



REPORT TO COUNCIL City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www.CityofSacramento.org

CONSENT
March 31, 2009

Honorable Mayor and
Members of the City Council

Title: Agreement/Purchase/Sale of Real Property: R Street Corridor Acquisition Project (L19012000)

Location/Council District: 19th & Q Streets/ Council District 3

Recommendation: Adopt a **Resolution** 1) appropriating \$626,000 of Quimby Act Fees (Fund 2508), to the R Street Corridor Acquisition project; 2) authorizing the City Manager or the City Manager's designee to execute the Agreement for Purchase and Sale of Real Property with Lawrence P. Huey (Agreement) in an amount not to exceed \$725,000; and 3) authorizing the City Manager or the City Manager's designee to execute such additional documents and take such additional actions as necessary to implement the Agreement.

Contact: J.P. Tindell, Park Planning and Development Manager, 808-1955;
Bill Sinclair, Program Manager, Facilities and Real Property Management,
808-1905.

Presenters: Not applicable

Departments: Parks and Recreation; General Services

Divisions: Park Planning and Development Services; Facilities and Real Property Management

Organization Nos: 19001111 and 13001551

Description/Analysis

Issue: Subject to City Council approval, an Agreement for Purchase and Sale of Real Property has been negotiated with Lawrence P. Huey to acquire three parcels totaling 0.2861± acres of unimproved real property located at 1814, 1816 and 1818 Q Street in Midtown, further defined as Assessor's Parcel Numbers (APN) 007-0312-006, -007, and -008 and shown on Exhibit A to the Resolution. These parcels are contiguous to the northern and western boundaries of an

existing park site at the intersection of 19th and Q Streets in Midtown. The acquisition of these three parcels will complete all necessary acquisitions to create a 0.90± acre park site to be developed as an urban plaza. The acquisition purchase price is \$725,000 and is based on an independent fee appraisal adjusted for site remediation costs.

Policy Considerations: This acquisition of park land is consistent with Sacramento City Code, Title 3. Providing parks and recreation facilities is consistent with the City's strategic plan to enhance livability in Sacramento's neighborhoods by expanding park, recreation, and trail facilities throughout the City.

The 2008 *Parks and Recreation Programming Guide* identifies the R Street Corridor as an area in need of additional parks.

Quimby Act funds may be used for acquisition, improvements and expansion of public parks, playgrounds and recreational facilities.

Commission/Committee Action: Not applicable.

Environmental Considerations:

California Environmental Quality Act (CEQA): The current proposal involves the purchase of land for parks. Pursuant to section 15004, subdivision (b)(2)(A), of the CEQA Guidelines, an agency may enter into land acquisition agreements when the agency has conditioned the agency's future use of the site on CEQA compliance. CEQA compliance will be completed prior to City Council approval of a park master plan and a construction contract to develop the park site. Environmental site assessments were completed for the property and are discussed in more detail in the Financial Considerations.

Sustainability Considerations: Not applicable

Rationale for Recommendation: On July 17, 2007, City Council adopted Resolution No. 2007-527 establishing the R Street Corridor Acquisition capital improvement project (CIP). The recommendations in this report are consistent with the objectives of that CIP. Purchasing the three remaining vacant parcels will create a 0.90± acre park site that will allow for greater flexibility in planning and design of an urban plaza.

Financial Considerations: The Workforce Housing Grant Reward program is administered by the State of California Department of Housing and Community Development (HCD) for infill support and neighborhood revitalization projects. In November 2005, HCD awarded the City \$956,121 from the 2004 Workforce Housing Grant Rewards Fund of which \$456,121 was identified to apply towards acquisition of an R Street corridor park. In November 2006, HCD awarded the City an additional

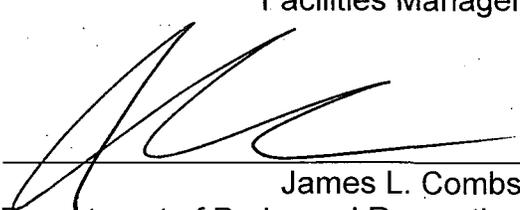
\$1,041,789 in 2005 Workforce Housing Grant Rewards Funds solely for the R Street Corridor area park, thus making \$1,497,910 the total amount available for the R Street Corridor park acquisition. The City has since acquired two parcels at the intersection of 19th and Q Streets for park purposes and has been reimbursed \$1,049,012 by the State for the purchase of the larger of the two parcels.

