



**Sacramento
Housing &
Redevelopment
Agency**

REPORT TO THE REDEVELOPMENT AGENCY AND CITY COUNCIL of the City of Sacramento

**915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org**

**Staff Report
August 22, 2006**

**Honorable Mayor and Members of the City Council
Honorable Chair and Members of the Board**

Title: Final Land Use Alternatives, Grants, Allocation for Property Acquisition and Contract Issues for the Docks Area Redevelopment Project (KD41)

Location/Council District: The Docks Area is located along the eastern bank of the Sacramento River, north of the Marina/Miller Park, west of Interstate 5 and south of Capitol Mall. (Council District 4).

Recommendation:

For City Council: Adopt a **Resolution** authorizing the City Manager to:

- 1) Execute a Memorandum of Understanding between the City of Sacramento and the Sacramento Area Council of Governments (SACOG) for a \$1.239 million SACOG 2005-2007 Community Design Grant awarded to the City (KD41);
- 2) Enter into two Individual Project Agreements (IPA) with the Redevelopment Agency of the City of Sacramento (Agency) for KD41 including:

IPA 1: Transferring \$45,905 of tax increment funds from the Merged Downtown Development Assistance project in order to provide the local match needed for a \$183,620 California Transportation Department (Caltrans) Grant awarded to the City.

IPA 2:Transferring \$1,246,577 of tax increment funds from the Merged Downtown Development Assistance project which includes \$161,000 for the required matching funds for the SACOG grant as well as \$1,085,577 for agreements with Walker Macy.

- 3) Amend and increase the existing IPA with the Agency in the amount of \$245,000 for KD41 based on the allocation of \$145,000 of tax increment funds from the Merged Downtown Development Assistance project for a contract amendment with Nichols Consulting Engineers, Chtd. (Nichols) and the transfer of the \$100,000 deposit from KSWM Docks Partners, LLC (developer) from the Agency to the City of Sacramento;

- 4) Increase the revenue and expenditure budgets for KD41 for the IPAs when the appropriate documents are executed, in the following amounts:
 - \$45,905 for the Caltrans match, \$161,000 for the SACOG match, \$1,085,577 for the Walker Macy agreements, \$145,000 for the Nichols amendment, and \$100,000 from the developer's deposit from tax increment/Agency funds (Fund 206)
 - \$183,620 from the Caltrans grant (Fund 512)
 - \$1.239 million from the SACOG grant (Fund 248)
- 5) Execute agreements with Walker Macy for a total amount of \$2,715,102;
- 6) Execute a fourth amendment to City Agreement No. 2004-0161 with Nichols Consulting Engineers, Chtd. increasing the contract amount by \$145,000 for professional services (KD41);
- 7) Support an application for a Proposition 50 California River Parkways grant of up to \$4 million and authorizing the City Manager to execute all necessary agreements and documents, if the grant is awarded; and
- 8) Declare the area south of Pioneer Bridge and north of the Marina/Miller Park as a Revitalization Area in support of the efforts to relocate the existing tank farms to more quickly revitalize the Sacramento Riverfront.

For the Redevelopment Agency: Adopt a Resolution authorizing the Executive Director, or her designee to:

- 1) Enter into two Individual Project Agreements (IPAs) with the City of Sacramento. for the Docks Area Redevelopment Project (KD41) to transfer tax increment funds from the Merged Downtown Development Assistance project including:
 - IPA 1: Transferring \$45,905 of tax increment funds from the Merged Downtown Development Assistance project in order to provide the local match needed for a \$183,620 California Transportation Department (Caltrans) Grant awarded to the City.
 - IPA 2: Transferring \$1,246,577 of tax increment funds from the Merged Downtown Development Assistance project which includes \$161,000 for the required matching funds for the SACOG grant as well as \$1,085,577 for agreements with Walker Macy.
- 2) Amend and increase the existing IPA with the City of Sacramento in the amount of \$245,000 for KD41 based on the allocation of \$145,000 of tax increment funds from the Merged Downtown Development Assistance project for the Nichols contract amendment and the transfer of the KSWM Docks Partners, LLC (developer) deposit of \$100,000 from the Agency to the City of Sacramento;
- 3) Allocate \$7.26 million from the Merged Downtown Development Assistance project

for the appraisals, acquisition and costs related to acquiring property in the Docks Area; and

- 4) Approve the extension of the Exclusive Right to Negotiate with KSWM Docks Partners, LLC by 270 days to June 30, 2007.

