



REPORT TO THE REDEVELOPMENT AGENCY of the City of Sacramento

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

Consent
March 25, 2008

Honorable Chair and Members of the Board:

Title: Extension of Docks Area Exclusive Right to Negotiate and Revised Business Terms

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: Adopt a Redevelopment Agency Resolution 1) extending the term of the Agreement for the Exclusive Right to Negotiate (ERN) with KSWM Docks Partners, LLC (Developer) by 300 days to December 31, 2008; and 2) approving the Revised Term Sheet and Revised Performance Schedule for Phase I of the Docks Area project.

Contact: Beth Tincher, Senior Economic Development Project Manager, 808-7730; Leslie Fritzsche, Downtown Development Manager, 808-5450

Presenters: None

Department: Economic Development

Division: Downtown Development Group

Organization Number: 4451

Description Analysis

Issue: On October 31, 2006, business terms were approved for Phase I of the Docks project, with specific terms for entitlements, acquisition and remediation to be outlined in a future Disposition and Development Agreement (DDA). Phase I generally includes all of the properties north of the Pacific Gas and Electric (PG&E) parcel (APN: 009-0012-003) to Q Street, and is approximately four acres. The Agency approved an extension to the ERN on June 26, 2007 for a period of 270 days to complete items contained in the business terms. A map identifying the Docks project area and Phase I is included as Attachment 2.

Considerable progress has been made this winter including:

- Completion of a series of seven public workshops to receive input from all

- interested agencies, property owners, and the public;
- Refinement of project concepts to develop two preferred land use alternatives;
- Development of streetscape designs, landscape plans, phasing plans, parking plan, and 3D modeling to evaluate massing with downtown projects;
- Preparation of a Draft Specific Plan with design guidelines for the development for both public and private development within the Docks area;
- Completion of a series of meetings with SAFCA , Army Corp of Engineers, and the State Reclamation Board receiving verbal support for the project;
- Development of supplemental Phase II environmental work plan to submit to the Department of Toxic Substances Control (DTSC) and agreed on a project schedule with DTSC;
- Completion of a health risk assessment;
- Approval of conceptual design of the promenade and the preparation of a specific plan;
- Submittal of a Proposition 50 Grant to fund the construction of Phase I of the promenade (from O Street to R Street including the R Street Park);
- Completion of an arborist report, additional surveying, a historic resources study, and a bathymetric report for the preparation of an environmental impact report. Traffic, noise and air quality studies were updated.

A few critical items remain unresolved or are not yet complete. These are briefly outlined below and are more fully described in Attachment 4.

1. Entitlements: The Specific Plan (when adopted through a Planned Unit Development) will establish development standards for the public and private realm of the Docks area. Additional entitlements including a General Plan Amendment, a Community Plan Amendment and Zoning designations will be considered by Design Review Commission and the Planning Commission and will be heard by City Council for final consideration by September, 2008.
2. Environmental Impact Report (EIR): A Notice of Preparation was re-circulated in October 2007 and environmental studies for the preparation of an Environmental Impact Report have been prepared. A Draft EIR is anticipated to be circulated in May, 2008.
3. Site Control: New legislation has been introduced for the purchase of three State-owned parcels in Phase I of the Docks area (see Attachment 3). The outcome of this new legislation (AB 2265) will be complete by December 31, 2008
4. Pioneer Reservoir: Several studies have been conducted that evaluate the repair, replacement of or relocation of Pioneer Reservoir. Staff has outlined some of these analyses in Attachment 4 and will present all the findings to City Council for consideration at a City Council meeting in May, 2008.

This report asks for Agency approval to extend the ERN period by 300 days to allow sufficient time to complete the necessary predevelopment process including the items described above and negotiate a DDA with the development team. The developer is aware of the proposed schedule adjustments and remains committed to the project.

Policy Considerations: The Docks area project and business terms will result in a proposed project consistent with the City of Sacramento’s 2003 Sacramento Riverfront Master Plan, the 2005-2006 Docks Area Community Planning Process and the Amended Merged Downtown Redevelopment Plan and the 2004-2009 Merged Downtown Implementation Plan.

Environmental Considerations: Approval of the extension of the ERN allows staff to negotiate with the Developer to further define the scope of the proposed development project and to complete the environmental review process for the Docks Specific Plan. These actions are allowable under CEQA Guidelines Section 15262, planning for possible future action.

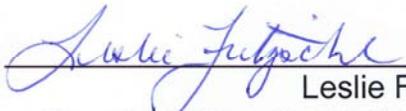
Rationale for Recommendations: Since site control is necessary for Phase I development, the determination of this year’s legislation is the critical path item for development to commence. Given the outcome of 2008 legislative efforts will not be known until the end of the year, a ten month ERN extension is required to comply with the business terms negotiated for site control with the developer. The following performance schedule modifications are recommended to accommodate the outstanding predevelopment tasks.

Business Term	Schedule	Revised Schedule
DEVELOPER RESPONSIBILITIES		
Work with Agency to ensure entitlements reflect feasible and marketable project	March 31, 2008	September 30, 2008
Assist in identifying remediation options	June 30, 2007 (Complete)	
DDA for development of 300-500 units in Phase 1 once remediation/infrastructure issues are complete	DDA by June 30, 2007	DDA by December 31, 2008
AGENCY RESPONSIBILITIES		
Evidence of Agency Site Control	January 31, 2008	December 31, 2008
Evidence of Acquisition Financing	March 31, 2008	December 31, 2008
EIR and Entitlements Approved	March 31, 2007	September 30, 2008
Decision to repair, replace or relocate Pioneer Reservoir	January 31, 2007	June 30, 2008
DTSC – Environment Oversight Agreement and Health Risk Assessment Scope of Work	June 30, 2007 (Complete)	
Evidence of funding Phase I infrastructure and remediation	March 31, 2008	October, 2008
Relocation Plan for current tenants in Phase I plan area	January 31, 2007 (Complete)	

Financial Considerations: A full evaluation of costs related to repairing, replacing or relocating Pioneer Reservoir and potential financing mechanisms for recommended options will be presented to City Council in May, 2008.

The Specific Plan identifies project phasing and infrastructure cost estimates. Estimated costs of infrastructure, land acquisition and the development of parks in Phase I is \$4.8 million. The amount and type of public assistance required for the development of Phase I will depend on the mix of product type identified in the Docks Area Specific Plan, market conditions and available private funding. The plan and negotiations for the development and the DDA will reflect market conditions as well as the availability of funds at the time of negotiations. Staff will return with a Financing Plan prior to adoption of the Specific Plan.

