Late Council Report Approval

Council Meeting Date: **1/23/07**

Date Submitted: **1/19/07**

Report Subject: **Cities of Sacramento & West Sacramento Intent to Relocate the Petroleum Terminals from the Banks of the Sacramento River to the Port of Sacramento**

Report submitted for review late because:
On January 17, 2007, Mayor Fargo's office requested that the item be placed on the 1/23/07 agenda. The staff report was prepared this week.

This Report must be included as part of this Agenda because:
Same as above.

Department Authorization

Leslie Fritzsche

Leslie Fritzsche, Downtown Development Manager
Print Name and Title

City Manager Authorization

This report is approved for inclusion for the above referenced Agenda material.

Must be signed by one of the following:

- ☐ **Ray Kerridge, City Manager** _____
- ☐ **Gus Vina, Assistant City Manager** _____
- ☐ **Marty Hanneman, Assistant City Manager** _____
- ☐ **Cassandra Jennings, Assistant City Manager** _____
- ☒ **John Dangberg, Assistant City Manager** _____

Item No. 16

"To Be Delivered" Material

For

City of Sacramento

City Council
Housing Authority
Redevelopment Agency
Economic Development Commission
Sacramento City Financing Authority

Agenda Packet

Submitted: January 19, 2007

For the Meeting of: January 23, 2007

The attached materials were not available at the time the Agenda Packet was prepared.

Subject: Relocation of Petroleum Terminals

Attached is the report for the item listed above. On January 17, 2007, Mayor Fargo's office requested this item be placed on the January 23rd agenda.

Contact Information: Beth Tincher, Senior Project Manager, Economic Development Department, 808-7730

REPORT TO COUNCIL
City of Sacramento

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

Consent
January 23, 2007

Honorable Mayor and
Members of the City Council

Title: Intent to Facilitate the Relocation of the Petroleum Terminals from the Banks of the Sacramento River to the Port of Sacramento

Location/Council District: Both sides of the Sacramento River, south of Pioneer Bridge and north of the deep water ship channel, City of Sacramento Districts 1 and 4

Recommendation: Adopt a Resolution declaring the intention of the City of Sacramento to work with the City of West Sacramento to relocate the petroleum terminals from the banks of the Sacramento River to the Port of Sacramento

Contact: Beth Tincher, Senior Project Manager, 808-7730

Presenters: None

Department: Economic Development Department

Division: Downtown Development Group

Organization No: 4451

Description/Analysis

Issue: Riverfront development plans for both sides of the Sacramento River, including the Sacramento Riverfront Master Plan, call for the removal of the petroleum terminals on the banks of the Sacramento River. The Riverfront Master Plan was adopted by both cities in August 2003 and revised in August 2005.

In 2005, Mayors of both cities provided SacPort LLC with letters of general support for the project subject to formal consideration by the City of West Sacramento. Sac Port LLC has requested that both City Councils restate their support for the concept of removal of the petroleum terminals to assist them in working with the four oil companies whose terminals are located on both sides of the Sacramento River. The adoption of the proposed resolution would restate the City of Sacramento's support to work with the City of West Sacramento to facilitate the removal of the petroleum terminals from the banks of the Sacramento River.

Policy Considerations: The Sacramento Riverfront Master Plan included several key recommendations to create one of the nation's finest urban waterfronts through collective redevelopment on both sides of the Sacramento

River. The Master Plan outlines a number of strategies to realize the four guiding principles: Creating riverfront neighborhoods and districts, establishing a web of connectivity, strengthening the green backbone of the community and making places for celebration. These strategies included:

- Establish the Pioneer Bluff Redevelopment Zone on Pioneer Bluff on the west bank of the Sacramento River in West Sacramento for development of a residential mixed-use neighborhood.
- Phase out the industrial uses in the Miller Park and Pioneer Bluff areas. Relocate the oil terminals from the Pioneer Bluff area of West Sacramento and the area south of the Docks area south of Pioneer Bridge in the City of Sacramento.

Environmental Considerations: Adoption of the attached resolution is not subject to provisions of the California Environmental Quality Act (CEQA), CEQA guidelines, section 15378(a).

