for the purpose of paying off certain new general obligation debt issued for the acquisition or improvement of real property and approved by two-thirds of the votes cast by the qualified electorate. If any such voter-approved debt is issued, it may be on a parity with the lien of the Special Tax on the parcels within the District.

State and local government agencies in the State, and the State itself are subject to annual appropriation limits, imposed by Article XIIIB of the State Constitution. Article XIIIB prohibits government agencies and the State from spending "appropriations subject to limitation" in excess of the appropriations limits imposed. "Appropriations subject to limitation" are authorizations to spend "proceeds of taxes," which consist of tax revenues, certain state subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed the cost reasonably borne by such entity in providing the regulation, product or service. No limit is imposed on appropriations of funds which are not "proceeds of taxes" such as debt service on indebtedness existing or authorized before January 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, reasonable user charges or fees and certain other non-tax funds.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the District by not later than nine months after the end of the City's fiscal year (presently June 30) in each year (the "**City Annual Report**") commencing with its report for the 2014-15 fiscal year (due by April 1, 2016) and to provide notices of the occurrence of certain enumerated events. Additionally, the Lennar [and Woodside] (or a designee) [have each] covenanted for the benefit of owners of the Bonds to provide certain information with respect to its property within the District (the "**Developer Annual Report**") to the City at the same times as the City Annual Report (so long as it is responsible for a certain percentage of the Special Taxes), as described in the Developer Annual Report, and to provide notices of the occurrence of certain enumerated events.

The City Annual Report and notices of material events will be filed with the Municipal Securities Rulemaking Board. The covenants of the City have been made in order to assist the Underwriters in complying with Securities Exchange Commission Rule 15c2-12(b)(5) (the **"Rule"**). The specific nature of the information to be contained in the Annual Report or the notices of material events by the City is summarized in "APPENDIX F - FORM OF CONTINUING DISCLOSURE UNDERTAKINGS."

The City believes that for the past five year period it currently is in material compliance with all of its continuing disclosure undertakings. Notwithstanding the foregoing:

[to come, corrective actions]

[The City expects to engage contract support for the preparation and filing of its continuing disclosure reports, including as to the District, in order to ensure compliance with future continuing disclosure obligations.]

UNDERWRITING

The Bonds were purchased through negotiation by Piper Jaffray & Co. (the "**Underwriter**"). The Underwriter agreed to purchase the Bonds at a price of $__________________, which is equal to the principal amount of the Bonds minus an Underwriter's discount of $____________. The initial public offering prices set forth on the cover page hereof may be changed by the Underwriter. The Underwriter may offer and sell the Bonds to certain dealers and others at a price lower than the public offering prices set forth on the cover page hereof.

LEGAL OPINION

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Jones Hall, A Professional Corporation, Bond Counsel. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix E to this Official Statement, and the final opinion will be made available to registered owners of the Bonds at the time of delivery. The fees of Bond Counsel are contingent upon the sale and delivery of the Bonds.

TAX MATTERS

The Internal Revenue Code of 1986, as amended (the "**Code**") establishes certain requirements which must be met subsequent to the issuance of the Bonds for the interest on the Bonds to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. These requirements include, but are not limited to, restrictions on the use of bond proceeds and provisions which prescribe yield and other limits within which the proceeds of the Bonds are to be invested and require that certain investment earnings must be rebated on a periodic basis to the United States of America. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. Pursuant to the Fiscal Agent Agreement, the City has covenanted to comply with the requirements of the Code and to cause the payment to the United States Treasury of any and all amounts required to be rebated under the Code with respect to the outstanding Bonds.

In the opinion of Jones Hall, a Professional Law Corporation, San Francisco, California, Bond Counsel, subject to the qualifications set forth below, under existing law and assuming compliance by the City with the aforementioned covenants, interest on the Bonds is excluded from gross income for purposes of federal income taxation. Bond Counsel is further of the opinion that interest on the Bonds is not a specific preference item for purposes of the alternative minimum tax provisions of the Code. However, interest on the Bonds received by corporations will be included in certain earnings for purposes of federal alternative minimum taxable income of such corporations.

Although Bond Counsel has rendered an opinion that the interest on the Bonds is excluded from gross income for purposes of federal income taxation, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend on the recipient's particular tax status or other items of income or deduction and Bond Counsel expresses no opinion regarding any such consequences. Additionally, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring after the date of delivery of the Bonds may affect the tax status of the Bonds.

If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which each Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. De minimis original issue discount and original issue premium is disregarded. Owners of Bonds with original issue discount or original issue premium, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to federal income tax and State of California personal income tax consequences of owning such Bonds.

Bond Counsel is further of the opinion that under existing law, interest on the Bonds is exempt from personal income taxation imposed by the State of California.

RATINGS

The City has not applied to a rating agency for the assignment of a rating to the Bonds and does not contemplate applying for a rating.

NO LITIGATION

At the time of delivery of and payment for the Bonds, the City Attorney will deliver his opinion that to the best of its knowledge there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court or regulatory agency pending against the City affecting its existence or the titles of its officers to office or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Fiscal Agent Agreement, or the collection or application of the Special Tax to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, the Fiscal Agent Agreement or any action of the City contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the City or its authority with respect to the Bonds or any action of the City contemplated by any of said documents.

