



**REPORT TO COUNCIL AND
REDEVELOPMENT AGENCY
City of Sacramento**

**915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org**

**Public Hearing
March 8, 2011**

**Honorable Mayor and Members of the City Council
Honorable Chair and Members of the Redevelopment Agency**

Title: Lease Agreement with Volunteers of America (VOA) for 470 Bannon Street

Location/Council District: 470 Bannon Street, Council District 1

Recommendation: Conduct a public hearing pursuant to Health and Safety Code § 33433 and 33431 and upon conclusion adopt: 1) a **City Resolution** approving a five-year lease between the Redevelopment Agency of the City of Sacramento and the Volunteers of America for the interim use of 470 Bannon Street; and 2) a **Redevelopment Agency Resolution** authorizing the Executive Director or her designee to execute a five-year lease agreement with the Volunteers of America for 470 Bannon Street for its interim use and its ongoing maintenance of the site.

Contact: Christine Weichert, Assistant Director, Development Finance, 440-1353,
Bern Wikhammer, Redevelopment Manager, 440-1368

Presenters: Bern Wikhammer, Redevelopment Manager

Department: Sacramento Housing and Redevelopment Agency (SHRA)

Description/Analysis

Issue: The Volunteers of America are a national non-profit organization that specializes in providing human service programs, housing and healthcare to vulnerable groups. VOA has leased the 470 Bannon Street property for these purposes since 1995. The previous agreement between the Redevelopment Agency of the City of Sacramento (Agency) and VOA for 470 Bannon Street expired on December 31, 2010. The tenancy has continued on a month-to-month basis until a new lease could be executed. The property serves as a transitional housing shelter for homeless families. Staff is requesting authorization to enter into a new five-year lease agreement with VOA, as they are providing a valuable service to the community and are maintaining the property on an ongoing basis. The Bannon Street facility serves 62 individuals, including parents and children and provides temporary housing and supportive services including meals, housing referrals, education, and job/education search resources.

470 Bannon Street Lease Agreement

In 2010, VOA applied for and received grant resources from KaBOOM!, a non-profit organization, for the purpose of installing a playground at the Bannon Street site. Conditions for operating the playground are outlined in the proposed lease agreement. The playground installation will be a volunteer effort directed by VOA and KaBOOM! staff.

The site is located in the River District Redevelopment Area. A strategic plan addressing the long-term redevelopment strategies for this area is in the process of being developed but the Agency and City have no immediate plans for this site. VOA understands that they will have to relocate their services and playground equipment upon eventual redevelopment of this site.

Policy Considerations: The proposed actions recommended in this report are consistent with the River District 2009-2014 Implementation Plan Goals to eliminate blight and, and in the short-term enhance community facilities, provide housing for families and allow for the provision of supportive services.

Environmental Considerations:

California Environmental Quality Act (CEQA): The proposed action to execute a lease is Categorical Exempt pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15301. The addition of a playground is considered new construction of accessory structures, which is Categorical Exempt pursuant to CEQA Guidelines Section 15303.

Sustainability Considerations: The Project has been reviewed for consistency with the goals, policies and targets of the Sustainability Master Plan and the 2030 General Plan. If approved, the project will advance the following goals, policies and targets: Goal number six – Urban Design, Land Use, Green Building, and Transportation specifically by providing a wide array of transportation and housing choices near jobs for a balanced, healthy City.

Other: National Environmental Policy Act (NEPA): There is no federal funding or any other federal action involved with this action; therefore, the National Environmental Policy Act (NEPA) does not apply.

