



**Sacramento
Housing &
Redevelopment
Agency**

**REPORT TO COUNCIL
AND HOUSING AUTHORITY**

City of Sacramento
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www.CityofSacramento.org

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**PUBLIC HEARING
March 13, 2007**

**Honorable Mayor and Members of the City Council
Chair and Members of the Housing Authority**

Title: Approval of Tax Exempt Bonds, Agency Loan, and Fee Reduction for Natomas Family Apartments

Location/Council District: Del Paso Road and Blackrock Road, District 1

Recommendation: Conduct a public hearing and upon conclusion adopt 1) a **City Resolution** approving a grant of \$407,000 funded by the City Affordable Housing Fee Reduction Fund; 2) a **Housing Authority Resolution** approving the issuance of up to \$18,000,000 in tax-exempt mortgage revenue bonds to provide construction and permanent financing for the project; 3) a **City Resolution** approving the issuance and delivery of tax-exempt mortgage revenue bonds for the purpose of financing the acquisition of the project; and 4) a **City Resolution** a) approving the negative declaration; b) authorizing the Sacramento Housing and Redevelopment Agency to transfer \$1,093,000 from the City Housing Trust Fund to the Natomas Family Apartment project; c) approving the financing for Natomas Family Apartment project in the amount of \$1,093,000; d) authorizing the Agency to prepare, execute, and transmit all loan documents and any technical amendments for the loan with CIC Natomas, L.P. for the Natomas Family Apartments.

Contact: Nancy Conk, Director of Housing Policy and Development, 440-1319, Jim Hare, Assistant Director, Housing Policy and Development, 440-1313

Presenters: Jim Hare, Assistant Director, Housing Policy and Development ; Joel Riphagen, Housing Finance Analyst

Department: Sacramento Housing and Redevelopment Agency

Description/Analysis

Issue: This report recommends an Agency loan, a fee reduction, and the use of tax-exempt mortgage revenue bonds to provide construction and permanent financing for the 135-unit Natomas Family Apartment complex. Issuance of the bonds requires: 1) adoption of an inducement resolution to indicate the Housing Authority's intent to issue the bonds, 2) authorization of an application to CDLAC for authority to issue the bonds, and 3) holding a TEFRA public hearing to approve issuance of the bonds. These actions will not commit the Housing

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Authority to issue bonds until all other necessary actions and approvals are taken or received in accordance with all applicable laws and to the satisfaction of the City Council. The hearing of this report by the City Council shall serve as the public hearing required under TEFRA.

Further background on the project developer and the property in question are included as Attachment 1. A vicinity map is included as Attachment 2, and a location map is included as Attachment 3. A project summary, including a proposed sources and uses of funds, is included as Attachment 4, and a project cash flow proforma is included as Attachment 5. Finally, a schedule of maximum rents and incomes for the project is included as Attachment 6.

Policy Considerations: The recommended actions are consistent with the Agency's previously approved mortgage revenue bond policy and multifamily lending policy. Regulatory restrictions on the property are specified in a Regulatory Agreement between the Developer and the Housing Authority. Compliance with the Regulatory Agreement will be monitored by the Agency on a regular basis. The recommended actions are also consistent with the City Inclusionary Housing Ordinance. The project will meet the mixed income housing requirements for the Natomas Place master planned community, subject to Sacramento City Code 17.190. The inclusionary housing requirements will be detailed in an Inclusionary Housing Regulatory Agreement recorded on the underlying land. Compliance with the Inclusionary Housing Regulatory Agreement will be monitored by the Agency on a regular basis.

Environmental Considerations: The potential environmental impacts of the larger Natomas Place development project, of which Natomas Family Apartments is a part, were evaluated by the City of Sacramento. The City prepared an Initial Study and issued a Negative Declaration, finding that the project will not have a significant adverse impact on the environment, a copy of which is included as Attachment 7. Staff recommends approval of the City's Negative Declaration and adoption of its findings and mitigation requirements.

Commission Action: At its March 7, 2007 meeting, it is anticipated that the Sacramento Housing and Redevelopment Commission will adopt a motion recommending approval of the attached resolutions. Staff will brief the Council on the outcome of the Commission's vote at the March 13th Council meeting.

Rationale for Recommendation: The actions recommended in this report enable the Agency to continue to fulfill its mission to provide a range of affordable housing opportunities throughout the City.

Financial Considerations: The developer will be responsible for payment of the CDLAC processing fee and posting of a one-half percent performance deposit as required by CDLAC. The City Housing Trust Fund Loan of \$1,093,000 will be made consistent with standard Agency underwriting guidelines. The loan will be made at a four percent simple interest rate. A draft commitment letter is included

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as Exhibit A to the City Council Resolution authorizing the Agency loan. In 2001, the City created an Affordable Housing Fee Reduction Program to encourage the development of affordable housing in new growth areas. Affordable housing projects in these areas are eligible to receive City fee reductions based on the number and affordability of the units constructed. A project is eligible to receive a \$4,000 fee reduction for each very low-income unit built and a \$1,000 fee reduction for each low-income unit built. Based on this formula, Natomas Family Apartments is eligible to receive a total reduction of \$407,000 in City fees. These fee reductions are funded by the Affordable Housing Fee Reduction Fund.

M/WBE Considerations: Minority and Women’s Business Enterprise requirements will be applied to all activities to the extent required by federal funding.

Respectfully Submitted by: 
ANNE M. MOORE
Executive Director

Recommendation Approved:


CASSANDRA H.B. KERRIDGE
City Manager

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Background Information – Natomas Family Apartments

Chelsea Investment Corporation, a San Diego-based affordable housing developer (“Developer”), has applied under the Agency’s Multi-family Housing Lending Program for assistance in developing the 135-unit Natomas Family Apartments project. Staff has underwritten the request and is recommending issuance of up to \$18,000,000 in tax-exempt mortgage revenue bonds, a \$1,093,000 loan from the City Housing Trust Fund, and a grant of \$407,000 funded by the City Affordable Housing Fee Reduction Fund. These sources would be used in conjunction with four percent low income housing tax credits, developer equity contributions, and the state’s Multi-family Housing Program (MHP). The Agency’s commitment would enable the Developer to apply in the March 2007 round of MHP funding.

Description of Development: Natomas Family Apartments, as proposed, will be a newly constructed 135-unit family apartment complex located within the Natomas Place master planned community being developed by Pardee Homes. The apartment complex will satisfy the mixed income ordinance housing requirements of the Natomas Place development. The project is located on a 6.9 acre parcel at the southwest corner of Del Paso Road and the future extension of Blackrock Road.

The project will consist of 47 extremely low-income, 44 very low-income, and 43 low-income units, as well as one manager’s unit, in five three-story residential buildings. The project will include a mix of one-, two-, and three-bedroom units ranging in size from 778 square feet to 1,178 square feet. Buildings will be wood frame construction with stucco siding, wood trim and accents, and clay tile roofs. The site will also include a 2,702 square foot club house which will contain a leasing office, laundry room, community room, kitchen, and a classroom with a computer lab. The site will be professionally landscaped and include a swimming pool, tot lot, and a picnic area with a barbeque. Security cameras will be installed at all entrances to the property. There will be a mix of 232 covered and uncovered parking spaces onsite.

Developer: The owner of the project will be CIC Natomas LP, a California Limited Partnership. Pacific Southwest Community Development Corporation (PSCDC), a California non-profit benefit corporation, will be the managing general partner, and Prometheus-Natomas, LLC, an affiliate of Chelsea Investment Corporation, will be the co-general partner.

Chelsea Investment Corporation (“Chelsea”) is a real estate company focused on the financing and development of affordable housing, based in San Diego County. While Natomas Family Apartments will be Chelsea’s first development in Northern California, the developer has extensive experience developing and managing affordable housing projects in Southern California and Arizona. The developer has developed and constructed dozens of multi-family projects totaling

over 5,000 units, of which over 1,700 are units that fulfill local inclusionary requirements. Chelsea has five projects currently under construction and four more for which financing has been approved. While the Agency has no previous experience with this developer, all references contacted give Chelsea a positive rating.

Pacific Southwest Community Development Corporation (PSCDC) is a non-profit organization whose mission is to help resolve difficult housing and economic development issues facing low-income persons and families and to provide opportunities for empowerment and improvement in their quality of life. PSCDC currently serves as managing general partner in 25 apartment complexes in Southern California and Arizona, including nearly 2,000 units of affordable housing. PSCDC emphasizes delivery of on-site support services to tenants.

On-site resident services will be provided jointly by CIC Management, Inc, an affiliate of Chelsea Investment Corporation, and PSCDC. Both CIC Management and PSCDC are experienced operators of on-site resident services. As a condition of this financing, CIC Management and PSCDC are required to submit a complete social services plan for Agency approval detailing the scope and schedule of services provided.

Property Management: This project will be managed by CIC Management, Inc., an affiliate of Chelsea Investment Corporation. CIC Management manages many of the properties owned or developed by Chelsea. This includes 28 properties with about 2,600 affordable units. Agency staff has reviewed the management plan, including daily operations, leasing procedures, maintenance, and eviction procedures, and has found that the proposed management company meets the Agency's requirements for property management. In addition, once the property is ready to begin leasing, Chelsea will hold community meetings to discuss its affordable property management practices with all interested parties from the surrounding neighborhood. These meetings are intended to communicate Chelsea's management philosophy and to address any neighborhood concerns.

Project Financing: The Natomas Family Apartments will be financed through the issuance of tax-exempt mortgage revenue bonds, low income housing tax credits, Multifamily Housing Program (MHP) funding from the State of California, an Agency loan, a City inclusionary fee reduction pursuant to Chapter 17.195 of the City code, and a developer contribution in the form of a deferred fee note. In addition, the master developer, Pardee Homes, is contributing the land at a cost of one dollar and will be providing an additional \$2.3 million in subsidy for construction of the project.

Bond Financing: As a public entity, the Housing Authority can issue tax-exempt bonds, the proceeds of which can provide acquisition, construction, and permanent financing for multi-family housing projects. Interest paid on the bonds is exempt from federal and state income tax, so bondholders will accept a below-market yield from the bonds. These savings are, in turn, passed on to the project owner in the form of a below-market rate loan, with interest rates approximately

one to two percent below prevailing market rates. The bonds for this project will be credit enhanced and publicly offered. The Agency will report back to the Housing Authority on the actual bond amounts with the request for final approval of the bond documents. The law firm of Jones Hall will serve as bond counsel to the Agency.

Low-income Set-aside Requirements: As a condition of receiving the tax-exempt bond financing benefits of below-market rates, federal law requires that project units be set aside for targeted income groups. Each of the other funding sources used imposes its own affordability restrictions as well. The following chart summarizes the proposed affordability restrictions for the project.

Unit Type	% of Units	Affordability Restrictions	Units	Regulatory Requirements
Agency Loan & LIHTC & MHP & Inclusionary	35%	Extremely Low (30% AMI)	47	55 years
Agency Loan & Tax-exempt Bonds & LIHTC & MHP & Inclusionary	33%	Very Low (50% AMI)	44	55 years
Agency Loan & LIHTC & MHP & Inclusionary	32%	Low (55% AMI)	43	55 years
Manager Units	1%	None	1	None
Total	100%		135	

Maximum rent and income limits for the mortgage revenue bond, MHP, and HOME programs can be found in Attachment 6. The project's affordability restrictions will be specified in two regulatory agreements with the Agency and the developer.

State and Local Approval Process: The Housing Authority must apply for (and receive) authorization from the California Debt Limit Allocation Committee (CDLAC) prior to issuing tax-exempt mortgage revenue bonds. The "volume cap" is limited and is allocated by CDLAC through a competitive state-wide process.

Project Inducement: Prior to granting a bond allocation, CDLAC requires that an "inducement" resolution be adopted by the entity proposing to issue the bonds. Inducement at this time will also allow the developer to be reimbursed from bond issue proceeds for acquisition expenses that it has incurred already and will incur in the future. Adoption of the inducement resolution by the Housing Authority will not bind the Authority to issue bonds until all other necessary actions are taken in accordance with all applicable laws.



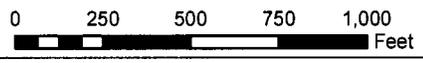
Natomas Family Apartments Location Map

JR

02/12/07

Legend

-  Sacramento City Limit
-  Natomas Family Apartments



Natomas Family Apartments Project Summary

Location	SW corner of Del Paso Road and Blackrock Road			
Number of Units	135			
Acreage	6.9 acres			
Affordability	47 units (35%) at or below 30% of Area Median Income (AMI) 44 units (33%) at or below 50% of AMI 43 units (32%) at or below 55% of AMI 1 Manager's Unit			
Unit Mix and Rents	(30% AMI)	(50% AMI)	(55% AMI)	Manager
1 Bedroom / 1 Bath	11	9	7	
2 Bedroom / 2 Bath	18	17	19	
3 Bedroom / 2 Bath	18	18	17	1
Square Footage	<i>Per Unit</i>	<i>Total</i>		
1 BR / 1 BA	778	21,006 square feet		
2 BR / 2 BA	1,005	54,270 square feet (990 and 1,020)		
3 BR / 2 BA	1,178	63,612 square feet		
Total		138,888 square feet		
Resident Facilities	The complex will include a community room, swimming pool, spa, and a play area.			
Permanent Sources	<i>Total</i>	<i>Per Unit</i>	<i>Per Square Foot</i>	
Senior MRB	\$ 4,156,000	\$ 30,785	\$ 29.92	
Tax Credit Equity	\$ 11,845,000	\$ 87,741	\$ 85.28	
Agency Loan	\$ 1,093,000	\$ 8,096	\$ 7.87	
City Fee Reduction	\$ 407,000	\$ 3,015	\$ 2.93	
State MHP	\$ 8,532,615	\$ 63,205	\$ 61.44	
Developer Equity	\$ 8,097,035	\$ 59,978	\$ 58.30	
Deferred Developer Fee Note	\$ 462,782	\$ 3,428	\$ 3.33	
TOTAL SOURCES	\$ 34,593,432	\$ 256,248	\$ 249.07	
Permanent Uses				
Acquisition Costs	\$ 5,847,000	\$ 43,311	\$ 42.10	
Construction Costs	\$ 19,808,360	\$ 146,729	\$ 142.62	
Contractor Overhead & Profit	\$ 800,424	\$ 5,929	\$ 5.76	
Architecture and Engineering	\$ 715,753	\$ 5,302	\$ 5.15	
Financing Costs	\$ 242,079	\$ 1,793	\$ 1.74	
Property Taxes and Assessments	\$ 30,000	\$ 222	\$ 0.22	
Operating Reserves	\$ 226,362	\$ 1,677	\$ 1.63	
Studies, Legal, Environmental	\$ 159,818	\$ 1,184	\$ 1.15	
Permitting Fees	\$ 3,683,637	\$ 27,286	\$ 26.52	
Soft Cost Contingency	\$ 130,000	\$ 963	\$ 0.94	
Insurance Costs	\$ 300,000	\$ 2,222	\$ 2.16	
Marketing	\$ 150,000	\$ 1,111	\$ 1.08	
Developer Fee	\$ 2,500,000	\$ 18,519	\$ 18.00	
TOTAL USES	\$ 34,593,433	\$ 256,248	\$ 249.07	
Management / Operations				
Proposed Developer:	Chelsea Investment Corporation			
Property Management Company:	CIC Management, Inc.			
Operations Budget:	\$433,875	\$3,214		
Replacement Reserves:	\$54,000	\$400		