FINANCIAL ADVISOR

The City has retained Public Financial Management, Inc., of San Francisco, California, as financial advisor (the "**Financial Advisor**") in connection with the issuance of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. Public Financial Management, Inc., is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

The execution and delivery of this Official Statement by the City has been duly authorized by the City Council on behalf of the District.

CITY OF RANCHO CORDOVA

By: ____
Authorized Officer

APPENDIX A

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

CITY OF RANCHO CORDOVA
SUNRIDGE NORTH DOUGLAS COMMUNITY FACILITIES NO. 2005-1

APPENDIX B

THE APPRAISAL

APPENDIX C

FISCAL AGENT AGREEMENT SUMMARY

APPENDIX D

THE CITY OF RANCHO CORDOVA AND SACRAMENTO COUNTY DEMOGRAPHIC INFORMATION

The financial and economic data for the City and the County are presented for information purposes only. The Bonds are not a debt or obligation of the City and the County.

The City. The City of Rancho Cordova (the "**City**"), incorporated on July 1, 2003, is located in the northeastern portion of Sacramento County (the "**County**"). The former Mather Air Force Base and Aerojet Manufacturing, a major supplier of space and defense missiles, were the driving economic forces that established the pre-cityhood community of Rancho Cordova. Since the end of the Cold War and closing of Mather Air Force Base in 1993, the area that would eventually be the City of Rancho Cordova emerged as a commercial center in Sacramento County with more than 50,000 jobs in over 3,000 business establishments.

Organized as a General Law City under State law, the City operates under the Council-Manager form of government with policy-making and legislative authority vested in a governing council. The City provides municipal services within its 34.8 square mile border for a population estimated by the State of California Department of Finance to be 69,112. The City contracts many of its residential services to outside agencies. The largest contracts are for law enforcement services with the Sacramento County Sheriff's Department and street maintenance services with the Sacramento County Public Works Department.

The County. The County was incorporated in 1850 as one of the original 27 counties of the State of California. The County's largest city, the City of Sacramento, is the seat of government for the State of California and also serves as the county seat. Sacramento became the State Capital in 1854. The County is the major component of the Sacramento Metropolitan Statistical Area ("**SMSA**") which includes Sacramento, El Dorado, and Placer Counties.

Sacramento County encompasses approximately 994 square miles in the middle of the 400-mile long Central Valley, which is California's prime agricultural region. The County is bordered by Contra Costa and San Joaquin Counties on the south, Amador and El Dorado Counties on the east, Placer and Sutter Counties on the north, and Yolo and Solano Counties on the west. (Map of Bordering Counties) Sacramento County extends from the low delta lands between the Sacramento and San Joaquin rivers north to about ten miles beyond the State Capitol and east to the foothills of the Sierra Nevada Mountains. The southernmost portion of Sacramento County has direct access to the San Francisco Bay.

Population

The following table lists population figures for the City, the County and the State for the last five years. The City is immediately adjacent to the City of Sacramento.

CITY OF RANCHO CORDOVA, COUNTY OF SACRAMENTO AND STATE OF CALIFORNIA
Population Estimates

Calendar Year	City of Rancho Cordova	County of Sacramento	State of California
2011	65,475	1,427,961	37,427,945
2012	65,973	1,433,525	37,668,804
2013	66,927	1,445,806	37,966,471
2014	67,841	1,456,230	38,357,121
2015	69,112	1,470,912	38,357,121

Source: State Department of Finance estimates (as of January 1).

Employment and Industry

The unemployment rate in the Sacramento-Roseville-Arden Arcade MSA was 5.7 percent in June 2015, up from a revised 5.6 percent in May 2015, and below the year-ago estimate of 7.0 percent. This compares with an unadjusted unemployment rate of 6.2 percent for California and 5.5 percent for the nation during the same period. The unemployment rate was 5.4 percent in El Dorado County, 4.9 percent in Placer County, 5.8 percent in Sacramento County, and 6.0 percent in Yolo County.

The table below provides information about employment rates and employment by industry type for the Sacramento Metropolitan Statistical Area (which includes Sacramento, Placer, Yolo and El Dorado Counties) for calendar years 2010 through 2014.

SACRAMENTO-ARDEN ARCADE-ROSEVILLE MSA
El Dorado, Placer, Sacramento, Yolo Counties
Employment by Industry
Annual Averages