Rationale for Recommendation: Restatement of the City's intention to facilitate relocation of the petroleum terminals along the riverfront is recommended because the relocation of the petroleum terminals is critical to revitalization efforts on both sides of the river.

Financial Considerations: There is no direct fiscal impact related to this item.

Emerging Small Business Development (ESBD): Not applicable.

Respectfully Submitted by: Leslie Fritzsche
Downtown Development Manager

Recommendation Approved:

Ray Kerridge
City Manager

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Attachment 1

Background

In January of 2002 the Port Commission unanimously authorized a letter of intent and a non-binding term sheet with Wickland Oil to lease the company +/-20 acres on which to build a consolidated petroleum tank farm that would relocate the existing petroleum tanks on the banks of the Sacramento River in the jurisdictions of West Sacramento and Sacramento. That letter of intent expired in July 2002.

On March 1, 2006, the Port Commission approved an Exclusive Negotiating Agreement (ENA) with Wickland Oil. The ENA between the Port and Wickland is for a period of 24 months with two six-month extensions to prepare plans, environmental reports, a ground lease and any other necessary agreements.

The proposed project will require a conditional use permit from the City of West Sacramento. Wickland Oil is preparing the project description that will be the basis for the conditional use permit and CEQA analysis. On July 28th, 2006, Wickland Oil submitted a formal application for the conditional use permit to the City of West Sacramento. It is estimated that the processing of the conditional use permit, preparation of the environmental analysis and consideration of the project by the West Sacramento Planning Commission will take approximately 18 months to complete.

RESOLUTION NO. 2007-

Adopted by the Sacramento City Council

DECLARING THE INTENTION OF THE CITY OF SACRAMENTO TO WORK WITH THE CITY OF WEST SACRAMENTO TO FACILITATE THE RELOCATION OF THE PETROLEUM TERMINALS FROM THE BANKS OF THE SACRAMENTO RIVER TO THE PORT OF SACRAMENTO

BACKGROUND

A. Pursuant to the Sacramento Riverfront Master Plan which was jointly adopted by the cities of Sacramento and West Sacramento in 2003, the cities intend to redevelop the Sacramento Riverfront with mixed-use residential, office and community facilities.

B The redevelopment is essential to the preservation and protection of the water quality and the ecosystem within the Sacramento River.

C. The relocation of oil terminals currently located on the banks of the Sacramento River is critical to the redevelopment of the Riverfront and the achievement of these purposes.

D. The relocation of these terminals to the Port of Sacramento would result in a number of additional benefits including opportunities for economic growth, the construction of a high-pressure fuel line, and the reduction of air pollutants.

E. Heavy industrial uses along the Sacramento River, especially those involving the handling and bulk storage of volatile petroleum products, are incompatible with previously adopted, long-term redevelopment plans.

F. SacPort Regional Terminal, LLC, has proposed the construction of a state-of-the-art petroleum products terminal on industrially zoned property owned by, and located within, the Port of Sacramento, located in the City of West Sacramento.

G. The construction of the proposed terminal would include the consolidation of 49 existing oil tanks to approximately 17 at the Port of Sacramento and would open up a large amount of riverfront property to mixed-use development.

H. The current location of the oil terminals on the banks of the Sacramento River is inconsistent with contemporary environmental considerations which do not support the location of oil terminals on a riverbank.

I. The cities of Sacramento and West Sacramento acknowledge that future discretionary decisions advancing a plan for the relocation of the oil terminals will be subject to appropriate environmental review.

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

Section 1. The City of Sacramento agrees to work jointly with the City of West Sacramento to facilitate the relocation of the oil terminals along the east and west banks of the Sacramento River to the Port of Sacramento, in accordance with the Sacramento Riverfront Master Plan, the California Environmental Quality Act, and other applicable laws.