Natomas Family Apartments
Cash Flow Proforma

Unit Type	Number	Square Feet	Total Sq Feet	Gross Rent	Utility Allowance	Net Rent	Rent per Sq Foot	Total Mo. Rent	Annual Rent	Year 10	Year 12	Year 15	Year 25	Year 35	Year 45	Year 55
1 BD / 1 BA @ 30% AMI	11	778	8,558	\$ 367	\$ 48	\$ 319	\$ 0.41	\$ 3,509	\$ 42,108							
1 BD / 1 BA @ 50% AMI	9	778	7,002	\$ 613	\$ 48	\$ 565	\$ 0.73	\$ 5,085	\$ 61,020							
1 BD / 1 BA @ 55% AMI	7	778	5,446	\$ 674	\$ 48	\$ 626	\$ 0.80	\$ 4,382	\$ 52,584							
2 BD / 2 BA @ 30% AMI	18	1005	18,090	\$ 441	\$ 64	\$ 377	\$ 0.38	\$ 6,786	\$ 81,432							
2 BD / 2 BA @ 50% AMI	17	1005	17,085	\$ 736	\$ 64	\$ 672	\$ 0.67	\$ 11,424	\$ 137,088							
2 BD / 2 BA @ 55% AMI	19	1005	19,095	\$ 809	\$ 64	\$ 745	\$ 0.74	\$ 14,155	\$ 169,860							
3 BD / 2 BA @ 30% AMI	18	1178	21,204	\$ 510	\$ 81	\$ 429	\$ 0.36	\$ 7,722	\$ 92,664							
3 BD / 2 BA @ 50% AMI	18	1178	21,204	\$ 850	\$ 81	\$ 769	\$ 0.65	\$ 13,842	\$ 166,104							
3 BD / 2 BA @ 55% AMI	17	1178	20,026	\$ 935	\$ 81	\$ 854	\$ 0.72	\$ 14,518	\$ 174,216							
Manager's Units	1	1178	1,178	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -							
Total / Average for Restricted Units	135	1029	138,888	\$ 675	\$ 68	\$ 608	\$ 0.59	\$ 81,423	\$ 977,076							
Income	annual increase	rate	per unit	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 10	Year 12	Year 15	Year 25	Year 35	Year 45	Year 55
Potential Gross Income	2.50%			977,076	1,001,503	1,026,540	1,052,204	1,078,509	1,220,234	1,282,008	1,282,008	1,380,583	1,767,263	2,262,246	2,895,866	3,706,953
Other Income				29,970	30,719	31,487	32,274	33,081	37,428	39,323	39,323	42,347	54,208	69,390	88,825	113,704
Less Vacancy	5.00%			50,352	51,611	52,901	54,224	55,580	62,883	66,067	66,067	71,146	91,074	116,582	149,235	191,033
Effective Gross Income				\$956,694	\$980,611	\$1,005,126	\$1,030,254	\$1,056,011	\$1,194,779	\$1,255,265	\$1,255,265	\$1,351,783	\$1,730,397	\$2,215,054	\$2,835,457	\$3,629,624
Operating Expenses																
Operating Expenses	3.50%		3,214	433,875	449,061	464,778	481,045	497,882	591,327	633,444	633,444	702,311	990,679	1,397,451	1,971,242	2,780,632
Property Management Fee	2.50%		360	48,600	49,815	51,060	52,337	53,645	60,895	63,767	63,767	68,671	87,904	112,525	144,041	184,385
Social Services	2.00%		220	29,680	30,274	30,879	31,497	32,127	35,470	36,903	36,903	39,162	47,798	58,193	70,937	86,472
PILOT Fee and Assessments	2.00%		267	36,000	36,720	37,454	38,203	38,968	43,023	44,761	44,761	47,501	57,904	70,584	86,042	104,885
Replacement Reserves			400	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000
Total Expenses			4,460	\$602,155	\$619,869	\$638,172	\$657,082	\$676,621	\$784,516	\$832,877	\$832,877	\$911,645	\$1,238,225	\$1,692,753	\$2,326,262	\$3,210,373
Net Operating Income				\$354,539	\$360,742	\$366,956	\$373,172	\$379,390	\$410,264	\$422,388	\$440,138	\$482,171	\$522,301	\$509,184	\$419,261	
Debt Service			term													
Senior Loan			45	267,456	267,456	267,456	267,456	267,456	267,456	267,456	267,456	267,456	267,456	267,456	267,456	267,456
Housing Authority Monitoring Fee	6.00%			24,467	24,467	24,467	24,467	24,467	24,467	24,467	24,467	24,467	24,467	24,467	24,467	24,467
MHP Required Payment	0.150%		55	35,837	35,837	35,837	35,837	35,837	35,837	35,837	35,837	35,837	35,837	35,837	35,837	35,837
Debt Service Subtotal	0.420%			\$327,760	\$327,760	\$327,760	\$327,760	\$327,760	\$327,760	\$327,760	\$327,760	\$327,760	\$327,760	\$327,760	\$327,760	\$327,760
DCR on Senior Bonds				1.21	1.24	1.26	1.28	1.30	1.41	1.45	1.45	1.51	1.69	1.79	1.74	1.74
DCR on Senior Bonds and MHP Required Payment				1.08	1.10	1.12	1.14	1.16	1.25	1.29	1.29	1.34	1.50	1.59	1.55	1.55
Priority Distributions																
Limited Partner Fee	1.00%			5,000	5,050	5,101	5,152	5,203	5,468	5,578	5,578	5,747	0	0	0	0
Net Cash after Priority Distributions				\$21,779	\$27,932	\$34,094	\$40,261	\$46,427	\$77,035	\$89,050	\$89,050	\$106,631	\$164,411	\$194,541	\$181,434	\$358,947
Deferred Developer Fee																
Principal Balance				462,782	459,515	449,964	433,868	410,962	184,587	36,466						
Interest for Period	4.00%			18,511	18,381	17,999	17,355	16,438	7,383	1,459						
Accumulated Interest				18,511	18,381	17,999	17,355	16,438	7,383	1,459						
Payment				21,779	27,932	34,094	40,261	46,427	77,035	37,925						
Balance				\$459,515	\$449,964	\$433,868	\$410,962	\$380,974	\$114,935	\$0						
Net Cash after Deferred Developer Fee				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$51,125	\$106,631	\$164,411	\$194,541	\$181,434	\$358,947
Residual MHP Repayment				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$22,660	\$47,261	\$72,871	\$86,225	\$80,416	\$159,094
SHRA Loan																
Principal Balance				1,093,000	1,093,000	1,093,000	1,093,000	1,093,000	1,093,000	1,093,000	1,093,000	1,093,000	1,093,000	1,093,000	1,093,000	1,093,000
Interest for Period	4.00%			43,720	43,720	43,720	43,720	43,720	43,720	43,720	43,720	43,720	43,720	43,720	43,720	43,720
Accumulated Interest				43,720	87,440	131,160	174,880	218,600	262,320	306,040	349,760	393,480	437,200	480,920	524,640	568,360
Payment				0	0	0	0	0	0	0	0	0	0	0	0	0
Balance				\$1,136,720	\$1,180,440	\$1,224,160	\$1,267,880	\$1,311,600	\$1,355,320	\$1,400,040	\$1,444,760	\$1,489,480	\$1,534,200	\$1,578,920	\$1,623,640	\$1,668,360
Combined Debt Coverage Ratio											1.20	1.15	1.20	1.23	1.22	1.75
Net Cash after SHRA Loan Repayment				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$25,562	\$53,315	\$82,206	\$97,271	\$90,717	\$179,473

MAXIMUM RENT AND INCOME RESTRICTIONS

Mortgage Revenue Bond Program

(Rents @ 50% of area median income)

Maximum Income Limits:	
50% AMI	
<u>Family Size</u>	<u>Max. Income</u>
1 person	\$ 22,900
2 person	\$ 26,150
3 person	\$ 29,450
4 person	\$ 32,700
5 person	\$ 35,300
Maximum Rent Limits:	
<u>Unit Size</u>	<u>Rent</u>
1 Bedroom	\$ 654
2 Bedroom	\$ 736
3 Bedroom	\$ 817

4% Low-Income Housing Tax Credit Program

(Rents @ 60% of AMI less utility allowance)

Maximum Income Limits:	
60% AMI	
<u>Family Size</u>	<u>Max. Income</u>
1 person	\$ 27,480
2 person	\$ 31,380
3 person	\$ 35,340
4 person	\$ 39,240
5 person	\$ 42,360
Maximum Rent Limits:	
<u>Unit Size</u>	<u>Gross Rent</u>
1 Bedroom	\$ 735
2 Bedroom	\$ 883
3 Bedroom	\$ 1,020

State of California Multi-Family Housing Program

(Rents @ 30%, 50% & 60% of state or area median income less utility allowance)

Maximum Income Limits:			
30% AMI			
50% AMI			
60% AMI			
<u>Family Size</u>	<u>Max. Income</u>	<u>Max. Income</u>	<u>Max. Income</u>
1 person	\$ 13,740	\$ 22,900	\$ 27,480
2 person	\$ 15,690	\$ 26,150	\$ 31,380
3 person	\$ 17,670	\$ 29,450	\$ 35,340
4 person	\$ 19,620	\$ 32,700	\$ 39,240
5 person	\$ 21,180	\$ 35,300	\$ 42,360
Maximum Rent Limits:			
<u>Unit Size</u>	<u>Gross Rent</u>	<u>Gross Rent</u>	<u>Gross Rent</u>
1 Bedroom	\$ 367	\$ 613	\$ 735
2 Bedroom	\$ 441	\$ 736	\$ 883
3 Bedroom	\$ 510	\$ 850	\$ 1,020

HOME and Housing Trust Funds

(Rents @ 50% and 65% of AMI less utility allowance)

Maximum Income Limits:		
(HOME & HTF)		
50% AMI		
(HOME only)		
65% AMI		
<u>Family Size</u>	<u>Max. Income</u>	<u>Max. Income</u>
1 person	\$ 22,900	\$ 29,770
2 person	\$ 26,150	\$ 33,995
3 person	\$ 29,450	\$ 38,285
4 person	\$ 32,700	\$ 42,510
5 person	\$ 35,300	\$ 45,890
Maximum Rent Limits:		
<u>Unit Size</u>	<u>Gross Rent</u>	<u>Gross Rent</u>
1 Bedroom	\$ 613	\$ 777
2 Bedroom	\$ 736	\$ 934
3 Bedroom	\$ 850	\$ 1,071



DEVELOPMENT SERVICES
DEPARTMENT

CITY OF SACRAMENTO
CALIFORNIA

North Permit Center
2101 Arena Blvd., 2nd Floor
SACRAMENTO, CA 9583

PLANNING DIVISION

PLANNING
916-808-5381
FAX 916-808-5328

MITIGATED NEGATIVE DECLARATION

The City of Sacramento, California, a municipal corporation, does hereby prepare, make declare, and publish this Negative Declaration for the following described project:

The proposed project, **Pardee at Natomas (P05-129)** includes requests for amendments to the General Plan and the North Natomas Community Plan; zoning ordinance amendments; approval of a tentative subdivision map; establishment of a Planned Unit Development (PUD) with related development guidelines and schematic plan; and, PUD Special Permits for construction of residential units. The proposed tentative map subdivides 144 acres into 640 single family lots, one multi-family lot for condominiums, one park lot, one employment center lot and one detention basin lot.

The development proposed at this time includes construction of a maximum of 1000 single-family residential units, including 640 detached single-family dwelling units, 360 condominiums and townhouses, a detention basin for stormwater purposes, and the associated infrastructure and landscaping improvements. The parcels proposed for employment center and light industrial uses in the PUD are not proposed for development at this time.

The City of Sacramento, Planning and Building Department, has reviewed the proposed project and on the basis of the whole record before it, has determined that there is no substantial evidence that the project, with mitigation measures as identified in the attached Initial Study, will have a significant effect on the environment. This Mitigated Negative Declaration reflects the lead agency's independent judgement and analysis. An Environmental Impact Report is not required pursuant to the Environmental Quality Act of 1970 (Sections 21000, et seq., Public Resources Code of the State of California).

This Negative Declaration has been prepared pursuant to Title 14, Section 15070 of the California Code of Regulations; the Sacramento Local Environmental Regulations (Resolution 91-892) adopted by the City of Sacramento.

A copy of this document and all supportive documentation may be reviewed or obtained at the North Natomas Permit Center, 2101 Arena Boulevard, Second Floor, Sacramento, California 95834, between 7:30 AM and 3:30 PM (except holidays).

Environmental Services Manager, City of Sacramento,
California, a municipal corporation

By: Elvie Zufors

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PARDEE AT NATOMAS (P05-129)
INITIAL STUDY/ MITIGATED NEGATIVE DECLARATION

This Initial Study has been required and prepared by the Development Services Department, 2101 Arena Boulevard, Second Floor, Sacramento, CA 95834, pursuant to Title 14, Section 15070 of the California Code of Regulations; and the Sacramento Local Environmental Regulations (Resolution 91-892) adopted by the City of Sacramento.

ORGANIZATION OF THE INITIAL STUDY

This Initial Study is organized into the following sections:

SECTION I - BACKGROUND: Page 3 - Provides summary background information about the project name, location, sponsor, and the date this Initial Study was completed.

SECTION II - PROJECT DESCRIPTION: Page 5 - Includes a detailed description of the Proposed Project.

SECTION III - ENVIRONMENTAL CHECKLIST AND DISCUSSION: Page 8 - Contains the Environmental Checklist form together with a discussion of the checklist questions. The Checklist Form is used to determine the following for the proposed project: 1) "Potentially Significant Impacts," which identifies impacts that may have a significant effect on the environment, but for which the level of significance cannot be appropriately determined without further analysis in an Environmental Impact Report (EIR), 2) "Potentially Significant Impacts Unless Mitigated," which identifies impacts that could be mitigated to less than significant with implementation of mitigation measures, and 3) "Less Than Significant Impacts," which identifies impacts that would be less than significant and do not require the implementation of mitigation measures.

SECTION IV - ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED: Page 68 - Identifies which environmental factors were determined to have either a "Potentially Significant Impact" or "Potentially Significant Impact Unless Mitigated," as indicated in the Environmental Checklist.

SECTION V - DETERMINATION: Page 69 - Identifies the determination of whether impacts associated with development of the Proposed Project are significant, and what, if any, added environmental documentation may be required.

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REFERENCES CITED AND AVAILABLE FOR REVIEW:

- Environmental Noise Assessment, Bollard Acoustical Consultants, October 31, 2005
- Draft Wetland Delineation, ECORP Consulting, September 13, 2005
- Special-Status Species Assessment, ECORP Consulting, February 3, 2006
- Biological Resources Report-Gately Property, Gibson & Skordal, February 2006
- Phase I Environmental Site Assessment Report, Converse Consultants, January 18, 2005
- Limited Phase II Environmental Site Assessment, Converse Consultants, January 25, 2005
- An Archaeological Survey of the Del Paso Business Park (project site), Kenneth J. McIvers, October 1988
- Correspondence, North Central Information Center, December 20, 2005
- Traffic and Circulation Report, Fehr & Peers, 2006

The above materials and reports may be reviewed at the following location between the hours of 7:30 a.m. and 3:30 p.m. on weekdays:

Environmental Planning Services
North Permit Center
2101 Arena Boulevard, Second Floor
Sacramento, CA 95834

PARDEE AT NATOMAS (P05-129)
INITIAL STUDY/MITIGATED NEGATIVE DECLARATION

SECTION I - BACKGROUND

Project Name/File Number: Pardee at Natomas (P05-129)

Project Location: The project site is located in the City of Sacramento at the southeast corner of Del Paso Road and Gateway Park Boulevard. APNs 225-0060-025, 026 and 027

Project Applicant: Pardee Homes, David Ragland
(916) 526-2757

Project Planner: Arwen Wacht, Associate Planner
Development Services Department
City of Sacramento
915 I Street, 3rd Floor
Sacramento, CA 95814
(916) 808-1964

Environmental Planner: Ellie Buford, Principal Planner
2101 Arena Boulevard, Second Floor
Sacramento, CA 95834
(916) 808-5935

Date Initial Study Completed: March 24, 2006

INTRODUCTION

The following Initial Study/ Mitigated Negative Declaration has been prepared in accordance with the California Environmental Quality Act (CEQA) (Public Resources Code Sections 1500 et seq.). The City of Sacramento is the Lead Agency for the preparation of this Mitigated Negative Declaration for Pardee at Natomas (P05-129).

The City has determined that a Mitigated Negative Declaration is the appropriate environmental document for the proposed project. This environmental review examines project effects which are identified as potentially significant effects on the environment or which may be substantially reduced or avoided by the adoption of revisions or conditions to the design of project specific features. It is believed at this time that the project will not result in potentially significant impacts, with the application of appropriate mitigation measures. Therefore, a Mitigated Negative Declaration is the proposed environmental document for this project.

This analysis is incorporating by reference the general discussion portions of earlier environmental documents (CEQA Guidelines Section 15150(a)). These documents are available for public review at the City of Sacramento, Development Services Department, 915 I Street, 3rd Floor, Sacramento, CA 95814 during office hours 7:30 a.m. to 3:30 p.m.

City of Sacramento General Plan Update DEIR (SGPU DEIR), 1987.

PARDEE AT NATOMAS (P05-129)
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Section 15130 (d) of the CEQA Guidelines state that, "No further cumulative impacts analysis is required when a project is consistent with a general, specific, master or comparable programmatic plan where the lead agency determines that the regional or area-wide cumulative impacts of the proposed project have already been adequately addressed, as defined in 15152(f)(1), in a certified EIR for the plan."

The City is soliciting views of interested persons and agencies on the content of the environmental information presented in this document. Due to the time limits mandated by state law, your response must be sent at the earliest possible date, but no later than the 30-day review period ending April 27, 2006.

Please send written responses to:

Ellie Buford, Principal Planner
Development Services Department
City of Sacramento
2101 Arena Boulevard, Second Floor
Sacramento, CA 95834
Direct Line: (916) 808-7931
FAX (916) 566-3968
tbuford@cityofsacramento.org

PARDEE AT NATOMAS (P05-129)
INITIAL STUDY/MITIGATED NEGATIVE DECLARATION

SECTION II - PROJECT DESCRIPTION

PROJECT LOCATION

The project site is located in the City of Sacramento at the southeast corner of Del Paso Road and Gateway Park Boulevard. APNs 225-0060-025, 026 and 027 (Attachment 1).