Contact: Laura Sainz, Senior Economic Development Project Manager, 808-2677; Leslie Fritzsche, Downtown Development Manager, 808-5450

Presenters: Laura Sainz, Senior Project Manager, 808-2677; Todd Saunders, KSWM Docks Partners, LLC; and Evan Rose, SMWM

Department: Economic Development

Division: Downtown Development Group

Organization No: 4451

Description/Analysis

Issue: A number of items need consideration in order to continue with the Docks Area redevelopment project. These items are related to the Agency's partnership with KSWM Docks Partners, LLC, (the development team for the Docks Area as approved by the Agency earlier this year) and to the design and development of the Docks Area promenade/parkway and levee improvements.

Items related to the development partnership include a request for feedback on the final land use alternatives, an allocation for property acquisition and the extension of the Exclusive Right to Negotiate with KSWM Docks Partners, LLC. Items related to the design and development of the promenade/parkway include grant and contract approvals. Background about the Docks Area redevelopment project and the various issues associated with this report is provided in Attachment 1. Five issues are addressed in this report including:

- 1) **Final Land Use Plans** – The final draft land use plans are complete and have been presented to the public at a number of community workshops held during the month of August. The development team requests feedback from the City Council on these final draft land use plans (see Attachment 2).
- 2) **Acquisition of Properties** – In order to fully assemble all of the developable property in the Docks Area, staff anticipates acquiring eight additional parcels. Five are owned by the State of California Department of Parks and Recreation (Parks and Recreation) and three are owned by Pacific Gas and Electric Company (PG&E). A Memorandum of Understanding between the City and Parks and Recreation has been prepared to facilitate acquisition of the state owned sites. Appraisals are expected to be completed by late summer. Staff is requesting an allocation of \$7.26 million for the appraisals, acquisitions and related costs. Agency acquisition/land assembly was an item identified in the Exclusive Right to Negotiate, and is part of the partnership between the Agency and developer.
- 3) **Grants** – The City was awarded two grants for the Docks Area levee improvements

and promenade/parkway; one in the amount of \$183,620 from the California Department of Transportation (Caltrans) for the preliminary design of the levee improvements, riverfront parkway and the related community outreach process. The second grant was from the Sacramento Area Council of Governments in the amount of \$1.239 million for the final design and construction documents for the Docks Area levee improvements and riverfront parkway. Approvals are needed to accept the grants and transfer Downtown tax increment dollars to provide the required local match for the grant funds. A local match of \$45,905 is required for the Caltrans grant (20% of total project costs). A local match of \$161,000 is required for the SACOG grant. Staff also seeks approval to apply for a Proposition 50 California River Parkways grant for the Docks Area parkway, including levee improvements, the acquisition of related parcels located south of the Pioneer Bridge and/or the construction of the promenade/parkway and park space.

4) Contracts – In May of this year, a Request for Proposals (RFP) was issued for both landscape architecture services and civil design work for the Docks Area levee improvements and parkway/promenade design. An evaluation committee made up of representatives from the City's Parks, Economic Development, Transportation and Development Services Departments, representatives from KSWM Docks Partners, LLC, a representative from West Sacramento and a community representative (10 members total) interviewed the four landscape architect firms that submitted proposals. Following the review of related project experience and familiarity with the regulatory and permitting process required for the project, the evaluation committee recommended Walker Macy as the landscape architect and Nichols Consulting Engineers for the civil design work. Only one proposal was received for the civil design work. Staff recommends entering into two separate agreements with Walker Macy as the prime contractor in the amounts of \$229,525 and \$2,485,577 for the following:

- a. Preliminary design work on the proposed promenade and levee improvements;
- b. Review of preliminary design with related regulatory agencies including the State Reclamation Board, the California Public Utilities Commission and the U.S. Army Corps of Engineers;
- c. Complete design work on levee improvements, including geotechnical analysis, civil engineering work and design of oversized levee structure (levee improvements) and promenade/parkway improvements to be completed by Nichols Consulting Engineers as a sub contractor to Walker Macy;
- d. Preparation of a bid package for levee improvements/parkway/promenade;
- e. Technical assistance during bid process;
- f. Technical assistance during construction; and
- g. Community workshops regarding the design of the promenade.