Committee/Commission Action: *Sacramento Housing and Redevelopment Commission:* At its meeting on February 16, 2011, the Sacramento Housing and Redevelopment Commission reviewed the staff recommendation for this item. The votes were as follows:

AYES: Alcalay, Burruss, Chan, Fowler, Gore, Johnson, Morgan, Morton, Rosa, Stivers

NOES: None

ABSENT: Shah

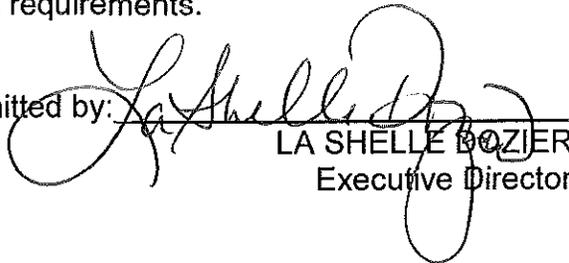
470 Bannon Street Lease Agreement

Rationale for Recommendation: Staff recommends leasing 470 Bannon Street to VOA as they are providing a valuable service and continue to maintain the property on an ongoing basis. The Agency and City are in the process of developing a long-term strategic plan for redevelopment in this area but have no immediate plans for development of the property. Under the terms of the lease, VOA will maintain the facility and grounds in good condition during the term of the lease. In addition, the actions recommended in this report enable the Agency to continue to fulfill its mission to provide a range of affordable housing opportunities in the City.

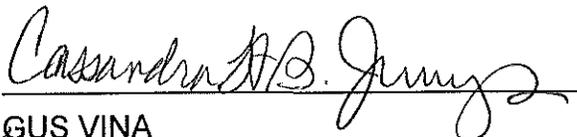
Financial Considerations: The proposed lease requires VOA to make a rent payment of one dollar annually (\$1.00). VOA will be responsible for all utilities payable and maintenance.

M/WBE Considerations: The activities recommended in this staff report do not involve federal funding, therefore, there are no M/WBE requirements.

Respectfully Submitted by:


LA SHELLE BOZIER
Executive Director

Recommendation Approved:


FERGUS VINA
Interim City Manager

Approved as to form:


Agency Counsel

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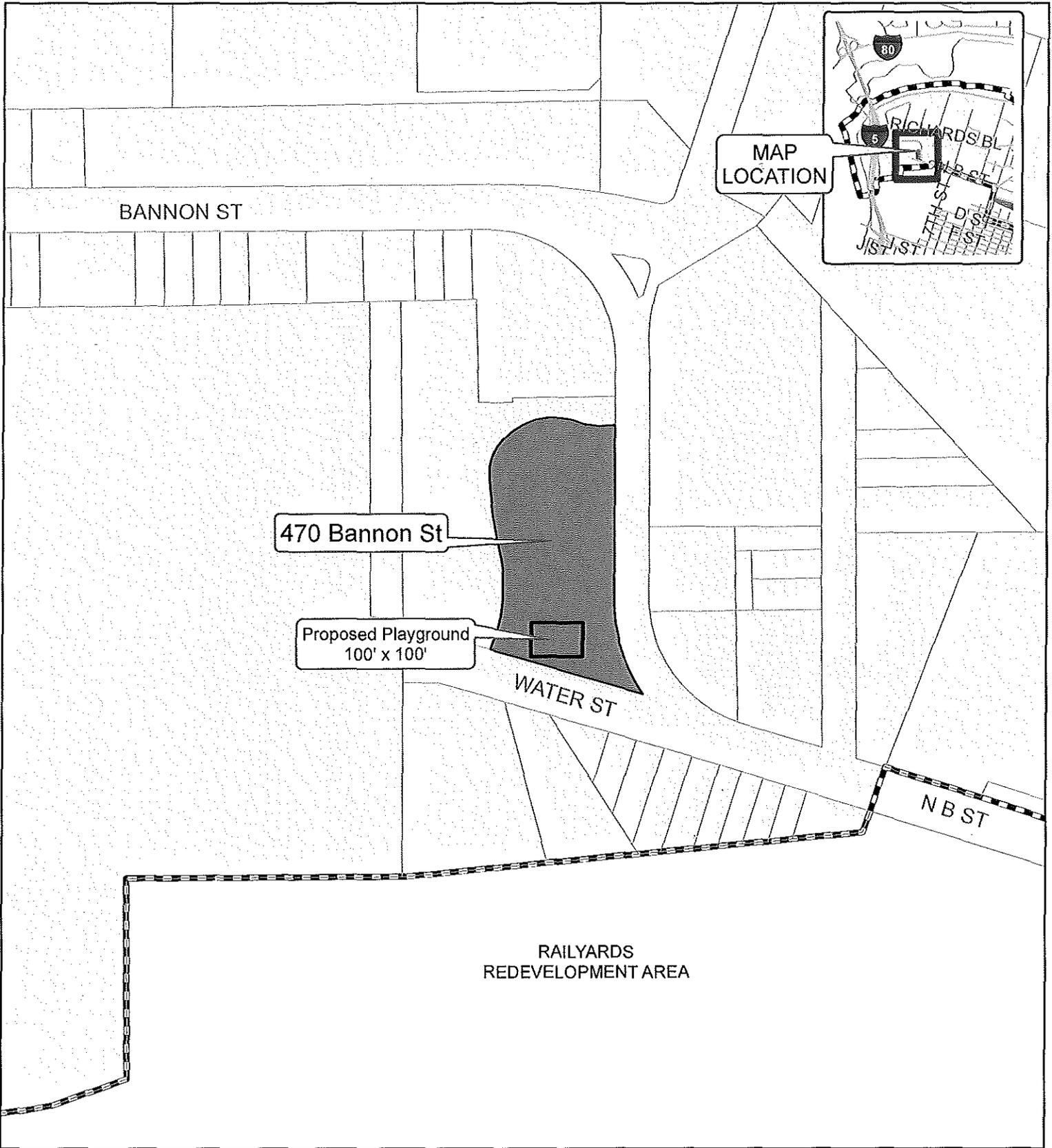
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APPROVED AS TO FORM:


CITY ATTORNEY

1A

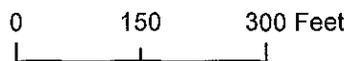
470 Bannon St



River District Redevelopment Area



Redevelopment Agency Owned Parcel



SHRA GIS
January 28, 2011

RESOLUTION NO. 2011 -

Adopted by the Redevelopment Agency of the City of Sacramento

on date of

AUTHORIZATION TO ENTER INTO FIVE-YEAR LEASE AGREEMENT BETWEEN THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO AND VOLUNTEERS OF AMERICA FOR INTERIM USE OF 470 BANNON STREET AND RELATED FINDINGS

BACKGROUND

- A. The Volunteers of America (“VOA”) is a nonprofit organization that provides human service programs, including housing and healthcare, to vulnerable groups, including at-risk youth, families, homeless individuals and families and people with disabilities.
- B. The interim lease agreement between the Redevelopment Agency of the City of Sacramento and the Volunteers of America for 470 Bannon Street expired on December 31, 2010 and has continued on a month-to-month tenancy until a new lease could be executed.
- C. VOA currently operates a family shelter at 470 Bannon Street, providing shelter and social services, including meals, permanent housing referrals and education and job-search information to 62 individuals; parents and their children.
- D. VOA proposes installing a playground at 470 Bannon Street for which they will assume all liability and costs.
- E. The proposed actions recommended in this report are consistent with the River District 2009-2014 Implementation Plan Goals to eliminate blight and, and in the short term enhance community facilities, provide housing for families and allow for the provision of supportive services.
- F. The proposed action to execute a lease is Categorically Exempt pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15301. The addition of a playground is considered new construction of accessory structures, which is Categorically Exempt pursuant to CEQA Guidelines Section 15303. There is no federal funding or any other federal action involved with this action; therefore, the National Environmental Policy Act (NEPA) does not apply.
- G. The Redevelopment Agency of the City of Sacramento desires to enter into a Lease Agreement with the VOA to continue to provide shelter and social

services, including meals, permanent housing referrals and education and job-search information to up to 62 individuals and to ensure appropriate use and maintenance of the facility for the term of the agreement. Further, the proposed lease assists in the elimination of blight by maintaining an otherwise vacant building tenantable and in good repair.

- H. Proper notice of this action has been given and a public hearing was held on March 8, 2011 in accordance with Health and Safety Code Sections 33431 and 33433.

