



REPORT TO COUNCIL AND REDEVELOPMENT AGENCY City of Sacramento

915 I Street, Sacramento, CA 95814-2604

Staff Report
July 15, 2008

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

Title: River District Specific Plan Funding

Location/Council District: River District - Council District 1

Recommendation: Adopt a **Resolution** 1) establishing the River District Specific Plan Project I21000200; 2) authorizing the City Manager to enter into an Agreement to Reimburse Fees and Costs for the River District Specific Plan (Reimbursement Agreement) for property owners to advance funding; 3) authorizing the City Manager to enter into an Individual Project Agreement (IPA) with the Redevelopment Agency to allow the Agency in five years to repay property owners with tax increment revenues for any balances outstanding on the Reimbursement Agreement and for the City to repay the Agency with impact fees thereafter; and 4) authorizing the transfer of \$500,000 in general funds (Fund 1001) from the Jobs Housing Grant Project (D21001300, also known as the Shovel Ready Sites Program).

Adopt a **Redevelopment Agency Resolution** approving an Individual Project Agreement for up to \$400,000 in River District Redevelopment tax increment revenues to repay property owners for any remaining balance owed them in five years under the Agreement to Reimburse Fees and Costs and to provide for the subsequent repayment from the City.

Contact: Rachel Hazlewood, Senior Project Manager, 808-8645; Mark Griffin, Fiscal Manager, 808-8788

Presenters: Rachel Hazlewood, Greg Taylor, Senior Urban Designer

Department: Economic Development

Division: Downtown Development

Organization No: 4451

Description/Analysis

Issue: Staff recommends approval to establish a \$1.1 million project fund for planning, financial, environmental and staff costs for preparing the River District Specific Plan and related documents. The funding will be provided as follows: \$200,000 from tax increment funds from the River District Redevelopment Project approved on February 26, 2008 in RA2008-08; \$500,000 from the Shovel-Ready Program, and \$400,000 from a Reimbursement Agreement with four River District property owners.

Four River District property owners have agreed to advance \$400,000 towards this effort, with reimbursement within five years from development impact fees and contingent tax

increment revenues. These property owners will be reimbursed with credits and proceeds from future impact fees generated by development projects in the River District. If insufficient development impact fees have been generated to repay the property owners in five years, the balance owed them will be repaid at that time by the City with future tax increment revenues provided by the Redevelopment Agency. An Individual Project Agreement (IPA) will provide the mechanism for the Redevelopment Agency to pay the City up to \$400,000 for the costs of the Specific Plan preparation, and these funds would be used by the City to repay the property owners if sufficient development impact fees have not been collected to make such repayment within five years.

The River District Specific Plan effort will produce a community plan which addresses land uses, zoning, infrastructure, circulation, parks and open spaces, and urban design. The Specific Plan effort will also include an updated financing plan for public infrastructure, and an updated nexus study which will examine the costs of public infrastructure and set the development impact fees based on a fair share distribution of those infrastructure costs between Downtown, the River District and the Railyards. The Specific Plan effort will also include a program level Environmental Impact Report for the new community plan.

Public outreach has already been initiated for this planning effort. In February and March of this year, three community workshops were conducted to identify key issues which will require focused study. Additionally, staff has begun to identify and contact key stakeholder groups, such as those focused around the American River. Additional outreach is tentatively scheduled for late August 2008.

Policy Considerations: The recommended actions are consistent with the General Plan goal to support infill development, the River District Redevelopment Plan objective of eliminating blight by replanning areas which are stagnant or improperly utilized; and the Shovel Ready goal to leverage and attract private investment in order to encourage economic development at key locations in the City. In Resolution 2007-915, City Council directed staff to proceed with an update to the 1994 Richards Boulevard Area Plan (RBAP) and Facility Element and examine the operation of 5th and 7th Streets as one way or two way streets. Updating the RBAP by preparing a new community plan will incorporate current approved projects such as Township 9 into the proposed River District Specific Plan; analyze the circulation plan for compatibility with, and possible changes to, the approved Railyards Specific Plan; improve coordination of River District design guidelines with the recently adopted Railyards Design Guidelines; update the infrastructure financing plan to include federal, state and local funding; and prepare a nexus study to adjust the existing development impact fees for infrastructure costs shared among the Railyards, Downtown and River District. The impact fees would also include the costs to prepare the River District Specific Plan and related studies.

