

## **RESOLUTION NO. 2008-291**

Adopted by the Sacramento City Council

May 13, 2008

### **APPROVING FINDINGS RELATED TO THE AGENCY'S OWNER PARTICIPATION AGREEMENTS FOR THE SACRAMENTO RAILYARDS PROJECT**

#### **BACKGROUND**

- A. On December 11, 2007, the City of Sacramento ("City") entered into a Development Agreement, with S. Thomas Enterprises of Sacramento, LLC ("Developer") 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 and the Railyards Specific Plan Public Facilities Financing Plan. The Financing Plan sets forth the estimated costs of those public facility and infrastructure improvements and identifies potential funding sources for those improvements.
- B. As part of the 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. There is a projected cumulative financial feasibility gap for the private development in all phases of the Project of approximately \$860 million under current market conditions, exclusive of infrastructure costs. The City has made commitments to the Project of public funding for certain Railyards public facility and infrastructure improvements in an approximate amount of \$150 million.
- C. The Redevelopment Agency of the City of Sacramento ("Agency") is considering approval of a Master Owner Participation Agreement and Initial Phase Infrastructure Owner Participation Agreement ("OPA") with the Developer. The Initial Phase OPA would make available for such unfunded public facilities and infrastructure improvements, up to approximately \$50 million in tax increment revenues, increased annually at the rate of six percent on the undisbursed balance.
- D. 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 Railyards Specific Plan project, including the public facility and infrastructure improvements that would be funded by the actions contemplated by the Agency.

- E. On May 6, 2008, the Agency approved the Railyards Redevelopment Plan and the Seventh Amendment to the Richards Boulevard Redevelopment Plan (renamed as the River District Redevelopment Plan and Project Area). On this date by separate action the the City passed for publication and held the first reading of the ordinance to approve the Railyards Redevelopment Plan, amend the Richards Boulevard Redevelopment Plan and establish the Railyards Project Area. On May 13, 2008 the City Council held the second reading and approved the ordinance. The Agency and City took these actions after certification and consideration of the Final Environmental Impact Report for the Railyards Redevelopment Plan and the Seventh Amendment to the Richards Boulevard Redevelopment Plan and approving the corresponding Mitigation Monitoring Program.

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

- Section 1. The foregoing findings are true and correct and hereby approved.
- Section 2. Pursuant to Section 33445 of the Health and Safety Code of the State of California, the City Council finds that:
- a. The implementation of the public facility and infrastructure improvements specified in the Railyards Specific Plan will benefit the Railyards Redevelopment Project Area, which encompasses a former portion of the Richards Boulevard Redevelopment Project Area, by improving inadequate infrastructure and by constructing and installing public facilities and infrastructure required for redevelopment within the Railyards. Some of the backbone infrastructure improvements within the Railyards Project Area and required for the implementation of the Railyards Specific Plan will also benefit the River District Redevelopment Project Area;
  - b. Based on the Railyards Specific Plan Public Facilities Financing Plan, the cost of the 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 Railyards Redevelopment Project Area. The public facilities and infrastructure improvements set out in the Railyards Specific Plan are consistent with the Implementation Plan for the Railyards Redevelopment Plan as well as for the former Richards Boulevard Redevelopment Plan, now renamed the River District Redevelopment Plan, both adopted pursuant to Health and Safety Code Section 33490.

Section 3. The preceding statements are findings of the City Council on behalf of the City, and do not predispose the action of the Redevelopment Agency of the City of Sacramento, acting in its independent discretion as a separate and public entity, in considering the use of tax increment funds for the Railyards project.

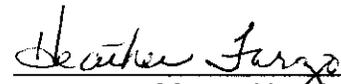
Adopted by the City of Sacramento City Council on May 13, 2008 by the following vote:

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