

**Meeting Date:** 12/2/2014

**Report Type:** Consent

**Report ID:** 2014-00895

**Title:** Approving the Parameters to Negotiate the Sale of City Property at College Town Drive (APN 079-0200-001 and 046) to California State University, Sacramento

**Location:** Districts 3 and 6

**Recommendation:** Pass a Motion authorizing the City Manager or his designee to negotiate with California State University, Sacramento to sell the 11-acre City property at the southeast corner of the intersection of State University Drive and College Town Drive (APNs 079-0200-001 and 046) based on the following terms: 1) the cash purchase price equal to the cost to acquire the land plus interest; 2) the obligation to construct two new baseball fields meeting AAA Minor League standards at the City's Army Depot property (APN 062-0010-037); and 3) the obligation to renew the existing City lease with the East Sacramento Babe Ruth League and the Sacramento Men's Senior Baseball League to allow for continued use of the existing fields until the new fields at the Army Depot site are completed.

**Contact:** James L. Combs, Director, (916) 808-8526, Department of Parks and Recreation

**Presenter:** None

**Department:** Parks & Recreation Department

**Division:** Park Development Services

**Dept ID:**

**Attachments:**

1-Description/Analysis

2-Background

3-Map

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### **City Attorney Review**

Approved as to Form

Sheryl Patterson

11/20/2014 4:38:01 PM

### **Approvals/Acknowledgements**

Department Director or Designee: Jim Combs - 11/17/2014 4:30:55 PM

## Description/Analysis

**Issue:** The City has been working with representatives from California State University, Sacramento ("University") to craft the potential terms for the sale of an 11-acre parcel of city land located at the southeast corner of the intersection of State University Drive and College Town Drive (APNs 079-0200-001 and -046). The University wishes to incorporate the property into its campus to expand its student housing offerings.

The property was acquired by the Department of Utilities (DOU) as part of a 100-acre site used to develop the E.A. Fairbairn Water Treatment Plant. DOU envisioned expanding the Plant as the city grew; however, the area on the south side of College Town Drive remained vacant and is now surplus property. In 1993, when it was determined that the property was not needed in the near term, the City leased the land to the East Sacramento Babe Ruth League and the Sacramento Men's Senior Baseball League for development of two baseball fields. The current lease term ends December 31, 2015. The Leagues funded most of the costs to develop the fields to create a lighted baseball complex meeting AAA Minor League standards and they have maintained the complex over the past two decades. The complex is known as the Dan McAuliffe Memorial Ballparks and includes two diamonds, a concession building, restrooms, tot lot and parking area.

Staff is requesting authorization from the City Council to approve business terms for the negotiations with the University for the sale of the 11-acre property. The proposed terms will include reimbursement of the DOU Water Fund acquisition of this parcel plus interest and the obligation to construct two new baseball fields meeting AAA Minor League standards on an existing 20-acre city park site at the northwest corner of the intersection of Florin Perkins Road and Okinawa Road in the Army Depot complex (APN 062-0010-037). The agreement would also require Sac State to allow the Leagues to continue to use the College Town Drive site by extending the term of the existing lease they would assume until the Army Depot fields are constructed, which may take several years.

The expectation is that the University would pay the DOU Fund reimbursement at the time of sale and provide security for the obligation to build the new fields. However, the University may desire a lease-purchase arrangement based on the amount of that DOU repayment, which has not yet been determined. The total cost for this acquisition and field replacement is expected to exceed the market value of the land. A summary of the term sheet is attached.

**Policy Considerations:** The Leagues have received the value of their improvements at the College Town Drive location over the past twenty years and the City is not obligated to replace the two fields under the terms of the lease. However, the fields receive regular use by the two Leagues and the City does not have existing comparable AAA Minor League standard fields available to accommodate their games. Negotiating the relocation of the fields as part of the sale with the University allows for the continued recreational use and improvement

of the City's Army Depot park property. Sale of the College Town Drive property allows the funds to be returned to the Utilities Water Fund for allocation to another use.

**Economic Impacts:** None.

**Commission/Committee Action:** Not applicable.

**Environmental Considerations:**

**California Environmental Quality Act (CEQA):** This report concerns administrative activities that do not constitute a "project" as defined by the CEQA [CEQA Guidelines Sections 15061(b)(3); 15378(b)(2) (Title 14 Cal. Code Reg. 15000 et seq.)]. Any future action to convey or lease City property for student housing and to rebuild and expand the Army Depot park fields will undergo environmental review prior to City Council approval of these projects.

**Rationale for Recommendation:** Approval of the business terms will allow staff to continue its negotiations with the University for the sale of surplus City property to make funds available for other DOU Water Fund needs, to allow the University to expand its on-campus housing program, and to add recreational improvements to an underused park site. Approval of the key terms of a possible purchase agreement at this time allows all parties to proceed towards drafting a final agreement.

**Financial Considerations:** None at this time; however, the intent is to reimburse the DOU Water Fund for the acquisition costs and interest and to relocate the existing ball fields to the Army Depot park location at no cost to City.

