

## **RESOLUTION NO. 2008-290**

Adopted by the Sacramento City Council

May 13, 2008

### **APPROVING THE SACRAMENTO RAILYARDS PROJECT FUNDING AGREEMENT**

#### **BACKGROUND**

- A. On December 11, 2007, the City of Sacramento ("City") approved a Development Agreement, with S. Thomas Enterprises of Sacramento, LLC ("Developer") for the Sacramento Railyards Project. The Development Agreement was approved in furtherance of the Railyards Specific Plan, which Specific Plan and related entitlements specifies the required public facility and infrastructure improvements necessary for implementation of the Specific Plan consistent with the Railyards Specific Plan Public Facilities Financing Plan and Tentative Subdivision Map.
- B. On November 20, 2007, December 4, 2007 and December 11, 2007, the City Council conducted noticed public hearings in accordance with Government Code Sections 65867 regarding approval of the Development Agreement for the Sacramento Railyards Project. In accordance with Government Code Section 65865.2, a development agreement can contain terms and conditions relating to public financing of the necessary backbone infrastructure and related public facilities for a development project and can provide for subsequent reimbursement of the applicant's advancement of costs for such infrastructure and public facilities in accordance with applicable public financing laws.
- C. As part of the evaluation of the Sacramento Railyards Project, a Pro Forma Analysis was prepared to assess the capacity of the 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 for this Project of approximately \$860 million for the private development, exclusive of infrastructure costs, under current market conditions,.
- D. Based on the Pro Forma Analysis indicating a significant financial feasibility gap for the Developer to fund the public facilities and infrastructure necessary to implement the Project, the City adopted as part of the Development Agreement a set of Business Terms to guide preparation of a Funding Agreement to pledge certain City funds for certain public facilities and infrastructure improvements.

- E. The Business Terms approved by the City as part of the Development Agreement also pledged that the City would apply all of the Housing Trust Funds generated from the Project to help subsidize the affordable housing obligations of the Developer as set out in the Project's Inclusionary Housing Plan.
- F. The total amount of City funding, which includes federal, state and local funds, that may be expended in accordance with the Business Terms for the Sacramento Railyards Project was approximately \$117 million dollars. The City has also pledged to fund the first \$40 million of the track relocation project and to share any costs with the Developer above that amount under a separate agreement, which also directly benefits Developer's Project .
- G. On December 11, 2007, the City adopted the Final Environmental Impact Report for the Railyards Specific Plan and the Mitigation Monitoring Program, which analyzed the impacts of the development of the Project, including the public facility and infrastructure improvements and affordable housing that would be funded by the actions contemplated by the City as set out in the Business Terms.
- H. The Funding Agreement has been prepared in accordance with the Business Terms set out in the Development Agreement and is an agreement that is proposed in furtherance of the Railyards Specific Plan to assist the Developer to implement the Sacramento Railyards Project.

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

- Section 1. Based on the verbal and documentary evidence received at the hearings on the Sacramento Railyards Specific Plan, the Specific Plan Public Facilities Financing Plan, and the Development Agreement for the Sacramento Railyards Project; the City Council finds that the Funding Agreement for the Sacramento Railyards Project between the City and S. Thomas Enterprises of Sacramento, LLC, which specifies the public financing of backbone infrastructure and other public facilities, and the financing of affordable housing within the Railyards, would benefit the City by facilitating implementation of the Railyards Specific Plan and the Railyards Inclusionary Housing Plan.
- Section 2. The City Council in a prior action approved the Development Agreement for the Sacramento Railyards Project. The City Council finds that the Funding Agreement for the Sacramento Railyards Project is consistent with the Funding Agreement Business Terms, which were an exhibit to the Development Agreement.
- Section 3. The City Council hereby approves the Funding Agreement for the Sacramento Railyards Project, which is set out as an attachment to the accompanying staff report.

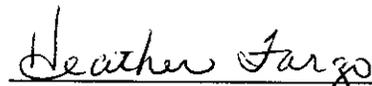
Adopted by the City of Sacramento City Council on May 13, 2008 by the following vote:

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

Noes: None.

Abstain: None.

Absent: Councilmember Hammond.

  
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Mayor Heather Fargo

Attest:

  
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Shirley Concolino, City Clerk