



**REPORT TO THE
REDEVELOPMENT AGENCY
of the City of Sacramento**

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

Consent
March 13, 2007

Honorable Chair and Members of the Board

Title: Establish Budget Authority for the Railyards Redevelopment Consulting Services

Location/Council District: Council District 1

Recommendation:

Adopt a Redevelopment Agency resolution 1) establishing an internal loan in the amount of \$250,000 to the Richards Blvd. Redevelopment Project Area with the proceeds from Lot A and 2) establishing a budget in the amount of \$250,000 for redevelopment consulting services to recommend and facilitate actions necessary to support the Railyards project.

Contact: Rachel Hazlewood, Sr. Development Project Manager, (916) 808-8645
David Harzoff, Special Projects Manager, (916) 808-5054

Presenters: Rachel Hazlewood, Sr. Development Project Manager

Department: Economic Development

Division: Downtown Development

Organization No: 4451

Description/Analysis

Issue: The proposed actions will establish a budget to engage professional consultants, selected on the basis of their financial, legal and environmental expertise in the California Community Redevelopment Law ("CRL"). The consultants will evaluate and make recommendations on how to use redevelopment tools to assist with the development of the Railyards project. This will include examining the benefits that may be achieved by splitting off the Railyards from the Richards Blvd. Redevelopment Project into a separate redevelopment project area. The consultants will complete the required legal, financial and environmental review satisfying the CRL by June 2008.

Policy Considerations: Redeveloping the Railyards supports the Richards Blvd. Redevelopment Plan goals of eliminating blight in the Project Area. These

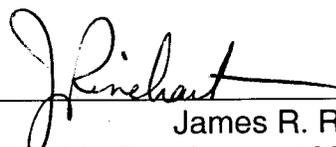
goals include replanning, redesigning and developing areas which are stagnant or improperly utilized; and eliminating or ameliorating deficiencies such as utilities and circulation systems. The development of the Railyards is also supported by the City's Strategic Plan goals of implementing a smart growth development strategy, expanding economic development throughout the city and improving and diversifying the transportation system.

Environmental Considerations: The proposed actions are exempt from environmental review under CEQA Guidelines Section 15262. A consultant will be engaged to examine environmental impacts of any proposed changes to the Richards/Railyards Redevelopment Project and environmental review and consideration will be completed prior to approval of any Agency action.

Rationale for Recommendation: Redevelopment law provides tools, including property tax increment revenue, which will provide funds for the redevelopment of the Railyards area. Engaging these consultants to perform the described scope of work will ensure redevelopment tools are used to their greatest benefit.

Financial Considerations: The estimated cost for the consulting contracts is \$250,000. These funds will be provided through a loan from Lot A proceeds and will be repaid from future tax increment generated by the Railyards project.

Emerging Small Business Development (ESBD): When available and appropriate, Emerging Small Business Development consultants will be used for redevelopment consulting services.

Respectfully Submitted by:  _____
James R. Rinehart
Citywide Development Manager

Recommendation Approved:

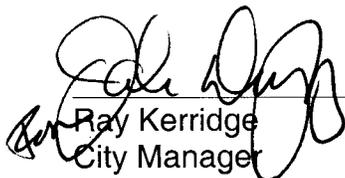
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Ray Kerridge
City Manager

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Attachment 1**Background**

The 240 acre Railyards site purchased by Thomas Enterprises in December 2006 falls within the Richards Blvd. Redevelopment Project Area, which was adopted by the City Council in 1990. Community Redevelopment Law provides a number of tools which can be used to facilitate the redevelopment of the Railyards. These include the ability to invest in infrastructure, assist private development, use tax increment revenue, issue bonds, and assemble land to stimulate development.

The Railyards site, which includes the planned Intermodal Facility, lacks modern infrastructure and will require substantial investment in basic public infrastructure for development to proceed. In addition, the toxics remediation and capping of the site will add substantial additional development costs. Redevelopment tools, including tax increment financing, have been identified as potential sources and methods to fund and develop the site and necessary improvements and offset extraordinary development costs. The establishment of a budget for consulting services for the Railyards will allow the Redevelopment Agency to engage experts to ensure the Agency is using redevelopment to its greatest benefit for the Railyards redevelopment.

The consultants hired will evaluate and recommend different approaches for using redevelopment tools in the Railyards. This will include examining the benefits of splitting off the Railyards area from the existing Richards Blvd. Redevelopment Project Area and creating a separate redevelopment project area. The consultants will also evaluate changes that would be required to the existing Richards Blvd. Redevelopment Plan and work with staff to complete the required legal and environmental documentation and process by June 2008.

The funds for these consulting contracts will be in the form of an internal loan from Lot A proceeds, which will be paid back upon collection of future tax increment generated by the Railyards project.

RESOLUTION NO.

Adopted by the Redevelopment Agency
of the City of Sacramento

ESTABLISH BUDGET AUTHORITY FOR THE RAILYARDS REDEVELOPMENT CONSULTING SERVICES IN THE AMOUNT OF \$250,000

BACKGROUND

- A. The Railyards, which includes the planned Intermodal Facility, is located in the Richards Boulevard Redevelopment Project Area ("Project Area"), which was established by City Council on July 17, 1990.
- B. The Richards Boulevard Redevelopment Plan ("Plan") identifies replanning, redesigning and developing areas which are stagnant or improperly utilized; eliminating or ameliorating deficiencies such as utilities and circulation systems; and increasing the level of private investment in the Project Area as strategies to eliminate blight and the use of property tax increment revenue was identified as a funding source in the Plan.
- C. The engagement of consultants with expertise in the California Community Redevelopment Law ("CRL") to evaluate and recommend approaches to using redevelopment and to assist staff in developing the required legal, financial and environmental documentation and executing the required process meeting the CRL will assist in the redevelopment of the Railyards project.
- D. The proposed action authorizes a budget to engage consultants to conduct a study, provide recommendations, and prepare any documentation which may be proposed to implement the preferred option, and is, therefore, exempt from environmental review under CEQA Guidelines Section 15262 as planning studies for possible future actions which have not yet been approved. An appropriate level of environmental analysis will be completed prior to consideration and approval of any proposed Agency action.

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

- Section 1. After due consideration of the facts presented, the findings, including the foregoing recitals and the environmental findings regarding this action, as stated in this Resolution are approved and adopted.
- Section 2. The Executive Director is directed to execute an internal loan agreement in the amount of \$250,000 from the Lot A proceeds, in a form approved by Agency counsel, to the Richards Blvd. Redevelopment Project Area which

will be repaid upon collection of future tax increment generated by the Railyards project.

Section 3. Establish budget authority, based on the authorized loan in Section 2, for the Railyards Redevelopment consulting services in the amount of \$250,000 for redevelopment consulting services to recommend and facilitate actions necessary to support the Railyards project.