

RESOLUTION NO. 2006-040

Adopted by the Redevelopment Agency
of the City of Sacramento

June 20, 2006

APPROVING ADDENDUM TO THE FINAL ENVIRONMENTAL IMPACT REPORT FOR THE GLOBE MILLS ADAPTIVE REUSE PROJECT, AN ADDITIONAL \$2.650 MILLION IN PROJECT FUNDING AND \$3.5 MILLION IN DEBT SERVICE, AMENDMENTS TO DISPOSITION AND DEVELOPMENT AGREEMENT, LOAN NOTE, AND REGULATORY AGREEMENT; AND RELATED BUDGET AMENDMENT

BACKGROUND

- A. On March 1, 2005, the Agency accepted the Final Environmental Impact Report/Environmental Assessment ("EIR/EA"), which had been certified by the City of Sacramento's Design Review and Preservation Board, for the Globe Mills Adaptive Reuse Project ("Project") and adopted Findings of Fact and Statement of Overriding Considerations.
- B. The approved Project Alternative, Alternative M, called for preservation of the historic and contributing structures known as the South Silos and Barley Mill Building. Preservation of the Barley Mill Building has proved to be infeasible due to its deteriorated condition and the building has been dismantled. Further evaluation will determine whether or not the wooden silos within the Barley Mill can be preserved. The Barley Mill Building may be rebuilt if the State Office of Historic Preservation recommends approval of such reconstruction and federal funding in the form of historic tax credits are approved.
- C. On August 23, 2005 Agency and GMA Investors, LP ("Developer") entered into an amended and restated Disposition and Development Agreement ("DDA") to convey Agency-owned property at the Globe Mills site and to provide financing to Developer for adaptive reuse of the site as senior and market rate housing, as more specifically described in the DDA, and which required improvements within the Property, as further described in the DDA (collectively, "Project").
- D. Due to unforeseen increases in construction costs, the Project cost has increased by \$9.6 million. The Agency is willing to provide additional financing in the amount of \$2.65 million in consideration for restriction of an additional 31 units to be affordable to moderate income households. In addition, the Agency is willing assume an additional \$3.5 million in the 108 loan debt service by pledging future City tax increment funding for such purpose.

- E. Agency and Developer now mutually desire to change the terms of the approved DDA, loan and regulatory agreement pertaining to the Project scope in regards to possible reconstruction of the Barley Mill Building and the additional Project financing. The First Amendment to the DDA, Amended Note and Amended and Restated Regulatory Agreement are on file with the Agency Clerk.

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

- Section 1. Approve the Addendum to the EIR/EA for the Project, as set out in Exhibit A, and the change in the Project scope to eliminate the Barley Mill Building as a Project component due to its dismantling because of its structural instability. The project change includes dismantling of the wooden silos if the evaluation determines that they also cannot be preserved due to their deteriorated condition. If the Developer is successful in obtaining historic tax credit federal funding to rebuild the Barley Mill Building, such reconstruction is hereby approved.
- Section 2. The Executive Director is authorized to amend the Agency Budget to reduce by \$200,000, from \$1,540,000 to \$1,340,000, the allocation of Alkali Flat Tax Exempt Bond funds to the Globe Mills Adaptive Reuse Project in light of the reduced cost for City fees and toxic clean-up costs.
- Section 3. The Executive Director is authorized to amend the Agency Budget to transfer \$886,000 from Alkali Flat Tax Allocation Bonds and \$1,764,000 in Merged Downtown Tax Allocation Bond funds to the Globe Mills Adaptive Reuse Project.
- Section 4. The Executive Director is authorized to execute the First Amendment to the Disposition and Development Agreement (DDA), the First Amended Note, and the Amended and Restated Regulatory Agreement with the GMA Investors, L.P., to provide an additional \$2,650,000 in tax increment financing, from \$2,030,000 to \$4,680,000, in consideration for restriction of an additional 31 units for moderate income households.
- Section 5. The Agency hereby commits future tax increment revenues, for a total amount not to exceed \$9,790,000 (including interest), with payments commencing in 2006, as a pledge toward payment of the debt service for the U.S. Department of Housing and Urban Development Section 108 loan that was previously secured for the Project.

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Exhibit A: (TEXT) – 3 Pages

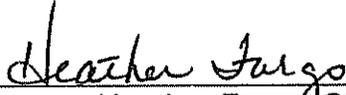
Adopted by the City of Sacramento Redevelopment Agency on June 20, 2006 by the following vote:

Ayes: Members Cohn, Fong, Hammond, McCarty, Pannell, Sheedy, Tretheway, Waters, and Chair Fargo.

Noes: None.

