

RESOLUTION NO. 2008-032

Adopted by the Redevelopment Agency
of the City of Sacramento

May 13, 2008

SACRAMENTO RAILYARDS PROJECT: APPROVAL OF MASTER OWNER PARTICIPATION AGREEMENT AND INITIAL PHASE INFRASTRUCTURE OWNER PARTICIPATION AGREEMENT ALLOCATING FUTURE TAX INCREMENT FUNDS, AND RELATED DOCUMENTS, WITH S. THOMAS ENTERPRISES OF SACRAMENTO, LLC; RELATED BUDGET ACTION

BACKGROUND

- A. S. Thomas Enterprises of Sacramento, LLC ("Developer") and the City of Sacramento ("City") have entered into a Development Agreement, dated December 11, 2007, in furtherance of the Railyards Specific Plan and related entitlements, including an amendment to the Richards Boulevard Area Plan. The Railyards Specific Plan area encompasses approximately 240 acres of which the Developer owns the majority (the "Property"). The Railyards Specific Plan and related entitlements specifies how the Property may be developed and establishes the Sacramento Railyards Project.
- B. As part of the City's evaluation of the Sacramento Railyards Project, a Pro Forma Analysis was prepared to assess the capacity of the Developer and the Sacramento Railyards Project to incur the costs for the required public facility and infrastructure improvements. This Analysis demonstrated that the Developer can only pay up to \$49 million towards the \$290 million estimated costs for the public facilities and infrastructure necessary to develop Phase 1, and there is a projected cumulative financial feasibility gap under current market conditions for the private development in all phases of the Project of approximately \$860 million, exclusive of infrastructure costs. The City has made commitments of public funding for certain Railyards public facility and infrastructure improvements in an approximate amount of \$150 million.
- C. The Sacramento Railyards Project which is the subject of this resolution is located within the newly created Railyards Redevelopment Project Area ("Railyards Project Area"), which encompasses a former portion of the Richards Boulevard Redevelopment Project Area, which, as amended is now renamed the River District Redevelopment Project Area.
- D. Developer and Agency desire to enter into the Master Owner Participation Agreement ("Master OPA") and the Initial Phase Infrastructure Owner Participation Agreement ("Initial Phase OPA") to establish the framework for the allocation of a portion of the available tax increment revenues from the Property within the Railyards Project Area for redevelopment and for allocation of a portion of such tax increment revenues for development of some of the unfunded public facilities and infrastructure.

- E. This Master OPA and the Initial Phase OPA are made in accordance with the Railyards Redevelopment Plan, and the owner participation and preference rules adopted pursuant to the Railyards Redevelopment Plan, which provisions provide for participation by property owners and businesses in the redevelopment of real property in the Railyards Project Area in accordance with California Health & Safety Code Section 33339.
- F. The Agency is participating in the Master OPA and Initial Phase OPA because they are consistent with, and further, the goals and objectives of the Railyards Redevelopment Plan. Specifically and without limitation, the Agency has determined that the Sacramento Railyards Project will eliminate the following blighting influences: buildings which are unsafe or unhealthy due to age, deterioration and dilapidation; inadequate and faulty utilities including without limitation inadequate traffic circulation and access, inadequate storm drains and sewers, inadequate water and power service, lack of parking and other public and neighborhood facilities; unremediated hazardous substances and similar factors that prevent or substantially hinder the economically viable use or capacity of buildings or lots; incompatible adjacent uses; depreciated or stagnant property values; and further, the Property serves as a barrier for access between the Merged Downtown Redevelopment Project Area and the River District Redevelopment Project Area with consequent negative impacts on all of the project areas. The Agency has also determined that the Sacramento Railyards Project will meet the following goals of the current "Implementation Plan" adopted for the Railyards Project Area: (1) prevention and elimination of the spread of blight and deterioration and correcting environmental deficiencies, (2) redesign and redevelopment of stagnant and underutilized buildings and sites, (3) encouragement of high-quality architectural, landscape, urban design and land use principles to achieve the Railyards Redevelopment Plan objectives, (4) stimulation of economic growth and job creation by attracting new and continued private sector investment and assisting new and existing employers, (5) promotion of new office uses and mixed-use residential and retail development, (6) support for community facilities consistent with the General Plan to support the planned development, and (7) elimination of infrastructure deficiencies.
- G. The Agency has duly circulated, considered, certified, and adopted an Environmental Impact Report ("EIR") and a Mitigation Plan and Monitoring Program on May 6, 2008 for the Seventh Amendment of the Richards Boulevard Redevelopment Plan and adoption of the Railyards Redevelopment Plan, prior to adoption of the Railyards Redevelopment Plan and amendment of the Richards Boulevard Redevelopment Plan.

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

Section 1. It is determined that the action proposed by this resolution is consistent with and duly considered by the above mentioned EIR, and after review of the actions and the EIR, the EIR is certified as adequate for review of the actions contemplated by this resolution, and no further environmental review is required.

Section 2. Pursuant to Section 33445 of the Health and Safety Code of the State of California, the Agency finds that:

- a. The implementation of the public facility and infrastructure improvements specified in the Railyards Specific Plan and in the Master OPA and the Initial Infrastructure OPA will benefit the Railyards Redevelopment Project Area, by improving inadequate infrastructure and by constructing and installing public facilities and infrastructure and renovating buildings required for redevelopment within both the Railyards and the River District Redevelopment Project Areas;
- b. Based on the Railyards Specific Plan Public Facilities Financing Plan, the cost of the Railyards public facilities and infrastructure improvements required for redevelopment of the Railyards by implementation of the Railyards Specific Plan will exceed the available public and private funding sources, and there is no other reasonable means of financing the public facilities and infrastructure improvements available to the community except for redevelopment area tax increment proceeds; and
- c. The use of redevelopment tax increment proceeds for the Railyards public facilities and infrastructure improvements will result in the elimination of blighting influences resulting from inadequate, under capacity, and dilapidated infrastructure within the Richards Boulevard Project Area. The public facilities and infrastructure improvements set out in the Railyards Specific Plan and related entitlements are consistent with the Implementation Plan for the Railyards Redevelopment Plan as well as for the Implementation Plan for the River District Redevelopment Plan, both adopted pursuant to Health and Safety Code Section 33490.

Section 3. The Master OPA and the Initial Phase OPA, both of which are attached to the staff report and incorporated in this resolution by this reference are approved and the Interim Executive Director or the City Manager acting on behalf of the Agency, or their respective designee, are authorized as the authorized designee of the Agency, to execute each of them, and the documents required thereunder, and to take all actions reasonably contemplated thereby.

Section 4. The Interim Executive Director is authorized to amend the Agency budget as necessary to carry out the provisions of the Master OPA and the Initial Phase OPA.

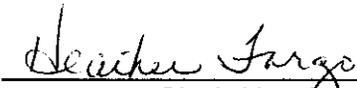
Adopted by the Redevelopment Agency of the City of Sacramento on May 13, 2008 by the following vote:

Ayes: Councilmembers Cohn, Fong, McCarty, Pannell, Sheedy, Tretheway, Waters, and Mayor Fargo.

Noes: None.

Abstain: None.

Absent: Councilmember Hammond.


Chair Heather Fargo

Attest:


Shirley Concolino, Secretary