PROJECT BACKGROUND

The project site is located in the North Natomas Community Plan and consists of three parcels. The City of Sacramento General Plan and North Natomas Community Plan each include land use designations for the project site (Attachment 2 and 3).

The existing General Plan and Community Plan designations contemplate employment center land uses along Del Paso Road, medium density residential in the middle of the project site, and low density residential in the southern portion. A school site of 10 acres and a park site of 8 acres are included in each plan.

Zoning for the site is MIP-PUD for each of the three parcels (Attachment 4). This zoning allows light manufacturing, warehousing and distribution land uses. The zoning designation was applied to the site prior to the adoption of the North Natomas Community Plan, and anticipated a planned unit development for the project site, which would have included development guidelines and a schematic plan. No such planned unit development was ever approved.

During project review, the applicant proposed a school site in the project area, based on expressions of interest received from the Natomas Unified School District. Two project scenarios were developed, one including a school site and the second proposing a combination of residential development and larger park for that portion of the project site. In the case of the transportation analysis, the scenario including the school generated more vehicle trips, and was used as the basis for the impact analysis.

As noted in the discussion of public services, the school district has, in the meantime, determined that it will not need the school site. The environmental analysis in the remaining sections of the analysis, therefore, utilizes the second scenario for environmental review.

PROJECT DESCRIPTION

The land uses proposed for the project site in the proposed project are shown in Attachment 5, Tentative Subdivision Map and include the following:

- Lot B at the northeast corner would be rezoned to EC-50 (8.4± acres). Employment Center uses are flexible office centers that may include office, retail, residential and light industrial uses.
- Lot C located on the eastern portion of the project site, d would be rezoned to M-1 (S) (14.3± acres). This is a light industrial zone. This zone permits most fabricating activities, with the exception of heavy manufacturing and the processing of raw materials. In addition, regulations are provided in the M-1(S) zone to provide more attractive and uncrowded developments.

PARDEE AT NATOMAS (P05-129)
 INITIAL STUDY/MITIGATED NEGATIVE DECLARATION

- Lot D, located in the center of the project site, would be designated for development as a park, and would be 11.4 acres in size.
- Lot F, at the southeast corner would serve as a detention basin for drainage purposes, and would be rezoned as A-OS (5.4± acres): This is an open space designation.

Residential development of varying densities is proposed for the remainder of the project site. Medium density residential development in the form of detached single-family residences in a cluster design, would be located at the southwest corner. Condominiums would be developed in the northeast portion of the parcel, adjacent to the Employment Center identified above. Lots for detached single-family residences would be located in the northwest and central portions of the project site. Zoning for all residential areas would be R-1A.

The proposed project includes a 11.4-acre Community Park site. Development of the park could include basic landscaping, irrigation, turf and trees, and may include various types of site improvements, including site furniture, walkways, entry improvements and signage, and drinking fountains. Other improvements may include a children's play area such as tot lot or adventure area, picnic area with shade structure, sport court and sports field.

In addition, the park may include a large group picnic area with shade structure, a community garden, neighborhood/community skate park, restroom, on-site parking, bicycle trail, nature area, dog park, lighted sports fields or sport courts. Specialized features that may be located in a the park include a community center, water play area and/or a swimming pool.

The proposed project includes requests for amendments to the General Plan and the North Natomas Community Plan; zoning ordinance amendments; approval of a tentative subdivision map; establishment of a Planned Unit Development (PUD) with related development guidelines and schematic plan; and, PUD Special Permits for construction of residential units. The proposed tentative map subdivides 144 acres into 640 single family lots, one multi-family lot for condominiums, one park lot, one employment center lot and one detention basin lot.

The development proposed at this time includes construction of a maximum of 1000 single-family residential units, including 640 detached single-family dwelling units, 360 condominiums and townhouses, a detention basin for stormwater purposes, and the associated infrastructure and landscaping improvements. The parcels proposed for employment center and light industrial uses in the PUD are not proposed for development at this time.

The proposed project includes requests for the following entitlements:

- Development Agreement;
- Inclusionary Housing Plan;
- General Plan amendment;
- North Natomas Community Plan amendment;
- Rezone;
- Establishment of Planned Unit Development to establish PUD Guidelines and a Schematic Plan;
- Tentative Subdivision Map to create 511± single-family lots, 1 condominium lot, 1 park lot, 1 employment center lot, 1 light industrial lot, 1 detention basin lot, and 11 landscape corridor lots;

PARDEE AT NATOMAS (P05-129)
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- Subdivision Modification;
- PUD Special Permit for single-family development on 511± lots¹; and
- PUD Special Permit to develop 231± unit condominium complex.

ENVIRONMENTAL AND LAND USE SETTING

The project site is vacant, and is located in the City of Sacramento. The project site is located south of Del Paso Road, east of the East Drainage Canal, west of the Natomas Main Drainage Canal, and north of Interstate 80. See Attachment A.

The project site is located between 10 and 15 feet above mean sea level (msl). The site has been disked for weed control, and the primary ground cover is non-native grassland. (ECORP, page 3)

Surrounding land uses include:

- *West:* Gateway Park Boulevard, commercial development and multi-family residential uses
- *East:* Light industrial uses on parcel in unincorporated portion of Sacramento County proposed for annexation to the City of Sacramento (Panhandle Annexation Project, P05-077)
- *North:* Del Paso Road; single-family and multi-family residential development to the north of Del Paso Road
- *South:* East Drainage Canal; commercial and light industrial uses to the south of the canal

The following utilities would serve the proposed project:

- Water: City of Sacramento
- Sewer: County Sanitation District 1; Sacramento Regional County Sanitation District
- Electricity: Sacramento Municipal Utilities District (SMUD)
- Natural gas: Pacific Gas & Electric (PG&E)
- Solid waste disposal: City of Sacramento

¹ The requested entitlements for residential development do not equal the number of residential units analyzed for environmental purposes. The tentative map requested as part of the project would create lots designated for single-family residences. The Zoning Code requires a Special Permit to construct such residences. The proposed project includes the creation of some residential lots for which no Special Permit is approved, and on which no immediate residential development would occur.

PARDEE AT NATOMAS (P05-129)
 INITIAL STUDY/MITIGATED NEGATIVE DECLARATION

SECTION III – ENVIRONMENTAL CHECKLIST AND DISCUSSION

Issues:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less-than-significant Impact
1. <u>LAND USE</u>			
<i>Would the proposal:</i>			
A) Result in a substantial alteration of the present or planned use of an area?			✓
B) Affect agricultural resources or operation (e.g., impacts to soils or farmlands, or impact from incompatible land uses?)			✓

ENVIRONMENTAL SETTING

The General Plan and North Natomas Community Plan (NNCP) designate the project site for mixed use development, anticipating a mix of residential, commercial and employment center uses. In addition, portions of the project site are designated in the General Plan and NNCP for parks and public facilities (school).

The zoning for the project site is MIP-PUD. This zone allows light manufacturing, warehousing and distribution land uses. The zoning designation anticipated a planned unit development for the project site, which would have included development guidelines and a schematic plan. No planned unit development was ever approved.

STANDARDS OF SIGNIFICANCE

For the purposes of this analysis, an impact is considered significant if the project would substantially alter an approved land use plan that would result in a physical change to the environment. Impacts to the physical environment resulting from the proposed project are discussed in subsequent sections of this document.

ANSWERS TO CHECKLIST QUESTIONS

QUESTIONS A AND B

The existing General Plan and Community Plan designations contemplate employment center land uses along Del Paso Road, medium density residential in the middle of the project site, and low density residential in the southern portion. A school site of 10 acres and a park site of 8 acres are included in each plan.

Zoning for the site is MIP-PUD for each of the three parcels. This zoning allows light manufacturing, warehousing and distribution land uses. The zoning designation was applied to the site prior to the adoption of the North Natomas Community Plan, and anticipated a planned unit development for the project site, which would have included development guidelines and a schematic plan. No such planned unit development was ever approved.

PARDEE AT NATOMAS (P05-129)
INITIAL STUDY/MITIGATED NEGATIVE DECLARATION

The proposed project is the establishment of a Planned Unit Development mixed-use project site, including residential, park, employment center and light industrial uses. The mixed-use approach is consistent with the North Natomas Community Plan, which encourages such development in an effort to promote a jobs-housing balance, enabling people to work close to their residence.

The proposed land uses are generally consistent with the existing General Plan and North Natomas Community Plan provisions for the project site. The project includes requests for General Plan and Community Plan amendments to reconfigure the existing parcel lines to correlate with the proposed uses. The current zoning M-1 PUD designation for the site is not consistent with the General Plan and community plan designations for the site, and would be revised to make zoning consistent with these plans, and with the Planned Unit Development proposed for the site.

The development proposed at this time includes construction of a maximum of 1,000 single-family residential units, including 640 detached single-family dwelling units, 360 condominiums and townhouses, a detention basin for stormwater purposes, and the associated infrastructure and landscaping improvements. The parcels proposed for employment center and light industrial uses in the PUD are not proposed for development at this time.

The project also includes an application for a Special Permit for proposed single-family and condominium uses, which would be required under the Zoning Code and Planned Unit Development Guidelines.

The proposed land uses would not be incompatible with adjacent land uses, which are varied, and include the following:

East: Zoning is MIP (light manufacturing, warehouse and distribution); existing land use is warehouse

North: Zoning is R1-A (single-family residential); Del Paso Road abuts the project site on the north, and single-family residences are located across Del Paso Road to the north

West: Zoning is Employment Center; Gateway Park abuts the project site to the west, and commercial uses are located on the west side of Gateway Park

South: Zoning is MID; drainage canal is located south of the project site

The project site is within an area of the community that is being developed with urban uses. In addition to existing urban development, the parcel to the northeast of the project site has been proposed for residential and commercial development. Agricultural operations have ceased on the project site and on land in the vicinity due to encroaching urbanization.

The proposed project would develop the site in a manner consistent with the existing General Plan and North Natomas Community Plan provisions, and would not affect agricultural resources or operations. The project would have a *less-than-significant* impact on land use and agricultural resources or operations.

MITIGATION MEASURES

No mitigation measures are required.

PARDEE AT NATOMAS (P05-129)
 INITIAL STUDY/MITIGATED NEGATIVE DECLARATION

FINDINGS

The proposed project would result in *less-than-significant* land use impacts.

Issues:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less-than-significant Impact
<p>2. POPULATION AND HOUSING</p> <p><i>Would the proposal:</i></p> <p>A) Induce substantial growth in an area either directly or indirectly (e.g., through projects in an undeveloped area or extension of major infrastructure)?</p> <p>B) Displace existing housing, especially affordable housing?</p>			<p>✓</p> <p>✓</p>

ENVIRONMENTAL SETTING

Then project site is vacant. The General Plan and North Natomas Community designate the project site for mixed use development, including low density residential, commercial and light industrial uses.

STANDARDS OF SIGNIFICANCE

For the purposes of this analysis, an impact is considered significant if the project would induce substantial growth that is inconsistent with the approved land use plan for the area or displace existing affordable housing.

Answers to Checklist Questions

Question A

The proposed project would establish mixed use land use designations, including residential, commercial and light industrial uses. The project would change the land use designations for the project site to make the land use plan for the site consistent with such plans. The existing General Plan and North Natomas Community Plan designations are generally consistent with the proposed uses on the project site.

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The project site is located within the City limits. The City would provide police and fire services to the project site. Water would be provided by the City; sewer service would be provided by County Sanitation District 1, which serves other City parcels in the project vicinity.

The project site is adjacent to the unincorporated portion of Sacramento County to the east. The parcel to the east is within the City's sphere of influence, and is the subject of an annexation proposal currently pending with the City. (Panhandle Annexation project, P05-077). The project site is served by area roadways including Del Paso Road.

Development of the project site as proposed would not require the extension of major urban infrastructure to the project site. Development as proposed would be consistent with the General Plan and community plan for the area, and has been contemplated in the planning studies and environmental review conducted for urban development and services. See, e.g., Sacramento General Plan Update, North Natomas Community Plan. The project would not, therefore, induce growth by extending infrastructure to areas not previously served, or opening new areas to development that could encourage additional incursions into areas not planned for development. The impact would, therefore, be *less than significant*.

QUESTION B

The project site is vacant, and no housing would be displaced by the project. Any impact would be *less than significant*.

MITIGATION MEASURES

No mitigation measures are required.

FINDINGS

The proposed project would result in less than significant impacts to population and housing.

Issues:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less-than-significant Impact
3. SEISMICITY, SOILS, AND GEOLOGY			
Would the proposal result in or expose people to potential impacts involving:			
A) Seismic hazards?			✓
B) Erosion, changes in topography or unstable soil conditions?			✓
C) Subsidence of land (groundwater pumping or dewatering)?			✓
D) Unique geologic or physical features?			✓

PARDEE AT NATOMAS (P05-129)
INITIAL STUDY/MITIGATED NEGATIVE DECLARATION

ENVIRONMENTAL SETTING

The project site is generally level, and is vacant. Surrounding properties have been developed in urban uses. The C-1 Drainage Canal runs along the south boundary; Gateway Park Boulevard along the western boundary; Del Paso Road abuts the project site to the north; and light industrial uses are located on the parcel to the east.

The project site is located in the central portion of the Great Valley geomorphic province of California. The Great Valley lies between the mountains and the foothills of the Sierra Nevada Range to the east and the California Coast Ranges to the west. The geological formations of the Great Valley are typified by thick sequences of alluvial sediments (up to two-mile depth) deposited during the filling of a large ancient basin (Wallace Kuhl, 1994). The project site is not located within an Alquist-Priolo special studies zone (Converse 2005, p. 7). The City is classified as Zone I, out of a three-point scale with III being the most susceptible to seismic hazards. Development within this area is subject to potential damage from earthquake ground shaking at a maximum intensity of VIII on the Modified Mercalli Scale (SGPU DEIR, T-3, 16).

REGULATORY SETTING

Title 15, Chapter 15.88 Grading Erosion Control Ordinance (grading ordinance) was enacted for the purpose of regulating grading on property within the City limits to safeguard life, limb, health, property and the public welfare; to avoid pollution of watercourses with nutrients, sediments, or other materials generated or caused by surface water runoff; to comply with the City's National Pollution Discharge Elimination System (NPDES) permit issued by the California Regional Water Quality Control Board; and to ensure that the intended use of a graded site within the City limits is consistent with the City General Plan, any applicable specific plans and all adopted City ordinances and regulations. The grading ordinance is intended to control all aspects of grading operations within the City limits.

STANDARDS OF SIGNIFICANCE

For the purposes of this analysis, an impact is considered significant if it allows a project to be built that will either introduce geologic or seismic hazards by allowing the construction of the project on such a site without protection against those hazards.

ANSWERS TO CHECKLIST QUESTIONS

QUESTION A

Cities in California are required to consider seismic safety as part of the General Plan Safety Element. The City of Sacramento also recognized that it is prudent for the City to prepare for seismic related hazards and has, therefore, adopted policies as part of the General Plan Health and Safety Element. These policies require that the City protect lives and property from unacceptable risk due to seismic and geologic activity or unstable soil conditions to the maximum extent feasible: that the City prohibit the construction of structures for permanent occupancy across faults; that soils reports and geologic investigation be required for multiple-story buildings; and that the City implement Uniform Building Code requirements that recognize State and federal earthquake protection standards in construction. These policies are implemented through the building permit process for new construction projects and reduce the potential health and safety

PARDEE AT NATOMAS (P05-129)
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impacts due to seismic and geologic conditions.

The project site is not located in an Earthquake-Fault zone. (Converse 2005, p.7)

Seismic hazards at the project site are similar to those encountered generally within the City, and no special hazards are present. Project construction would be subject to City standards that account for such risks, and the impact would be *less than significant*.

QUESTION B

Impacts relating to exposure of people to hazards due to erosion are covered in this section. See below under Water (Section 4) for impacts relating to erosion and water quality.

Title 15, Chapter 15.88 of the City's Municipal Code requires that a grading permit must be obtained prior to construction activities. In accordance with the grading permit requirements, project conditions would require the applicant to submit an Erosion and Sediment Control Plan (ESC) to reduce the amount of erosion, and to retain sediment on the project site. No highly erodible soils are present on the project site. (SGPU DEIR, p. T-13) For these reasons, the proposed project would not result in substantial soil erosion or loss of topsoil, and geotechnical impacts related to erosion and soil loss would be *less than significant*.

QUESTION C

No significant subsidence of land has occurred within the City of Sacramento. (SGPU DEIR, p. T-13) State regulations and standards related to geotechnical considerations are reflected in the Sacramento City Code, and project construction would be required to comply with the current City Code at the time of construction, including the Uniform Building Code. The Code would require design and construction of buildings to meet standards that would reduce risk associated with subsidence or liquefaction.