	2010	2011	2012	2013	2014
Civilian Labor Force (1)	1,048,500	1,044,400	1,049,500	1,046,800	1,049,200
Employment	918,700	920,900	941,100	956,100	974,100
Unemployment	129,700	123,600	108,300	90,800	75,100
Unemployment Rate	12.4%	11.8%	10.3%	8.7%	7.2%
Wage and Salary Employment(2)					
Agriculture	8,100	8,200	8,600	8,900	9,200
Mining and Logging	400	500	400	500	500
Construction	38,400	36,900	38,400	43,300	45,500
Manufacturing	32,800	33,200	33,900	34,000	34,800
Wholesale Trade	22,800	23,700	25,200	25,000	24,700
Retail Trade	88,000	89,400	91,800	93,800	95,600
Transportation, Warehousing and Utilities	21,800	21,100	22,000	22,900	23,400
Information	17,200	16,300	15,600	14,800	13,700
Finance and Insurance	36,200	34,700	35,700	36,300	35,300
Real Estate and Rental and Leasing	12,200	12,000	12,500	13,100	13,400
Professional and Business Services	102,300	104,400	111,100	114,600	119,100
Educational and Health Services	115,100	116,900	121,300	128,400	134,900
Leisure and Hospitality	80,200	81,700	84,500	88,700	91,900
Other Services	28,100	28,000	28,600	29,000	30,400
Federal Government	14,700	14,000	13,700	13,500	13,500
State Government	110,900	109,700	108,200	109,900	113,500
Local Government	104,700	100,900	99,600	99,200	100,400
Total, All Industries (3)	833,800	831,500	851,100	875,700	899,600

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) Totals may not add due to rounding.
Source: State of California Employment Development Department.

Major Employers

The major employers in the County are shown below.

COUNTY OF SACRAMENTO
MAJOR EMPLOYERS- LISTED ALPHABETICALLY
(As of April 2015)

Employer Name	Location	Industry
Aerojet Rocketdyne Inc	Rancho Cordova	Aerospace Industries (Mfrs)
Air Resources Board Tstg Off	Sacramento	Engineers-Environmental
Ampac Fine Chemicals Llc	Rancho Cordova	Chemicals-Manufacturers
California Prison Ind Auth	Folsom	State Govt-Correctional Institutions
California State University	Sacramento	Schools-Universities & Colleges Academic
Corrections Dept	Sacramento	State Govt-Correctional Institutions
Delta Dental Plan of Missouri	Rancho Cordova	Insurance
Dept of Transportation In Ca	Sacramento	Government Offices-State
Disabled American Veterans	Sacramento	Veterans' & Military Organizations
Employment Development Dept	Sacramento	Government-Job Training/Voc Rehab Svcs
Environmental Protection Agcy	Sacramento	State Government-Environmental Programs
Exposition & Fair	Sacramento	Government Offices-State
Gen Corp Inc	Rancho Cordova	Aerospace Industries (Mfrs)
Intel Corp	Sacramento	Semiconductor Devices (Mfrs)
Intel Corp	Folsom	Semiconductor Devices (Mfrs)
Mercy General Hospital	Sacramento	Hospitals
Mercy San Juan Medical Ctr	Carmichael	Hospitals
Municipal Services Agency	Sacramento	Government Offices-County
Sacramento Bee	Sacramento	Newspapers (Publishers/Mfrs)
Sacramento Regional Transit	Sacramento	Bus Lines
Sacramento State	Sacramento	Schools-Universities & Colleges Academic
Smud Customer Svc Ctr	Sacramento	Electric Companies
Sutter Memorial Hospital	Sacramento	Hospitals
Uc Davis Medical Ctr	Sacramento	Hospitals
Water Resource Dept	Sacramento	State Government-Environmental Programs

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2015 2nd Edition.

Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the total effective buying income for the City, the County, the State and the United States for the period 2010 through 2014. Effecting buying income data is not yet available for calendar year 2014.

COUNTY OF SACRAMENTO
Effective Buying Income
2010 through 2014

Year	Area	Total Effective Buying Income (000s' Omitted)	Median Household Effective Buying Income
2010	City of Rancho Cordova	$ 1,080,110	$38,151
	Sacramento County	28,891,811	44,449
	California	801,393,028	47,177
	United States	6,365,020,076	41,368
2011	City of Rancho Cordova	$ 1,010,875	$37,820
	Sacramento County	28,869,888	44,185
	California	814,578,458	41,062
	United States	6,438,704,664	41,253
2012	City of Rancho Cordova	$ 1,242,695	$41,709
	Sacramento County	28,956,570	43,682
	California	864,088,828	47,307
	United States	6,737,867,730	41,358
2013	City of Rancho Cordova	$ 1,286,365	$43,422
	Sacramento County	29,591,998	44,536
	California	858,676,636	48,340
	United States	6,982,757,379	43,715
2014	City of Rancho Cordova	$ 1,305,605	$44,975
	Sacramento County	30,629,048	45,938
	California	901,189,699	50,072
	United States	7,357,153,421	45,448

Source: *The Neilson Company Inc.*

Commercial Activity

A summary of historic taxable sales within the City and County during the past five years in which data is available is shown in the following tables. Annual figures of calendar year 2014 are not yet available.

Total taxable sales during the first quarter of calendar year 2014 in the City were reported to be $______________ a ____% increase over the total taxable sales of $________________ reported during calendar year 2013.

CITY OF RANCHO CORDOVA
Taxable Transactions
(Figures in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2009	944	480,853	1,511	722,685
2010	1,161	619,057	1,914	924,225
2011	1,108	766,808	1,834	1,158,566
2012	1,100	811,506	1,807	1,240,397
2013	1,127	861,610	1,831	1,310,018

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Total taxable sales during calendar year 2014 in the County were reported to be $______________ a _____% increase over the total taxable sales of $______________ reported during calendar year 2013.