The concept for the promenade/parkway is to utilize and strengthen the existing levee in the form of an oversized levee and to provide increased pedestrian access to the river and maintain open space adjacent to the riverfront. The contracts are split in order to comply with grant guidelines and tracking procedures.

Staff also recommends approval of a contract amendment with Nichols Consulting for on-going consulting services related to appraisal support and environmental remediation issues. Finally, staff recommends extending the Exclusive Right to Negotiate with KSWM Docks Partners, LLC by 270 days to June 30, 2007.

5) Tank Farm Relocation – The Waterfront Advisory Committee, made up of the Mayor and a councilmember from the cities of Sacramento and West Sacramento, support relocating the tank farms along the Sacramento riverfront. Council action supporting the establishment of a Revitalization Area for the property south of Pioneer Bridge and north of the marina provides direction to the current tank farm owners regarding the City Council's priority of revitalizing the entire Sacramento riverfront, notwithstanding that this is a joint staff report by the City and the Agency and this is outside of a project area. This is a City Council item only.

Policy Considerations:

City of Sacramento – The recommended actions are consistent with prior City Council direction related to the implementation of the 2003 Sacramento Riverfront Master Plan and the 2005 Docks Area Community Planning Process. In addition, City Council provided direction to staff in May of this year to issue a Request for Proposals for the promenade/parkway.

The Redevelopment Agency of the City of Sacramento – The recommended actions are consistent with the Amended Merged Downtown Redevelopment Plan, and the 2005-2009 Merged Downtown Redevelopment Plan. Redevelopment of the Docks Area will eliminate blight by 1) eliminating environmental deficiencies in the Merged Project Area, including mixed uses, small and irregular lots, obsolete, aged and deteriorated buildings, inadequate public improvements, and uneconomic land uses; and 2) strengthening retail and other commercial functions in the downtown area by the installation of needed site improvements either inside or outside the Merged Project Area to stimulate new commercial expansion, employment and economic growth.

Environmental Considerations: The proposed actions are continuing a part of the Docks Area planning activities and are exempt from environmental review pursuant to the CEQA Guidelines Section 15262. Environmental review will be conducted before commitment to a definite course of action or approval of a specific development or construction project.

Rationale for Recommendation: The recommended actions in this report are necessary to further the implementation of the 2003 Sacramento Riverfront Master Plan as well as the redevelopment goals for the Docks Area.

Financial Considerations:

The recommended actions will increase the budget for the Docks Area Redevelopment Project (KD41) by \$2,960,102 for a total of \$3,862,071. This amount reflects:

1. Tax increment/Agency funds (Fund 206) totaling \$1,537,482;
2. The Caltrans grant (Fund 512) for \$183,620; and
3. The SACOG grant (Fund 248) for \$1.239 million.

Out of the total budget amount for KD41, over 49% represents grants and monies received from outside agencies and the Docks developer.

Based on this information, there are sufficient funds to execute agreements with Walker Macy in the total amount of \$2,715,102 and amend the contract with Nichols Consulting Engineers for \$145,000.

Use of Tax Increment

Tax-exempt redevelopment bond funds will be used for all the projects. The source of funds for the recommended actions is the Merged Downtown Development Assistance project and the Phoenix Park loan repayment funds. Funds will be used as follows:

1. \$45,905 will be used as the required local match for the Caltrans grant;
2. \$161,000 will be used as the required local match for the SACOG grant;
3. \$1,085,577 will be used to execute an agreement with Walker Macy;
4. \$145,000 will be used for the Nichols Consulting Engineers contract amendment; and
5. \$7.26 million will be allocated for property acquisition in the Docks Area.

In addition, the city will be receiving the \$100,000 developer deposit currently being held by the Agency.

Emerging Small Business Development (ESBD):

Requests for Proposals (RFP) for the levee improvements and promenade design were issued in May of this year. The selection process complied with the City's policies regarding emerging and small businesses. This process included distribution to design and civil engineering companies certified with the City as emerging and small businesses (ESB). Subsequently, five proposals were submitted. One proposal was submitted by an ESB company. At the conclusion of the selection process, Walker Macy, a full-service landscape architecture and urban design firm was selected based upon experience and the merits of their proposal which more fully addressed the City's requirements and needs for this project.