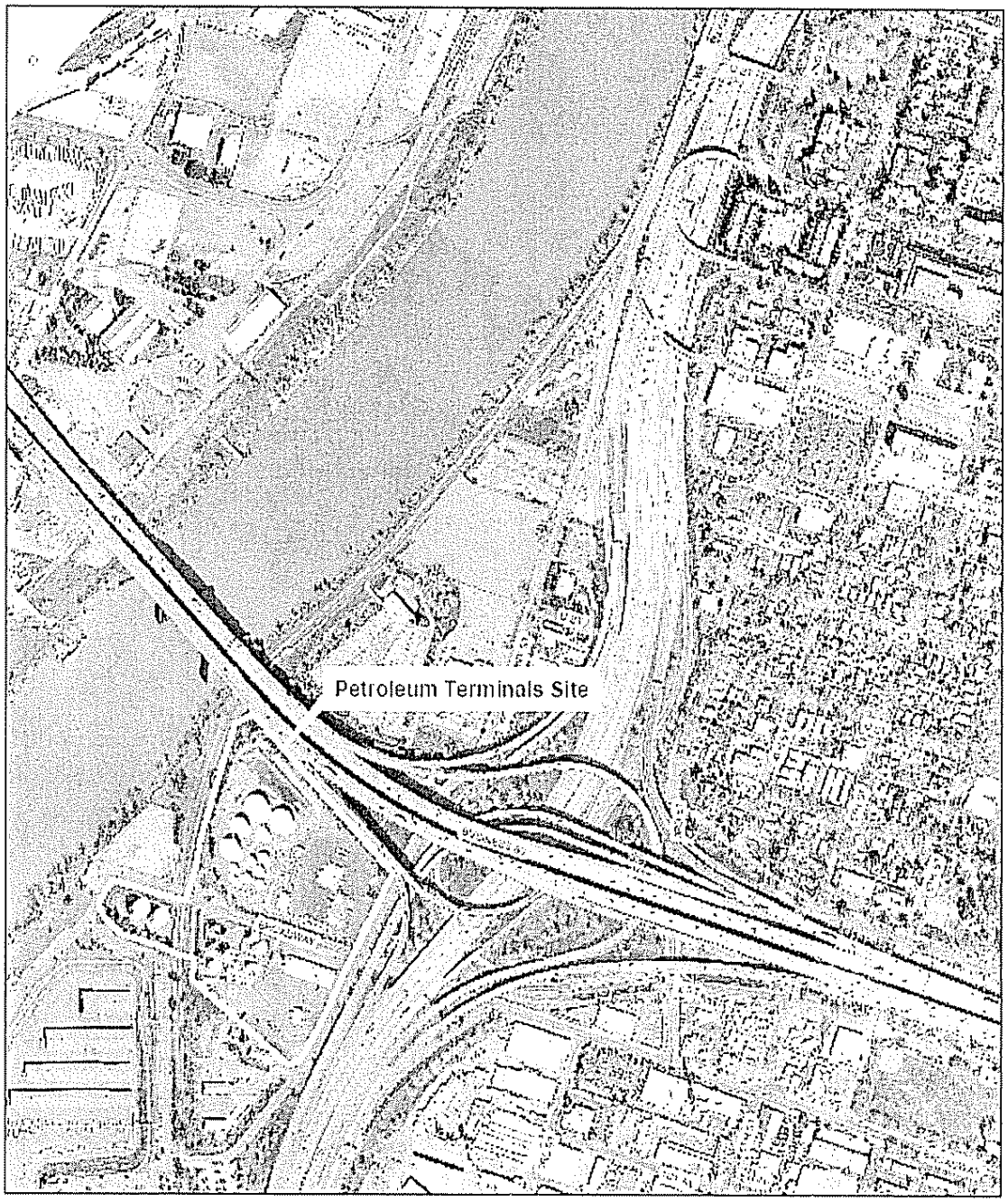
Section 2. The two cities to carry out the normal planning and environmental process for review of the new petroleum terminal project at the Port of Sacramento.

Section 3. It is the intent that the two cities work jointly on a cooperative agreement between themselves to facilitate the project.

_____
Mayor, Heather Fargo

ATTEST:

_____
Shirley Concolino, City Clerk

Attachment 3

City of Sacramento - Petroleum Terminals Site Location