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

- Section 1. After due consideration of the evidence presented, the background facts as presented above, including the environmental background, are found to be true and accurate.
- Section 2. The Executive Director, or her designee, is authorized to execute a five-year lease agreement with VOA for the interim use of 470 Bannon Street as attached hereto as Exhibit A.

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Exhibit A: Five-Year Lease Agreement



LEASE AGREEMENT

THIS LEASE, dated March __, 2011 is between the **REDEVELOPEMNT AGENCY OF THE CITY OF SACRAMENTO** (LESSOR), and the **VOLUNTEERS OF AMERICA** (LESSEE), a California non-profit corporation.

IT IS AGREED:

1. LEASE TERM:

A. LESSOR grants to LESSEE a tenancy for five (5) years commencing approximately March __, 2011 in the following property located at 470 Bannon Street, Sacramento, California, and further identified in Exhibit A attached and incorporated herein by reference.

B. Any holdover beyond the initial lease term shall be on a month-to-month basis on the same terms and conditions as stated herein.

C. Either party shall have the right to cancel this Lease at no cost or penalty by giving the other party thirty (30) days written notice.

D. LESSEE understands and acknowledges that LESSOR intends to redevelop this Property including these Premises, as soon as redevelopment becomes feasible. This Lease and the use contemplated by this Lease are, therefore, temporary in nature. LESSEE shall not by this Lease or otherwise be entitled to relocation benefits or replacement Parking resulting from expiration or termination of this Lease.

2. RENTAL RATE:

The yearly rental rate is ONE DOLLAR (\$1.00) annually paid in advance.

3. ALTERATIONS BY LESSEE:

LESSEE may make no alterations to the leased premises without the prior written consent of LESSOR. LESSOR agrees, herein, that relying upon LESSEE's agreement with KaBOOM! and LESSEE's indemnification of LESSOR and maintenance of the insurance coverages required by this Lease, that certain playground equipment may be installed on the Premises to be maintained and used by LESSEE and its tenants/clients.

4. UTILITY SERVICE PAYMENT:

A. LESSEE shall pay, when due, all gas and electricity charges incurred for heating, lighting, and cooling the premises during the term of this Lease, and LESSEE shall provide, at its own cost, all necessary janitorial service.

B. LESSEE shall furnish all electric light bulbs and/or tubes as required during the term of this Lease.

5. INDEMNIFICATION:

LESSEE agrees to indemnify, defend and hold LESSOR and LESSOR'S governing boards, employees, agents and contractors harmless from all liability, penalties, losses, damages, costs, expenses, causes of action, claims, or judgments arising by reason of any death, bodily injury, personal injury, or property damage resulting from any cause occurring in or about or resulting from an occurrence in or about Premises during the Lease Term; the negligence or willful misconduct of LESSEE or LESSEE's agents, employees, and contractors wherever it occurs; or, an Event of LESSEE's Default.

The provisions of this Section 6 shall survive the expiration or sooner termination of this Lease.

6. INSURANCE:

LESSEE shall provide and maintain, general liability insurance for all activities of LESSEE on the Premises with limits of liability of not less than ONE MILLION DOLLARS (\$1,000,000) single limit liability with FIVE MILLION DOLLAR UMBRELLA COVERAGE (\$5,000,000) and FIVE HUNDRED THOUSAND DOLLARS (\$500,000) for property damage liability with an allowable deductible not more than TWENTY FIVE THOUSAND DOLLARS (\$25,000). LESSOR shall be a named additional insured upon such policy of insurance. Said insurance policy shall bear an endorsement precluding cancellation, termination, or reduction in coverage except after thirty 30 days prior written notice to LESSOR of such action. LESSEESS shall notify LESSOR of cancellation or modification of LESSEE's insurance as required herein with 48 hours of such cancellation or modification.

Upon execution of this Lease, LESSEE shall provide to the LESSOR proof of such insurance in a form satisfactory to the Agency. Said insurance coverage shall also include coverage for any matters or issues arising from or related to the playground equipment from or installed by KaBOOM!, if any such equipment is received or installed.