M/WBE Considerations:

Minority and Women's Business Enterprise requirements will be applied to all activities to the extent required by federal funding.

Respectfully Submitted by: _____

Leslie Fritzsche
Downtown Development Manager
on behalf of the Redevelopment Agency
of the City of Sacramento

Respectfully Submitted by: _____

Robert Overstreet, Director
Department of Parks and Recreation

Recommendation Approved:

Ray Kerridge
City Manager

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Background Docks Area Redevelopment Project

In July 2003, the City Council accepted the Sacramento Riverfront Master Plan (Master Plan) following a great community process supported by both the cities of Sacramento and West Sacramento. The Master Plan identified two opportunity sites targeted for redevelopment on the City of Sacramento riverfront. One of those opportunity sites, the Docks Area, is located north of the Marina/Miller Park, west of Interstate 5, south of Capitol Mall and east of the Sacramento River. The Master Plan includes a design for a continuous riverfront promenade/parkway along the urbanized areas of the Sacramento River.

In 2005, the City engaged in an extensive community planning process to further define the redevelopment concepts for the Docks Area. The Docks Area community planning process resulted in a number of concept plans, all of which included a riverfront parkway/promenade. In addition, a number of guiding principles were established for the redevelopment of the Docks Area, including:

1. Access to the riverfront;
2. Linkages to adjacent neighborhoods;
3. Pedestrian orientation; and
4. An animated riverfront.

In October 2005, the Agency issued a Request for Qualifications (RFQ) to determine developer interest in the Docks Area. Following an extensive review of received submittals and a community workshop and interviews, a development team was selected by the evaluation committee. On January 5, 2006, an Exclusive Right to Negotiate was approved between the Agency and KSWM Docks Partners, LLC for the development of properties north of the Pioneer Bridge in the northern section of the Docks Area.

In April 2006, SACOG awarded the City a \$1.239 million grant for the design and construction of the Docks Area Riverfront Promenade. The next step is for the City to enter into a Memorandum of Understanding for the grant and provide the required local matching funds. It is anticipated the local matching funds of \$161,000 will come from the Merged Downtown Redevelopment Project Area funds.

On May 4, 2006, an update on the predevelopment activities related to the Docks project was presented and included the following issues:

Property Acquisition - Staff has been negotiating with two property owners, including the State of California and the Pacific Gas and Electric Company (PG&E). The City is entering into a Memorandum of Understanding (MOU) with the State of California Department of Parks and Recreation in an effort to acquire and/or secure easements on state-owned parcels. In addition, all of the remaining properties in the Docks Area, including the properties south of Pioneer Bridge needed for the riverfront promenade, are being appraised. Following completion of the appraisals, staff will initiate negotiations with PG&E and the property owners south of Pioneer Bridge.

State Lands Commission Boundary Line Agreement (BLA) - Staff has met with the State Lands Commission to move forward with a BLA that will formally define the Commission's interest in the Docks Area, thereby clearing title on the developable parcels.

Pioneer Reservoir - The City owns and operates the Pioneer Reservoir as part of the downtown combined sewer-storm drain system. The Reservoir is in need of significant structural improvements. Staff is in the process of evaluating options to either repair the existing facility or build a new facility that would provide enhanced design and land use options. The existing facility and surrounding area is approximately seven acres, which is a substantial portion of the 21 developable acres north of Pioneer Bridge.

The Riverfront Promenade - Staff and the development team reviewed the feasibility of starting the promenade design and development as a separate process in an effort to maintain momentum in the area as well as to begin to define the critical public and open space in the project.

Department of Toxic Substances Control (DTSC) - Staff has been meeting with the DTSC to review existing deed restrictions and remediation options in the Docks Area.

Developer Activity

Market Assessment - KSWM completed a market assessment to identify market demand and absorption rates. This assessment provides specific information related to the economic feasibility of planning goals that include a high-density, mixed-use project.