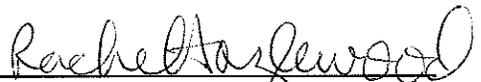
Environmental Considerations: The proposed actions are exempt under CEQA Guidelines section 15262 as a planning activity for possible future action. Environmental review will be performed in conjunction with the development of the plans which are part of this effort.

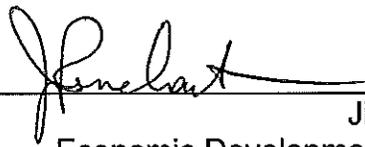
Rationale for Recommendation: Developing a River District Specific Plan will incorporate current development projects, improve the traffic circulation plan and update

the financing plan. The updated plan will remove obstacles to redevelopment and stimulate the removal of blight. Development of the Specific Plan complies with the City Council directive to proceed with the update of the RBAP and Facility Element.

Financial Considerations: The total project cost will be \$1.1 million. River District property owners will provide \$400,000 through an advance funding agreement approved as a part of this Council item. Tax increment funds in the amount of \$200,000 were allocated to the project by City Council on February 26, 2008 in RA2008-08. The \$500,000 balance of the required funding will be provided by the Shovel-Ready Program funds. Future tax increment funding of up to \$400,000 would be committed by the Agency to repay the River District Property owners for the costs to prepare the Specific Plan if sufficient impact fees have not been received by the City within five years. The attached resolutions authorize all necessary budget transactions and agreements.

Emerging Small Business Development (ESBD): When available and appropriate, Emerging Small Business Development businesses will be used for consultant contracts.

Respectfully Submitted by: 
Rachel Hazlewood
Senior Project Manager

Approved by: 
Jim Rinehart
Economic Development Manager

Recommendation Approved:


Ray Kerridge
City Manager

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Attachment 1**Background**

In 1994, the City adopted the Richards Boulevard Area Plan (the "RBAP"), a community plan establishing land uses and development standards to guide decisions on development and growth in the River District. On December 11, 2007, the City Council adopted Resolution 2007-915 directing staff to proceed with an update to the RBAP and Facility Element of the RBAP to reevaluate the proposed one-way conversion of 5th and 7th Streets that was included in the Railyards Specific Plan. The City is undertaking a comprehensive update to the RBAP and has identified the boundaries of the River District Specific Plan area to include 640 acres roughly described as the American River to the north, the Sacramento River to the west, the railroad levee bordering the Railyards site at North B Street to the south and 16th Street to the east. The Specific Plan boundaries are identified in the map attached as Exhibit A.

Staff has determined that a specific plan with land uses, design guidelines and zoning, a financing plan, a nexus study for the financing plan and a program level environmental impact report (collectively referred to as the "River District Specific Plan") are necessary for a comprehensive update of the RBAP. Staff estimates the total budget for the Specific Plan will be \$1,100,000 and is funded from \$200,000 from tax increment funds already approved for this effort on February 26, 2008 in RA2008-08; \$500,000 from the Shovel-Ready Program that is the subject of a separate staff report, and \$400,000 from a Reimbursement Agreement with four River District property owners.

Updating the RBAP will incorporate current approved projects such as Township 9 into the proposed River District Specific Plan; analyze changes to the circulation plan for compatibility with, and possible changes to, the Railyards Specific Plan; improve coordination of River District design guidelines with the recently adopted Railyards Design Guidelines; update the infrastructure financing plan; and prepare a nexus study to adjust the existing development impact fees for infrastructure costs shared among the Railyards, Downtown and River Districts and to include the costs to prepare the River District Specific Plan.

The goal of the River District Specific Plan is to master plan the district as a transit-oriented urban neighborhood supporting a mix of uses with shovel ready sites ready for development.

RESOLUTION NO.