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

Approved by: 
David L. Spaur, CEcD, EDFD
Economic Development Director

Recommendation Approved:


RAY KERRIDGE
City Manager

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Background Docks Area Redevelopment Project

In July 2003, the City of Sacramento accepted the Sacramento Riverfront Master Plan (Master Plan) following a 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 is the Docks Area, 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 community engaged in an extensive 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 Agreement between the Agency and KSWM Docks Partners, LLC for the Exclusive Right to Negotiate was approved 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 of Sacramento (City) a \$1.239 million grant for the design and construction of the Docks Area Riverfront Promenade. The City has entered into a Memorandum of Understanding for the grant and provided the required local matching funds from Merged Downtown Redevelopment Project Area funds.

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 and Recreation, 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. The evaluation team recommended selecting Walker Macy as the landscape architect firm.

On May 26, 2006, the City was awarded a \$183,620 grant from the California Department of Transportation for the community outreach process related to the promenade/parkway design. On August 22, 2006, \$45,905 in local matching funds was approved. These funds came from the Merged Downtown Redevelopment Project Area funds.

On May 30, 2006, the Agency approved an Environmental Oversight Agreement between the Agency and the State of California 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 held to solicit public input on the final draft land-use plans. In addition, on August 22, the Agency allocated \$7.26 million for land acquisition and related costs within the Docks area.

On October 31, 2006, the Agency approved the Docks project concepts and adopted the following business terms for Phase I of the project:

Business Terms – Developer Responsibilities:

- a. Continue to work with the Agency to ensure the entitlements for the project area reflect a feasible and marketable development;
- b. Participate in efforts to identify remediation options for the project with the Agency's Environmental Oversight Agreement (EOA) with DTSC; and
- c. Develop 300-500 units in Phase I of the project, once remediation and infrastructure issues have been completed.

Business Terms – Agency Responsibilities:

- a. Complete the acquisition of all properties located north of Pioneer Bridge and west of Front Street;
- b. Complete the entitlements for the properties north of Pioneer Bridge and west of Front Street;
- c. Complete the remediation process through the EOA with DTSC for all properties north of Pioneer Bridge and west of Front Street;
- d. Complete all infrastructure improvements for Phase I of the project, subject to funding availability;
- e. Work with the City to determine plan for the repair, replacement , or relocation of Pioneer Reservoir; and
- f. Work with the City to continue developing the riverfront promenade.

On April 11, 2007, the design team met with the City Technical Advisory Committee, neighborhood groups, outside agencies and organizations to discuss further refinement of the Docks Area Plan and the development of promenade concept plans.

On April 18, 2007, the Agency held the Seventh Community Workshop. Wallace Roberts and Todd presented refined land use plans for the Docks Area plan and Walker Macy presented design options for the Promenade. This workshop also served as an additional scoping meeting for the preparation of a Master Environmental Impact Report for the Docks

Area Master Plan/Specific Plan. This workshop allowed for continued involvement and input into the development of the plans.

Additional stakeholder and the technical advisory committee meetings were held on June 13, 2007, to allow for additional input as refinements to the promenade design concepts were developed. As a result of these meetings, a preferred alternative was selected for development of design drawings.

On June 13, 2007, artist Ned Kahn presented refined concepts for the promenade art program to the Art in Public Places/Sacramento Metropolitan Arts Commission and received additional input for refinements to the art program for the promenade.

The City of Sacramento Redevelopment Agency adopted an extension of the business terms and the exclusive right to negotiate with KSWM Docks Partners, LLC on June 26, 2007.

As preferred land use alternatives were being finalized, a Docks Technical Advisory Committee meeting was held on July 12, 2007, followed by stakeholder meetings to receive feedback on land use plans.

The Waterfront Advisory Committee received a Docks Project and Promenade Progress Report on September 12, 2007.

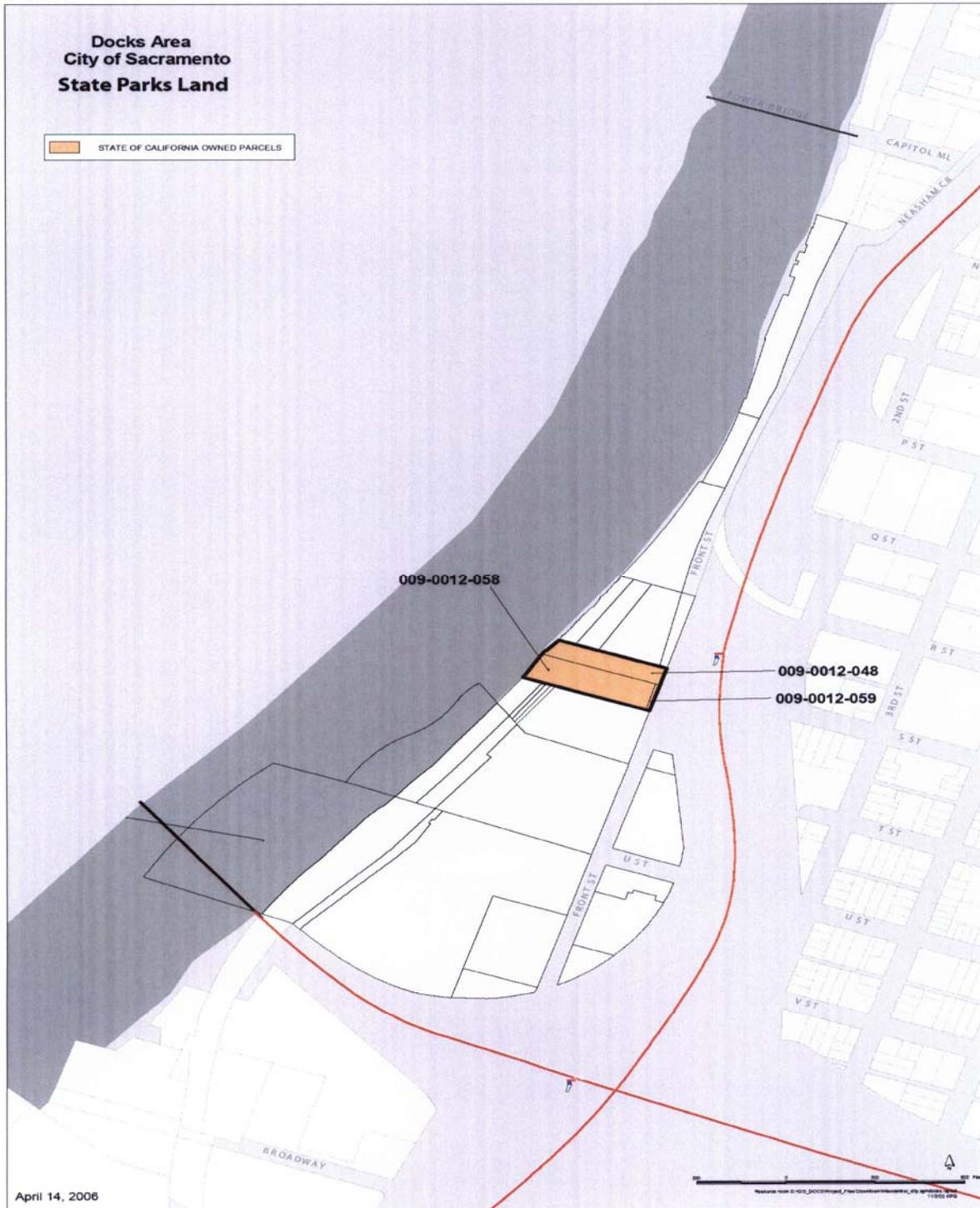
The Docks Area Plan and Promenade Project was presented to the ADA Commission on October 18, 2007th for review and comment and to the Parks and Recreation Commission on December 6, 2007.