Abstain: None.

Absent: None.


Heather Fargo, Chair

Attest:


Shirley Concolino, Secretary

EXHIBIT A
**CEQA ADDENDUM/
NEPA ENVIRONMENTAL REVIEW RECORD**
FOR
GLOBE MILLS ADAPTIVE REUSE PROJECT
SACRAMENTO, CALIFORNIA

(State Clearinghouse Number 2004072068)

Prepared for the
Redevelopment Agency of the City of Sacramento
and the
City of Sacramento

Sacramento Housing and Redevelopment Agency

May 30, 2006

I. BACKGROUND

1. On March 1, 2005, the Agency accepted the Environmental Impact Report/Environmental Assessment for the Globe Mills Adaptive Reuse Project (herein EIR/EA) which consists of the Draft EIR/EA and Final EIR/EA, that was certified by the City of Sacramento Design Review and Preservation Board on January 5, 2005, and adopted findings and mitigation measures for Alternative M in accordance with the requirements of the California Environmental Quality Act. Alternative M included preservation of the Barley Mill as a contributing historical structure.
2. The Globe Mills complex was historically used as a grain depository and flour mill, but steadily declined after that use ceased in 1970. The Barley Mill was constructed in 1908 and was integrated into the Flour Mill Building as a part of the design and construction of the 1914 Phoenix Mill. The interior wooden grain bins/silos are a character-defining feature of the Barley Mill.
3. To avoid significant and unavoidable impacts to this historic resource, the City Council and the Agency approved Alternative M as the project. Alternative M is the adaptive reuse of the historic Globe Mills into a mixed-use residential complex. Certain structures in the mills complex including the Barley Mill would be rehabilitated, some demolished, and two new buildings constructed on the site for a total of 145 residential units and 5,560 square feet of retail

and commercial over parking. The wood timber support structure of the Barley Mill was to be left exposed. Portions of the wooden silos were to be retained in place as historic artifacts. The most hazardous portions of the wooden silos were to be removed; it was expected that about 50% would be retained in place.

4. The following mitigation measures were adopted for Alternative M, although the measures were not required to reduce CEQA impacts to less than significant:
 - 6.4.2a Prior to any demolition, the exterior and intact original interior portions of the Mills Complex shall be recorded according to the Historic American Building Survey (HABS) standards. Recordation should consist of 4"x5" View camera photo-documentation and a written description of the building.
 - 6.4.2c The wooden silo/bin located in the Barley Mill is a character defining feature and should be retained and stabilized in situ.
 - 6.4.2d The retention and stabilization of the silo/bin in situ is the most desirable option; if this is infeasible it should be retained and stabilized on site as an artifact.

II. PROJECT CHANGE

1. The project construction commenced in August, 2005. Prior to any demolition, the HABS photography was completed as required, under the supervision of the City Preservation Director.
2. During the course of demolition of adjacent structures, the stability of the severely deteriorated Barley Mill came into question. The contractor performed some stability tests and determined that it was infeasible to perform demolition work on structures adjacent to the Barley Mill without placing his workers in danger or at risk of injury. The Barley Mill walls could collapse at any time even with installation of stabilizing and other protective measures.
3. The City's Preservation Director approved dismantling the Barley Mill building, stabilizing its east concrete wall and preserving the historical wooden silos at their original elevation. Preservation of the silos in situ will occur as required. The dismantled Barley Mill building materials were labeled and cataloged. Two of the silos will be lowered to the grade of the rest of the site (about four feet) and stabilized against the wall of the mill building. Further evaluation will determine whether or not the wooden silos within the Barley Mill can be preserved.
4. The space that was previously occupied by the Barley Mill would be incorporated into the recreational/open space portion of the project. The project would continue to include preservation of Flour and Cereal Mill building, and all of the south silos which were constructed to increase grain

storage capacity during World War II. No other changes to Alternative M are proposed, nor are there any changes to the adopted mitigation measures.

III. FINDINGS

1. The Agency has reviewed this Addendum to the EIR/EA and considered the information contained herein prior to taking the action to approve additional project financing.
2. The Agency finds that pursuant to CEQA Guidelines Section 15164, an Addendum to the previously certified EIR/EA is appropriate to document this project change in regards to the Barely Mill building because this project change does not require or involve:
 - (a) Any major revisions of the previous EIR/EA;
 - (b) New significant impacts or a substantial increase in the severity of previously identified significant impacts;
 - (c) Substantial changes with respect to the circumstances under which the project will be undertaken; or
 - (d) New information of substantial importance which was not known at the time the EIR/EA was certified, because the deteriorated condition of the Barley Mill was known at the time of project approval.