COUNTY OF SACRAMENTO
Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2009	22,197	11,252,319	31,644	16,563,853
2010	23,158	11,615,687	32,789	16,904,528
2011	22,198	12,502,808	31,682	18,003,765
2012	22,211	13,366,459	31,507	19,089,848
2013	22,629	14,171,006	31,709	20,097,095

Source: California State Board of Equalization, Taxable Sales in California.

Building and Construction

Provided below are the building permits and valuations for the City for calendar years 2010 through 2014.

CITY OF RANCHO CORDOVA
Total Building Permit Valuations
(Valuations in Thousands)

	2010	2011	2012	2013	2014
Permit Valuation					
New Single-family	$48,726.0				
New Multi-family	2,456.6				
Res. Alterations/Additions	2,349.2				
Total Residential	53,531.9				
New Commercial	235.2				
New Industrial	0.0				
New Other	2,567.3				
Com. Alterations/Additions	19,492.2				
Total Nonresidential	22,294.7				
New Dwelling Units					
Single Family	187				
Multiple Family	18				
TOTAL	205				

Source: Construction Industry Research Board, Building Permit Summary.

Provided below are the building permits and valuations for the County for calendar years 2010 through 2014.

COUNTY OF SACRAMENTO
Total Building Permit Valuations
(Dollars in Thousands)
2009 through 2013

	2010	2011	2012	2013	2014
Permit Valuation					
New Single-family	$199,008.8	$189,634.5	$248,826.3	$388,935.7	
New Multi-family	32,680.9	64,390.8	48,632.8	13,637.4	
Res. Alterations/Additions	181,074.7	202,757.1	143,291.7	201,418.7	
Total Residential	$412,764.5	$456,782.4	$440,750.8	$603,991.8	
New Commercial	$52,031.6	$77,164.9	$155,651.6	$146,191.2	
New Industrial	2,481.3	3,232.4	648.1	1,360.7	
New Other	56,735.4	3,290.1	3,788.0	22,007.6	
Com. Alterations/Additions	242,724.5	287,939.6	248,426.0	279,324.0	
Total Nonresidential	$353,972.8	$371,627.0	$408,513.7	$448,883.5	
New Dwelling Units					
Single Family	843	727	1,290	1,764	
Multiple Family	338	606	343	145	
TOTAL	1,181	1,333	1,633	1,909	

Source: Construction Industry Research Board, Building Permit Summary.

APPENDIX E

FORM OF OPINION OF BOND COUNSEL

APPENDIX F

FORM OF CONTINUING DISCLOSURE UNDERTAKINGS

CONTINUING DISCLOSURE AGREEMENT
(City)

$___________*
CITY OF RANCHO CORDOVA
SUNRIDGE NORTH DOUGLAS COMMUNITY FACILITIES DISTRICT NO. 2005-1
SPECIAL TAX BONDS
SERIES 2015

THIS CONTINUING DISCLOSURE AGREEMENT (the "Disclosure Agreement") is dated as of __________ 1, 2015, is by and among the City of Rancho Cordova, a public body, corporate and politic, organized and existing under and by virtue of the laws of the State of California (the "Issuer" or the "City"), and Goodwin Consulting Group, Inc. in its capacity as Dissemination Agent (the "Dissemination Agent") in connection with the issuance of the bonds captioned above (the "Bonds"). The Bonds are being issued pursuant to a Fiscal Agent Agreement, dated as of __________ 1, 2015 (the "Fiscal Agent Agreement"), by and between the City and U.S. Bank National Association, as fiscal agent (the "Fiscal Agent"). The City hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the City for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Fiscal Agent Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"*Annual Report Date*" means the date that is nine months after the end of the City's fiscal year (currently April 1 based on the City's fiscal year end of June 30).

"*Dissemination Agent*" means Goodwin Consulting Group, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

"EMMA System" means the Electronic Municipal Market Access system of the MSRB or such other electronic system designated by the MSRB or the Securities and Exchange Commission for compliance with S.E.C Rule 15c2-12(b).

"*Listed Events*" means any of the events listed in Section 5(a) of this Disclosure Agreement.

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

"*Official Statement*" means the final official statement dated __________, 2015, executed by the City in connection with the issuance of the Bonds.

"*Participating Underwriters*" means Piper Jaffray & Company, the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 15, 2016, with the report for the 2014-15 fiscal year, provide to the MSRB through the EMMA System an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(b) If the City does not provide, or cause the Dissemination Agent to provide, an Annual Report by the Annual Report Date as required in subsection (a) above, the Dissemination Agent shall provide in a timely manner to the MSRB through the EMMA System, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(1) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(2) if the Dissemination Agent is other than the City, file a report with the City and the Participating Underwriters certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, and stating the date it was provided.

Section 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following documents and information:

(a) Audited Financial Statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available. This submission should be made with the following caveat:

THE CITY'S ANNUAL FINANCIAL STATEMENT IS PROVIDED SOLELY TO COMPLY WITH THE SECURITIES EXCHANGE COMMISSION STAFF'S INTERPRETATION OF RULE 15C2-12. NO FUNDS OR ASSETS OF THE CITY (OTHER THAN THE PROCEEDS OF THE SPECIAL TAXES LEVIED FOR THE DISTRICT AND SECURING THE BONDS) ARE REQUIRED TO BE USED TO PAY DEBT SERVICE ON THE BONDS AND THE CITY IS NOT OBLIGATED TO ADVANCE AVAILABLE FUNDS FROM THE CITY TREASURY TO COVER ANY DELINQUENCIES. INVESTORS SHOULD NOT RELY ON THE FINANCIAL CONDITION OF THE CITY IN EVALUATING WHETHER TO BUY, HOLD OR SELL THE BONDS.