Adopted by the Sacramento City Council

**APPROVAL OF THE RIVER DISTRICT SPECIFIC PLAN PROJECT,
AGREEMENT TO REIMBURSE FEES AND COSTS,
INDIVIDUAL PROJECT AGREEMENT AND
ASSOCIATED APPROPRIATIONS**

BACKGROUND

- A. The Richards Boulevard Area Plan (RBAP), adopted in 1994 as a community plan for the River District, contains many outdated assumptions, in particular land uses and the circulation system, and needs to be updated to plan for development of a vibrant urban corridor linking the River District with Downtown and the Railyards.
- B. In Resolution 2007-915, the City Council directed staff to proceed with an update to the RBAP Facility Element to reevaluate the conversion of 5th and 7th Streets to one way operation as specified in the Railyards Specific Plan. A more comprehensive update of the RBAP is needed. The total project cost for the River District Specific Plan is \$1.1 million for staff, financial and planning consultants and environmental review.
- C. In Resolution RA2008-08, City Council approved \$200,000 in redevelopment tax increment funds to be used towards this effort.
- D. River District property owners, listed in the Agreement to Reimburse Fees and Costs (Reimbursement Agreement) have agreed to advance \$400,000 to facilitate this update. This advance will be repaid from development impact fees and, if insufficient, fees have been credited or received within five years, by future tax increment revenues.
- E. The balance of \$500,000 is available from the Jobs Housing Grant Project (D21001300, also known as the Shovel-Ready Sites Program). This is consistent with the purpose of the Shovel-Ready Sites Program to leverage and attract private investment in order to encourage economic development.
- F. The boundaries of the River District Specific Plan are provided in Exhibit A.

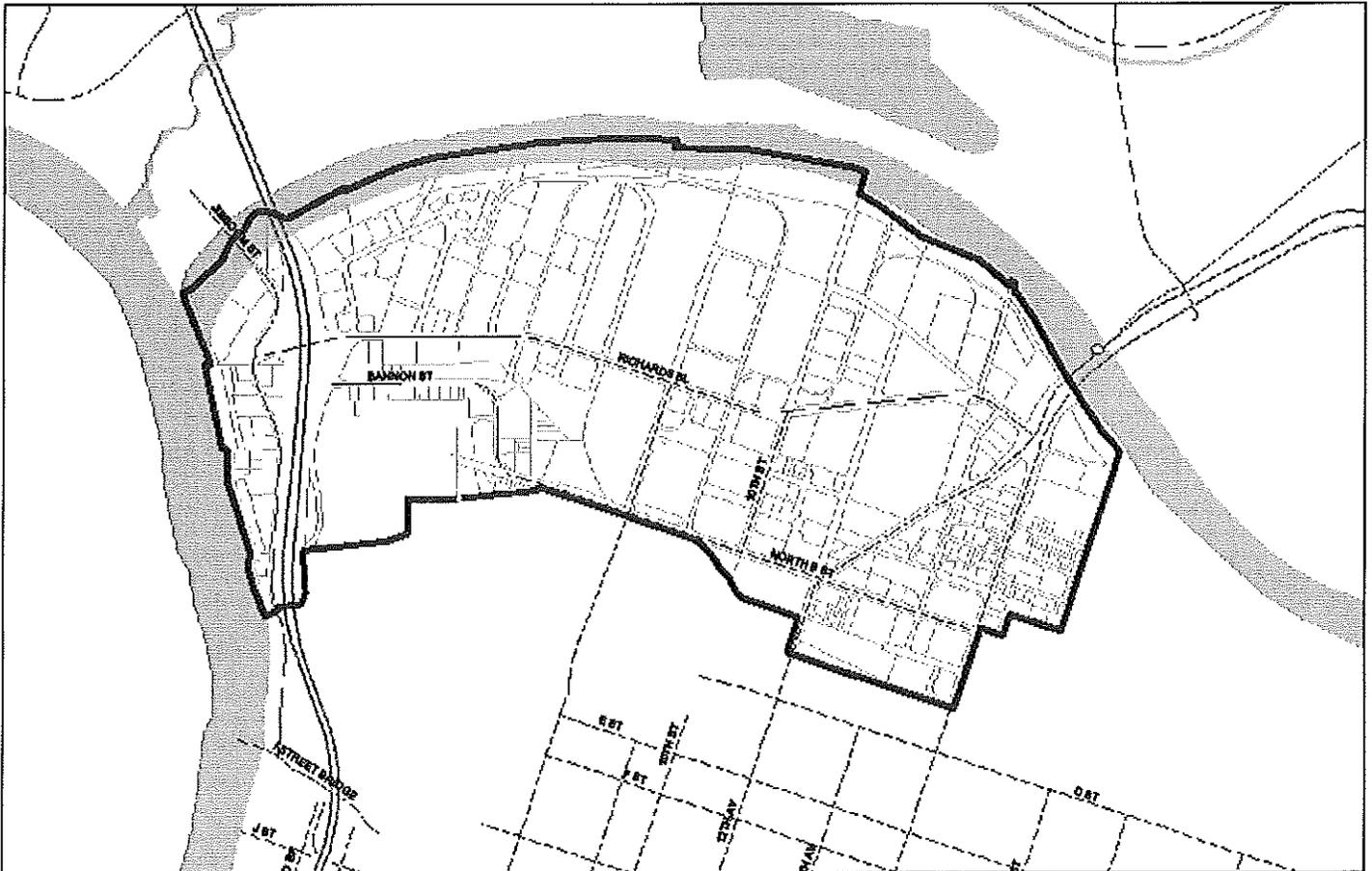
**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL
RESOLVES AS FOLLOWS:**