7. MAINTENANCE OF FACILITY:

LESSEE at its cost shall maintain in good repair and tenantable condition, the interior of the leased premises, including but not limited to: interior walls, ceilings, glazing, floor covering, plumbing, water pies, hot water heater, alarm systems, fire extinguishers, lighting (fixtures, ballasts, emergency lights). LESSEE at its cost shall also maintain the exterior walls, roof, grounds, exterior lighting, HVAC equipment and the playground equipment, if any.

8. REPAIR CONTRACT:

LESSOR shall designate sources to be called when repairs to the leased premises are required. Said sources shall be called in the event LESSEE is unable to contact LESSOR within a reasonable time.

9. RISK OF HAZARDS:

LESSEE shall not do anything on the premises, nor bring or keep anything thereon which will in any way increase the risk of fire or the rate of insurance, or which shall conflict with the regulations of any fire district having jurisdiction.

10. LESSEE OWNED ITEMS:

All permanent fixtures, partitions or other improvements made or installed under the requirements of this Lease, by either LESSOR or LESSEE, shall remain the property of the LESSOR. LESSEE shall repair any damage to the leased premises resulting from removal of any fixture, partition or other improvement installed by LESSEE.

9.1 PLAYGROUND EQUIPMENT. Playground equipment installed by KaBOOM!, if any, shall be maintained by LESSEE pursuant to LESSEE's agreement with KaBOOM! At the expiration or termination of this LEASE, LESSEE retain ownership of said playground equipments and LESSEE shall remove and relocate said playground equipment at no expense to LESSOR.

11. NONDISCRIMINATION:

The LESSEE herein covenants by and for itself, and LESSEE's heirs, administrators, and assigns, and all person claiming under or through LESSEE that this Lease is made and accepted on the following conditions: that there shall be no discrimination against or desegregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12929, 12926.1, subdivision (m) and paragraph (l) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the LESSEE or any person claiming under or through the LESSEE establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased.

12. SUCCESSORS-IN-INTEREST:

This Lease shall be binding upon and inure to the benefit of the successors in interest of the parties hereto.

13. WRITTEN COMMUNICATIONS:

A. Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party pursuant to this Lease shall be in writing and either served personally or sent by prepaid, first class, certified mail. Such matters shall be addressed to the other party at the following address:

To Lessor at:

Redevelopment Agency of the
City of Sacramento
801 12th Street
Sacramento, CA 95814
Phone No. (916) 440-1368

To LESSEE at:

Volunteers of America
1900 Point West Way, Suite270
Sacramento, CA 95815
Phone No. (916) 442-3691

or such other address as a party may designate tot he other by notice.

B. Any matter mailed pursuant to this paragraph shall be deemed communicated within forty-eight (48) hours from the time of mailing.

14. RIGHT AND REMEDY:

No delay or omission in the exercise of any right or remedy of either party on any default of the other party shall impair such a right or remedy or be construed as a waiver of such default. Any waiver by either party of any default of the other party shall be in writing and shall not be a waiver of any other default concerning the same or any other provisions of the Lease.

LESSOR:

REDEVELOPMENT AGENCY OF THE
CITY OF SACRAMENTO

By: _____
LaShelle Dozier, Executive Director

DATE: _____, 2011

APPROVED AS TO FORM:

AGENCY COUNSEL

APPROVED AS TO TERMS AND
CONDITIONS

LESSEE:

VOLUNTEERS OF AMERICA, a California
non-profit corporation

By: _____
Leo McFarland, President

DATE: _____, 2011

LEGAL DESCRIPTION

EXHIBIT "A"