The construction of the proposed project is not anticipated to result in groundwater pumping. The depth of groundwater on the project site is estimated to be located 10 to 25 feet below the surface. (Converse 2005, p. 7) Project construction activities could require dewatering, which would be subject to requirements established by the Central Valley Regional Water Quality Control Board to ensure that such activities would not result in substantial changes in groundwater.

The impact would be *less than significant*.

QUESTION D

The project site is generally level, and there are no unique geological or physical features located on the project site. The C-1 Drainage Canal runs along the south boundary of the project site, and would not be altered by the project. The impact would be *less than significant*.

MITIGATION MEASURES

No mitigation measures are required.

FINDINGS

The proposed project would result in *less-than-significant* impacts to geology, soils and seismicity.

PARDEE AT NATOMAS (P05-129)
 INITIAL STUDY/MITIGATED NEGATIVE DECLARATION

Issues:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less-than-significant Impact
<p>4. WATER</p>			
<p>Would the proposal result in or expose people to potential impacts involving:</p>			
<p>A) Changes in absorption rates, drainage patterns, or the rate and amount of surface/stormwater runoff (e.g. during or after construction; or from material storage areas, vehicle fueling/maintenance areas, waste handling, hazardous materials handling & storage, delivery areas, etc.)?</p>			✓
<p>B) Exposure of people or property to water related hazards such as flooding?</p>			✓
<p>C) Discharge into surface waters or other alteration of surface water quality that substantially impact temperature, dissolved oxygen or turbidity, beneficial uses of receiving waters or areas that provide water quality benefits, or cause harm to the biological integrity of the waters?</p>			✓
<p>D) Changes in flow velocity or volume of stormwater runoff that cause environmental harm or significant increases in erosion of the project site or surrounding areas?</p>			✓
<p>E) Changes in currents, or the course or direction of water movements?</p>			✓
<p>F) Change in the quantity of ground waters, either through direct additions or withdrawal, or through interception of an aquifer by cuts or excavations or through substantial loss of groundwater recharge capability?</p>			✓
<p>G) Altered direction or rate of flow of groundwater?</p>			✓
<p>H) Impacts to groundwater quality?</p>			✓

PARDEE AT NATOMAS (P05-129)
INITIAL STUDY/MITIGATED NEGATIVE DECLARATION

ENVIRONMENTAL SETTING

Surface Water/Drainage. The Sacramento, American, and Cosumnes Rivers are the main surface water tributaries that drain much of Sacramento. The aquifer system underlying the City is part of the larger Central Valley groundwater basin. Surface inflows to the east of the City limits and deep percolation of precipitation and surface water applied to irrigated crop land recharge the aquifer system.

The project site is generally level, with an elevation of approximately 17 feet above msl at the northeast corner and 10 feet above msl at the southwest corner. (Converse 2005, Figure 1)

Water Quality. The City's municipal water is received from the American and Sacramento Rivers and augmented by groundwater wells. Groundwater supplements municipal water supplies in areas north of the American River; the City is supplied exclusively with surface water in areas south of the American River.

The water quality of the American River is considered very good. The Sacramento River water is considered to be of good quality also, although higher sediment loads and extensive irrigated agriculture upstream of Sacramento tends to degrade the water quality. During the spring and fall, irrigation tailwaters are discharged into drainage canals that flow to the river. In the winter, runoff flows over these same areas. In both instances, flows are highly turbid and introduce large amounts of herbicides and pesticides into the drainage canals, particularly rice field herbicides in May and June. The aesthetic quality of the river is changed from relatively clear to turbid from irrigation discharges.

Flooding. The Federal Emergency Management Agency (FEMA) publishes Flood Insurance Rate Maps (FIRM) that delineate flood hazard zones for communities. The project site is located in Flood Zones A and X (Converse 2005, p. 7). Flood Zone A is designated with no base flood elevations determined. Flood Zone X is designated as areas of 500-year flood; areas of 100-year flood with average depths of less than one foot or with drainage areas less than one square mile, and areas protected by levees from 100-year flood conditions.

Groundwater. There is no surface water on the project site, and no wetlands. (ECORP 2005, p. 9) The southern boundary of the project site abuts a levee for the C-1 Drainage Canal, which connects to the Natomas Main Drainage Canal, and is maintained by Reclamation District 1000. (ECORP, p. 3) The depth of groundwater on the project site is estimated to be located 10 to 25 feet below the surface. (Converse 2005, p. 7)

The project site is located within the Sacramento River Hydrologic Basin, as defined by the California Department of Water Resources. The aquifer system underlying the City is part of the larger Central Valley groundwater basin. The Sacramento, American, and Cosumnes Rivers are the main surface water tributaries that drain much of Sacramento and recharge the aquifer system. The depth of groundwater on the project site is estimated to be located 10 to 25 feet below the surface. (Converse 2005, p. 7)

Undocumented fill piles and mounds are located on the project site at the northwest corner and southeast corner, and a mound of fill material is located on the eastern portion of the project site. A section of transite pipe and other debris is located in the southeast quadrant of the site.

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REGULATORY SETTING

The Central Valley Regional Water Quality Control Board (RWQCB) has the primary responsibility for protecting the quality of surface and groundwater in the City of Sacramento. The RWQCB's efforts are generally focused on preventing either the introduction of new pollutants or an increase in the discharge of existing pollutants into bodies of water that fall under its jurisdiction.

The RWQCB is concerned with all potential sources of contamination that may reach both those subsurface water supplies and the rivers through direct surface runoff or infiltration. Storm water runoff is collected in City drainage facilities and sent directly to the Sacramento River.

The City of Sacramento has obtained a municipal stormwater National Pollutant Discharge Elimination System (NPDES) permit from the State Water Resources Control Board (SWRCB) under the requirements of the Environmental Protection Agency and Section 402 of the Clean Water Act (CWA). The goal of the permit is to reduce pollutants found in urban storm runoff. The general permit requires the City to employ "best management practices" (BMPs) before, during, and after construction, and the City enforces these requirements through conditions on private projects, such as the proposed project.

The primary objective of the BMPs is to reduce non-point source pollution into waterways. These practices include structural and source control measures for residential and commercial areas, and BMPs for construction sites. BMPs minimize erosion and sedimentation and prevent pollutants such as oil and grease from entering the stormwater drains. BMPs are approved by the Department of Utilities prior to construction. The BMP document is available from the Department of Utilities, Engineering Services Division, 1395 35th Avenue, Sacramento, CA.

Components of BMPs include:

- maintenance of structures and roads;
- flood control management;
- comprehensive development plans;
- grading, erosion, and sediment control ordinances;
- inspection and enforcement procedures;
- educational programs for toxic material management;
- reduction of pesticide use; and
- site-specific structural and nonstructural control measures.

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The RWQCB requires use of the best available technology that is economically achievable. These features would be discussed in the Stormwater Pollution Prevention Plan (SWPPP) that is prepared for the project. A monitoring program would be implemented to evaluate the effectiveness of the measures included in the SWPPP. The RWQCB may review the final drainage plan or any of its components to determine compliance with permits issued by the RWQCB.

The SWPPP includes information on runoff, erosion control measures to be employed on the project site, and any toxic substances to be used during construction activities.

STANDARDS OF SIGNIFICANCE

Water Quality. An impact is considered significant if the proposed project would substantially degrade water quality and violate any water quality objectives set by the State Water Resources Control Board, due to increased sediments and other contaminants generated by consumption and/or operation activities.

Flooding. An impact is considered significant if the proposed project substantially increases exposure of people and/or property to the risk of injury and damage in the event of a 100-year flood.

ANSWERS TO CHECKLIST QUESTIONS

QUESTIONS A, D, G

The proposed project would develop the project site with residential, commercial and light industrial uses. This would include coverage of the project site with impervious surfaces, including structures and parking areas. Such development would increase stormwater flows from the project site.

The project proponent would be required by project conditions to prepare and submit a drainage study for the project site. Storm drain infrastructure would be designed to City's standards for private storm drainage systems per Section 11.12 of the Department of Utilities Design and Procedures Manual.

The proposed project includes construction of a stormwater detention basin and pump station in the southeast corner of the project. This basin would retain stormwater flows from the project site, and would release the retained water to the C1 Drainage Canal that abuts the project site to the south. Release would be designed to meet the allowable discharge rate in cubic feet per second allowed by Reclamation District 1000.

Stormwater drainage improvements would be constructed to retain and manage the increased runoff due to installation of impervious surfaces, and the impacts due to changes in absorption rates, drainage patterns, or the rate and amount of stormwater drainage would be *less than significant*.

QUESTION B

The project site is located in Flood Zones A and X (Converse 2005, p. 7). Flood Zone A is designated with no base flood elevations determined. Flood Zone X is designated as areas of 500-year flood; areas of 100-year flood with average depths of less than one foot or with

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drainage areas less than one square mile, and areas protected by levees from 100-year flood conditions.

The project would be required to construct building pads a minimum of 1.2 feet above the 100-year flood level, and finished floors at least 1.5 feet above 100-year flood levels. The project would be required to construct required public and/or private infrastructure to handle off-site runoff to the satisfaction of the Department of Utilities.

Design of drainage infrastructure as required, and elevation of building pads and finished floors above the 100-year flood levels, would ensure that people and property would be protected from 100-year storm events, and the impact would be Therefore, the proposed project will have a *less than significant*.

QUESTIONS C, E

The project site is currently undeveloped and has been primarily used for dry farming during the last several years. The project site is located in a drainage basin that is tributary to the Sacramento River. The Sacramento River is located approximately five miles southwest of the project site.

There is an existing improved drainage canal at the southerly property line of the project site that is owned and operated by Reclamation District 1000 (RD 1000). Storm water runoff is currently conveyed into this canal where it is conveyed to the RD 1000 East Main Drainage Canal approximately one half-mile from the project site. The East Main Drainage Canal conveys the storm runoff flows to the Sacramento River.

Development of the project would result in substantial coverage of the project site with impervious surfaces, including structures, streets and parking areas. This will substantially increase the stormwater runoff from the project site. The City's drainage master plan for the Natomas community provides that stormwater runoff from the project site should be conveyed to a detention basin on the project site.

The proposed project would be required to construct an onsite detention basin and stormwater pump station to store more intense peak hour storm flows for a period of time and then pump out of the detention basin at a lesser flow rate to the adjacent RD 1000 drainage canal at the southerly boundary of the site. RD 1000 has indicated flows can be pumped into their system at a rate of 0.10 cubic feet per second per acre of project area. Both the City of Sacramento and RD 1000 would require a detailed project-specific drainage study prior to construction of any drainage facility.

The detention basin as required by City requirements would be sized to provide water quality improvement whereby silts and sands are allowed to settle to the bottom of the basin where natural treatment can take place and excessive sands and silts can be removed periodically. Once constructed the detention basin and pump station would be owned and operated by the City of Sacramento.

With design and construction of the detention basin, impacts to surface waters and drainage would be *less than significant*.

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QUESTIONS F, H

The depth of groundwater on the project site is estimated to be located 10 to 25 feet below the surface. (Converse 2005, p. 7)

The proposed project is not expected to involve substantial excavation or trenching that would impact groundwater. However, in the event that dewatering activities are required, these could result in a short-term change in the quantity of groundwater and/or direction of rate of flow, and groundwater quality. Any dewatering activities associated with the proposed project must comply with application requirements established by the Central Valley Regional Water Quality Control Board to ensure that such activities would not result in substantial changes in groundwater flow or quality.

The Stormwater Pollution Prevention Plan (SWPPP) required by the City would implement the Best Management Practices (BMPs) as required by the RWQCB and the City's NPDES Permit. Construction related activities have the potential to impact water quality. Construction activities would include grading, trenching, paving, and landscaping. These activities have the potential to increase sediment loads in runoff that would enter the combined sewer system. The degree of construction related impacts to water quality are partially determined by the duration of the various construction activities and rainfall distribution. Due to low summer rainfall, summer construction activities would decrease the sediment and other pollutant levels that may impact water quality. Fuel, oil, grease, solvents, and other chemicals used in construction activities have the potential to create toxicity problems if allowed to enter a waterway. Construction activities are also a source of various other materials including trash, soap, and sanitary wastes.

The project improvement plans will be required as a condition of approval to comply with the City's Grading, Erosion, and Sediment Control Ordinance (Code 15.88.250). Therefore, compliance with City and State regulations will reduce impacts to surface water and drainage to a less-than-significant level.

Therefore, the proposed project would have a *less-than-significant* impact on groundwater quality or quantity.

MITIGATION MEASURES

No mitigation measures are required.

FINDINGS

The proposed project will have a *less-than-significant* impact on water resources.

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Issues:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less-than-significant Impact
5. AIR QUALITY			
<i>Would the proposal:</i>			
A) Violate any air quality standard or contribute to an existing or projected air quality violation?			✓
B) Exposure of sensitive receptors to pollutants?			✓
C) Alter air movement, moisture, or temperature, or cause any change in climate?			✓
D) Create objectionable odors?			✓

ENVIRONMENTAL SETTING

The project site lies within a developing urbanized area with adjacent agricultural uses of Sacramento County within the Sacramento Valley Air Basin (SVAB), and is subject to federal, state, and local air quality regulations. The SVAB is about 200 miles long in a north-south direction, and has a maximum width of about 150 miles. The SVAB is bounded on the north by the Cascade Range, on the south by the San Joaquin Valley Air Basin, on the east by the Sierra Nevada, and on the west by the Coast Range. Eleven counties are included in the SVAB, include all or portions of Shasta, Tehama, Glenn, Colusa, Yolo, East Solano, Butte, Sutter, Yuba, Placer, and Sacramento counties. Within the SVAB, the Natomas Central project site is under the jurisdiction of the Sacramento Metropolitan Air Quality Management District (SMAQMD). The SMAQMD is responsible for implementing emissions standards and other requirements of federal and state laws. Air quality concerns within the Sacramento Valley include the most common pollutants including ozone, carbon monoxide, nitrogen oxides, sulfur oxides, and particulate matter from dust and diesel exhaust.

The U. S. Environmental Protection Agency (EPA) and the California Air Resources Board (CARB) have established ambient air quality standards for common pollutants (Table 5). These ambient air quality standards are levels of contaminants, which represent safe levels that avoid specific adverse health effects associated with each pollutant. The ambient air quality standards cover what are called "criteria" pollutants because the health and other effects of each pollutant are described in criteria documents.

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Federal and State Ambient Air Quality Standards

Pollutant	Averaging Time	Federal Primary Standard	State Standard
Ozone (O ₃) 1-Hour	1-Hour 8-Hour	0.12 ppm 0.08 ppm	0.09 ppm 0.07 ppm
Carbon Monoxide (CO)	8-Hour 1-Hour	9.0 ppm 35.0 ppm	9.0 ppm 20.0 ppm
Particulate Matter (PM ₁₀)	Annual 24-Hour	50 µg/m ³ 150 µg/m ³	20 µg/m ³ 50 µg/m ³
Particulate Matter (PM _{2.5})	Annual 24-Hour	15 µg/m ³ 65 µg/m ³	12 µg/m ³ no separate standard
Sulfur Dioxide (SO ₂)	Annual 24-Hour	.04 ppm	0.03 ppm 0.14 ppm
Nitrogen Dioxide (NO ₂)	Annual 1-Hour	0.053 ppm	.25 ppm

Any pollutant criteria that does not have a federal or state standard set is indicated by "--".

The federal and state governments have enacted laws mandating the identification of areas not meeting the ambient air quality standards and development of regional air quality plans to eventually attain the standards. Both the federal Environmental Protection Agency (EPA) and the California Air Resources Board (CARB) classifies Sacramento County as non-attainment for ozone and PM₁₀ (particulate matter less than 10 microns in diameter), and the CARB classifies the County as non-attainment for PM_{2.5}. For carbon monoxide (CO), Sacramento County is designated as unclassified/attainment by the EPA, and attainment by the CARB. For both nitrogen dioxide (NO₂) and sulfur dioxide (SO₂), the CARB designated the County as attainment, while at the national level the EPA designates the County as unclassified/attainment (California Air Resources Control Board 2002).

North Natomas Community Plan

The North Natomas Community Plan (NNCP) of 1994 has both a Transportation Systems Management (TSM) Plan and an Air Quality Mitigation Strategy (AQMS). The Air Quality Mitigation Strategy of the NNCP is focused on reducing emissions of ozone precursors. Ground level ozone is not emitted directly into the air, but is formed instead by chemical reactions between oxides of nitrogen (NO_x) and reactive organic gases (ROG) in the presence of sunlight. The major sources of NO_x and ROG are emissions from motor vehicle exhaust, gasoline vapors, chemical solvents, industrial facilities and electric utilities. Site design, target area, and community wide measures are included in the AQMS. Site design measures include orientation of buildings to promote transit use, while a target area measure might include reduced parking in areas located within ¼ mile of a light rail station. A shuttle system for the community is one example of a community-wide mitigation strategy.