State grant funds are provided on a reimbursement basis. The State has notified the City that the State has temporarily suspended disbursement of bond proceeds which affects this grant program. While there is a risk in proceeding, it is considered to be minimal since the City has an executed agreement with the State for the disbursement of these funds which the State has committed to honor as soon as possible. To further minimize the risk, the acquisition will be funded by appropriating \$626,000 in Quimby Act Fees (Fund 2508) to the R Street Corridor Acquisition CIP in L19012000. The remaining \$99,000 necessary to complete the acquisition is already in place in the CIP. The appropriation requested in this report will provide sufficient funding for the acquisition recommended in this report. Upon completion of the acquisition, staff will invoice HCD for the remainder of the 2005 Workforce Housing Grant Rewards Funds. Upon receipt of the funds from HCD, a portion of the Quimby Act Fees (Fund 2508) will be reimbursed and remaining balance returned to reserves.

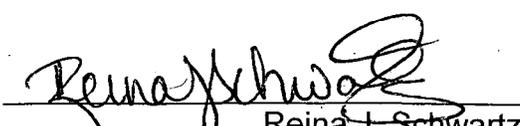
Emerging Small Business Development (ESBD) No goods or services are being purchased as a result of this report.

Respectfully Submitted by: 

Cynthia Kranc
Facilities Manager

Approved by: 

James L. Combs
Director, Department of Parks and Recreation

Approved by: 

Reina J. Schwartz
Director, Department of General Services

Recommendation Approved:


Ray Kerridge
City Manager

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Attachment 1**Background Information**

An appraisal of Assessor's Parcel Numbers (APN) 007-0312-006, 007-0312-007, & 007-0312-008 owned by Lawrence P. Huey was completed on December 4, 2008 by Integra Realty Resources. The property appraisal is based upon the site's characteristics and comparable sales in the vicinity. The Lawrence P. Huey site is zoned RMX (Residential Mixed Use) which permits multiple-family residential, office and limited commercial uses. This irregularly shaped site is in a desirable location, one block north of the popular R Street Marketplace (located on the north side of R Street between 18th and 19th Streets). The appraisal concluded that the highest and best use of the Lawrence P. Huey parcel is a mixed use (retail and residential) project. The land value is based upon this premise. Using comparable land sales, the "as-is" unremediated land value was estimated to be \$730,000. This was an arms-length transaction that was not performed under the threat of condemnation.

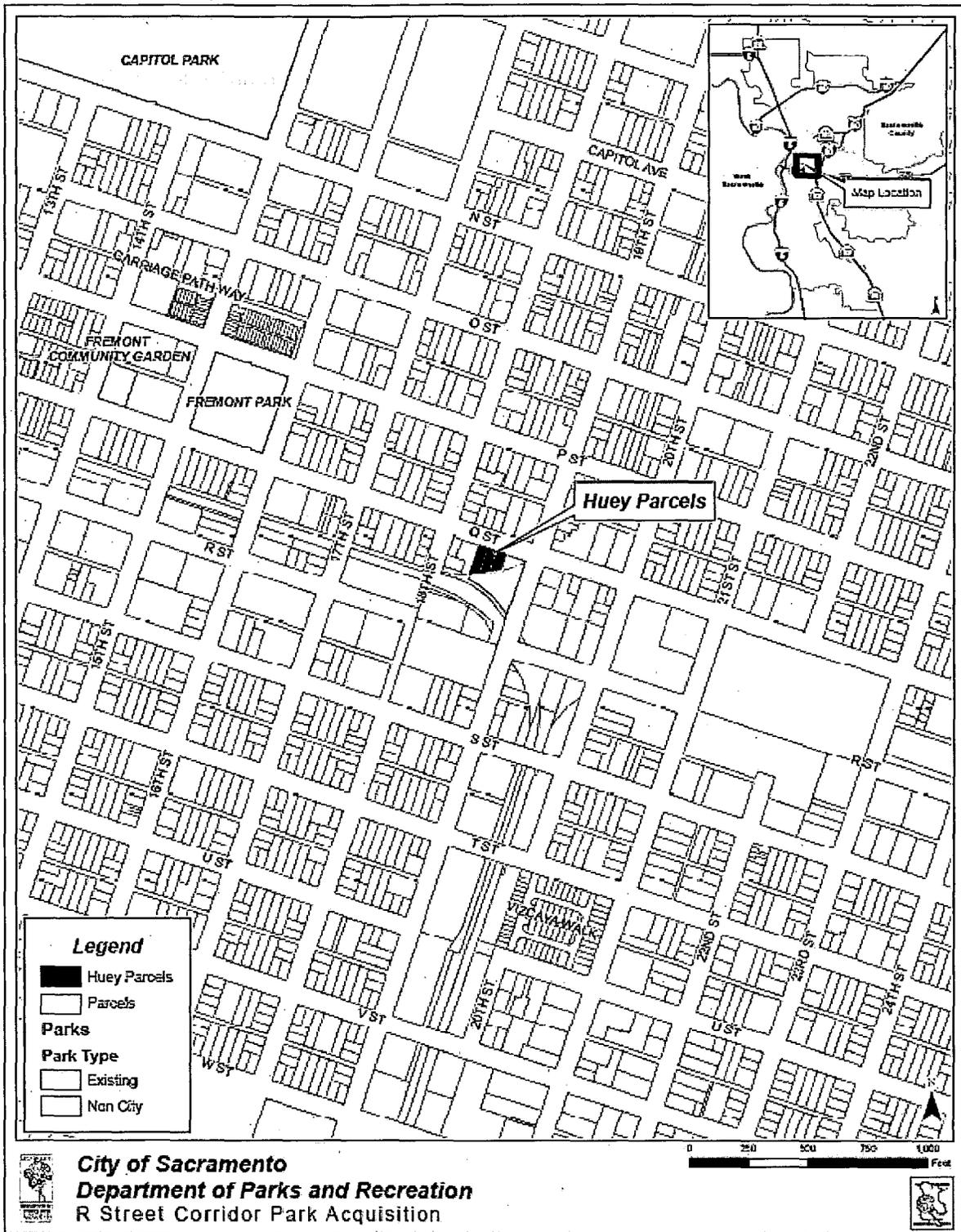
As part of the site analysis, staff commissioned the completion of a Phase I and Phase II Environmental Assessment Report for the subject parcels. Elevated levels of lead were detected in the soil above State and Federal regulatory standards in some areas of the parcels. The elevated lead levels are most likely due to the former presence of a railroad line just south of the parcel. This type of soil contamination is common along railroad lines.