Concept Plans/Community Planning Process - KSWM began its due diligence by reviewing the 2003 Riverfront Master Plan and the 2005 Docks Area community planning process. In addition, the developer reviewed the infrastructure assessment, the Phase I and II Environmental Site Assessment, and the draft facilities plan which were prepared to identify existing constraints in the area.

On May 23, 2006, staff received direction from City Council to issue a Request for Proposals for the design of the levee improvements and riverfront promenade/parkway. Following Council direction, a Request for Proposals was issued for the Docks Area levee improvements and riverfront promenade design. An evaluation committee made up of the City's Docks Area technical team, including seven staff members from the City's economic development, parks, transportation and planning departments reviewed the initial proposals. One proposal was received for the civil design work. Four proposals were received for the landscape architecture, permitting and community outreach portion of the project. The civil design team met all the necessary qualifications. All four of the landscape architecture teams were interviewed. The evaluation committee, made up of the City's technical team, representatives from the development team and a community representative interviewed the landscape architect teams. After reviewing the team's related experience and expertise with the regulatory and permitting process required for this project, the evaluation team recommended selecting Walker Macy as the landscape architect firm. Nichols Consulting Engineers will be completing the civil engineering work. In order to facilitate the management of the overall project, Walker Macy is being recommended as the prime contractor. Council also requested staff to strategically target grant funds to be used for the properties south of the Pioneer Bridge, since these properties are not within the Merged Downtown Redevelopment Project Area.

On May 26, 2006, the City was awarded an \$183,620 grant from the California Department of Transportation for the community outreach process related to the promenade/parkway design. The City must provide \$45,905 in local matching funds. It is anticipated these funds will come from the Merged Downtown Redevelopment Project Area funds.

On May 30, 2006, the Agency approved an Environmental Oversight Agreement (EOA) between the Agency and the State Department of Toxic Substances Control for oversight and guidance on proposed remediation strategies for redeveloping the Docks Area.

In August 2006, a number of community meetings were or will be held to solicit public input on the final draft land use plans, including:

- August 3rd** Presentation to the City of Sacramento Parks and Recreation Commission
- August 10th** Presentation to the Waterfront Advisory Committee
- August 16th** Community Open House
- August 16th** Presentation to the City of Sacramento Design Review Board
- August 17th** Presentation to the City of Sacramento Planning Commission