- Section 1. Authorize the City Manager to enter into a Reimbursement Agreement with River District property owners in the amount of \$400,000, with repayment based on development impact fee credits and reimbursement, and contingent future tax increment revenues if in five years the property owners have not been fully repaid.

- Section 2. Authorize the City Manager to enter into an Individual Project Agreement with the Agency to pay the City in five years up to \$400,000 in future tax increment revenues for the costs of preparing the River District Specific Plan based on the City's remaining payment obligation under the Reimbursement Agreement.
- Section 3. Authorize the establishment of a multi-year operating project for the River District Specific Plan (I21000200) in the amount of \$1.1 million.
- Section 4. Authorize the transfer of \$500,000 in general funds (Fund 1001) from the Jobs Housing Grant Project (D21001300) to the River District Specific Plan project (I21000200).
- Section 5. Authorize the City Manager to contract with consultants as necessary to prepare the River District Specific Plan and related studies in conformance with City contracting policy.

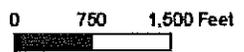
Exhibit A

River District Specific Plan Boundaries



-  River District Specific Plan Boundary
-  River District Parcels
-  Waterways
-  Major Surface Streets
-  Highways

River District Specific Plan
PROJECT BOUNDARY



RESOLUTION NO. 2008-_____

Adopted by the Redevelopment Agency
of the City of Sacramento

APPROVAL OF AN INDIVIDUAL PROJECT AGREEMENT FOR PAYMENT OF COSTS FOR PREPARATION OF THE RIVER DISTRICT SPECIFIC PLAN

BACKGROUND

- A. The Richards Boulevard Redevelopment Area was created in 1990 to eliminate blight in the River District Project Area. One of the objectives of the Redevelopment Plan is to replan areas that are stagnant or improperly utilized.
- B. The Richards Boulevard Area Plan (RBAP), adopted in 1994 as a community plan for the River District, did not result in stimulating widespread redevelopment of the River District and now contains many outdated assumptions.
- C. In Resolution 2007-915, the City Council directed staff to proceed with an update to the RBAP and the Facility Element for the RBAP and the City has decided to undertake a comprehensive update to the RBAP by preparing the River District Specific Plan and related studies, which is estimated to cost \$1.1 million.
- D. Property owners in the River District have agreed to provide funding in the amount of \$400,000 to pay for the River District Specific Plan preparation, contingent on repayment with impact fees collected over the next five years and, if necessary, payment of the remaining balance with future tax increment funds the City may receive from the Redevelopment Agency of the City of Sacramento (Agency) for the plan preparation.
- E. The Agency has previously approved \$200,000 in River District tax increment revenues to pay for a portion of the River District Specific Plan costs. The Agency is willing to appropriate \$400,000 in future River District tax increment revenues under the terms of the Individual Project Agreement (IPA). The IPA provides that the funds would be used to refund the costs to prepare the River District Specific Plan only if the City needs such funding in five years to repay the River District property owners, and thereafter the City must refund the Agency for such additional tax increment revenues with future development impact fees.

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

- Section 1. All evidence presented having been duly considered, the findings, including environmental findings regarding this action, as stated in the staff report that accompanies this resolution, are approved.

Section 2. The Executive Director, or her designee, is authorized to enter into an Individual Project Agreement with the City to refund the costs to prepare the River District Specific Plan with future River District Project Area tax increment revenues in an amount not to exceed \$400,000. The obligation to make payment shall not be due for five years, the amount is limited to what the City needs to refund the River District property owners as specified under the Agreement to Reimburse Fees and Costs for the River District Specific Plan, and the City must repay the Agency from future development impact fees.