A Specific Plan has been prepared. A notice of its availability was circulated on February 29, 2008. A draft environmental impact report is currently being prepared.

Attachment 2
Map of the Docks Area and Phase I



**Attachment 3
Phase I State Parks Parcels**



Attachment 4
Business Terms Progress Update

1. Site Control:

Business Term: Agency agrees that on or before January 31, 2008 the Agency will provide written evidence to Developer demonstrating Agency has secured site control.

Progress: Legislation is required to purchase three parcels from State Parks to complete acquisition of land needed for Phase I development (see Attachment 3). Last year's legislative efforts were not successful. While AB 1219 made it through the Assembly and Senate, it was vetoed by the Governor due the exclusion of language that exempts the sale of State surplus property from CEQA.

Assemblymember Jones has initiated new legislation (AB 2265) for the City and we have obtained additional technical advisory assistance from Manatt, Phelps & Phillips, LLP to assist us in this year's process. Assemblymember Jones, with the potential assistance of Senator Steinberg, intends to work on the CEQA issues that have previously precluded the bills passage, primarily CEQA issues, and will also focus on the economic benefits of the project the State and the community of Sacramento (property taxes, jobs, sales taxes) to convey how this project could assist in the region and the State's economy. In addition, the Agency/City is currently preparing an environmental impact report for the Docks Area project, which should assist in our discussions with the Governor's office regarding the CEQA issues. The outcome of this legislation is anticipated in October/November 2008 and, if successful, will be effective January 2008.

Adjusted time line: Approximately December 31, 2008, for the confirmation of acquisition of the State Parks parcels.

2. Agency to Provide Evidence of Financing

Term: On March 31, 2008, Agency shall provide evidence to the Developer that there is funding available to purchase properties in Phase I.

Progress: On August 22, 2006, the Agency allocated funds from the Merged Downtown Development Assistance fund for appraisals, acquisition and development costs related to acquiring three State Parks parcels located in Phase I (Attachment 3). The Agency has prepared appraisals for these parcels. Once legislation is approved, the Agency and State Parks can complete negotiations to purchase and/or swap other land for these parcels.

Adjusted time line: December 31, 2008

3. Project Entitlements

Term: Agency will use best efforts to ensure the Environmental Impact Report is certified, a Specific Plan is approved, and related entitlements are approved by March 31, 2008.

The City completed its extensive public input process with the completion of a series of seven public workshops and several stakeholder meetings. From these meetings project concepts were refined and two preferred land use alternatives were developed. In addition, a Health Risk Assessment was completed to determine 1) if additional remediation was

required to accommodate proposed land uses, and 2) to determine if there are health risks related to locating specific uses on the site. The results of the study are outlined below under Section 5, Department of Toxic Substances Control. Based on the input from public workshops and stakeholder meetings and based on technical information developed, Staff and consultants have prepared a Specific Plan.

The Specific Plan provides a comprehensive vision for the Docks area along with development standards to guide future public and private action necessary to accomplish the vision. When adopted, the Specific Plan will outline the development standards for public and private development in the Docks development. Staff's intent is to provide enough detail in the plan so that when adopted through a Planned Unit Development, the review of future development proposals will only require Planning Director or Staff level review.

Until the City Council has an opportunity to evaluate the use of the Pioneer Reservoir site and the financial implementations of repairing, capping and placing a park on top of the reservoir or relocating the reservoir, the Specific Plan presents development alternatives which assume development utilizing the Pioneer Reservoir site and alternatives that incorporate Pioneer Reservoir into the design. Staff intends to have an overview of the Specific Plan with City Council in June 2008 and will bring the plan to the City Council for formal consideration by September 1, 2008.

An Environmental Impact Report is currently being prepared that evaluates the proposed development. Proposed land use alternatives will be evaluated at the same level under CEQA. A Draft Environmental Impact Rreport is anticipated in April 2008.

Adjusted timeline:

- Circulate Draft EIR: April 2008
- Prepare Final EIR: July 2008
- Approval of Entitlements: September 2008

4. Pioneer Reservoir

Term: Agency shall work with the City and provide the Developer with a plan on or before March 31, 2008 for the repair and/or replacement of the City Pioneer Reservoir.

Progress: In January 2006, the City hired a consultant to prepare a study to analyze the costs for the following three options: 1) reroof the Pioneer Reservoir facility, 2) reinforce the roof to support a park, and 3) relocate the facility. Black and Veatch prepared the analysis, which resulted in the following:

Item	Cost
Fix roof on existing facility	\$12.5 million
Reinforce roof to support a park	\$60 million
Relocate facility	\$81 million

In July, 2006, the Developer hired its own consultant and looked at alternative treatment methods in their proposed solutions. The analysis was prepared by ARUP and resulted in

the following:

Item	Cost
Reinforce roof to support a park	\$56.6 million
Relocate with conventional storage	\$40.5 million

In June 2007, the Department of Utilities agreed to fund an internal study that will 1) value engineer a re-roof/park option to determine if there is a more cost effective alternative to what has been previously presented, and 2) examine whether or not the Pioneer Reservoir capacity could be absorbed into another current or future facility. The internal Department of Utilities study was complete in February 2008. Results of this study, proposals for the use of the Pioneer Reservoir site, and potential financing solutions will be presented to City Council in May, 2008.

Updated timeline: Present findings by May 2008

5. Department of Toxic Substances Control

Term: Agency agrees to complete the Scope of Work identified in the Environmental Oversight Agreement (EOA) with the Department of Toxic Substances on or before March 31, 2008.