Scheme A1



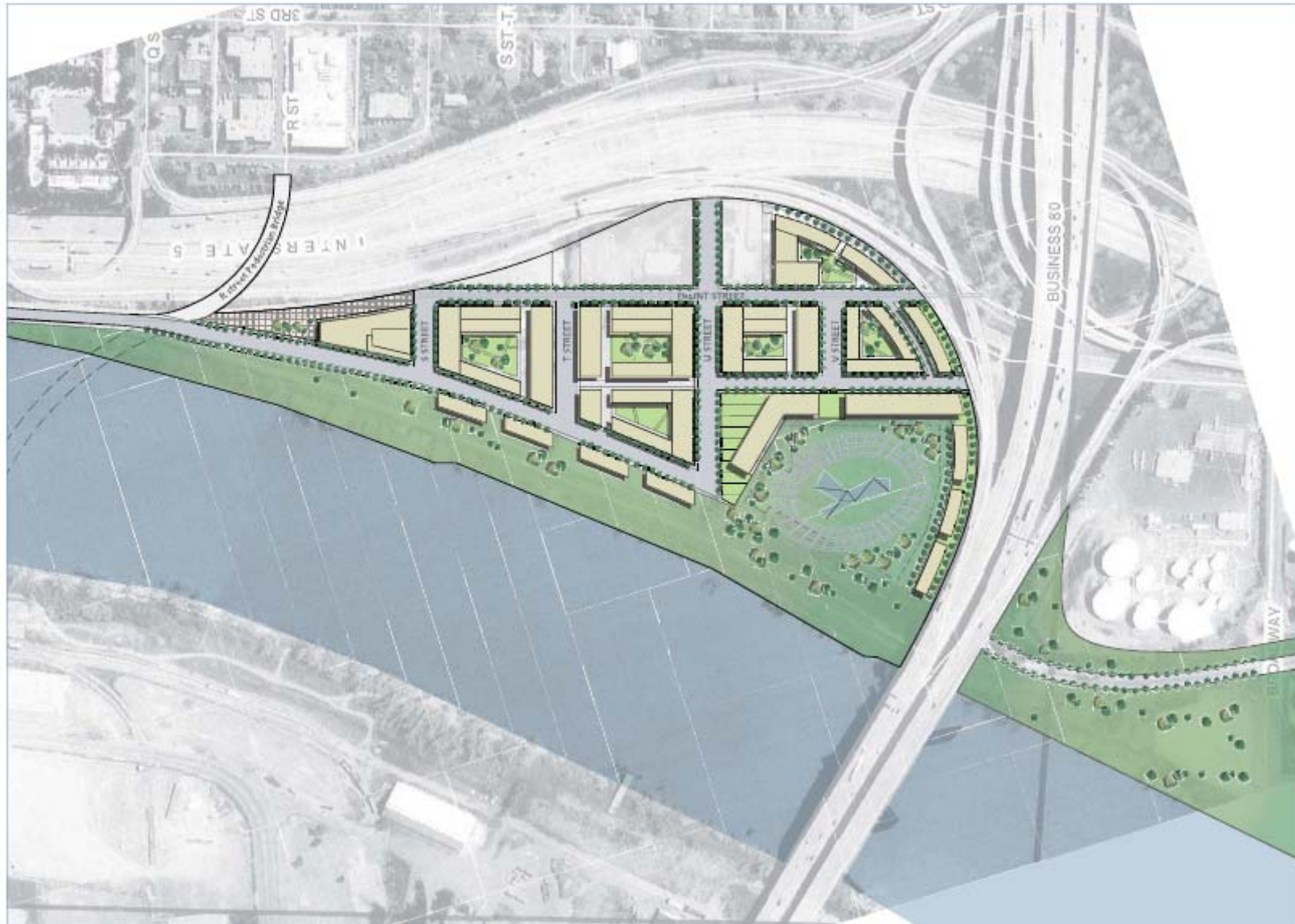
Scheme A2



Scheme B



Scheme C



RESOLUTION NO.

Adopted by the City Council

APPROVE FUNDING AMENDMENTS TO THE DOCKS AREA REDEVELOPMENT PROJECT (KD41); GRANT APPLICATIONS, AGREEMENTS AND FUNDING; CONTRACT AMENDMENTS; AND SUPPORT FOR THE RELOCATION OF THE TANK FARMS ALONG THE SACRAMENTO RIVERFRONT**BACKGROUND**

- A. In July 2003, the City Council accepted the Sacramento Riverfront Master Plan (Master Plan). Included in the Master Plan was the identification of the Docks Area as an opportunity site. The original concept for the Docks Area included a mixed-use neighborhood and a riverfront parkway/promenade.
- B. In 2005, the City engaged in an extensive community planning process to further define the Docks Area. The Docks Area community planning process resulted in a concept design for a high density, mixed-use neighborhood with a riverfront promenade along the Sacramento River.
- C. In January 2006, the Redevelopment Agency of the City of Sacramento (Agency) approved an Exclusive Right to Negotiate with KSWM Docks Partners, LLC as the Master Developer for the Docks Area.
- D. In April 2006, the City was awarded a \$1.239 million Sacramento Area Council of Governments grant for the design and construction of the Docks Area Riverfront Promenade, with a required local match of \$161,000. In May 2006, the City was awarded a \$183,620 grant from the California Transportation Department (Caltrans) with a required local match of \$45,905.
- E. In May 2006, City Council provided direction to issue a Request for Proposals for the community outreach and design of the Docks Area promenade and levee improvements. An evaluation committee reviewed proposals and conducted interviews before recommending awarding the contract to Walker Macy.
- F. Nichols Consulting Engineers, Chtd. (Nichols) was awarded a contract to assist with predevelopment analysis in the Docks Area. Predevelopment analysis included a Phase I & II Environmental Site Assessment, an infrastructure assessment and early design of future infrastructure needs. A contract amendment is needed to authorize Nichols to continue to provide technical assistance related to appraisal support and working with the Department of Toxic Substances Control regarding remediation options related to redeveloping the Docks Area.
- G. The development team selected for the Docks Area, KSWM Docks Partners, LLC has submitted a \$100,000 deposit to the Agency.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1. After due consideration of the evidence presented, the findings, including the environmental findings regarding this action, as stated in the staff report that accompanies this resolution, are approved.