As required by the NNCP, The City Development Services Department and SMAQMD have set a goal of 35 percent community-wide daily reduction in vehicle and other ROG emissions at build out of the Natomas Community. Residential developments must reduce ROG emissions

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by a minimum of 20 percent compared to single occupant vehicle baseline. Some of the measures that will be implemented to meet this goal include the promotion of electric, low, and zero-emission vehicle use, providing emission credits for electric vehicle use, and the use of low or zero emission appliances such as furnaces and electric lawnmowers.

The Transportation Systems Management component of the NNCP requires the establishment of a community-based Transportation Management Association. The North Natomas Transportation Management Association (NNTMA) was established in 1998 to assist developers, employers, residents and others with the implementation of trip reduction strategies in support of the NNCP goals and objectives (North Natomas Transportation Management Association 2003). Each developer within the NNCP area is required to submit a Transportation Management Plan (TMP) that demonstrates how the project will help meet the trip and emission reduction goals, and one of the requirements of each TMP is participation in the NNTMA.

The NNTMA will be responsible for area and community wide traffic reduction strategies, which would contribute to the development's required percentage of emission reduction.

STANDARDS OF SIGNIFICANCE

The SMAQMD adopted the following thresholds of significance in 2002:

Ozone and Particulate Matter. An increase of nitrogen oxides (NO_x) above 85 pounds per day for short-term effects (construction) would result in a significant impact. An increase of either ozone precursor, nitrogen oxides (NO_x) or reactive organic gases (ROG), above 65 pounds per day for long-term effects (operation) would result in a significant impact (as revised by SMAQMD, March 2002). The threshold of significance for PM₁₀ is a concentration based threshold equivalent to the California Ambient Air Quality Standard (CAAQS). For PM₁₀, a project would have a significant impact if it would emit pollutants at a level equal to or greater than five percent of the CAAQS (50 micrograms/cubic meter for 24 hours) if there were an existing or projected violation; however, if a project is below the ROG and NO_x thresholds, it can be assumed that the project is below the PM₁₀ threshold as well (SMAQMD, 2004).

Carbon Monoxide. The pollutant of concern for sensitive receptors is carbon monoxide (CO). Motor vehicle emissions are the dominant source of CO in Sacramento County (SMAQMD, 2004). For purposes of environmental analysis, sensitive receptor locations generally include parks, sidewalks, transit stops, hospitals, rest homes, schools, playgrounds and residences. Commercial buildings are generally not considered sensitive receptors. Carbon monoxide concentrations are considered significant if they exceed the 1-hour state ambient air quality standard of 20.0 parts per million (ppm) or the 8-hour state ambient standard of 9.0 ppm (state ambient air quality standards are more stringent than their federal counterparts).

ANSWERS TO CHECKLIST QUESTIONS

QUESTION A AND B

Air quality impacts resulting from implementation of the project are categorized as follows:

- Short-term impacts related to construction activities; and
- Long-term impacts related to operation of the project.

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Short-term air quality impacts are the result of the use of construction equipment, transport of materials (i.e. equipment, supplies, and construction material) to and from the site, and construction employee commute trips. Short-term air quality emissions typically consist of reactive organic gases (ROG), oxides of nitrogen (NOx), and fugitive dust. Nitrogen oxides (NOx) and reactive organic gases (ROG) are the primary reactive compounds, or precursors, contributing to the formation of ozone and are largely generated from the operation of gas and diesel powered equipment. Fugitive dust and particulate matter is largely generated from earth moving activities and wind erosion.

Long-term air quality impacts are associated with the operational characteristics of the project and typically are the result of the use of equipment that directly generates pollutants (i.e. diesel powered water pump or electrical generator). Additionally, long term air quality impacts are associated with mobile emissions related to employee trips to work and home.

In order to calculate air quality construction and long-term emissions for the project, the URBEMIS computer program was used (URBEMIS 2002, version 8.7). URBEMIS stands for "Urban Emissions Model", and estimates emissions (lbs./day) generated from construction equipment and vehicles used during the development of residential neighborhoods, shopping centers, and office buildings. URBEMIS also estimates long term emissions from the operation of projects after construction. Long-term impacts include emissions from gas appliances, wood stoves, fireplaces, landscape maintenance equipment; and residents' vehicle use. The URBEMIS model is widely used in California by air districts, local governments, project developers, and environmental consultants and is recommended and approved for use by multiple air quality districts throughout the state.

Construction and operational mass daily emissions were calculated for the project based on project phases. The first one is the Pardee (Pardee Residential Only, which includes the park and detention basin totaling ~121.3 acres) and the other is Pardee PUD (Pardee Combined, which includes all elements of the PUD including the 8.4 ac of EC-50 and 14.3 ac of Light Industrial).

The EC-50 and Light Industrial parcels will not be developed at this time and will require future discretionary actions for future development. Two URBEMIS runs were completed to get the construction emissions for just the Residential, Park and detention basin (121.3 acres)(Pardee) which is proposed to be developed and one for the whole project area (Pardee PUD). The estimated emissions for construction of the proposed development project (Pardee) were used to determine the construction mitigation fee and then utilize the estimated construction emissions for the whole PUD (Pardee PUD) to condition the project that if the future phase(s) begin construction during construction of the proposed project, then they would be accountable to pay the additional construction fees. The estimated fees are \$136,380 for the construction fees for the Pardee project and would increase to \$246,633 for the entire PUD (if construction of the entire site occurs simultaneously).

The operation emissions (which utilize the Pardee PUD or combined URBEMIS run) were calculated to be 99.39 lbs/day of NOx and 166.93 lbs/day of ROG. For the operational the emissions that exceed the threshold after the reduction from the mitigation of the Air Quality Mitigation Plan, fees are broken out and separated on an acreage basis to apply to the different developments.

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URBEMIS Construction Emissions (lbs/day) – Residential Only Before and After Mitigation

	<i>Before Mitigation</i>	<i>After Mitigation</i>	NOx Over threshold (lbs/day)
	<i>NOx (lbs/day)</i>	<i>NOx (lbs/day)</i>	
Grading phase	253.34	202.67	117.67
Building Construction (Year 1)	151.78	121.42	36.42
Building Construction (Year 2)	144.73	115.78	30.78
Building Construction (Year 3)	137.67	110.14	25.14
Asphalt phase	44.75	35.80	0
Over threshold	20900.28		

URBEMIS Operational Emissions (lbs/day) – Residential Only Before and After Mitigation

Operational Emissions - (lbs/day)			
	<i>Before Mitigation</i>	<i>After Mitigation</i>	NOx Over threshold (lbs/day)
	<i>NOx (lbs/day)</i>	<i>NOx (lbs/day)</i>	
	99.39	84.48	19.48
Total operational Nox over threshold = 3.56 tons			

Mitigation Measures

Air Quality 1: The construction contractor will provide the City of Sacramento and SMAQMD with a plan for approval demonstrating that heavy-duty (>50 horsepower) off-road vehicles to be used will achieve a project wide fleet average of 20 percent NOx reduction and 45 percent PM reduction compared to the most recent CARB fleet average at the time of construction. Off-road vehicles include owned, leased, and subcontractor vehicles. The project contractor will submit to the City of Sacramento and SMAQMD a comprehensive inventory of all off-road construction equipment (> 50 horsepower) that will be used for a total of 40 hours or more during any portion of the project. The inventory will include the horsepower rating, engine production year, and projected hours of use or fuel requirements for each piece of equipment. At least 48-hours prior to the use of subject heavy-duty off-road equipment, the project representative shall provide SMAQMD with the anticipated construction timeline including start date, name and phone number of the project manager, and on-site foreman.

Air Quality 2: The project contractor shall ensure that emissions from off-road diesel powered equipment used on site do not exceed 40 percent opacity for more

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than three minutes in any one hour. Any equipment found to exceed the 40 percent opacity (or Ringelmann 2.0) shall be repaired immediately, and the City of Sacramento AND SMAQMD shall be notified within 48-hours of identification of noncompliant equipment. The project contractor shall insure that a visual survey of all in-operation equipment is made at least weekly, and a monthly summary of the visual survey results shall be submitted by the contractor to the City of Sacramento and to SMAQMD throughout the duration of the project (except for 30-day periods of inactivity). The monthly summary shall include the quantity and type of vehicles surveyed, and the date of each survey.

- Air Quality 3:** Construction equipment will utilize the Best Available Technology (BAT) so as to minimize vehicle emissions to the extent possible. This may include the use of diesel particulate filters and cooled exhaust gas recirculation or equivalent measures on all off-road and on-road diesel equipment in the construction phase of the project. The project proponent will review amendments to CARB and SMAQMD regulations and City of Sacramento ordinances during construction, and comply immediately with newly adopted regulations, including those for equipment idling, which would reduce the cumulative release of pollutants.
- Air Quality 4:** Coordinate with the SMAQMD for payment of fees into the Heavy-Duty Low-Emission Vehicle Program designed to reduce construction related emissions within the region. Fees shall be paid based upon the SMAQMD District Fee of \$13,600/ton of NOx emissions generated. This fee shall be paid prior to issuance of building permits. Based upon the URBEMIS emissions data and the SMAQMD's mitigation fee calculator, the expected payment for remaining construction related NOx emissions over the significance threshold will be \$48,416.00. If the projected construction equipment or phases change, the applicant shall coordinate with the SMAQMD to determine if the mitigation fee needs to be re-calculated. During construction of the proposed improvements, grading activities have the potential to result in the generation of significant amounts of fugitive dust that could potentially expose sensitive receptors to criteria pollutants unless mitigated. **Mitigation Measures AQ-5 through AQ-8** will reduce these impacts to a less than significant level.
- Air Quality 5:** During clearing, grading, earth-moving, or excavation operations, fugitive dust emissions shall be controlled by watering exposed surfaces 2 times per day, watering haul roads 3 times per day or paving of construction roads, or other dust-preventive measures.
- Air Quality 6:** All clearing, grading, earth-moving, or excavation activities shall cease when winds exceed 20 mph averaged over 1 hour.
- Air Quality 7:** Any portions of the construction site that remains inactive longer than a period of 3 months shall be reestablished with ground cover through seeding and watering. Alternatively, non-toxic soil stabilizers shall be applied to all inactive construction areas in accordance with manufacture's specifications.

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- Air Quality 8:** All vehicles hauling dirt, sand, soil or other loose material shall be covered or should maintain at least two feet of freeboard in accordance with the requirements of California Vehicle Code Section 23114.
- Air Quality 9:** Prior to groundbreaking, the project proponent will coordinate with the SMAQMD and the City of Sacramento and develop a project Air Quality Mitigation Plan designed to reduce area source and operational NOx emissions by 20%. Some examples of project specific operational mitigation include bicycle/pedestrian transit features that promote alternative transportation use, mixed land uses including parks and schools within ¼ mile of residential uses, and promotion of electric landscaping equipment.
- Air Quality 10:** Coordinate with the SMAQMD for payment of fees into the Heavy-Duty Low-Emission Vehicle Program designed to reduce emissions within the region. SMAQMD calculates the mitigation fee for these remaining operational emissions by multiplying the NOx lbs/day over the threshold by 365 days (one year of emissions), determining the total project NOx over the threshold in tons, and multiplying that overage by the Carl Moyer Program standard of \$13,600 per ton. This fee shall be paid prior to issuance of building permits. Based upon the URBEMIS emissions data and the SMAQMD's mitigation fee calculator, the expected payment for remaining operational NOx emissions over the significance threshold will be \$142,122. If the projected operational emissions change, the applicant shall coordinate with the SMAQMD to determine if the mitigation fee needs to be re-calculated.

QUESTION C

The area surrounding the project site consists of low-density residential, residential office, medical, and commercial services and retail uses. The project would not result in the alteration of air movement, moisture, or temperature, or in any change in climate, either locally or regionally over and above what is currently experienced in that area. Any impacts would be considered *less than significant*.

QUESTION D

While odors associated with the use of diesel powered equipment may emit objectionable odors, these odors will be short-term in nature and the construction fleet will utilize all Best Available Technology as required in the mitigation measures. As such, the creation of objectionable odors from construction is considered a less than significant impact, and no mitigation is required. Odors from residential land use after build out are expected to be less than significant.

FINDINGS

Payment of SMAQMD approved mitigation fees for use in off-site emission reduction programs for any remaining project NOx emissions over the significance threshold will reduce the impacts to air quality to less than significant for NOx and also other criteria emissions, including PM10.

With the incorporation of **Mitigation Measures AQ-1 through AQ-10** listed above, the proposed project is expected to have a less than significant impact on air quality.

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Issues:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less-than-significant Impact
6. TRANSPORTATION/CIRCULATION Would the proposal result in:			
A) Increased vehicle trips or traffic congestion?		✓	
B) Hazards to safety from design features (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?			✓
C) Inadequate emergency access or access to nearby uses?			✓
D) Insufficient parking capacity on-site or off-site?			✓
E) Hazards or barriers for pedestrians or bicyclists?			✓
F) Conflicts with adopted policies supporting alternative transportation (e.g., bus turnouts, bicycle racks)?			✓
G) Rail, waterborne or air traffic impacts?			✓

ENVIRONMENTAL SETTING

The project site is located south of Del Paso Road from Gateway Park Boulevard to just east of Blackrock Drive.

PROJECT ASSUMPTIONS FOR ENVIRONMENTAL REVIEW

At the time environmental review for the proposed project was initiated, the number of residences included in the project was not certain. In addition, the proposed project does not include requests for development entitlements for the employment center parcel at the northeast corner or the light industrial parcel to the south of the employment center parcel. A Special Permit would be required at the time a specific development proposal is received for these parcels.

In order to ensure that the environmental review would adequately identify and evaluate the impacts of the proposed project, assumptions were made regarding development on the site. At the time the assumptions were adopted, and the traffic study initiated, the applicant was engaged in discussions with the Natomas Joint Unified School District regarding a potential elementary school site in the project area. Two scenarios were adopted, one of which included

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a school site, and a second scenario that included a larger park and residential development on the remainder of the school site, as follows:

	Land Use	Amount
Scenario 1	Single-Family detached Housing	408 dwelling units
	Residential/Condominium	394 dwelling units
	Office (EC-40)	93,600 square feet
	Light Industrial	252,000 square feet
	K-8 School	900 students
	Park	8 acres
Scenario 2	Single-Family detached Housing	408 dwelling units
	Residential/Condominium	544 dwelling units
	Office (EC-40)	93,600 square feet
	Light Industrial	252,000 square feet
	Park	11.4 acres

As shown in Table 1, if a school is included in the project site there would be 802 residential dwelling units; if no school site is included, and the park is increased from 8 acres to 11.4 acres, the number of residential dwelling units would be 952 units.

The assumptions for office space and light industrial set forth above are estimates of the potential development that could occur on these parcels. Square footage for the employment center uses was based on the Community Plan provisions (i.e., 40 employees per acre and 300 sq. ft./employee), and the light industrial uses were based on 20,000 sq. ft./acre. Actual development proposed for these sites could be more or less intense, but these estimates are viewed as reasonable projections of the magnitude of development that could occur on these sites. These estimates have been used for evaluating traffic impacts and other environmental effects of the proposed project.

In the case of the traffic and circulation analysis, the vehicle trips generated by Scenario 1, which includes the school site, were greater than for Scenario 2. The traffic analysis utilized Scenario 1, therefore, as the basis for assessment of project impacts for traffic and circulation. (Traffic Report, page 11)

Roadway System

The roadway network in the vicinity of the proposed project is described below.

- I-5 is primarily six lanes within the study area and serves as the commute corridor between Downtown Sacramento and North Natomas. Just north of the Del Paso Road interchange, I-5 curves towards the west and continues to the Sacramento International Airport and beyond.

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- **Del Paso Road** is an east-west roadway continuing from Power Line Road west of I-5 to Northgate Boulevard where it becomes Main Avenue and continues to the east. Del Paso Road is primarily a six-lane roadway between I-5 and the project site. Del Paso Road narrows to two lanes in the eastbound direction just west of Blackrock Drive along the frontage of the proposed project site. Del Paso Road becomes two lanes in the westbound direction east of Blackrock Drive. Del Paso Road provides access to the Arco Arena, and adjacent retail and commercial uses.
- **Truxel Road/Natomas Boulevard** is a north-south roadway west of the project site. Truxel Road extends north of Interstate 80 (I-80) and becomes Natomas Boulevard at the Del Paso Road intersection. Truxel Road also provides access to the Arco Arena. Natomas Boulevard primarily provides access to the residential uses within North Natomas.
- **Gateway Park Boulevard** is a two to four lane roadway between Truxel Road and Del Paso Road. Along the frontage of the project site, Gateway Park Boulevard is one lane in the northbound direction; however, the roadway has been widened to two lanes in the southbound direction. North of Del Paso Road, Gateway Park Boulevard becomes Aviator Boulevard and serves the residential uses to the north.
- **Arena Boulevard/North Market Boulevard** extends from El Centro Road west of I-5 to Northgate Boulevard. Arena Boulevard becomes North Market Boulevard at the Truxel Road intersection. Arena Boulevard provides access to the Arco Arena while North Market Boulevard primarily serves the light industrial uses in the Natomas area.