Progress: The EOA required three major milestones: 1) review of existing site data, 2) review of successful case studies, 3) preparation of a Health Risk Assessment (HRA) and submittal to Department of Toxic Substances Control (DTSC) for review. A HRA determines health risks associated with contamination on the site once the site is developed and mitigation is provided. DTSC required additional sampling and data collection prior to the preparation of an HRA. DTSC outlined the data requirements from August – October 2007. The additional soil sampling and analysis was conducted in November 2007 and a Draft HRA was completed in December 2007. Based on the results of the HRA, the following recommendations for incorporation into future development were made:

- Future residents and commercial/office uses will not come in contact with native soil since the PG&E site is capped and the development proposal is to fill the site from the levee to Front Street.
- Arsenic and benzopyrene located in isolated areas were the only chemicals in soil that posed a potential health risk. First floor open parking is an acceptable mitigation in these isolated areas.
- Slab on grade development on the remaining portion of the site will not pose a health risk.

DTSC is reviewing this document. Final DTSC consideration of this document is anticipated by June 2008. The Agency will be investigating options to shield the Agency and the City from future homeowners as a result of pre-existing environmental condition on the property and will formalize a solution as part of the DDA negotiations.

Timeline: DTSC Scope of Work is complete.

6. Riverfront Promenade

Term: On or before March 31, 2008, Agency shall inform the Developer of the City's decision to proceed with the Riverfront Promenade in connections with the development of Phase I.

Conceptual design (30% construction drawings) was approved by the City Council in October 2007. The City submitted an application for Proposition 50 funds and set aside Park Development Impact funds and Tax Increment funds for the construction of Phase I of the Promenade (from O Street to R Street including a park/plaza at R Street). The State will announce Proposition 50 Grant awards in June 2008.

Several studies, including an arborist report, additional surveying and a bathymetric study were conducted prior to the development of the environmental document and for the submittal of State Reclamation Board permits. A Mitigation Negative Declaration (MND) was circulated on February 12, 2008. The MND public review period closed on March 12, 2008. With the completion of the required studies and the release of the environmental document, the City is prepared to file a formal application with the State Reclamation Board in April 2008 for required permits.

On March 1, 2008, the City kicked off 60% design drawings and the timeline allows for State Agency and additional Board/Technical Advisory Committee and staff input. Based on anticipated Proposition 50 funds, the City plans to begin Promenade Phase I construction by the end of 2009.

Timeline: Depending on Proposition 50 awards, Phase I of the promenade is scheduled to begin in late 2009

7. Infrastructure and Remediation

Agency shall provide evidence of funding for Phase 1 infrastructure and remediation on or before June 30, 2007.

The Draft HRA does not require additional remediation of the site and mitigation for potential risk is anticipated to be resolved by the design of the project. The proposed specific plan includes infrastructure estimates. Phase I infrastructure costs are \$3.7 million. The City/Agency and the developer will discuss financing options and propose Phase I financing by December 31, 2008, as a part of the DDA negotiations.

Timeline: March 31, 2008

8. Relocation Plan

Term: Agency shall be responsible for the relocation of all tenants in Phase I. On or before March 31, 2008, City and Developer shall be in agreement on a relocation plan for Phase I.

With the exception of State Parks parcels identified in Attachment 3, the City/Agency owns Phase I properties. The only tenants currently occupying sites in Phase I are horse and carriage vendors that provide services in Old Sacramento. The Town Manager of Old Sacramento indicates that there is an agreement with the horse and carriage vendors and that the Department of Convention Culture and Leisure is responsible for relocating these vendors. The agreement requires the vendors to relocate when asked. The Agency only needs to provide them with a realistic date for the development of Phase I.

Updated timeline: Agreement by December 31, 2008

Attachment 5
Exclusive Right to Negotiate Extension

EXCLUSIVE RIGHT TO NEGOTIATE
DOCKS AREA

The Redevelopment Agency Of The City Of Sacramento ("Agency") and KSWM Docks Partners, LLC ("Developer"), have entered into this Extension of the Agreement for Exclusive Right to Negotiate ("Agreement") as of December 31, 2008, ("Effective Date") upon the follow terms:

1. DEPOSIT FEE. All terms related to the initial deposit fee and the additional deposit fee on July 1, 2007, remain the same.
2. RECITALS. This Agreement is based upon the following recitals, facts and understandings of the Parties:
 - a. Developer desires to negotiate with Agency to develop certain real property ("Property") located in the City of Sacramento, County of Sacramento, State of California, called the "Docks Area." The Property is within the Merged Downtown Sacramento Redevelopment Project Area ("Project Area"). The development of the Property ("Project") is consistent with the Merged Downtown Sacramento Redevelopment Plan ("Redevelopment Plan") and it's implementing documents, and has been identified by the Agency as important to the furtherance of the Project Area and the elimination of blighting conditions in the Project Area.
 - b. The purpose of this Agreement is to state the obligations of the parties to investigate the feasibility of the project and to develop a project proposal. Once such feasibility is demonstrated, the parties intend to negotiate a Disposition and Development Agreement exclusively and in good faith.
 - c. Agency represents, and Developer agrees, that the development of the Site, the completion of the Project and the fulfillment generally of this Agreement are for the purpose of community improvement and welfare, for the benefit of the Project Area and in accord with the public purposes and provisions of any applicable federal, state and local laws and requirements under which the project is to be undertaken.
3. IDENTITY OF PARTIES. The legal identities of the parties to this Agreement and their addresses are as follows:
 - a. Developer is KSWM Docks Partners, LLC, organized and doing business in the State of California. KSWM Docks Partners, LLC is made up of Kenwood Investments, LLC, Wilson Meany Sullivan, LLC, and Stockbridge Capital Partners, LLC. The principal office of Developer is located at 100 Spear Street, Suite 1600, San Francisco, California.