(b) The following additional items, indicating information as of the previous September 30th, with respect to the Bonds:

(1) Principal amount of Bonds outstanding under the Fiscal Agent Agreement.

(2) Balance in Reserve Fund.

(3) Table indicating Special Tax levy, amount collected, delinquent amount and percent delinquent for the most recent year.

(4) Status of foreclosure proceedings and summary of results of foreclosure sales, if available.

(5) Identity of any delinquent taxpayer representing more than 5% of levy and value-to-lien ratios of applicable properties (using assessed values unless more accurate information is available).

(6) Aggregate assessed value for all parcels in the District.

(7) Until the fiscal year in which the Special Tax levied on the developed property in the District is greater than or equal to the annual debt service on the Bonds, the number of building permits issued by the City for single family residential homes in such fiscal year.

(c) For so long as there is any owner of property in the District whose properties in the District collectively represent 10% or more of the Special Taxes, the following information regarding the status of development in the District:

(1) Significant amendments to land use entitlements.

(2) Status of any legislative, administrative and judicial challenges to the construction of the development known to the Issuer.

(3) Assessed valuation of property shown on County Assessor's tax rolls with no "improvements" value in the District for the current (as of the date of the report) fiscal year.

(4) List of landowners (as shown County Assessor's tax roll) and assessor's parcel number(s) of parcels held by owners whose properties collectively represent 10% or more of the Special Taxes for the current (as of the date of the report) fiscal year.

(5) Number of building permits issued by the City for property in the District for the reported fiscal year.

(d) For so long as any owner of property in the District whose properties in the District collectively represent 10% or more of the total Special Tax for the entire District, the information contained in Section 4 of the Continuing Disclosure Agreement executed by such property owner at the time of issuance of the Bonds.

(e) In addition to any of the information expressly required to be provided under paragraphs (a), (b) and (c) of this Section, the Issuer shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference.

Section 5. Reporting of Listed Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

(1) Principal and interest payment delinquencies.
(2) Non-payment related defaults, if material.
(3) Unscheduled draws on debt service reserves reflecting financial difficulties.
(4) Unscheduled draws on credit enhancements reflecting financial difficulties.
(5) Substitution of credit or liquidity providers, or their failure to perform.
(6) Rating changes.
(7) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

(8) Modifications to rights of security holders, if material.
(9) Bond calls, if material, and tender offers.
(10) Defeasances.
(11) Release, substitution, or sale of property securing repayment of the securities, if material.
(12) Bankruptcy, insolvency, receivership or similar event of the City.
(13) The consummation of a merger, consolidation, or acquisition involving the City, or the sale of all or substantially all of the assets of the City (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
(14) Appointment of a successor or additional Fiscal Agent or the change of name of the Fiscal Agent, if material.

(b) Whenever the City obtains knowledge of the occurrence of a Listed Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB through the EMMA System, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The City acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the City obtains knowledge of the occurrence of any of these Listed Events, the City will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the City will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Agreement, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Agreement shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The City's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent will be Willdan Financial Services.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (1) is approved by holders of the Bonds in the manner provided in the Fiscal Agent Agreement for amendments to the Fiscal Agent Agreement with the consent of holders, or (2) does not, in the opinion of the Fiscal Agent or nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the City shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Identifying Information for Filings with EMMA. All documents provided to EMMA under this Disclosure Certificate will be accompanied by identifying information as prescribed by the MSRB.

Section 12. Default. In the event of a failure of the City to comply with any provision of this Disclosure Agreement, the Participating Underwriters or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Fiscal Agent Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the City to comply with this Disclosure Agreement shall be an action to compel performance.

Section 13. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, the Fiscal Agent, the Bond owners or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 14. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Fiscal Agent, the Dissemination Agent, the Participating Underwriters and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: _________ 1, 2015

CITY OF RANCHO CORDOVA for and on behalf of the SUNRIDGE NORTH DOUGLAS COMMUNITY FACILITIES DISTRICT NO. 2005-1

By: ____
Authorized Officer

AGREED AND ACCEPTED:
GOODWIN CONSULTING,
as Dissemination Agent

By: ____
Name: ______________________________
Title: ______________________________________

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Rancho Cordova

Name of Bond Issue: $__________ City of Rancho Cordova
Sunridge North Douglas Community Facilities District No. 2005-1
Special Tax Refunding Bonds, Series 2015

Date of Issuance: ____________, 2015

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement dated __________, 2015 executed by the City and countersigned by Goodwin Consulting Group, as dissemination agent. The City anticipates that the Annual Report will be filed by _____________.