Blackrock Drive extends north of Del Paso Road and serves the residential area to the north.

Bicycle and Pedestrian Facilities

Del Paso Road has Class II on-street bike lanes (i.e., signed and striped) within the project vicinity. Del Paso Road has sidewalks on both sides of the roadway within the project vicinity; however, no sidewalks are provided on the south side between Gateway Park Boulevard and Blackrock Drive (i.e., along the frontage of the project site). On-street bike lanes are provided on the west side of Gateway Park Boulevard adjacent to the project site. Along the frontage of the project site (i.e., the east side of the roadway), Gateway Park Boulevard has narrow shoulders and no sidewalks.

Transit Service

The Sacramento Regional Transit District (RT) provides public transit service within the project area. Transit service is provided on Truxel Road, Natomas Boulevard, North Market Boulevard, and Gateway Park Boulevard (between Truxel Road and North Market Boulevard). No transit service is provided on Del Paso Road. Three routes provide direct fixed route service within the project vicinity as listed below.

- **Route 11 (Truxel Road)** operates between Downtown Sacramento and North Natomas and provides service along Truxel Road and Natomas Boulevard within the study area. Service is generally provided from 6:00 AM to 6:00 PM Monday through Friday and no weekend service is provided.

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- **Route 13 (Northgate)** operates between Arden/Del Paso and North Natomas and provides service on Northgate Boulevard, North Market Boulevard, and Gateway Park Boulevard (between Truxel Road and North Market Boulevard) within the study area. Service is generally provided from 5:00 AM to 11:00 PM Monday through Friday and from 8:00 AM to 6:00 PM on Saturdays, Sundays, and Holidays.
- **Route 14 (Norwood)** operates between Arden/Del Paso and North Natomas and provides service on Norwood Avenue, Main Avenue, North Market Boulevard, and Gateway Park Boulevard (between Truxel Road and North Market Boulevard). Service is generally provided from 5:30 AM to 10:00 PM Monday through Friday and from 7:30 AM to 7:30 PM on Saturdays, Sundays, and Holidays.

STANDARDS OF SIGNIFICANCE

The following *Standards of Significance* have been established in assessing the impacts of proposed projects on the transportation facilities (Source: *Traffic Impact Analysis Guidelines*, Rev. July 19, 2002).

- Roadways:**
- (1). An impact is considered significant for roadways when the project causes the facility to degrade from LOS C or better to LOS D or worse.
 - (2). For facilities that are already worse than LOS C without the project, an impact is also considered significant if the project increases the v/c ratio by 0.02 or more on a roadway.
- Signalized and unsignalized Intersections:**
- (1). An impact to the intersections is considered significant if the Project causes the LOS of the intersections to degrade from LOS C or better to LOS D or worse.
 - (2). For intersections that are already operating at LOS D, E, or F without the Project, an impact is significant if the implementation of the Project increases the average delay by 5 seconds or more at an intersection.
- Transit Facilities:**
- An impact is considered significant if the implementation of the project will cause one or more of the following:
- (1). The project-generated ridership, when added to the existing or future ridership, exceeds existing and/or planned system capacity. Capacity is defined as the total number of passengers the system of buses and light rail vehicles can carry during the peak hours of operation.
 - (2). Adversely affect the transit system operations or facilities in a way that discourages ridership (e.g. removes shelter, reduces park and ride).
- Bicycle Facilities:**
- An impact is considered significant if the implementation of the project will cause one or more of the following:
- (1). eliminate or adversely affect an existing bikeway facility in a way that discourages the bikeway use;
 - (2). interfere with the implementation of a proposed bikeway;

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- (3). result in unsafe conditions for bicyclists, including unsafe bicycle/pedestrian or bicycle/motor vehicle conflicts.

Pedestrian Facilities: An impact is considered significant if the project will adversely affect the existing pedestrian facility or will result in unsafe conditions for pedestrians, including unsafe pedestrian/bicycle or pedestrian/motor vehicle conflicts.

Parking Facilities A significant impact to parking would occur if the anticipated parking demand of the Project exceeds the available or planned parking supply for typical day conditions. However, the impact would not be significant if the Project is consistent with the parking requirements stipulated in the City Code.

ANSWERS TO CHECKLIST QUESTIONS

A traffic study and report for the proposed project as prepared by Fehr & Peers for the City of Sacramento (traffic report). The traffic report is attached to this Initial Study as Attachment X.

The traffic study identified study intersections that would be those most likely affected by project traffic, and collected traffic counts to establish existing traffic levels and intersection performance. Study intersections were also identified, as well as bicycle and pedestrian facilities. Transit service was identified.

The traffic report identified baseline traffic conditions, which include existing traffic and projects that have been approved or planned, and are likely to be in operation by the time the proposed project would contribute traffic to the system.

The traffic report identified two land use scenarios for the project site. Scenario 1 included a K-8 school site on 15 acres, with 900 students, while Scenario 2 assumed no school and development of 150 condominium units on the school parcel. Because Scenario 1 resulted in higher trip generation estimates, it was selected as the basis for impact analysis to ensure a conservative analysis.

The proposed project would extend Terracina Drive to the east and Blackrock Drive to the south to provide access to the project site. Full access to/from the project site would be provided at the Terracina Drive/Gateway Park Boulevard and Del Paso Road/Blackrock Drive intersections. Two additional roadways (Road A and Road B) would provide access to/from Del Paso Road. Turning movements at these roadways would be restricted to right in/out only by the raised median on Del Paso Road. Access to the southeast portion of the site would be provided by an extension of Striker Avenue to Blackrock Drive.

The proposed project would require amendments to the General Plan and North Natomas Community Plan, but the land uses proposed in the project are generally consistent with the designations for the site; the amendments would alter the location of the designated land uses. The traffic report compared the trip generation for the proposed project and for the maximum density of the specific land uses designated in the North Natomas Community Plan, and concluded that the proposed project would generate fewer trips (Traffic Report, p. 13). The cumulative impacts of the proposed project have been adequately addressed in the environmental documents prepared in connection with the adoption of the General Plan and the North Natomas Community Plan, and are not considered further.

QUESTION A

The Traffic Report studied the roadway, transit, and bicycle/pedestrian components of the overall transportation system under baseline (i.e., near-term) conditions with and without the development of the proposed project. The Traffic Report estimated the trips that would be generated by the proposed project, and the manner in which those trips would be distributed on the area roadways. Impacts to the following area intersections were evaluated:

- Del Paso Road/I-5 Southbound Ramps
- Del Paso Road/I-5 Northbound Ramps
- Del Paso Road/Truxel Road/Natomas Boulevard
- Del Paso Road/Gateway Park Boulevard
- North Market Boulevard/Gateway Park Boulevard
- Del Paso Road/Blackrock Drive
- Terracina Drive/Gateway Park Drive

Intersections were evaluated for performance during the a.m. peak hours (7:00 a.m. to 9:00 a.m.) and the p.m. peak hours (4:00 p.m. to 6:00 p.m.).

The Traffic Report concluded that the proposed project would generate 10,552 trips daily, with 1,280 during the a.m. peak hours and 1,200 during the p.m. peak hours. (Traffic Report, Table 7, p. 11)

The Traffic Report identified significant impacts, and identified mitigation, for the following intersections. The impact, mitigation and residual impact are shown for each intersection.

Del Paso Road/I-5 Southbound Ramps: The addition of the proposed project would add more than 5 seconds of delay to AM and PM peak hour (LOS F) operations at the Del Paso Road/I-5 Southbound Ramps, resulting in a significant impact.

Installation of a traffic signal at the del Paso Road/I-5 Southbound Ramps intersection would result in less than a 5 second increase in delay during the AM and PM peak hours and would reduce the impact to less than significant. The signalization of this intersection is included in the North Natomas finance plan. Therefore, the project applicant shall pay its fair share towards implementing this improvement. The following measures would mitigate the impact:

Traffic 1: The applicant shall pay its fair share of the installation of a traffic signal at the Del Paso Road/I-5 Southbound Ramps intersection.

Del Paso Road/I-5 Northbound Ramps: The addition of the proposed project would add more than 5 seconds of delay to AM and PM peak hour (LOS F) operations, resulting in a significant impact.

Installation of a traffic signal at the intersection would result in less than a 5 second increase in delay during the AM and PM peak hours and would reduce the impact to less than significant. The signalization of this intersection is included in the North Natomas finance plan. Therefore, the project applicant shall pay its fair share towards implementing this improvement.

Traffic 2: The applicant shall pay its fair share of the installation of a traffic signal at the Del Paso Road/I-5 Northbound Ramps intersection.

Del Paso Road/Truxel Road/Natomas Boulevard: The addition of the proposed project would add more than 5 seconds of delay to PM peak hour (LOS E) operations, resulting in a significant impact.

Modification of the signal timing at the intersection would result in less than a 5 second increase in delay during the PM peak hour and would reduce the impact to less than significant. Additional improvements that are planned by the City of Sacramento at this intersection would also improve traffic operations (e.g., providing dual eastbound left-turn lanes). However, if these improvements are not implemented before the development of the proposed project, the applicant shall pay traffic impact fees or its fair share towards implementing the planned improvements.

Traffic 3: The applicant shall pay the cost of modifying the signal timing at the Del Paso Road/Truxel Road/Natomas Boulevard intersection to extend the maximum green time for the eastbound left-turn movement and pay traffic impact fees or a fair share of the cost for planned improvements to provide dual eastbound left turn lanes at the intersection.

Terracina Drive/Gateway Park Boulevard: The addition of the proposed project would degrade traffic operations from LOS A to LOS D during the AM peak hour and from LOS A to LOS E during the PM peak hour, resulting in a significant impact.

Installation of a traffic signal at the intersection would result in LOS B operations during the AM peak hour and LOS C during the PM peak hour and would reduce the impact to *less than significant*.

Traffic 4: The applicant shall install a traffic signal at the Terracina Drive/Gateway Park Boulevard intersection and provide the following lane configurations:

- Northbound: Provide a left-turn lane (150 feet), two through lanes, and a right-turn lane
- Southbound: Provide a left-turn lane (250 feet), two through lanes, and a right-turn lane
- Eastbound: Maintain the existing approach lanes (a shared left/through/right)
- Westbound: Provide a shared left-turn/through lane and a separate right-turn lane

QUESTIONS B AND C

The project site is located in an area that is relatively level, and is currently served by existing paved City streets. Ingress and egress to the project site would be designed in accordance with current traffic standards, and would be subject to review and approval by the City. No sharp curves or impediments to line-of-sight have been proposed as part of the project. The project site is located in an urbanizing portion of the community, and conflicts with incompatible uses would be negligible, and *less than significant*.

The project site is located on Del Paso Road, which provides access east and west of the site. Other City streets also serve the project site. The project site would have ingress and egress via at least two routes. The site would have adequate access to emergency routes, and any impact for emergency access would be *less than significant*.

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QUESTION D

The proposed project would provide sufficient off-street parking for single-family residences and condominiums to meet the requirements of the City Zoning Code. These requirements are established to ensure that new development provides sufficient on-site parking to satisfy the demands of residents and visitors, and to avoid off-site parking on nearby residential streets. The project would have a **less-than-significant** impact on parking.

QUESTIONS E AND F

The implementation of the proposed project would not affect the existing bicycle facilities within the project vicinity. In addition, the proposed project would not interfere with the planned bikeways shown in the *Sacramento City/County 2010 Bikeway Master Plan*. Implementation of the proposed project would have a **less-than-significant** impact.

No existing or proposed bikeways would be impeded or removed as part of the proposed project. The proposed project would be also be required as a condition of approval to maintain adequate pedestrian access to the site with all public improvements, in compliance with the City's Design Procedures Manual.

The proposed project would not affect the pedestrian circulation within the project vicinity. The recommended traffic signal at the Terracina Drive/Gateway Park Boulevard intersection would provide an additional protected crossing for pedestrians. Implementation of the proposed project would have a **less-than-significant** impact.

The implementation of the proposed project would not disrupt or interfere with existing or planned transit facilities or services in the study area. Since the transit trips would be distributed among the existing transit services (i.e., three bus routes serving the North Natomas area), the additional ridership generated by the project is not expected to exceed the available or planned system capacity. Implementation of the proposed project would have a **less-than-significant** impact.

Therefore, impacts to the safety of pedestrians and bicyclists would be less than the significant, and the project would not be in conflict with adopted policies supporting alternate modes.

QUESTION G

The project is not adjacent to any rail line, waterway or airport, and would not result in uses that would generate significant rail, waterborne or air traffic. Therefore, the proposed project would result in a **less-than-significant** impact to these modes of transportation.

FINDINGS

With implementation of Mitigation Measures Traffic 1 through 4, inclusive, the proposed project would result in **less-than-significant** impacts related to transportation.

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Issues:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less-than-significant Impact
7. BIOLOGICAL RESOURCES Would the proposal result in impacts to:			
A) Endangered, threatened or rare species or their habitats (including, but not limited to plants, fish, insects, animals and birds)?			✓
B) Locally designated species (e.g., heritage or City street trees)?		✓	
C) Wetland habitat (e.g., marsh, riparian and vernal pool)?			✓

The project site has been studied for biological resources, and the following reports have been submitted:

- Draft Wetland Delineation, ECORP Consulting, September 13, 2005
- Special-Status Species Assessment, ECORP Consulting, February 3, 2006
- Biological Resources Report-Gately Property, Gibson & Skordal, February 2006

ENVIRONMENTAL SETTING

The project site is located within the Natomas Basin, which is roughly defined as the area east of the Sacramento River, north of its confluence with the American River. A total of 53,537 acres are included within the basin area, which includes portions of the City of Sacramento, Sacramento County, and Sutter County. Approximately 12,836 acres of the basin reside within the City of Sacramento boundary.

The biological features of the basin have been significantly altered through agricultural activities over the last several decades, although areas containing natural and uncultivated vegetation are located in the vicinity of irrigation canals, drainage ditches, pastures, and uncultivated fields (City of Sacramento 1996). Numerous water conveyance systems operated by Natomas Mutual and RD 1000 are located throughout the basin, which have historically provided water for irrigated rice farming activities in the area. The water and vegetation surrounding these conveyance systems are an important habitat component for wildlife within the basin, providing areas for nesting and feeding, as well as functioning as a migration corridor.

The project site is comprised of leveled non-native grassland in an urbanizing portion of the City of Sacramento. The site has a mean elevation of 15 feet above mean sea level, and is hydrologically isolated from the surrounding terrain. There are fill piles of earthen material along

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the western boundary of the site and the northwest corner of the site.

The southern boundary of the site abuts a levee for the canal that connects the East Drainage Canal to the Natomas Main Drainage Canal. The northern boundary of the site abuts Del Paso Road; the western boundary abuts Gateway Park Boulevard; and the eastern boundary abuts light industrial and office developments.

The proposed project is located within the area of the City that is required to comply with all measures identified in the Natomas Basin Habitat Conservation Plan (NBHCP). The NBHCP is a conservation plan supporting application for incidental take permits (ITPs) under Section 10(a)(1)(b) of the Endangered Species Act and under Section 2081 of the California Fish and Game Code. The purpose of the NBHCP is to promote biological conservation in conjunction with economic and urban development within the Permit Areas of the Natomas Basin. The NBHCP establishes a multi-species conservation program to minimize and mitigate the expected loss of habitat values and incidental take of Covered Species resulting from urban development, operation of irrigation and drainage systems, and certain activities associated with The Natomas Basin Conservancy management of its system of reserves established under the NBHCP. Goals of the NBHCP include minimizing incidental take of the Covered Species in the Permit Areas, and providing mitigation for impacts of Covered Activities for Covered Species and their habitat. The NBHCP applies to the 53,537-acre Natomas Basin.

REGULATORY SETTING

Definitions of Special-Status Species

Special-status species are those plants and animals that, because of their recognized rarity or vulnerability to various causes of habitat loss or population decline, are recognized in some fashion by federal, state, or other agencies as deserving special consideration. Some of these species receive specific legal protection pursuant to federal or state endangered species legislation. Others lack such legal protection, but have been characterized as "sensitive" on the basis of adopted policies and expertise of state resource agencies or organizations with acknowledged expertise, or policies adopted by local governmental agencies such as counties, cities, and special districts to meet local conservation objectives. These species are referred to collectively as "special status species" in this report, following a convention that has developed in practice but has no official sanction. The various categories encompassed by the term are presented below:

- plants or animals listed or proposed for listing as threatened or endangered under the federal ESA (50 Code of Federal regulations [CFR] 17.12 [listed plants], 17.11 [listed animals] and various notices in the Federal Register [FR] [proposed species]);
- plants or animals that are candidates for possible future listing as threatened or endangered under the federal ESA (61 FR 40, February 28, 1996);
- plants or animals designated as "special concern" (former C2 candidates) by Region 1 of the U.S. Fish and Wildlife Service (USFWS);
- plants or animals listed or proposed for listing by the State of California as threatened or endangered under the California ESA (14 California Code of Regulations [CCR] 670.5);
- plants listed as rare or endangered under the California Native Plant Protection Act (California Fish and Game Code, Section 1900 et seq.);

- plants that meet the definitions of rare and endangered under CEQA (State CEQA Guidelines, Section 15380);
- plants considered under the California Native Plant Society (CNPS) to be "rare, threatened or endangered in California" (Lists 1A, 1B, and 2 in CNPS 2001);
- plants listed by CNPS as plants about which more information is needed to determine their status and plants of limited distribution (Lists 3 and 4 in CNPS 2001), which may be included as special-status species on the basis of local significance or recent biological information;
- animal species of special concern to CDFG; and
- animals fully protected in California (California Fish and Game Code, Sections 3511 [birds], 4700 [mammals], and 5050 [reptiles and amphibians]).