**Local Business Enterprise (LBE):** Not applicable.

## Background

College Town Drive Property: The parcel is approximately 11 acres in size; APNs 079-0200-001 and -046. In 1958 the City Department of Utilities (DOU) purchased a 100-acre site in East Sacramento to accommodate the water needs of a growing population. The majority of the property was developed with the E.A. Fairbairn Water Treatment Plant. The portion of the property south of College Town Drive was part of the larger parcel that was acquired. It remained vacant into the early 1990s. In 1993, the DOU determined that the site was not needed for expansion of the water plant in the foreseeable future and City Agreement No. 93-148 was approved to lease the 11-acre College Town Drive site to the East Sacramento Babe Ruth League and the Sacramento Men's Senior Baseball League for development of two baseball fields. The Leagues raised \$75,000, the City contributed \$40,000, the Sacramento Municipal Utilities District loaned \$290,000 for lighting, and the Leagues arranged for donated materials and volunteer labor valued at over \$2 million towards development of the two fields to meet AAA Minor League standards. The work was completed in 1997 and the baseball complex became known as the Dan McAuliffe Memorial Ballparks. The Leagues pay the City \$150 annually in rent for the ground lease, which provides them exclusive use of the property. They can rent out the fields to generate revenue to cover their maintenance costs. The lease has been renewed and amended; the current lease (City Agreement No. 2000-221) will expire on December 31, 2015.

California State University, Sacramento ("University") recently inquired about purchasing the property to expand its on-campus student housing. The site is surrounded by the University and would lend itself well to the student housing use. The property is currently zoned as R-1 with the strip next to the freeway zoned as C-2. The General Plan designation for this site is Urban Corridor High, which allows for high density housing and mixed use developments. DOU has indicated it no longer needs the property for expansion of the water treatment plant and would like to sell the property as surplus, returning the funds to the City's Water Fund for another use. The amount to be repaid would be the original purchase price plus interest since 1993, so that the Fund would be paid the same as if this excess parcel had not been purchased and the funds instead had been invested.

Army Depot Property: The parcel is 20 acres in size; APN 062-0010-037. The City owns park property at the prior Army Depot complex along Okinawa Street. The property is developed with one baseball field, a concession building and gravel parking area. The improvements were constructed by the US Army when it owned the Depot, but the field and building are in poor condition. This park is currently underused.

## Key Components of the Purchase Agreement

1. The University and City will enter into a purchase agreement . Following execution of the Agreement, the University will make a deposit toward the purchase of the property to repay the DOU fund.
2. If requested because the University doesn't have sufficient funds to cover the DOU payment and provide security for the costs to build the new fields, the City will grant the University a ground lease, effective January 1, 2016 so that it can obtain control over the property. As a condition of the sale or lease, the University will sublease with the Leagues under current terms and conditions to allow for continued use of McAuliffe Ballparks. Once the existing lease expires in December 2015, the new lease would include the obligation for the Leagues to relocate to the Army Depot site once the University has developed the two new fields which meet AAA Minor Leagues standards.
3. The City will cooperate with the University in its development of the Army Depot site to include two ballfields with lighting, parking lot, restrooms, storage, a concession stand and other amenities that currently exist at the McAuliffe Ballpark. The University is to develop the fields for the new baseball complex at the Army Depot site according to the plans and specifications approved by the City, based on the conceptual site plan and to be funded as part of the purchase price for the College Town Drive land acquisition. The City will coordinate with the University and the Leagues regarding the plans and specifications. The City will grant the University a right-of-entry to undertake the improvement work at the Army Depot site at no cost. However, the University will have to pay for the cost of the building permits, inspections, review of construction documents or other related activities.
4. The City acknowledges that the renovation work will remove the existing field and improvements at the Army Depot site and that the field improvements to be undertaken by the University will be phased and may be undertaken with donated labor and materials. The parties expect that the Leagues will provide some volunteer assistance in developing the new fields, and will agree to relocate their existing facilities and equipment from the College Town Drive site to the new Army Depot site.
5. The new baseball complex at Army Depot may be named after Dan McAuliffe, and/or the complex, fields and other facilities may be named

based on sponsors donating funds, materials and/or labor for the project. The Leagues will be consulted regarding naming of the complex or facilities after Dan McAuliffe. The City will agree that the donor and sponsorship signage will remain in place for the useful life of the signs and that the complex name will not be renamed in the future without the League's prior approval.

6. Once the new fields and ancillary facilities have been developed at the Army Depot site and City accepts those improvements, the City will assume maintenance responsibility. City's acceptance of the improvements may be in phases as the work is completed.
7. The City will work with the Leagues to provide them with a lease for the new fields at the Army Depot site so that they have the same exclusive rights to use the fields in exchange for assuming maintenance, repairs and future improvements. The Leagues will be granted the rights to use these fields, including renting out the fields to other groups, in a similar fashion to the current arrangement at McAuliffe Ballparks. Because the public participates in the Leagues and the groups that rent out the fields, the new fields will benefit the public.
8. The City is willing to consider the provision of additional acreage at the Army Depot site to the Leagues so that they could develop an additional practice field on the site at their expense.

**College Town Drive site**  
**APN 079-0200-001 and -046**  
**11 acres**

**Army Depot site**  
**APN 062-0010-037**  
**20 acres**

College Town Drive  
Army Depot  
City Limits