Dated: ____________

DISSEMINATION AGENT:

____

CONTINUING DISCLOSURE CERTIFICATE
(Landowner)

THIS CONTINUING DISCLOSURE CERTIFICATE (the "Disclosure Certificate") dated as of ______________, 2015, is by and between _________________ (the "Developer") in connection with the issuance by the City of Rancho Cordova (the "Issuer" or the "City"), of its $____________ Sunridge North Douglas Community Facilities District No. 2005-1 Special Tax Bonds, Series 2015 (the "Bonds"). The Bonds are being executed and delivered pursuant to a Fiscal Agent Agreement, dated as of ___________ 1, 2015 (the "Fiscal Agent Agreement"), by and between the City and U.S. Bank National Association (the "Fiscal Agent"). The Developer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Developer for the benefit of the holders and beneficial owners of the Bonds.

Section 2. Definitions. In addition to the definitions set forth above and in the Trust Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Affiliate" of another Person means (a) a Person directly or indirectly owning, controlling, or holding with power to vote, 5% or more of the outstanding voting securities of such other Person, (b) any Person, 5% or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by such other Person, and (c) any Person directly or indirectly controlling, controlled by, or under common control with, such other Person. For purposes hereof, control means the power to exercise a controlling influence over the management or policies of a Person, unless such power is solely the result of an official position with such Person.

"Assumption Agreement" means an undertaking of a Major Owner, or an Affiliate thereof, for the benefit of the holders and beneficial owners of the Bonds containing terms substantially similar to this Disclosure Certificate (as modified for such Major Owner's development and financing plans with respect to the District), whereby such Major Owner or Affiliate agrees to provide periodic reports and notices of significant events, setting forth the information described in sections 4 and 5 hereof, respectively, with respect to the portion of the property in the District owned by such Major Owner and its Affiliates and, at the option of the Developer or such Major Owner, agrees to indemnify the Dissemination Agent (if any) pursuant to a provision substantially in the form of Section 11 hereof.

"Dissemination Agent" means Goodwin Consulting Group, or any successor Dissemination Agent designated in writing by the Developer, and which has filed with the Developer, the City and the Fiscal Agent a written acceptance of such designation, and which is experienced in providing dissemination agent services such as those required under this Disclosure Certificate.

"EMMA System" means the Electronic Municipal Market Access system of the MSRB or such other electronic system designated by the MSRB or the Securities and Exchange Commission for compliance with S.E.C Rule 15c2-12(b).

"Listed Events" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"Major Owner" means, as of any Report Date, an owner of land in the District that is responsible in the aggregate for 20% or more of the Special Taxes in the District anticipated to be levied at any time during the then-current fiscal year.

"MSRB" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"Official Statement" means the final official statement executed by the City in connection with the issuance of the Bonds.

"Participating Underwriter" means Piper Jaffray & Co., Inc, the original Underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Periodic Report" means any Periodic Report provided by the Developer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Person" means an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

"Property" means the property owned by the Developer in the District.

"Report Date" means April 1 of any fiscal year.

"Rule" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"Special Taxes" means the special taxes of the District levied on taxable property within the District.

Section 3. Provision of Periodic Reports.

(a) The Developer shall, or, upon written direction of the Developer the Dissemination Agent shall, not later than the Report Date, commencing April 1, 2016, file or cause to be filed with the MSRB through the EMMA System a Periodic Report which is consistent with the requirements of Section 4 of this Disclosure Certificate with a copy to the Trustee (if different from the Dissemination Agent), the Participating Underwriter and the City. Not later than 15 calendar days prior to the Report Date, the Developer shall provide the Periodic Report to the Dissemination Agent (if different from the Developer). The Developer shall provide a written certification with (or included as a part of) each Periodic Report furnished to the Dissemination Agent (if different from the Developer), the Trustee (if different from the Dissemination Agent), the Participating Underwriter and the City to the effect that such Periodic Report constitutes the Periodic Report required to be furnished by it under this Disclosure Certificate. The Dissemination Agent, the Trustee, the Participating Underwriter and the City may conclusively rely upon such certification of the Developer and shall have no duty or obligation to review the Periodic Report. The Periodic Report may be submitted as a single document or as separate documents comprising a package, and may incorporate by reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the Dissemination Agent does not receive a Periodic Report by 15 calendar days prior to the Report Date, the Dissemination Agent shall send a reminder notice to the Developer that the Periodic Report has not been provided as required under Section 3(a) above. The reminder notice shall instruct the Developer to determine whether its obligations under this Disclosure Certificate have terminated (pursuant to Section 6 below) and, if so, to provide the Dissemination Agent with a notice of such termination in the same manner as for a Listed Event (pursuant to Section 5 below). If the Developer does not provide, or cause the Dissemination Agent to provide, a Periodic Report to the MSRB by the Report Date as required in subsection (a) above, the Dissemination Agent shall send a notice to the MSRB through the EMMA System in substantially the form attached hereto as Exhibit A, with a copy to the Trustee (if other than the Dissemination Agent), the City and the Participating Underwriter.

(c) With respect to the Periodic Report, the Dissemination Agent shall, to the extent the Periodic Report has been furnished to it, file the Periodic Report with the MSRB through the EMMA System and file a report with the Developer (if the Dissemination Agent is other than the Developer), the City and the Participating Underwriter certifying that the Periodic Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to and filed with the MSRB.

