

X. STATEMENT OF OVERRIDING CONSIDERATIONS RELATED TO THE DISC 2022 PROJECT FINDINGS

As described in Section III of these Findings, the following significant and unavoidable impacts could occur with implementation of the project:

- Project implementation may substantially degrade the existing visual character or quality of the project site and its surroundings (SEIR Impact 3-2; Addendum, Section I, Question 'd').
- Project implementation may result in a significant impact related to the conversion of Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Important Farmlands) to non-agricultural use, as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency (SEIR Impact 3-5; Addendum, Section II, Question 'a').
- Project implementation may result in a significant impact related to the loss of forest or agricultural land or conversion of forest or agricultural land to non-forest or non-agricultural use (SEIR Impact 3-7; Addendum, Section II, Question 'd').
- Project implementation may violate an air quality standard or contribute substantially to an existing or projected air quality violation during operations, and a conflict with or obstruction of implementation of applicable air quality plans (SEIR Impact 3-11; Addendum, Section III, Question 'a').
- Project implementation may generate GHG emissions, either directly or indirectly, that may have a significant impact on the environment (SEIR Impact 3-37; Addendum, Section VIII, Question 'a').
- Project implementation may conflict with an applicable plan, policy, or regulation adopted for the purpose of reducing the emissions of GHGs (SEIR Impact 3-38; Addendum, Section VIII, Question 'b').
- Project implementation may conflict with a program, plan ordinance, or policy addressing the circulation system under Existing Plus Project conditions (SEIR Impact 3-70; Addendum, Section XVII, Question 'a').
- Project implementation may result in a significant increase in Vehicle Miles Traveled (SEIR Impact 3-72; Addendum, Section XVII, Question 'b').
- Project implementation may result in significant impacts to Pedestrian and Bicycle Facilities (SEIR Impact 3-75; Addendum, Section XVII, Question "a").
- Project implementation may result in significant impacts to Transit Services (SEIR Impact 3-76; Addendum, Section XVII, Question 'a').
- Project implementation may result in significant cumulative impacts related to long-term changes in visual character of the region (SEIR Impact 3-85; Addendum, Section XXI, Question 'b').

- Project implementation may result in significant impacts related to cumulative loss of agricultural land (SEIR Impact 3-87; Addendum, Section XXI, Question 'b').
- Project implementation may result in a cumulatively considerable net increase of any criteria pollutant (SEIR Impact 3-88; Addendum, Section XXI, Question 'b').
- Project implementation may result in significant cumulative impacts related to greenhouse gas (GHG) emissions and global climate change (SEIR Impact 3-93; Addendum, Section XXI, Question 'b').
- Project implementation may result in significant cumulative impacts to fire protection services from the proposed project in combination with future developments in the City of Davis (SEIR Impact 3-102; Addendum, Section XXI, Question 'b').
- Project implementation may conflict with a program, plan, ordinance or policy addressing the circulation system under Cumulative Plus Project conditions (SEIR Impact 3-104; Addendum, Section XXI, Question 'b').
- Project implementation may result in a significant cumulative Increase in Vehicle Miles Traveled (SEIR Impact 3-105; Addendum, Section XXI, Question 'b').
- Project implementation may result in significant cumulative impacts to pedestrian, bicycle, and transit facilities (SEIR Impact 3-106; Addendum, Section XXI, Question 'b').

The following reasons demonstrate that the benefits of the project outweigh its unavoidable adverse environmental effect, thereby justifying approval of the proposed project. There is substantial evidence that these public benefits outweigh the significant impacts of the project, and therefore, the above-identified impacts are acceptable to the City of Davis. The project will provide for the following benefits:

1. Economic benefits through tax revenues and project fees;
2. Create jobs through construction of the proposed project;
3. Provide additional housing in the City of Davis;
4. Increase the economic potential of the University of California and create long-term jobs;
5. Fulfill a vision that has been identified and studied by the City for over two decades, and that has been embraced by the City Council for at least 10 years;
6. Create a space to retain and grow Davis-based businesses and start-ups;
7. Position the City of Davis for post-COVID economic recovery, stressing the importance of providing shovel-ready sites;
8. Assist the City of Davis in its goal of reaching fiscal sustainability;
9. Provide a revenue source that will be used to maintain and enhance community amenities; and
10. Exceed the City of Davis's affordable housing requirements and sustainability requirements, and set a precedent regionally with respect to sustainability.