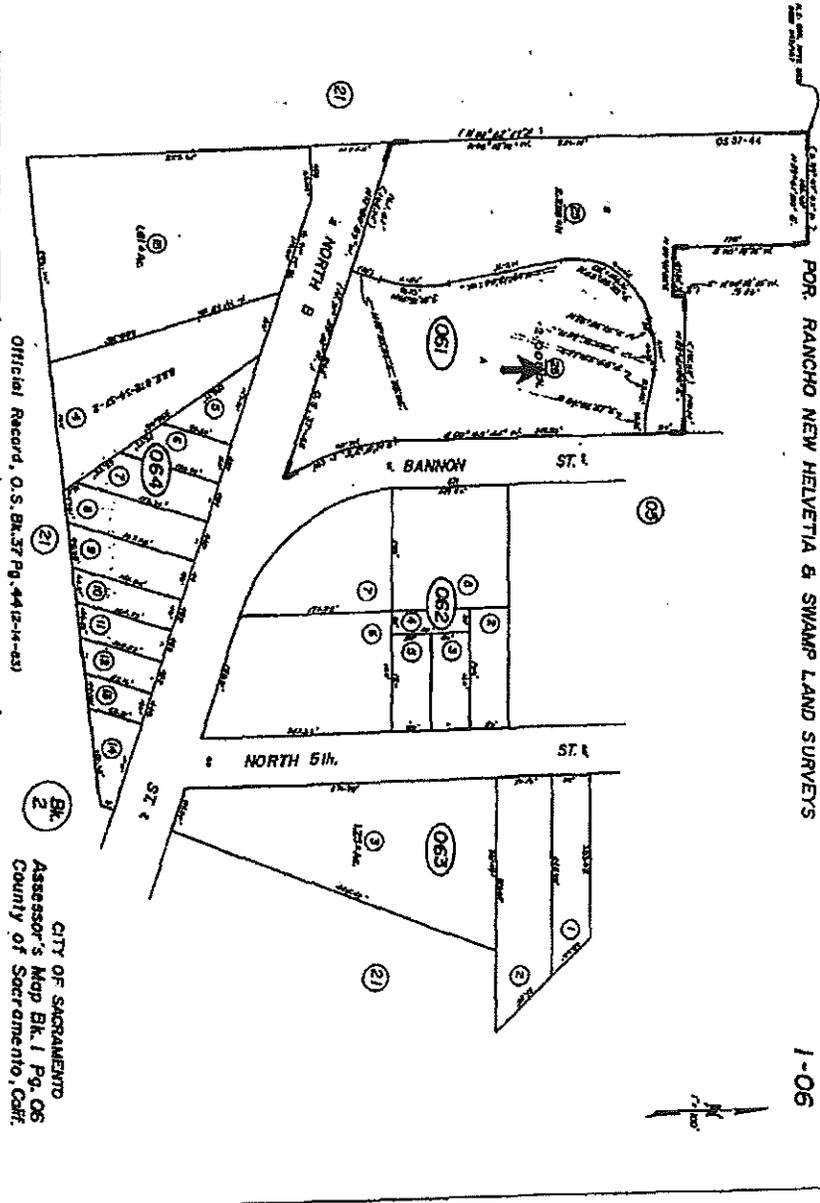
THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

All that portion of Swamp Land Survey No. 296, described as follows:

Commencing at a 5/8 inch steel bit set in concrete marking the Northeast corner of that certain tract of land deeded to the City of Sacramento in the deed recorded in Book 542 of Deeds, at Page 157, Sacramento County Records; thence along the East line of said tract of land deeded to the City of Sacramento, South 00° 02' 57" West 536.14 feet to a point on the Northerly line of North "B" Street, South 71° 39' 03" East 164.74 feet to the point of beginning of the herein described property; thence North 18° 20' 57" East 40.00 feet; thence along the arc of a tangent curve to the left, having a central angle of 27° 39' 33", a radius of 190.00 feet and the chord of which bears North 04° 31' 10" East 90.83 feet; thence North 09° 18' 36" West 145.71 feet; thence along the arc of a tangent curve to the right, having a central angle of 85° 48' 51", a radius of 100.00 feet and the chord of which bears North 33° 35' 50" East 136.16 feet; thence North 76° 30' 15" East 20.00 feet; thence along the arc of a tangent curve to the right, having a central angle of 25° 36' 50", a radius of 100.00 feet and the chord of which bears North 89° 18' 40" East 44.33 feet; thence South 77° 52' 55" East 57.42 feet; thence South 89° 52' 57" East 23.75 feet to a point on the West line of Bannon Street; thence along said West line of Bannon Street the following two (2) courses: (1) South 00° 07' 03" West 322.56 feet and (2) along the arc of a tangent curve to the left, concave to the East, having a central angle 29° 54' 25", a radius of 280.00 feet, and the chord of chord of which bears South 15° 17' 18" East 144.50 feet to a one inch iron pipe marking the point of intersection of the said West line of Bannon Street and the Northerly line of North "B" Street, North 71° 39' 03" West 265.00 feet to the point of beginning.