- b. Agency is the Redevelopment Agency of the City of Sacramento, a public body, corporate and politic, organized under California law and functioning within the jurisdiction of the City of Sacramento. The principal office of Agency for purposes of this agreement is located at 1030 15th Street, Suite 250, Sacramento, CA 95814. Agency includes any successor to operations of Agency.
 - c. Notices to any party shall be personally delivered or sent by first-class mail to its principal office address. Notices to Agency shall be clearly marked "Attention: Downtown Development Group (Docks Area Project)." A copy of all notices to Agency shall be mailed or delivered to 630 I Street, Sacramento, CA 95814 and marked "Attention: Legal Department (Docks Area Project)."
4. EXTENSION OF THE EXCLUSIVE RIGHT TO NEGOTIATE. Agency grants to the Developer an extension of the exclusive right to negotiate as long as the following conditions are met accordingly:
 - a. Developer must complete a community outreach process prior to the adoption of a Specific Plan including presentations to the City's Parks and Recreation Commission, Waterfront Advisory Committee, Design Review Board and Planning Commission.
 - b. Developer must provide a market feasibility study for the Project Area.
5. TERM. This Agreement shall be effective as of Effective Date and shall terminate on December 31, 2008.
6. PROJECT APPROVAL. If the final proposed project is disapproved by final action of the governing bodies of the Agency, as a result of CEQA review, or otherwise as may be required in this Agreement or by law, this Agreement shall terminate as of the date of such disapproval. If the Agreement terminates without the execution of a DDA, each party shall bear its own costs related to this Agreement.
7. REFINEMENT OF PROPOSAL. As a condition to the Agency negotiating for and entering into a DDA, Developer must prepare and submit to Agency a proposal that meets the objectives of the parties and that is approved by the Agency as provided in this Agreement and more clearly specified in the *Guidelines*. It is agreed and understood that approval of a proposal is a prerequisite and preliminary step to further processing a proposal, and that the approval of the full proposal under this Agreement for further processing and consideration is not intended to, and does not, in fact, compel or require the Agency to approve the Project, enter into a DDA or agree to contribute Agency property to Developer following completion of CEQA and/or other review processes.
8. SCHEDULE OF PERFORMANCES. The parties shall perform the stated obligations by December 31, 2008.

9. EXTENSION PERIOD. Upon written request of Developer, Agency shall reasonably consider an extension of this Extension, if Developer has acted diligently and in good faith in performing its obligations under this Agreement, subject to governing board approval.
10. DEFAULTS. Either the Agency or the Developer shall be in default of this Agreement if it (a) fails to fulfill its obligations when due, which failure is not caused by the other party (b) does not reasonably cooperate with the other in fulfilling the other's obligations under this Agreement, or (c) unilaterally terminates this Agreement.
11. PREDEVELOPMENT COSTS. Developer shall bear predevelopment costs relating to actions of Developer under this Agreement, including but not limited to costs for planning, environmental, architectural, engineering and legal services and other costs associated with preparation of Developer's proposal and/or the DDA. The initial \$175,000 will be used toward these costs. In the event that the Developer does not move forward with the project, \$75,000 will be refunded.
12. ASSIGNMENT. This Agreement is not assignable by either party in whole or in part without the prior written consent of the other parties.
13. APPLICABLE LAW; VENUE. This Agreement shall be construed in accordance with the law of the State of California, and venue for any action under this Agreement shall be in Sacramento County, California.
14. ATTORNEYS' FEES. In the event of any dispute between the parties, whether or not such dispute results in litigation, the prevailing party shall be reimbursed by the other party for all reasonable costs and expenses, including, without limitation, reasonable attorneys' fees, witness and expert fees and investigation costs. A party receiving an award after arbitration or an order or judgment after hearing or trial shall not be considered a prevailing party if such award, order or judgment is not substantially greater than the other party's offer of settlement made in advance of the arbitration, hearing or trial.
15. UNAVOIDABLE DELAY. For the purposes of any of the provisions of this Agreement, neither Agency nor Developer shall be considered in breach of, or default in, its obligations with regard to their respective obligations, if the delay in the performance of such obligations is due to unforeseeable causes beyond the delayed party's control and without its fault or negligence. Unforeseeable causes shall include acts of God, acts of the public enemy, acts of the federal government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather (as for example, floods, tornadoes, or hurricanes). In the event of the occurrence of any such delay, the time or times for performance of such obligations of Agency and Developers shall be extended for the period of the delay provided that the party seeking the benefit of the provisions of this Section shall, within ten days after it has or should have knowledge of any such delay, first notified the other party, in writing, of the delay and its cause, and requested an extension for the period of the delay.

EXECUTED as of the date first written above, in Sacramento, California.

AGENCY: REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO Approved as to form:

By: _____
Ray Kerridge, City Manager as
Designated Signatory

By: _____
Agency Counsel

DEVELOPER: KSWM Docks Partners, LLC Approved as to form:

By: _____
Jay Wallace, Managing Member

By: _____
Counsel for Developer

TERM SHEET

**BETWEEN
THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO ("Agency")
AND**

KSWM DOCKS PARTNERS, LLC ("DEVELOPER")

THIS NON-BINDING TERM SHEET FOR THE REDEVELOPMENT OF THE SACRAMENTO DOCKS AREA PROJECT ("Term Sheet") dated as of _____, 2008, is between the REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO ("Agency") and KSWM DOCKS PARTNERS, LLC, a limited liability company ("Developer").

RECITALS

A. The Agency is currently in the process of planning an area known as the "Docks Area Project" consisting of approximately 23 acres in the City of Sacramento that are located north of the freeway/Pioneer Bridge. The Docks Area Project is within the Merged Downtown Sacramento Redevelopment Project Area ("Project Area").

B. The Agency owns some of the parcels comprising the Docks Area Project; however, other parcels are owned by the City of Sacramento ("City"), the State Department of Parks and Recreation, or Pacific Gas & Electric Company ("PG&E"). The Agency is currently negotiating with these property owners and is continuing to pursue site control of all of the parcels comprising the Docks Area Project.

C. Agency and Developer are parties to that certain Agreement for Exclusive Right to Negotiate, dated as of January 7, 2006, as amended by the Extension of the Agreement for Exclusive Right to Negotiate dated as of August 22, 2006 and June 26, 2007 (as amended, the "ERN"). This agreement further extends the Agreement for Exclusive Right to Negotiate to December 31, 2008. Under the ERN, the Agency has granted to Developer the exclusive right to negotiate a Disposition and Development Agreement ("DDA") which would set forth the respective parties' rights and obligations with regard to development of the Docks Area Project.

D. The ERN requires the Developer to prepare and submit to the Agency a proposal that meets the objectives of the parties for consideration by the Agency and requires the Agency to proceed with the planning process for the Docks Area Project. In furtherance thereof, this Term Sheet sets forth the key policy goals, basic development guidelines, financial framework and other key terms and conditions that will inform the basis of the continuing planning process and the negotiation and completion of a final DDA between the parties.