Soil remediation will be required prior to development of the site as a park. As a condition of the Agreement, the City is obligated to fund the entire cost of remediation. The cost of soil remediation varies depending upon the level of remediation that will be necessary, which will be determined by the City's ultimate development plans for the property. Removal of all contaminated soil to a depth of 3 feet to a Class I landfill, and importing, backfilling and compaction of the site with clean soil, which is the most costly option, could cost an additional \$65,000. The City Department of Parks and Recreation will be responsible for clean-up of the site, with funds being provided by grant sources or the Central City Community Planning Area's Park Development Impact Fee (PIF) fund.

The site is partially developed with asphalt paving and is currently used by the seller as a surface parking lot for customers of the seller's business, Huey Automotive. The seller plans on closing his business and is actively marketing his land and building. The parking lot is still needed by Huey Automotive until the land and building is sold. As part of the Agreement, staff has negotiated a lease-back agreement which would allow Huey Automotive to lease the parking lot portion of the site for \$1,000 per year, paid at the beginning of each year, for a maximum of three years. After three years, the lease will become a month to month lease with either party having the option to terminate with a 30-day notice. The parking lot is comprised of 14 surface parking stalls in average condition. The market rent for the site was estimated by the appraiser at \$8,400 per year. The lease-back to the seller at \$1,000 per year is an accommodation to the seller

for separating his building from the surface parking lot. Development of the site as a park is not considered likely within 3 years. The lease will be restricted to the area of the site that is asphalt paved and vehicles will not be allowed to remain on the site for more than 30 days.

Attachment 2



RESOLUTION NO. 2009-_____

Adopted by the Sacramento City Council

March 31, 2009

AUTHORIZING R STREET CORRIDOR PARK ACQUISITION (L19012000)

BACKGROUND

- A. Council approved Resolution 2005-145 and Resolution 2006-207 which directed staff to apply for 2004 Workforce Housing Grant Reward funds from the State of California Department of Housing and Community Development (HCD). As directed by City Council, these grant funds were to be used to provide support to infill development and to provide amenities to targeted infill areas of the City including the R Street Corridor.
- B. In November 2005, HCD awarded the City \$956,121 from the 2004 Workforce Housing Grant Rewards Fund of which \$456,121 was to be used for the acquisition of a park site in the R Street Corridor area.
- C. In November 2006, HCD awarded the City \$1,041,789 from the 2005 Workforce Housing Grant Rewards Fund solely for the R Street Corridor area park acquisition, this making \$1,497,910 the total available for the R Street Corridor park acquisition and development.
- D. In July 2007, Council approved Resolution 2007-527 which established CIP L19012000 for the acquisition and development of a park in the R Street Corridor. City Council has since authorized purchase of two parcels.
- E. In light of the State's temporary suspension of bond proceeds disbursements, this acquisition will be funded by appropriating Quimby Act Fees. Upon receipt of State bond proceeds, the remaining balance will be returned to Quimby reserves.
- F. An Agreement for Purchase and Sale of Real Property (Agreement) has been negotiated with Lawrence P. Huey to acquire fee title to real property located at 1814, 1816 and 1818 Q Street in Midtown, further defined as Assessor's Parcel Numbers (APN) 007-0312-006, -007, and -008.
- G. The parcels acquired through this Agreement will be combined with parcels previously acquired to create a 0.90± acre park site that will allow for greater flexibility in planning and design of an urban plaza.