APN: 001-0061-025

EXHIBIT A - 2



Official Record, O.S. Blk. 27 Pg. 44 (2-14-83)

CITY OF SACRAMENTO
Assessor's Map Blk. 1 Pg. 06
County of Sacramento, Calif.

FOR RANCHO NEW HELVETIA & SWAMP LAND SURVEYS

1-06



RESOLUTION NO. 2011 -

Adopted by the Sacramento City Council

on date of

APPROVING A FIVE-YEAR LEASE AGREEMENT FOR INTERIM USE OF PROPERTY BETWEEN THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO AND THE VOLUNTEERS OF AMERICA AND RELATED FINDINGS

BACKGROUND

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- G. The Redevelopment Agency of the City of Sacramento desires to enter into a Lease Agreement with the VOA to continue to provide shelter and social services, including meals, permanent housing referrals and education and job-

search information to up to 62 individuals and to ensure appropriate use and maintenance of the facility for the term of the agreement. Further, the proposed lease assists in the elimination of blight by maintaining an otherwise vacant building tenantable and in good repair.

- H. Proper notice of this action has been given and a public hearing was held on March 8, 2011 in accordance with Health and Safety Code Sections 33431 and 33433.

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

- Section 1. After due consideration of the facts presented, the above recitals in the Background, including the environmental recitals, are found to true and accurate.
- Section 2. The five-year Lease Agreement for interim use of the 470 Bannon Street property by and between the Redevelopment Agency of the City of Sacramento and the Volunteers of America is approved by the City Council.
- Section 3. The Report as required under Health and Safety Code Section 33433 is hereby approved.

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Exhibit A: Health and Safety Code Section 33433



470 Bannon Street Lease Agreement - Report Regarding the Lease of Property Acquired Directly or Indirectly with Tax Increment Funds (Health & Safety Code Section 33433)

I. Agreement

A copy of the Lease Agreement ("Agreement") disposing of an interest in Agency real property is attached to this Report.

II. Summary of Terms of Disposition

AGENCY'S COST OF ACQUIRING THE LAND	
Purchase Price (or Lease Payments Payable During Agreement)	\$ 5.00
Commissions	NA
Closing Costs	NA
Relocation Costs	NA
Land Clearance Costs	NA
Financing Costs	NA
Improvement Costs (e.g. utilities or foundations added)	NA
Other Costs	NA
TOTAL	\$ 5.00
ESTIMATED VALUE OF INTEREST CONVEYED/EXPLANATION OF DISPOSITION FOR LESS THAN FULL VALUE	
The current use is interim. As of the most recent appraisal (2002), the property value based on similarly zoned property; M-2 Heavy Industrial, is estimated at \$370,000. Due to the location, lack of infrastructure, shape and size, the parcel has a diminished current assessed value. The parcel is proposed to be developed along with adjacent properties at a later date. Site will be assessed with adjacent properties when a project is determined.	\$ 370,000
ESTIMATED REUSE VALUE OF INTEREST CONVEYED/ Elimination of Blight	
Value of property determined with consideration of the restrictions and development costs imposed by the Agreement. The project will assist in eliminating the blighting influences created by the said property by providing maintenance, security and improving health quality.	\$ 5.00
VALUE RECEIVED ON DISPOSITION	
The purchase price or the total of the lease payments due to the Agency under the Agreement	\$ 5.00