TERM SHEET

I. Project Description.

A. The Project Site/Ownership

The Development and Promenade Project Site includes the following properties located north of the freeway/Pioneer Bridge and west of Front Street:

<u>Docks Area Project Site Parcels</u>		
	<u>Assessor's Parcel Number</u>	<u>Owner</u>
1.	006-0181-004	City of Sacramento
2.	006-0241-011	Agency
3.	006-0241-007	Agency
4.	009-0012-051	Agency
5.	009-0012-050	Agency
6.	009-0012-067	Agency
7.	009-0012-066	City of Sacramento
8.	009-0012-048	State Department of Parks and Recreation
9.	009-0012-058	State Department of Parks and Recreation
10.	009-0012-059	State Department of Parks and Recreation
11.	009-0012-022	Agency
12.	009-0012-021	Agency
13.	009-0012-020	Agency
14.	009-0012-019	Agency
15.	009-0012-002	Agency
16.	009-0012-018	Pacific Gas & Electric Company
17.	009-0012-017	State Department of Parks and Recreation
18.	009-0012-003	Pacific Gas & Electric Company
19.	009-0012-073	State Department of Parks and Recreation
20.	009-0012-045	PG&E
21.	009-0012-075	City of Sacramento
22.	009-0012-005	City of Sacramento
23.	009-0012-068	Agency
24.	006-0243-010	State Department of Parks and Recreation

B. Development Description.

The Project Site presents the Agency and the City with a unique opportunity to create a vibrant and active riverfront development that will reclaim Sacramento's waterfront as a local and regional asset. However, the Project Site also presents unique challenges due to disparate ownership, inadequate public infrastructure and environmental issues.

In order to achieve the full potential of the Project Site, the Agency is currently planning The Docks Area Project through the proposed Docks Area Specific Plan (the "Specific Plan" or the "Plan"). The Plan will reflect the community vision for a mixed-use neighborhood and is consistent with the 2003 Sacramento Riverfront Master Plan. The Docks Area Project will include significant open space, vehicular, bicycle and pedestrian circulation improvements, existing, new and replacement infrastructure facilities, and a mixed-use urban infill development that takes advantage of the waterfront location. Agency anticipates that the City will construct a new riverfront promenade along the entire westerly boundary of the Project Site, funded in part by an existing grant from the Sacramento Area Council of Governments (SACOG).

The Project Site also includes the existing Pioneer Reservoir that is currently located on approximately 6 acres located immediately north of the freeway. As part of the continuing planning process, the Agency will work with the City to determine whether or not the Pioneer Reservoir should stay in its existing location, taking into account any potential adverse impacts on adjoining new residential development proposed under the Specific Plan, and if it remains in its existing location, whether or not it is feasible to incorporate park and open space on the facility's roof.

In addition to the public benefits described above, the mixed-use, urban infill development anticipated for the Phase I Development Project Site will consist primarily of residential uses, which may include a mix of town homes, flats and high rise condominiums, as well as offices along the I-80 corridor, restaurants and waterfront-oriented retail. The mix of housing product type will be refined during the continuing planning process for the Project Site. The entire Project Site may accommodate up to 1,850 units; however, preliminary studies indicate that the total number of units is expected to be between 1000-1400 units.

The Agency anticipates that full development of the Development Project Site will occur in phases over a period of years. Phase 1 includes all of the horizontal and vertical development within an approximately four-acre area located immediately north of the PG&E facility (Parcel Number 009-0012-003) and west of Front Street, and consists of the following parcels (collectively, the "Phase 1 Development Site"):

Docks Area Project - Phase I Parcels		
	<u>Assessor's Parcel Number</u>	<u>Owner</u>
1.	006-0241-007	Agency
2.	009-0012-050	Agency
3.	009-0012-067	Agency
4.	009-0012-066	City of Sacramento
5.	009-0012-048	State Department of Parks and Recreation
6.	009-0012-058	State Department of Parks and Recreation
7.	009-0012-059	State Department of Parks and Recreation
8.	009-0012-019	Agency
9.	009-0012-002	Agency

Future phases will include development of the PG&E parcels, potentially the Pioneer Reservoir site and adjacent parcels, as well as the extension of the Riverfront Promenade.

C. Transaction Overview.

1. Overview. The redevelopment of the Property requires both "horizontal" land development necessary to transform the Property into parcels that are improved with streets, sidewalks, parks and infrastructure suitable for the "vertical" development of the proposed residential and mixed-use buildings.

As is more particularly described in this Term Sheet, the Agency is committed to undertake the following with respect to the "horizontal" development: (1) acquire all parcels within Phase I of the Project Site; (2) prepare a Specific Plan for the Project Site to assure a well-planned community with public benefits, high site-design standards and environmental quality, and complete the necessary environmental review and entitlements to allow adoption of the Plan and related planning documents and infrastructure development; (3) work with the City's General Plan team to ensure that the land use designation reflects the Docks preferred land use alternatives; (4) take such actions as necessary to lift or modify existing environmental deed restrictions and remediate the site to allow for residential development on the Project Site in accordance with the Plan; (5) work with the City to develop a plan and funding mechanism for the repair or relocation of the Pioneer Reservoir; (6) identify funds and undertake such necessary horizontal infrastructure as necessary to create economically viable vertical residential development sites within the Development Project Site; and (7) enter into a Disposition and Development Agreement ("DDA") and related documents with private developers for the development of the Development Project Site in accordance with the Specific Plan. Agency will consider the option to shield private developers from liability to future homeowners as a result of pre-existing conditions on the Property, including environmental conditions. Subject to the Agency's performance of its obligations, the DDA

will give Developer the right to acquire the parcels and undertake the "vertical" development within Phase 1, and will give Developer a right of first offer to develop remaining phases. Developer will also cooperate closely with Agency during the Project planning phase.

2. Term Sheet. The purpose of this Term Sheet is to set forth the process and provide timelines for achieving certain benchmarks related to the planning and site acquisition process and to determine whether or not Developer and Agency are able to reach agreement on achieving an economically feasible project that meets the parties' goals and objectives. The Agency will consider final Transactional Documents for the development of the Project Site upon completion of environmental review and the planning process. Nothing in this Term Sheet is intended to commit the Agency or Developer to a particular development plan or create a binding obligation on either party to proceed with the development of the Development Project. Except as otherwise provided in Article VII hereof, no binding obligations shall exist unless and until the parties have negotiated, executed and delivered mutually acceptable agreements based upon information produced from the CEQA process and other public review and hearing processes and subject to all applicable governmental approvals.