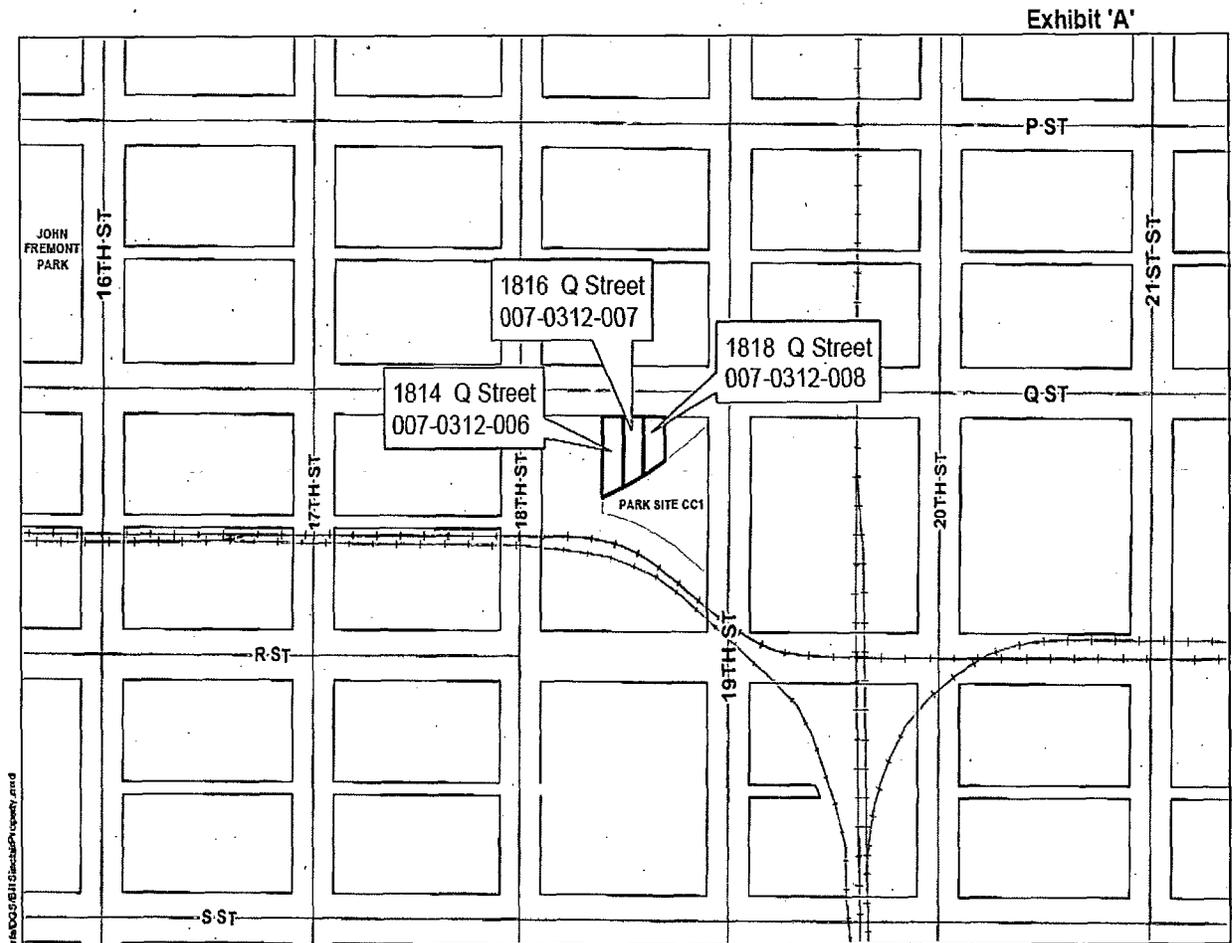
BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. Appropriating \$626,000 of Quimby Act Funds (Fund 2508) to the R Street Corridor Acquisition Project (L19012000) is approved.
- Section 2. The City Manager or the City Manager's designee is authorized to execute an Agreement for Purchase and Sale of Real Property with Lawrence P. Huey in the form presently on file with the Office of the City Clerk in an amount not to exceed \$725,000 for the purchase APNs 007-0312-006, -007 and -008.
- Section 3. The City Manager or the City Manager's designee is authorized to execute such additional documents and take such additional actions as necessary to implement the Agreement.

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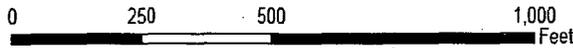
Exhibit A - Assessor's Parcel Numbers (APN) 007-0312-006, -007, and -008

Assessor's Parcel Numbers (APN) 007-0312-006, -007, and -008



Map Contact: D. Wilcox
IT/Central GIS Unit

Location Map for
Property 1814, 1816, & 1818 Q Street



Date: March, 2009