Section 4. Content of Periodic Reports. The Developer's Periodic Report shall contain or incorporate by reference the information set forth in Exhibit B relating to the Developer, any or all of which may be included by specific reference to other documents, including official statements of debt issues of the Developer or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Developer shall clearly identify each such other document so included by reference.

In addition to any of the information expressly required to be provided in Exhibit B, the Developer's Periodic Report shall include such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Section 5. Reporting of Significant Events.

(a) The Developer shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to itself or the Property, if material:

(i) bankruptcy or insolvency proceedings commenced by or against the Developer and, if known, any bankruptcy or insolvency proceedings commenced by or against any Affiliate of the Developer that is reasonably likely to have a significant impact on the Developer's ability to pay Special Taxes or to sell or develop the Property;

(ii) failure to pay any taxes, special taxes (including the Special Taxes) or assessments due with respect to the Property on or prior to the delinquency date;

(iii) filing of a lawsuit of which the Developer is aware against the Developer or an Affiliate seeking damages, which is reasonably likely to have a significant impact on the Developer's ability to pay Special Taxes or to sell or develop the Property;

(iv) material damage to or destruction of any of the improvements on the Property; and

(v) any payment default or other material default by the Developer on any loan with respect to the construction of improvements on the Property.

(b) Whenever the Developer obtains knowledge of the occurrence of a Listed Event, the Developer shall as soon as possible determine if such event would be material under applicable Federal securities law.

(c) If the Developer determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the Developer shall, or shall cause the Dissemination Agent to, promptly file a notice of such occurrence with the MSRB, with a copy to the Trustee, the City and the Participating Underwriter.

Section 6. Duration of Reporting Obligation.

(a) All the Developer's obligations hereunder shall commence on the date hereof and terminate (except as provided in Section 11) on the earliest to occur of the following:

(i) upon the legal defeasance, prior redemption or payment in full of all the Bonds, or

(ii) at such time as property owned by the Developer is no longer responsible for payment of 20% or more of the Special Taxes, or

(iii) the date on which the Developer prepays in full all of the Special Taxes attributable to the Property, or

(iv) the date on which (A) the Developer has completed construction of all buildings to be constructed within property it owns in the District and (B) each such building constructed by the Developer and intended for lease by the Developer has been, since completion of construction, at least 80% occupied at one time or another.

The Developer shall give notice of the termination of its obligations under this Disclosure Certificate in the same manner as for a Listed Event under Section 5.

(b) If a portion of the Property owned by the Developer, or any Affiliate of the Developer, is conveyed to a Person that, upon such conveyance, will be a Major Owner, the obligations of the Developer hereunder with respect to the property in the District owned by such Major Owner and its Affiliates may be assumed by such Major Owner or by an Affiliate thereof, and if so assumed the Developer's obligations hereunder with respect to such portion of the Property will be terminated. In order to effect such an assumption, such Major Owner or Affiliate shall enter into an Assumption Agreement in form and substance reasonably satisfactory to the City and the Participating Underwriter. If not so assumed, the Developer shall report the information, as applicable to the transferee, required herein so long as the transferee is a Major Owner.

Section 7. Dissemination Agent. The Developer may, from time to time, appoint or engage a Dissemination Agent to assist the Developer in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Developer. The Dissemination Agent may resign by providing thirty days' written notice to the City, the Developer and the Trustee.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Developer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied (provided, however, that the Dissemination Agent shall not be obligated under any such amendment that modifies or increases its duties or obligations hereunder without its written consent thereto):

(a) if the amendment or waiver relates to the provisions of sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Trust Agreement with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Developer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Periodic Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Developer chooses to include any information in any Periodic Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Developer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Periodic Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Developer to comply with any provision of this Disclosure Certificate, the Trustee shall (upon written direction and only to the extent indemnified to its satisfaction from any liability, cost or expense, including fees and expenses of its attorneys), and the Participating Underwriter and any holder or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Developer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Trust Agreement, and the sole and exclusive remedy under this Disclosure Certificate in the event of any failure of the Developer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Developer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents (each, an "Indemnified Party"), harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the reasonable costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding loss, liabilities, costs and expenses due to an Indemnified Party's negligence or willful misconduct or failure to perform its duties hereunder. The Dissemination Agent shall be paid compensation for its services provided hereunder in accordance with its schedule of fees as amended from time to time, which schedule, as amended, shall be reasonably acceptable, and all reasonable expenses, reasonable legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, the Developer, the Trustee, the Bond owners, or any other party. The obligations of the Developer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Notices. Any notice or communications to be among any of the parties to this Disclosure Certificate may be given as follows:

To the Developer

To the Dissemination Agent: Goodwin Consulting Group
555 University Avenue, Suite 280
Sacramento, CA 95825

To the Issuer/City: City of Rancho Cordova
2729 Prospect Park Drive
Rancho Cordova, CA 95670
Attn: CFD Administrator

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Developer (its successors and assigns), the Trustee, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity. All obligations of the Developer hereunder shall be assumed by any legal successor to the obligations of the Developer as a result of a sale, merger, consolidation or other reorganization.

SECTION 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Certificate as of the date first above written.