With respect to Item 1, the DiSC 2022 Economic Analysis compared the estimated tax revenue to be generated by the proposed project to the estimated cost of providing public services to the project. The

proposed project would generate tax revenues through property tax, transfer tax, sales and use tax, transient occupancy tax, and public safety tax. Other revenue sources would be generated through City permitting, construction tax, and development impact fees, as well as the School Impact Fee and County Facilities and Services Authorization Fee. According to the DiSC 2022 Economic Analysis, the proposed project would have a net fiscal surplus to the City's General Fund at buildout of approximately \$3.88 million annually.

It is noted that while several of the above-identified significant and unavoidable impacts are related to traffic, due primarily to the fact that they are extraterritorial impacts (i.e., outside of the City's jurisdiction), the Addendum requires the applicant to provide fair share contributions to the prospective improvements (e.g., see Mitigation Measure 3-70(a)), which would result in a substantial infusion of monies towards the needed improvements. In addition, the project includes construction of transportation improvements, such as a transit plaza on Mace Boulevard, south of Alhambra Drive, to service local and regional bus and shuttle service to and from the project site. The project will also fund and build new and improved bus stops with lighting, passenger shelters, and real time transit information signage on both sides of Mace Boulevard. Regarding bicycle facilities, the project would build the connection of the existing bike trail on Mace Boulevard to East Covell Boulevard, along the inside of the "Covell Curve" connecting the two roadways, thereby improving bicycle safety to schools and the project site.

With regard to Item 2, the proposed project would create construction jobs. Considering the nature and size of the proposed project, a significant amount of construction workers would be needed in construction of the proposed project. Annual average direct construction-related employment during development of the proposed project is estimated to be approximately 195 jobs. Similar to the economic benefits discussed above, the annual average total direct, indirect, and induced employment due to construction of the project is estimated at more than 250 jobs. Total one-time earnings from direct, indirect, and induced effects of construction employment as a result of DiSC 2022 is approximately \$200 million at full buildout. Additionally, if building materials are purchased in the area, additional stimulation of the local economy and businesses would occur.

Regarding Item 3, the demand for housing in Davis is well documented. Buildout of the residences would be tied to completion of the commercial space, assumed to be 2,000 sf of commercial space per residential unit. The proposed residences would have a strong impact on the overall feasibility of the proposed project. The proposed project would contribute an additional 460 residential units to increase the supply and variety of housing options available for students, employees, and university-related personnel.

With respect to Item 4, the overall development of the project would increase the economic potential of the University of California. A technical memorandum that analyzed the economic benefits of the proposed project was prepared by Economic & Planning Solutions, Inc.¹ The DiSC 2022 Economic Analysis measured the overall effect that an initial activity, such as spending in one industry, has on a region as the

¹ Economic & Planning Solutions, Inc. *Subject: Davis Innovation and Sustainability Campus (DiSC) Economic Analysis – Pro Forma (Feasibility), Fiscal Impacts, and Economic Impacts; EPS #212099.* December 6, 2021.

spending recirculates through other sectors of the local economy through additional business and household spending. Economic impacts can be measured in terms of overall output, employment, or the earning from employment. According to the DiSC 2022 Economic Analysis, the proposed project would generate nearly 2,400 jobs, with employee compensation of over \$200 million. The City would experience some economic spinoff of that direct employment, but a much greater spinoff and associated economic benefits would occur in other parts of Yolo County. Total County employment, including on-site employment and indirect and induced employment, would be approximately 4,000 jobs annually at buildout, with compensation of approximately \$300 million.

With respect to Items 5 and 6, the City began studying and looking for an opportunity to create a research and innovation park beginning as early as 2001, with the adoption of the current General Plan. In 2008, the City prepared the Business Park Land Strategy to determine whether the long-term supply of business park land was sufficient. Upon finding it was not, in 2010 the City Council established the Innovation Park Task Force to explore, with the help of UC Davis's Studio 30, how, where, and whether to pursue construction of a future business/innovation park within or peripheral to City boundaries, for the purpose of retaining growing businesses and attracting emerging entrepreneurs to the City. The City Council unanimously accepted the Studio 30 Final Report and adopted its recommendations in November 2012. In 2014, the Council Innovation Center subcommittee developed a set of eight "Guiding Principles" to evaluate and guide refinement of proposed innovation centers, which were subsequently adopted by the City Council.

As illustrated by the above actions, an innovation park has long been envisioned by the City as a way to build off a unique and valuable community asset, the University of California at Davis, to facilitate a diversified local economy and enable collaboration between the university and private industry. The proposed project would be consistent with these established City policies, including the Guiding Principles for Davis Innovation Centers. The project would provide readily available, zoned lands that would allow for businesses to move quickly and with certainty, thereby enabling for retention and growth of existing local businesses and attracting new businesses.