Section 2. Pursuant to Section 33445 of the Health and Safety Code of the State of California, the City Council makes the following findings:

- a) The Docks Area Projects, including the promenade/parkway and levee improvements; the property acquisition and the technical assistance from Nichols Consulting Engineers are of benefit to the Merged Downtown Redevelopment Project Area because of the improvements to public infrastructure, the consolidation of properties for the eventual high-density mixed-use development and the remediation of a Brownfields site;
- b) There are no other reasonable means of financing the Projects available to the community except for redevelopment area tax increment proceeds; and
- c) The use of redevelopment area tax increment proceeds for the Projects will result in the elimination of blighting influences of inadequate, under-capacity and dilapidated infrastructure inside the Project Area and the Projects are consistent with the implementation plan adopted pursuant to Health and Safety Code of the State of California, Section 33490.

Section 3. The City Manager is authorized to:

- a) Execute a Memorandum of Understanding between the City of Sacramento and the Sacramento Area Council of Governments (SACOG) for a \$1.239 million SACOG 2005-2007 Community Design Grant awarded to the City (KD41);
- b) Enter into two Individual Project Agreements (IPA) with the Redevelopment Agency of the City of Sacramento (Agency) for KD41 including:

IPA 1: Transferring \$45,905 of tax increment funds from the Merged Downtown Development Assistance project in order to provide the local match needed for a \$183,620 California Transportation Department (Caltrans) Grant awarded to the City.

IPA 2: Transferring \$1,246,577 of tax increment funds from the Merged Downtown Development Assistance project which includes \$161,000 for the required matching funds for the SACOG grant as well as \$1,085,577 for agreements with Walker Macy.

- c) Amend and increase the existing IPA with the Agency in the amount of \$245,000 for KD41 based on the allocation of \$145,000 of tax increment funds from the Merged Downtown Development Assistance project for a contract amendment with Nichols Consulting Engineers, Chtd. and the transfer of the \$100,000 deposit from KSWM Docks Partners, LLC from the Agency to the City of Sacramento;

Section 4. The FY06/07 Capital Improvement Program revenue and expenditure budgets are hereby amended by increasing the revenue and expenditure budgets for the KD41 IPAs, when the appropriate documents are executed, in the following amounts:

- \$45,905 for the Caltrans match, \$161,000 for the SACOG match, \$1,085,577 for the Walker Macy agreement, \$145,000 for the Nichols amendment and \$100,000 from the developer's deposit from tax increment/Agency funds (Fund 206)
- \$183,620 from the Caltrans grant (Fund 512)
- \$1.239 million from the SACOG grant (Fund 248)

Section 5. The City Manager is authorized and directed to execute an agreement with Walker Macy for a total amount of \$229,525 for the preliminary design of the Docks Area levee improvements and promenade/parkway project (KD41);

Section 6. The City Manager is authorized and directed to execute an agreement with Walker Macy for a total amount of \$2,485,577 for the design and construction documents for the Docks Area levee improvements and promenade/parkway project (KD41);

Section 7. The City Manager is authorized to execute a fourth amendment to City Agreement No. 2004-0161 with Nichols Consulting Engineers, Chtd. increasing the contract amount by \$145,000 for professional services (KD41);

Section 8. The City Council supports an application for a Proposition 50 California River Parkways grant of up to \$4 million and authorizes the City Manager to execute all necessary agreements and documents, if the grant is awarded; and

Section 9. The area south of Pioneer Bridge and north of the Marina/Miller Park is hereby declared a Revitalization Area in support of the efforts to relocate the existing tank farms to more quickly revitalize the Sacramento Riverfront.

RESOLUTION NO.