____

By: __________________________________
[ ]

Goodwin Consulting Group,
as Dissemination Agent

By: __________________________________
Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE PERIODIC REPORT

Name of Issuer:	City of Rancho Cordova
Name of Bond Issue:	$_____________ City of Rancho Cordova, Sunridge North Douglas Community Facilities District No. 2005-1 Special Tax Bonds, Series 2015
Date of Issuance:	_______________, 2015

NOTICE IS HEREBY GIVEN that ___________ (the "Major Owner") has not provided a Periodic Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate of the Developer dated as of the date of issuance of such Bonds. The Developer anticipates that the Periodic Report will be filed by _____________.

Dated: _______________

____________________________________,
Dissemination Agent

By: __________________________________

Its: __________________________________

cc: Developer

EXHIBIT B

PERIODIC REPORT

This Periodic Report is hereby submitted under Section 4 of the Continuing Disclosure Certificate (the "Disclosure Certificate") dated December 18, 2014 executed by the undersigned (the "Developer") in connection with the issuance of the above-captioned bonds by the City of Rancho Cordova (the "City") with respect to its City of Rancho Cordova Sunridge North Douglas Community Facilities District No. 2005-1 (the "District").

Capitalized terms used in this Periodic Report but not otherwise defined have the meanings given to them in the Disclosure Certificate.

I. Property Ownership and Development

The information in this section is provided as of ____________________ (this date must be not more than 60 days before the date of this Periodic Report).

A. Property currently owned by the Developer in the District (the "Property"):

Development name: _______

Number of lots (acreage): _________

B. Status of land development or construction activities:

____

____

C. Status of building permits and any significant amendments to land use or development entitlements:

____

____

D. Aggregate property sold, optioned or leased by the Developer to end users or merchant builders:

Since the Date of Issuance of the Bonds		Since the Last Periodic Report	
Acres*	____	Acres*	____
Lots	____	Lots	____
Bldg. Sq. Ft.	____	Bldg. Sq. Ft.	____

* For bulk land sales only (excluding sales of finished lots or completed buildings).

E. Status of any land purchase contracts with regard to the Property, whether acquisition of land in the District by the Developer or sales of land in the District to other property owners, distinguishing between (i) end users (e.g., condominiums), (ii) developers and (iii) merchant builders.

____

____

F. With respect to occupied buildings owned and leased by Developer, (i) occupancy percentage and (ii) a rent roll consisting solely of (A) term of lease and (B) number of square feet subject to the lease.

____

____

II. Legal and Financial Status of Developer

Unless such information has previously been included or incorporated by reference in a Periodic Report, describe any change in the legal structure of the Developer or the financial condition and financing plan of the Developer that would materially and adversely interfere with its ability to complete its development plan described in the Official Statement.

____

____

III. Change in Development or Financing Plans

Unless such information has previously been included or incorporated by reference in a Periodic Report, describe any development plans or financing plans relating to the Property *that are materially different from* the proposed development and financing plan described in the Official Statement.

____

____

IV. Official Statement Updates

Unless such information has previously been included or incorporated by reference in a Periodic Report, describe any other significant changes in the information relating to the Developer or the Property contained in the Official Statement under the heading "PROPERTY OWNERSHIP AND PROPOSED DEVELOPMENT" that would materially and adversely interfere with the Developer's ability to develop and sell the Property as described in the Official Statement.

____

____

V. Other Material Information

In addition to any of the information expressly required above, provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

____

____

Certification

The undersigned Developer hereby certifies that this Periodic Report constitutes the Periodic Report required to be furnished by the Developer under the Disclosure Certificate.

ANY STATEMENTS REGARDING THE DEVELOPER, THE DEVELOPMENT OF THE PROPERTY, THE DEVELOPER'S FINANCING PLAN OR FINANCIAL CONDITION, OR THE BONDS, OTHER THAN STATEMENTS MADE BY THE DEVELOPER IN AN OFFICIAL RELEASE, OR FILED WITH THE MUNICIPAL SECURITIES RULEMAKING BOARD, ARE NOT AUTHORIZED BY THE DEVELOPER. THE DEVELOPER IS NOT RESPONSIBLE FOR THE ACCURACY, COMPLETENESS OR FAIRNESS OF ANY SUCH UNAUTHORIZED STATEMENTS.

THE DEVELOPER HAS NO OBLIGATION TO UPDATE THIS PERIODIC REPORT OTHER THAN AS EXPRESSLY PROVIDED IN THE DISCLOSURE CERTIFICATE.

Dated:_____________

____

By: ______________________________
____
____

APPENDIX G

DTC AND THE BOOK-ENTRY ONLY SYSTEM

*The following description of the Depository Trust Company ("**DTC**"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.*

*Neither the issuer of the Bonds (the "**Issuer**") nor the trustee, fiscal agent or paying agent appointed with respect to the Bonds (the "**Agent**") take any responsibility for the information contained in this Appendix.*

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("**DTC**"), New York, NY, will act as securities depository for the securities (the "**Bonds**"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC's participants ("**Direct Participants**") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned

subsidiary of The Depository Trust & Clearing Corporation ("**DTCC**"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's

Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from Issuer or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.