With regard to Item 7, the COVID-19 pandemic has had a significant financial impact on the City of Davis, the extent of which is still unclear. The City has experienced a loss of projected revenue and an increase in public health-related costs, which in turn necessitated budget reductions for Fiscal Year 2020-21. As noted for Items 1, 2, and 4 above, the DiSC 2022 project would generate revenue for the City and County through the collection of impact fees and taxes. It is also estimated to create nearly 2,400 jobs at build out, which in turn would help generate business, employee, and household spending elsewhere in the City and County. The revenue and jobs generated by project construction and at build out will assist in the City's economic recovery from COVID-19.

Regarding Items 8 and 9, the City Council adopted eight Council Goals in 2018, including to "Ensure Fiscal Resilience." As described in the technical memorandum prepared by Economic & Planning Solutions, Inc., the proposed DiSC 2022 project would be expected to produce \$3.88 million in net positive fiscal benefits to the City of Davis on annual basis at buildout. These revenues would be available to help support community services and amenities for existing and future residents. In addition to the projected \$3.88

million in net positive fiscal benefits, a land-secured assessment on market rate, ownership housing would provide a minimum of \$150,000 annually at buildout of the market rate residential to fund services that are directly supportive of transit services, roadway repair and maintenance, roadway, bicycle and pedestrian safety and other community amenities. Additionally, the project would construct turnkey parks and maintaining all onsite parks and open space areas, relieving the City of a considerable maintenance burden.

Finally, with regard to item 10, the proposed project would be required to provide 69 affordable units under the City's affordable housing ordinance. The developer has committed to exceeding the requirements by providing 85 affordable housing units, which equates to 18.5% of the overall housing units in the project. Both rental and for sale units will be provided, and 74 of the 85 affordable units will be constructed on-site.

The proposed project would also be one of the most sustainable projects in the City of Davis. The sustainability features include energy procurement and energy efficiency measures; housing near commercial development to minimize transportation emissions; transit, transportation, and circulation improvements to promote nonvehicular means of transportation; and habitat and agricultural conservation measures. More specifically, with respect to the project's energy footprint, electricity demand would be met by 100% clean energy that is generated onsite or purchased from a 100% renewable program. All project buildings would meet and exceed Title 24, Cal Green Tier 1 and utilize the City's Residential Energy REACH Code standards, and all commercial buildings would be all-electric for the building envelope. Utilizing these measures and more, the project will achieve carbon neutrality. These project features would set a precedent in the greater Sacramento region for sustainability.

Substantial evidence supporting the benefits described in this Statement of Overriding Considerations can be found above and in the documents found in the record of proceedings. Any one of the reasons provided above is sufficient to demonstrate that the benefits of the project outweigh its unavoidable adverse environmental impacts, thereby each separately and individually justifying approval of the project. Based on the above, in consideration of the above-noted project benefits, despite the significant environmental effects, the City Council, in accordance with Public Resources Code Sections 21001, 21002.1(c), 21081(b) and CEQA Guidelines Section 15093, chooses to approve the project because, in its judgment, the economic, social, and other benefits that the project will produce will render the significant effects acceptable.

XI. CONCLUSION

After balancing the specific economic, legal, social, technological, and other benefits of the proposed project, the Council finds that the unavoidable adverse environmental impacts identified may be considered "acceptable" due to the specific considerations listed above, which outweigh the unavoidable, adverse impacts of the proposed project.

The Davis City Council has considered information contained in the Addendum prepared for the proposed DiSC 2022 Project, as well as the public testimony and record of proceedings in which the project was considered. Recognizing that significant and unavoidable impacts may result from implementation of the proposed project, the Council finds that the benefits of the project and overriding considerations

outweigh the adverse effects of the project. Having included all feasible mitigation measures in the Mitigation Monitoring and Reporting Program, and recognized all unavoidable significant impacts, the Council hereby finds that each of the separate benefits of the proposed DiSC 2022 Project, as stated herein, is determined to be unto itself an overriding consideration, independent of other benefits, that warrants adoption of the proposed project and outweighs and overrides its unavoidable significant effects, and thereby justifies the adoption of the proposed DiSC 2022 Project.

Based on the foregoing findings and the information contained in the record, the Council hereby determines that:

1. All significant effects on the environment due to implementation of the proposed DiSC 2022 Project have been eliminated or substantially lessened where feasible;
2. There are no feasible alternatives to the proposed DiSC 2022 Project which would mitigate or substantially lessen the impacts; and
3. Any remaining significant effects on the environment found to be unavoidable are acceptable due to the factors described in the Statement of Overriding Considerations above.