Wetlands and Waters of the United States

The U.S. Army Corps of Engineers (Corps) has primary federal responsibility for administering regulations that concern "waters of the United States," including wetlands, within the Project Area. The Corps requires that a permit be obtained if a project proposes placing structures within, over, or under navigable waters and/or discharging dredged or fill material into waters of the U.S. below the ordinary high-water mark in non-tidal waters. The Environmental Protection Agency (EPA), U.S. Fish and Wildlife Service (USFWS), National Marine Fisheries Services (NMFS), and other state and local regulatory agencies may provide comment on Corps permit applications.

The state's authority in regulating activities in waters of the U.S. resides primarily with the CDFG and the State Water Resources Control Board (SWRCB). CDFG may provide comments on Corps permit actions under the Fish and Wildlife Coordination Act. CDFG is also authorized under the California Fish and Game Code Sections 1600-1607 to develop mitigation measures and enter into Streambed Alteration Agreements (SAA) with applicants who propose projects that would obstruct the flow of, or alter the bed, channel, or bank of a river or stream in which there is a fish or wildlife resource, including intermittent and ephemeral streams. The SWRCB, acting through the Regional Water Quality Control Board (RWQCB), must certify that a Corps permit action meets state water quality objectives (Section 401, Clean Water Act). California Fish and Game Code Sections 1600-1607 require the notification of CDFG for any activity that could affect the bank or bed of any stream that has value to fish and wildlife. Upon notification, the CDFG has the responsibility to prepare a SAA, in consultation with the project proponent.

In a jurisdictional sense, there are two definitions of a wetland: one definition adopted by the Corps and a separate definition adopted by the state of California. Under normal circumstances, the federal definition of wetlands requires three wetland identification parameters (hydrology, soils, and vegetation) to be met, whereas the state adopted definition requires the presence of at least one of these parameters. For this reason, identification of wetlands by the CDFG consists of the union of all areas that are periodically inundated or saturated, or in which at least seasonal dominance by hydrophytes may be documented, or in which hydric soils are present. The CDFG does not normally have direct jurisdiction over wetlands unless they are subject to jurisdiction under an SAA or they support state-listed endangered species; however, the CDFG has trust responsibility for wildlife and habitats pursuant to California law.

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STANDARDS OF SIGNIFICANCE

For purposes of this environmental document, an impact would be significant if any of the following conditions or potential thereof, would result with implementation of the proposed project:

- Creation of a potential health hazard, or use, production or disposal of materials that would pose a hazard to plant or animal populations in the area affected;
- Substantial degradation of the quality of the environment, reduction of the habitat, reduction of population below self-sustaining levels of threatened or endangered species of plant or animal;
- Affect other species of special concern to agencies or natural resource organizations (such as regulatory waters and wetlands); or
- Violation of the Heritage Tree Ordinance (City Code 12.64.040).

ANSWERS TO CHECKLIST QUESTIONS**QUESTION A**

A special status species assessment was conducted by ECORP Consulting on the majority of the project site, and by Gibson & Skordal on the remaining 19 acres. The assessments included field investigations and review of literature, including the California Department of Fish and Game Natural Diversity Data Base (NDDB).

The proposed project could affect the following species:

Valley elderberry longhorn beetle (*Desmocerus californicus dimorphus*). This species occurs in riparian and other woodland communities in California's Central Valley and associated foothills. Female beetles lay their eggs in crevices on the stems or on the leaves of living elderberry plants. When the eggs hatch, the larvae bore into the stems.

Although no elderberry shrubs were observed on the project site during the field survey, the site is located within the known geographic range of the Valley Elderberry Longhorn Beetle (VELB). Project development could impact the VELB, and this would be a **significant** impact. The following mitigation measure would reduce the impact to a **less-than-significant** level:

Bio 1: Prior to ground disturbance, a qualified biologist shall conduct a focused survey of the project site to identify the presence of elderberry plants. In the event any elderberry plants are identified, the applicant shall either avoid impacts to such plants, or obtain the required take permit(s) from the U.S. Fish and Wildlife Service.

Giant garter snake (*Thamnophis gigas*)

The giant garter snake (GGS) is listed as a federally threatened species under the Federal Endangered Species Act and the California Endangered Species Act. It is a large aquatic snake that can reach lengths of 4.5 feet or greater, and is endemic to wetland habitat of the Central Valley. Historically this species was observed from Butte County south to Bakersfield. While the current population distribution for GGS is concentrated within the Sacramento Valley.

small isolated populations exist within the San Joaquin Valley (U.S. Fish and Wildlife and California Department of Fish and Game 2003). GGS activities within the Natomas Basin are strongly linked to agricultural activities. One CNDDDB record for GGS is located in the northeast corner of the project site and an additional 30 records are located within five miles of the projects site. Use of Fisherman's Lake by GGS has also been documented by U.S. Geological Survey (Wylie 2000).

GGS typically enter suitable hibernation sites, such as burrows, rubble piles, or canal banks during October, and emerge in late March or early April. They may utilize canals that retain water throughout the summer months, which also contain adequate emergent vegetation that provides cover, and these canals must also have an abundant food supply such as small fish, tadpoles, and frogs. Although drainage canals exist within the project area, current canal maintenance activities, such as vegetation removal, have rendered many canals unsuitable habitat for the GGS. Rice fields with significant growth provide cover for wildlife and may also be used by GGS. However, GGS will move away from fields after they have been drained prior to harvesting. At this time the snake moves back to the canal habitat area where they may find prey stranded in isolated pools of water.

Daily activities of the GGS generally include emerging from burrows after sunrise to bask and warm its internal temperature, which will allow for foraging and courting activities that take place throughout the rest of the day. They can travel up to five miles over the course of a few days, but typically move between 0-30 meters a day.

The habitat requirements of the GGS include agricultural wetlands and other waterways such as irrigation and drainage canals, flooded rice fields, marshes, sloughs, ponds, small lakes, low gradient streams, and adjacent uplands of the Central Valley. Population declines have resulted from through the reduction in available habitat and habitat fragmentation.

Most important to GGS's survival is the availability of permanent water sources that contain emergent vegetation as well as an abundant food supply. Suitable overwintering habitat should also be located in close proximity to its foraging habitat. This species of snake is commonly observed in close proximity to a combination of permanent and seasonal freshwater sources. Because of the scarce availability of natural permanent marsh habitat within the Basin, GGS has adapted to survive in the inundated rice fields and their associated irrigation and drainage canals. Recent population estimates for the GGS within the Natomas Basin is 277 (U.S. Fish and Wildlife Service and California Department of Fish and Game, 2003).

Suitable GGS habitat and a CNDDDB record are located adjacent to the drainage canal along the southern boundary of the project site and numerous CNDDDB records exists within five miles of the site.

Swainson's hawk (*Buteo swainsoni*)

Swainson's hawk is a state threatened species, and is known to occur throughout the Central Valley. Typically this species is present in California during the breeding season (April through August) and winters outside of the U.S. in Mexico and South America, although some records

exist of them wintering in the Sacramento-San Joaquin Delta. Although the Swainson's hawk population is considered to be declining (California Department of Fish and Game 1988 and 1992), the Central Valley's breeding population has remained stable over the last decade (Estep 2000). There are 49 CNDDDB records for Swainson's hawk within five miles of the project site (Appendix C).

Swainson's hawks are opportunistic foragers, feeding on prey such as small rodents and insects from fields, pastures and grasslands adjacent to their nest. They prefer to nest in large trees such as valley oak (*Quercus lobata*), cottonwood (*Populus fremontii*), or willow (*Salix goodingii*) which provide a wide view of their foraging area, although they will select smaller trees if large trees are unavailable. Nesting sites are often located in riparian areas and are generally associated with agricultural fields including hay, grain, row crops, rice, vineyards, and fallow fields. Most Swainson's hawk sightings within the Natomas Basin have occurred along the Sacramento River where large trees are available, and 24 known nesting sites have been identified within the Basin (U.S. Fish and Wildlife and California Department of Fish and Game 2003).

Two Swainson's hawks were observed foraging over the project site during the biologist's site visit. The NBHCP Conservation Strategy is to both preserve Swainson's hawk habitat adjacent to the Sacramento River and enhance and expand the hawk's habitat by ensuring the availability of suitable nesting trees and groves located near upland foraging habitat. Impacts to Swainson's hawks will be reduced through compliance with requirements of the NBHCP and through identification of active raptor nests during a raptor survey conducted within 30-days of the project commencing construction activities.

Burrowing Owl (*Athene cunicularia*)

Although not currently listed under the Federal or California Endangered Species Acts, the burrowing owl is considered a Species of Concern by the USFWS. This small raptor is considered a year-long resident of California, and nests in ground burrows vacated by ground squirrels, or other artificial structures such as culverts or debris piles. Its preferred habitat is open, dry grasslands and desert habitats of the Central Valley, California deserts, and coastal areas. The reduction of prey items including ground squirrels and other small rodents is thought to have contributed to the decline of this species, as well as the fragmentation of its habitat.

Three occurrences of this species are reported in the 2001 CNDDDB for the Natomas Basin, and four CNDDDB records exist within five miles of the site (Appendix C). Burrowing owls were observed roosting near a potentially active burrow during the biologist's site visit. A preconstruction nesting raptor survey would be required prior to any construction activity on the site.

The following mitigation measures will be implemented and will reduce impacts to special-status species and their habitat to a less than significant level.

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- Biological Resources 1:** The project applicant/developer shall complete the pre-construction surveys for potential special-status species not less than 30 days or more than 6 months prior to construction activities in accordance with the 2003 NBHCP. The pre-construction survey shall be conducted by a qualified biologist, botanist, or related expert. The site will be surveyed for giant garter snake, Swainson's hawk, and burrowing owl.
- Biological Resources 2:** The project applicant/developer shall further: (i) comply with all requirements of the 2003 NBHCP, together with any additional requirements specified in the NNCP EIR; (ii) comply with any additional mitigation measures identified in the NBHCP EIR/EIS; and (iii) comply with all conditions of the ITPs issued by the USFWS and CDFG.
- Biological Resources 3:** For sites that contain GGS habitat, the project area will be surveyed for the presence of GGS no more than 24 hours prior to the start of construction activities (site preparation or grading). If construction activities stop for a period of two weeks or more a new GGS survey will be completed no more than 24 hours prior to resuming these activities. Clearing will be confined to the minimal area necessary to facilitate construction activities. GGS habitat within and adjacent to the project site will be designated with flags as an "Environmentally Sensitive Area" to ensure avoidance by construction personnel. The project developer will ensure all construction personnel associated with the project are alerted to the location of the protected habitat.
- Biological Resources 4:** Construction personnel conducting site preparation and grading operations will receive environmental awareness training that is approved by USFWS. This training will provide workers on instructions for identifying GGS and their habitat, and the procedures to follow if GGS is encountered on site during construction activities. At this time an on-site biological monitor will be selected in accordance with U.S. Fish and Wildlife Service requirements.
- Biological Resources 5:** If a live GGS is found during construction activities, the USFWS and the assigned biological monitor will immediately be notified. Escape routes for giant garter snake should be determined in advance of construction, and flagged for easy identification. The biological monitor or his/her assignee shall do the following:
Stop construction in the vicinity of the snake. Monitor the snake and allow it to leave the area on its own. The monitor should remain in the area for the remainder of the work day to ensure the snake is not harmed, or if it does leave the site, that it does not return.

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Escape routes for the snake should be determined in advance of construction and snakes should be allowed to leave on their own. If the snake does not leave within one working day, further consultation with USFWS is required.

Biological Resources_6: GGS may use fill or construction debris as an over-wintering site. Upon completion of construction activities all excess fill and/or construction debris will be removed from the site. If the material is located near undisturbed GGS habitat, it will be removed between October 1 and April 30, and inspected by a qualified biologist to ensure that GGS is not using the material for hibernation.

Material that could entangle snakes (i.e. plastic, monofilament, jute, or similar erosion control matting) will not be placed within 200 feet of snake aquatic habitat. Substitutions for these materials include coconut coir matting, tactified hydroseeding compounds or other materials approved by the USFWS.

Biological Resources 7: If burrowing owls are found to be using the site for foraging or nesting, a program for removal will be agreed to by the City of Sacramento and the developer prior to initiation of any physical disturbance on the site. USFWS and CDFG shall be contacted regarding suitable mitigation, which may include a 300-foot buffer from the nest site during the breeding season (February 1 – August 31), or a relocation effort for the owls if: 1) the birds have not begun egg-laying and incubation; or 2) that juveniles from the occupied burrows are foraging independently and are capable of independent survival. If relocation of the owls is approved for the site by USFWS or CDFG, a qualified biologist will prepare a plan for relocating the owls to a suitable site.

If on-site avoidance is required, the location of the buffer zone will be determined by a qualified biologist. The buffer zone shall be marked with yellow caution tape, stakes, or temporary fencing, and maintained throughout the construction period.

QUESTION B

The project site consists primarily of non-native annual grassland, consisting of species such as yellow start thistle, soft brome, riggut brome, wild oats and ryegrass. (ECORP, p. 9; Gibson & Skordal, p. 3). No heritage trees are present. Any impact would be *less than significant*.

QUESTION C

A wetland delineation was conducted by ECORP Consulting on the majority of the project site, and by Gibson & Skordal on the remaining 19 acres. Each of the studies confirmed that it was conducted in accordance with the Corps of Engineers Wetlands Delineation Manual, and each

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study concluded that no wetlands were present. (ECORP, p. 9; Gibson & Skordal, p. 3) Impacts to wetlands resources would be *less than significant*.

FINDINGS

With incorporation of the Mitigation Measures listed above, the impacts of the proposed project on biological resources would be less than significant.

Issues:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less-than-significant Impact
8. ENERGY			
Would the proposal result in impacts to:			
A) Power or natural gas?			✓
B) Use non-renewable resources in a wasteful and inefficient manner?			✓
C) Substantial increase in demand of existing sources of energy or require the development of new sources of energy?			✓

ENVIRONMENTAL SETTING

Gas. Gas service is supplied to the City of Sacramento and the project site by Pacific Gas and Electric (PG&E). PG&E gas transmission pipelines are concentrated north of the City of Sacramento. Distribution pipelines are located throughout the City, usually underground along City and County public utility easements (PUEs).

Electricity. Electricity is supplied to the City of Sacramento and the project site by the Sacramento Municipal Utility District (SMUD). SMUD operates a variety of hydroelectric, photovoltaic, geothermal and co-generation powerplants. SMUD also purchases power from PG&E and the Western Area Power Administration. Major electrical transmission lines are located in the northeastern portion of the City of Sacramento.

Underground Service Alert (USA). The City of Sacramento is a member of the USA one-call program. Under this program, the Contractor is required to notify the USA 48 hours in advance of performing excavation work. The developer has the responsibility for timely removal, relocation, or protection of any existing utility services located on the site of any construction project.

STANDARDS OF SIGNIFICANCE

Gas Service. A significant environmental impact would result if a project would require PG&E to secure a new gas source beyond their current supplies.

Electrical Services. A significant environmental impact would occur if a project resulted in the need for a new electrical source (e.g., hydroelectric and geothermal plants).

ANSWERS TO CHECKLIST QUESTIONS**QUESTIONS A THROUGH C**

Electric and natural gas power supplies are deemed sufficient to serve the project site. No additional power sources would be required. Operation of the project once completed would not represent a significant impact on power supplies, as it is consistent with planned residential uses in the adopted General Plan.

The proposed project is also required to meet State Building Energy Efficient Standards (Title 24) and will have energy conservation measures built into the project.

Therefore, the project's impact to energy sources is expected to be ***less-than-significant***.

MITIGATION MEASURES

No mitigation measures are required.

FINDINGS

The proposed project would result in less than significant impacts to energy resources.