II. Site Control

A. Agency Obligation to Obtain Site Control. A prerequisite to development of the Project Site is the Project Site acquisition in fee by the Agency. The Agency agrees that on or before December 31, 2008, Agency shall provide written evidence to Developer demonstrating Agency has secured site control (i.e., ownership or binding commitment to obtain ownership or required easements) for parcels comprising Phase I of the Development Project Site, subject only to compliance with CEQA. Such evidence shall include but not be limited to (i) evidence indicating Pacific Gas & Electric's willingness to enter into such agreement, for the transfer of fee title and/or related easements for the construction of the promenade, (ii) an agreement with the State of California Department of Parks and Recreation demonstrating commitment to transfer fee title and/or related easements, (iii) the filing of State legislation authorizing the necessary transfer of fee title and/or related easements from the State Department of Parks and Recreation related to the Development Project Site, and (iv) agreement with all other individuals or entities with an ownership or other property interest in Phase I of the Development Project Site.

Agency will consider that any purchase or other property acquisition contract evidencing site control must provide that Developer and its successors and assigns would have no on-going liability to the applicable transferor for environmental contamination or related issues, and the DDA will shield Developer and its successors and assigns from liability to future homeowners as a result of pre-existing conditions on the Property, including environmental conditions.

B. Agency to Provide Evidence of Financing. On or before December 31, 2008, Agency must demonstrate to Developer's reasonable satisfaction that Agency will have sufficient financing to complete the acquisition of the identified properties in Phase I of the Development Project Site, including identifying the proposed purchase price and sources and availability of funding for the identified properties, subject only to compliance with CEQA.

III. Project Entitlements

A. Agency's Obligations. As stated in the ERN, Agency will use Developer's initial deposit of \$100,000 and additional deposit of \$75,000 to complete the Environmental Impact Report (EIR) and the Docks Area Specific Plan. The Agency will continue to work with the City to ensure that the proposed General Plan Preferred Alternative land use designation for the Docks project area reflects the Riverfront Master Plan and the preferred Docks land use alternatives that will be evaluated in the Docks Specific Plan EIR. Agency shall be responsible for completing all entitlements and approvals necessary for the Project, even if costs exceed Developer's deposits. This includes, but is not limited to, the EIR, the cost to prepare, process and approve the Specific Plan, and the costs related to negotiations of a DDA. Agency agrees to use best efforts to cause the EIR to be certified and the Plan and related entitlements approved on or before September 30, 2008. Related entitlements include:

- General Plan Amendment
- Community Plan Amendment
- Adoption of Docks Area Specific Plan
- Rezone of all Docks Area Project properties

If the Developer does not move forward with Phase I or any portion of the Docks project, the City will refund \$75,000.

B. Developer's Obligations. Developer shall work cooperatively with Agency to facilitate the entitlement process, including participating in planning meetings and community outreach process. Developer shall provide a market feasibility study for the proposed Project Site Plan. Developer's costs for participation in the entitlement process shall not be recoverable by Developer. If the Plans result in a development that Developer determines is economically infeasible, Developer shall have the right to terminate the ERN and receive a partial refund of its deposit as more particularly described in Section VII below.

IV. Pioneer Reservoir

A. Agency shall work with the City and provide Developer with a plan on or before June 30, 2008, for the repair and/or replacement of the City's Pioneer Reservoir ("Reservoir"), including a determination of its proposed location within the ultimate development and the suitability of the proposed location with respect to any adverse impacts on new residential development on adjacent parcels.

B. Agency shall work with the City and develop a schedule showing the estimated costs associated with the necessary repairs and/or relocation of the Reservoir on or before June 30, 2008.

V. Environmental Issues

A. DTSC Deed Restrictions. On May 30, 2006, Agency approved an Environmental Oversight Agreement ("EOA") with the California Department of Toxic

Substances Control ("DTSC") for the review and approval of remediation options in the Docks Area. Agency commits to completing the Scope of Work identified in the EOA on or before June 30, 2008, at Agency expense, in an effort to secure DTSC approved remediation options for the project development.

B. Liability for Environmental Conditions. Agency will consider that Agency shall be responsible for any liability to a transferor, and that Developer shall only be liable for environmental conditions caused, or contributed to by Developer, and then only to the extent of Developer's contribution. The DDA will require Agency to pay the cost of environmental insurance to cover both Agency's and Developer's liabilities for the environmental condition of the Development Project Site subject; provided, however, that the availability of such insurance at commercially reasonable cost to the Agency shall be a condition precedent to Agency's obligations to proceed with Phase 1.

VI. Phase I Development of the Project Site

A. Phase I Assumptions. The parties agree that they will negotiate in good faith to complete a DDA for the development of Phase 1 based in part on the following assumptions: (1) Agency will be responsible to undertake, subject to available funding, all horizontal development necessary to create the developable pads within Phase 1; (2) Phase 1 will include approximately 300-500 market-rate residential units within Townhomes, Podium Flats and/or High Rise Buildings; the final product mix will depend upon completion of the planning process, construction costs, market conditions and fiscal feasibility; (3) Developer will be entitled to a fair market-rate return on project costs; and (4) project costs will include payment by Developer of prevailing wages for project construction.

The parties have reviewed a current pro forma analysis of possible vertical development scenarios but recognize that such analysis is subject to significant change based on the outcome of the planning process, product mix, construction and labor costs, market conditions, financing costs and other factors. The parties acknowledge that depending on such factors, the DDA may allow for payment of a residual land value to the Agency and/or require the Agency to contribute land and additional subsidy to Developer - the terms of which will be negotiated as part of the DDA.

B. Phase I Developer Responsibilities

1. Pre-Development. Developer shall work cooperatively with Agency to facilitate the entitlement process, including participating in planning meetings, community outreach process in accordance with Section III.B above and by performing a market feasibility analysis for the Project Site. Developer shall also cooperate with Agency and coordinate its design of the Phase 1 Development Project Site vertical development with the environmental remediation obligations and solutions of the Project Site undertaken by Agency.

2. Construction of Phase 1. The DDA will require Developer to construct Phase 1 Development Project Site upon satisfaction or waiver of certain conditions precedent, including satisfactory completion of the Agency's Phase I responsibilities described in Section C below. Upon satisfaction of all conditions and conveyance of the

Phase 1 parcels to Developer, Developer's construction obligations will be subject to a reasonable schedule of performance, subject to extension for force majeure delay.

C. Phase I Agency Responsibilities

1. Infrastructure Improvements and Remediation. As a condition to Developer's development obligations under the DDA, Agency shall complete, subject to available funding, the construction of all of the relevant horizontal off-site infrastructure improvements necessary for Developer to complete construction of housing units. This includes but is not limited to the costs of remediating the site to enable it to be usable for the contemplated residential development. By December 31, 2008, the Agency shall provide evidence of available funding sources to complete the remediation, if warranted, and infrastructure improvements. Infrastructure improvements include off-site improvements, the circulation system, utility improvements and the delivery of developable parcels, including the remediation, if required, for DTSC approval to proceed with proposed development. Both parties recognize that among the remediation options, one component of such options may include the built project; provided, however, that Developer shall not be required to design vertical development to accommodate remediation solutions in a manner that would result in an economically infeasible project or would have an adverse impact on marketability of the residential unit. Repair or relocation of the Pioneer Reservoir, or assurances satisfactory to Developer that such repairs or relocation will be completed within an appropriate timeframe shall be a condition precedent to Developer's obligation to proceed with development.