Adopted by the Redevelopment Agency
of the City of Sacramento

**MERGED DOWNTOWN SACRAMENTO REDEVELOPMENT PROJECT AREA:
DOCKS AREA CAPITAL IMPROVEMENT PROJECT;
GRANT AGREEMENTS AND FUNDING; AND
ALLOCATION FOR PROPERTY ACQUISITION**

BACKGROUND

- A. In July 2003, the City Council of the City of Sacramento accepted the Sacramento Riverfront Master Plan (Master Plan). The Master Plan includes the Docks Area as an opportunity site. The original concept for the Docks Area included a mixed-use neighborhood and a riverfront parkway/promenade.
- B. In 2005, the City of Sacramento (City) engaged in an extensive community planning process to further define the Docks Area. The Docks Area community planning process resulted in an early concept plan for a high density, mixed-use neighborhood with a riverfront promenade along the Sacramento River.
- C. In January 2006, the Redevelopment Agency of the City of Sacramento (Agency) approved an Exclusive Right to Negotiate with KSWM Docks Partners, LLC as the Master Developer for the Docks Area.
- D. In April 2006, the City of Sacramento was awarded a \$1.239 million Sacramento Area Council of Governments (SACOG) grant for the design and construction of the Docks Area Riverfront Promenade, with a required local match of \$161,000. In May of this year, the City was awarded a \$183,620 grant from the California Transportation Department (Caltrans) with a required local match of \$45,905.
- E. In May 2006, City Council provided direction to issue a Request for Proposals for the community outreach and design of the Docks Area promenade and levee improvements. An evaluation committee reviewed proposals and conducted interviews before recommending awarding the contract to Walker Macy.
- F. Nichols Consulting Engineers, Chtd. (Nichols) was awarded a contract to assist with predevelopment analysis in the Docks Area. Predevelopment analysis included a Phase I & II Environmental Site Assessment, an infrastructure assessment and early design of future infrastructure needs. A contract amendment is needed to authorize Nichols to continue to provide technical assistance related to appraisal support and working with the Department of Toxic Substances Control regarding remediation options related to redeveloping the Docks Area.

- G. The development team selected for the Docks Area, KSWM Docks Partners, LLC has submitted a \$100,000 deposit to the Agency.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE REVELOPMENT AGENCY RESOLVES AS FOLLOWS:

Section 1. After due consideration of the evidence presented, the findings, including the environmental findings regarding this action as stated in the staff report that accompanies this resolution, are approved.

Section 2. Pursuant to Section 33445 of the Health and Safety Code of the State of California, the Agency makes the following findings:

- a) The Docks Area Projects, including the promenade/parkway and levee improvements; the property acquisition and the technical assistance from Nichols Consulting Engineers are of benefit to the Merged Downtown Redevelopment Project Area because of the improvements to public infrastructure, the consolidation of properties for the eventual high-density mixed-use development and the remediation of a Brownfields site.
- b) There are no other reasonable means of financing the Projects available to the community except for redevelopment area tax increment proceeds.
- c) The use of redevelopment area tax increment proceeds for the Projects will result in the elimination of blighting influences of inadequate, under-capacity and dilapidated infrastructure inside the Project Area and the Projects are consistent with the implementation plan adopted pursuant to Health and Safety Code of the State of California, Section 33490.

Section 3. The Executive Director or her designee, is authorized to enter into two Individual Project Agreements (IPAs) with the City of Sacramento for the Docks Area Redevelopment Project (KD41) to transfer tax increment funds from the Merged Downtown Development Assistance project including:

IPA 1: Transferring \$45,905 of tax increment funds from the Merged Downtown Development Assistance project in order to provide the local match needed for a \$183,620 California Transportation Department (Caltrans) Grant awarded to the City.

IPA 2: Transferring \$1,246,577 of tax increment funds from the Merged Downtown Development Assistance project which includes \$161,000 for the required matching funds for the SACOG grant as well as \$1,085,577 for agreements with Walker Macy.

Section 4. The Executive Director or her designee, is authorized to amend and increase the existing IPA with the City of Sacramento in the amount of \$245,000 for KD41 based on the allocation of \$145,000 of tax increment funds from the Merged Downtown Development Assistance project for the Nichols contract amendment and the transfer of the KSWM Docks Partners, LLC deposit of \$100,000 from the Agency to the City of Sacramento;

Section 5. Allocate \$7.26 million from the Merged Downtown Development Assistance project, including \$4 million from the Phoenix Park loan repayment funds for the appraisals, acquisition and costs related to acquiring property in the Docks Area; and

Section 6. Approve the extension of the Exclusive Right to Negotiate with KSWM Docks Partners, LLC by 270 days to June 30, 2007.