2. Riverfront Promenade. Agency shall use good faith efforts to work with the City to pursue the construction of the Riverfront Promenade adjacent to the Phase I Docks Project as part of the Phase I infrastructure improvements. On or before October 31, 2008, Agency shall provide Developer with a determination as to whether or not the City will proceed with the Riverfront Promenade in connection with development of Phase 1.

3. Availability of Funds. On or before March 31, 2007, Agency shall provide written evidence of the financing or other available resources for the Agency to perform infrastructure and remediation obligations for Phase 1, subject only to compliance with CEQA. Agency shall also use good faith efforts to identify sources of funding for subsequent phases of the Project Site horizontal development.

4. Relocation.

a. Agency shall be responsible for the relocation of all impacted tenants within Phase 1.

b. To the extent applicable, on or before March 31, 2008, Agency and Developer shall reach a mutual agreement on a relocation plan for Phase 1, will provide a clear timeline for relocation, and will outline estimated costs. Agency shall provide written evidence to the Developer of the sources and availability of funds for the relocation plan to the extent applicable to Phase 1.

D. Financial Structure.

1. Developer Constructed Units. Based on the assumptions described in Section VI.A above, the final DDA will set forth the terms under which Agency will convey fee title to the Phase I property to Developer, including the residual land value payable to the Agency, if any, and the amount and funding mechanism for Agency subsidies as required.

2. Disposition of Undeveloped Parcels. If the DDA terminates due to a Developer default, or if Developer fails to develop the Phase I parcels in accordance with the DDA (subject to force majeure extensions), the Agency reserves the right to enter into separate and distinct DDAs for such parcels not developed by Developer.

E. Future Phases of Development

During the planning process, the Agency in consultation with Developer will identify the scope of future phases of development after Phase 1. Developer will have no obligation to complete future phases of development on the Project Site. However, so long as Developer is not in default under the DDA, the DDA will allow Developer to exercise a right of first offer as to future phases. Under the right of first offer, Agency will provide Developer the first opportunity to negotiate with Agency for the vertical development of such future phases and the parties will negotiate in good faith based on the assumptions described in Section VI.A above. If Agency and Developer are unable to reach agreement with a specified period of time, Agency will have the ability to bid or negotiate with other parties for the future phases of development on the Project Site.

VII. Good Faith Efforts/Remedies

Agency shall use its best efforts to satisfy its conditions described in Articles II.A and B, Article III.A, Article IV, Article V, and Article VI.C.3 and VI.C.4 hereof, within the times provided. If Agency is unable to satisfy any of the foregoing conditions within the times required, or if at any time, Developer reasonably determines that Agency is not pursuing the completion of such conditions with reasonable diligence and in good faith, it shall be deemed an event of default under Section 12 of this term sheet. In such event, Developer, in its sole discretion, may terminate the ERN in writing to Agency and Agency shall refund a portion of the Deposit remaining at the date of termination in accordance with Section 3.c of the January 7, 2006, ERN and June 26, 2008, and the March 25, 2008 ERN extensions.

In addition, if the Agency adopts a Plan, proposes the relocation or refurbishment of the Pioneer Reservoir, or adopts any other plans or policies that Developer determines will have an adverse impact on Developer's ability to achieve its required financial return or would adversely affect the suitability or marketability of Phase 1 Development Site as a primarily residential development, then Developer, in its sole discretion, may terminate the ERN in writing to Agency and Agency shall refund the Deposit remaining at the date of termination in accordance with Section 3.c of the January 7, 2006 ERN and the June 26, 2007 and March 25, 2008 ERN extensions.

In Witness Whereof, Agency and Developer enter into this Revised Term Sheet as of the ____ day of _____, 2008.

AGENCY

DEVELOPER

Redevelopment Agency of the City of Sacramento

KSWM Docks Partners, LLC

By: _____
Ray Kerridge, City Manager as Designated Signatory

By: _____
Jay Wallace, Managing Member

Approved as to Form

Agency Counsel

RESOLUTION NO.

Adopted by the Redevelopment Agency of the City of Sacramento

**APPROVAL FOR AN EXTENSION OF EXCLUSIVE RIGHT TO NEGOTIATE AND
REVISED BUSINESS TERMS FOR
THE DOCKS AREA REDEVELOPMENT PROJECT**

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 opportune redevelopment site. The original concept for the Docks Area included a mixed-use neighborhood with a riverfront parkway/promenade.
- B. In 2005, the City engaged in an extensive community planning process to further define the Docks Area. The 2005 Docks Area Community Planning Process resulted in a more detailed concept design which included a high-density, mixed-use neighborhood with a riverfront parkway/promenade.
- C. On January 5, 2006, the Redevelopment Agency of the City of Sacramento (Agency) approved an Exclusive Right to Negotiate (ERN) with KSWM Docks Partners, LLC (Developer) as the Master Developer for the Docks Area. The Developer submitted a \$100,000 deposit to the Agency. The developer submitted an additional \$75,000 deposit on July 1, 2007.
- D. The ERN with the KSWM Docks Partners, LLC was extended on August 22, 2006, until June 30, 2007. A second extension was granted on June 26, 2007, extending the terms of the ERN until March 25, 2008.
- E. The vision for the redevelopment of the Docks Area is based on the 2003 Sacramento Riverfront Master Plan and 2005 Docks Area Community Planning Process.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO RESOLVES AS FOLLOWS:

- Section 1. All of the evidence presented having been duly considered, the findings, including the environmental findings regarding this action, as stated in the staff report that accompanies this Resolution, are approved.
- Section 2. The City Manager or his designee, on behalf of the Agency, is authorized to extend the term of the agreement with KSWM Docks Partners, LLC for the

Exclusive Right to Negotiate for the development of the Docks Area along the Sacramento riverfront to December 31, 2008. Staff is directed to follow the adopted *Guidelines for Individual Project Review*.

- Section 3. Staff is directed to return to the Agency with a Disposition and Development Agreement for Phase I of the Docks Area redevelopment project by December 31, 2008. Phase I generally includes all of the properties north of the Pacific Gas and Electric (PG&E) parcel (APN: 009-0012-003) to Q Street.