Issues:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less-than-significant Impact
<p>9. HAZARDS</p>			
<p><i>Would the proposal involve:</i></p>			
<p>A) A risk of accidental explosion or release of hazardous substances (including, but not limited to: oil, pesticides, chemicals or radiation)?</p>			✓
<p>B) Possible interference with an emergency evacuation plan?</p>			✓
<p>C) The creation of any health hazard or potential health hazard?</p>			✓
<p>D) Exposure of people to existing sources of potential health hazards?</p>			✓
<p>E) Increased fire hazard in areas with flammable brush, grass, or trees?</p>			✓

ENVIRONMENTAL SETTING

Physical Setting

The proposed project site was likely used for grazing and/or limited agricultural use prior to the development of the surrounding neighborhood. Various chemicals may have been used on the site or in the vicinity for agricultural production; however, there is no evidence of soil contamination.

Regulatory Setting

Federal Regulations

The principal federal regulatory agency responsible for ensuring the safe use and handling of hazardous materials is EPA. Key federal legislation pertaining to hazardous wastes is described below. Other applicable federal regulations are contained primarily in 29, 40, and 49 CFR.

Resource Conservation and Recovery Act. The Resource Conservation and Recovery Act enables EPA to administer a regulatory program that extends from the manufacture of hazardous materials to their disposal, thus regulating the generation, transportation, treatment, storage, and disposal of hazardous waste at all facilities and sites in the nation.

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Comprehensive Environmental Response, Compensation, and Liability Act. The Comprehensive Environmental Response, Compensation, and Liability Act (also known as Superfund) was passed to facilitate the cleanup of the nation's toxic waste sites. In 1986, the act was amended by the Superfund Amendment and Reauthorization Act Title III (community right-to-know laws). Title III states that past and present owners of land contaminated with hazardous substances can be held liable for the entire cost of the cleanup, even if the material was dumped illegally when the property was under different ownership.

State Regulations

California regulations are equal to or more stringent than federal regulations. EPA has granted California primary oversight responsibility for administering and enforcing hazardous waste management programs. State regulations require planning and management to ensure that hazardous wastes are handled, stored, and disposed of properly to reduce risks to human and environmental health. Several key laws pertaining to hazardous wastes are discussed below.

Hazardous Materials Release Response Plans and Inventory Act of 1985. The Hazardous Materials Release Response Plans and Inventory Act, also known as the Business Plan Act, requires businesses using hazardous materials to prepare a plan that describes their facilities, inventories, emergency response plans, and training programs. Hazardous materials are defined as raw or unused hazardous materials that are part of a process or manufacturing step. They are not considered hazardous waste. Health concerns pertaining to the release of hazardous materials, however, are similar to those relating to hazardous waste.

Hazardous Waste Control Act. The Hazardous Waste Control Act created the state hazardous waste management program, which is similar to, but more stringent than, the federal Resource Conservation and Recovery Act program. The act is implemented by regulations contained in 26 CCR, which describes the following required aspects for the proper management of hazardous waste:

- identification and classification;
- generation and transportation;
- design and permitting of recycling, treatment, storage, and disposal facilities;
- treatment standards;
- operation of facilities and staff training; and
- closure of facilities and liability requirements.

These regulations list more than 800 materials that may be hazardous and establish criteria for identifying, packaging, and disposing of such waste. Under the Hazardous Waste Control Act and 26 CCR, the generator of hazardous waste must complete a manifest that accompanies the waste from generator to transporter to the ultimate disposal location. Copies of the manifest must be filed with the California Department of Toxic Substances Control.

Emergency Services Act. Under the Emergency Services Act, the state developed an emergency response plan to coordinate emergency services provided by federal, state, and local agencies. Rapid response to incidents involving hazardous materials or hazardous waste is an important part of the plan, administered by the California Office of Emergency Services. The office coordinates the responses of other agencies, including EPA, the California Highway Patrol (CHP), RWQCBs, air quality management districts, and county disaster response offices.

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STANDARD REGULATORY REQUIREMENTS

Hazardous or contaminated materials may only be removed and disposed from the project site in accordance with the following provisions:

- A. All work is to be completed in accordance with the following regulations and requirements:
 1. Chapter 6.5, Division 20, California Health and Safety Code.
 2. California Administration Code, Title 22, relating to Handling, Storage, and Treatment of Hazardous Materials.
 3. City of Sacramento Building Code and the Uniform Building Code, 1994 edition.
- B. Coordination shall be made with the County of Sacramento Environmental Management Department, Hazardous Materials Division, and the necessary applications shall be filed.
- C. All hazardous materials shall be disposed of at an approved disposal site and shall only be hauled by a current California registered hazardous waste hauler using correct manifesting procedures and vehicles displaying a current Certificate of Compliance. The Contractor shall identify by name and address the site where toxic substances shall be disposed of. No payment for removal and disposal services shall be made without a valid certificate from the approved disposal site that the material was delivered.
- D. None of the aforementioned provisions shall be construed to relieve the Contractor from the Contractor's responsibility for the health and safety of all persons (including employees) and from the protection of property during the performance of the work. This requirement shall be applied continuously and not be limited to normal working hours.

STANDARDS OF SIGNIFICANCE

For the purposes of this document, an impact is considered significant if the proposed project would:

- expose people (e.g., residents, pedestrians, construction workers) to existing contaminated soil during construction activities;
- expose people (e.g., residents, pedestrians, construction workers) to asbestos-containing materials; or
- expose people (e.g., residents, pedestrians, construction workers) to existing contaminated groundwater during dewatering activities.

ANSWERS TO CHECKLIST QUESTIONS**QUESTIONS A AND C**

No hazardous substances or noxious uses would be permitted on the site. Construction of the proposed project may involve minor amounts of hazardous substances, however required

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compliance with Standard Regulatory Requirements indicated above would reduce any impacts to less than significant.

QUESTION B

The proposed project is not anticipated to interfere with an emergency evacuation plan. The project design will be required as a condition of approval by the City's Development Services Department, Development Engineering & Finance Division, and the Fire Department, to include adequate ingress and egress access to all proposed residential lots, and all driveways, curbs sidewalk and gutters will be required to meet the specifications of the City's design manual for public improvements. Therefore, the project would have less than significant impacts to emergency evacuation plans.

QUESTION D

According to historical information, the project site has been used for agricultural purposes from at least 1937 until at least 1985. Phase 1 and Phase 2 Environmental Site Assessments were completed for the project site to determine if contamination to the subsurface from pesticides and herbicides had occurred. Additionally, the potential for asbestos-containing transite irrigation pipes below the surface was assessed. The field work for the assessments included trenching and soil sampling. Based on the results of the field and laboratory investigation, the assessments concluded that agricultural chemical residue and TPH-cc does not occur in the soil above the Practical Quantification Limit (PQL). Additionally, no transite irrigation pipes were uncovered in the trenching activities. Therefore, further assessment was not recommended.

QUESTION E

The proposed project would convert the project site to urban uses, including installation of road and landscaping improvements, residential dwellings, office and light industrial uses and a park site. The development would reduce the exposure due to grass or wildland fires, and all structures would be constructed to comply with current fire codes. The impact would be *less-than-significant*.

MITIGATION MEASURES

No mitigation is required.

FINDINGS

The proposed project would result in less-than-significant impacts regarding hazards.

Issues:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less-than-significant Impact
10. NOISE			
<i>Would the proposal result in:</i>			
A) Increases in existing noise levels? Short-term Long Term		✓ ✓	
B) Exposure of people to severe noise levels? Short-term Long Term		✓ ✓	

ACOUSTICAL TERMINOLOGY

Noise may be defined as unwanted sound.

Sound is defined as an pressure variation in air that the human ear can detect. If the pressure variations occur frequently enough (at least 20 times per second) they can be heard and are called sound. The number of pressure variations per second is called the frequency of sound, and is expressed as cycles per second, or Hertz (Hz).

Sound levels are usually measured on a logarithm scale and expressed in decibels (dB) with 0 dB being the threshold of hearing. Decibel levels range from 0 to 140. Typical examples of decibel levels would be a low decibel level of 50 dB for light traffic to a high decibel level of 120 dB for a jet takeoff at 200 feet. The human ear cannot detect changes of less than 3dB.

The perceived loudness of sound depends on many factors, including the sound pressure level, frequency and the sensitivity of the receiver.

The decibel scale can be adjusted for community noise impact assessment to consider the additional sensitivity to different pitches (through the A-weighting mechanism) and to consider the sensitivity during evening and nighttime hours (through the Community Noise Equivalent Level and Day-Night Average). Community noise is commonly described in terms of the "ambient" noise level, which is defined as the all-encompassing noise level associated with a given noise environment, and is measured by the L_{eq} which is an average, or equivalent, noise level.

The day-night average sound level (L_{dn}) represents sound exposure averaged over a 24-hour period. L_{dn} values are calculated using hourly L_{eq} values, with the L_{eq} values for the nighttime period (10:00 P.M.-7:00 A.M.) increased by 10 dB to reflect the greater disturbance potential from nighttime noises. Sounds that occur in the late night and early morning hours are perceived as being louder than the same sound heard during daytime hours.

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ENVIRONMENTAL SETTING

The project site is vacant, and is located at the southeast corner of the intersection of Del Paso Road and Gateway Park Boulevard. The major noise source affecting the project site is roadway noise from the adjoining roads.

STANDARDS OF SIGNIFICANCE

Thresholds of significance are those established by the Title 24 standards and by the City's General Plan Noise Element and the City Noise Ordinance. Noise and vibration impacts resulting from the implementation of the proposed project would be considered significant if they cause any of the following results:

- Exterior noise levels at the proposed project which are above the upper value of the normally acceptable category for various land uses (SGPU DEIR AA-27) caused by noise level increases due to the project;
- Residential interior noise levels of L_{dn} 45 dB or greater caused by noise level increases due to the project;
- Construction noise levels not in compliance with the City of Sacramento Noise Ordinance;
- Occupied existing and project residential and commercial areas are exposed to vibration peak particle velocities greater than 0.5 inches per second due to project construction;
- Project residential and commercial areas are exposed to vibration peak particle velocities greater than 0.5 inches per second due to highway traffic and rail operations; and
- Historic buildings and archaeological sites are exposed to vibration peak particle velocities greater than 0.25 inches per second due to project construction, highway traffic, and rail operations.

ANSWERS TO CHECKLIST QUESTIONS**QUESTION A**

Short-term Construction Noise Impacts. Temporary increases in noise levels would occur during construction of the proposed project. Construction activities would require heavy equipment for grading and paving, and construction of infrastructure and structures on the project site would result in sounds normally associated with such activities. Generally, noise levels at construction sites can vary from 65 dBA to a maximum of nearly 90 dBA when heavy equipment is used nearby. Construction noise would be intermittent, and noise levels would vary depending on the type of construction activity. Construction noise would be audible to nearby residents. However, construction noise is exempt from the City of Sacramento Noise Ordinance, provided that construction is limited to the hours between 7:00 a.m. and 6:00 p.m., Monday through Saturday, and between 9:00 a.m. and 6:00 p.m. on Sundays. A notation must be placed on the construction plans, which indicates that the operation of construction equipment shall be restricted to the hours listed above. All internal combustion engines in use on the project must be equipped with original manufacturers' silencers or their after market equivalents, in good working order (as required by City Ordinance).

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Long-term Operational Noise Impacts. New residential uses as proposed in the project would generate sounds normally associated with residential uses, including outdoor activities in yards, barking dogs and vehicle traffic on local streets. Commercial uses would be located at the northeast corner of the project, and light industrial uses on the eastern boundary, and these would generate sounds that would vary depending on the specific use engaged in by the occupant. A park would be located in the central portion of the project site, and would generate sounds associated with the use of the park by residents.

The proposed land uses would increase noise levels in the vicinity consistent with other similar residential and commercial uses already developed in the general area. These activities are similar to noise from nearby uses and are consistent with residential uses as proposed in the General Plan and North Natomas Community Plan designations for the site. Therefore, the long-term noise impact from the proposed project on adjacent uses is expected to be *less than significant*.

QUESTION B

The proposed project includes residential, park, employment center and light industrial land uses. Residential uses are located along Del Paso Road and Gateway Park Boulevard. Back yards of some residences will be located adjacent to these roadways, and exteriors of condominiums will be exposed to Del Paso Road.

The park site is located in the central portion of the project site. The employment center uses at the northeast corner of the project site will be exposed to traffic noise from Del Paso Road; light industrial uses will be located south of Del Paso Road and the employment center property.

An Environmental Noise Assessment for the proposed project was conducted by Bollard Acoustical Consultants (October 31, 2005) ("Noise Study"). The Noise Study identified noise from Del Paso Road and Gateway Park Boulevard as significant noise sources that would affect the project site.

Standards for evaluating noise exposure vary depending on the land use affected by noise.

Employment Center uses: The noise standard of significance applied to office buildings and commercial and professional business buildings is 65 dB L_{dn} , and levels of 65 to 80 dB are conditionally acceptable. (General Plan, p. 8-27) In the case of levels that are conditionally acceptable, the General Plan provides that new construction or development should be undertaken only after a detailed analysis of the noise reduction requirements is made and needed noise insulation features are included in the design.

The proposed project does not include proposals for development of the employment center parcel. The Noise Study indicates that the parcel could be exposed to noise levels in the 65 to 70 dB range, and the impact could, therefore, be significant. Mitigation Measure Noise 1, set forth below, would require a noise analysis for the specific use when proposed as required by the General Plan.

The Employment Center allowable uses include a variety of uses that could generate noise that would be incompatible with the adjacent residential uses. The noise analysis required in Mitigation Measure Noise 1 would also require analysis of the effects of the proposed use on the adjacent condominiums. Any uses initiated on the parcel would, in addition, be required to comply with the City's noise ordinance and regulations. With implementation of the mitigation measure, this impact would be *less than significant*.

Light industrial uses: The noise standard of significance applied to light industrial land uses depends on the specific land use proposed. Light industrial uses could include office and commercial uses, and these are subject to a 65 dB standard. (General Plan, p. 8-27)

The northern boundary of the light industrial parcel is approximately 700 feet south of Del Paso Road, the major noise source that would affect the parcel. The Noise Study indicates that the 60 dB contour is located 442 feet south of Del Paso Road, and the light industrial parcel would not, therefore, be exposed to noise in excess of the applicable threshold.

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The allowable uses in the M-1 (PUD) light industrial zone include a variety of uses that could generate noise that would be incompatible with the adjacent residential uses. The noise analysis required in Mitigation Measure Noise 2 would also require analysis of the effects of the proposed use on the adjacent condominiums. Any uses initiated on the parcel would, in addition, be required to comply with the City's noise ordinance and regulations. With implementation of the mitigation measure, this impact would be *less than significant*.

Park: The noise standard of significance applied to playgrounds and neighborhood parks is 70 dB. (General Plan, p. 8-27) The park proposed with the project would be located in the center of the project site. The park's northern boundary is approximately 1,000 feet south of Del Paso Road, and the western boundary is located approximately 1,000 feet east of Gateway Park Boulevard. As noted, the 60 dB contour is located 442 feet south of Del Paso Road; the Noise Study concluded that the 60 dB contour would be located 193 feet from Gateway Park Boulevard. The Noise Study estimated that the noise level at the park would be 52 dB. (Noise Study, p. 7) The park would not be exposed to noise levels in excess of the threshold, and the impact would be *less than significant*.

Residential uses: The noise standard of significance applied to residential dwellings is 60 dB for exterior, and 45 dB for interior. Single-family residences would be located along Del Paso Road and Gateway Park Boulevard, and some residences would have rear yards adjacent to those roadways. The standard is applied for these residences to noise levels at the property line.

The condominiums would be adjacent to Del Paso Road, and some of the units would face Del Paso Road. The intent of the noise standard is to allow for an outdoor area where individuals can relax and conduct outdoor activities, and this is provided, in the case of the condominiums, by the park space included in the project. Indoor noise levels for residences in the proposed project, including the condominiums, is addressed

The Noise Study indicated that noise levels at the property line along Del Paso Road could be 69 dB, and 65 dB at the property line along Gateway Park Boulevard. For single-family detached residences along these roadways, the impact from traffic noise levels would be significant. Mitigation Measure Noise 3, set forth below, would require the construction of a soundwall along the Del Paso Road and Gateway Park Boulevard property lines, and would reduce the noise levels experienced at the property line, and would reduce the impact to a *less-than-significant* level.

The Noise Study indicated that future traffic noise levels at the nearest residences to Gateway Park Boulevard would be approximately 65 dB Ldn. Due to reduced ground absorption of sound at elevated locations, traffic noise levels would be 2-3 dB higher at upper floor facades than at unshielded first floor facades. Using a conservative approach, a building façade noise reduction of 23 dB would be required at the unshielded second-story facades adjacent to Gateway Park Boulevard to achieve an interior noise level of 45 dB Ldn.

Standard residential construction results in an exterior-to-interior noise level reduction of approximately 25 dB with doors and windows closed, and approximately 15dB with doors and windows open. Standard construction would be acceptable at all first and upper floor facades adjacent to Gateway Park Boulevard provided that mechanical ventilation/air conditioning is included to allow occupants to close doors and windows to achieve the desired acoustical isolation. Mitigation Measure Noise 4 requires the installation of air conditioning systems in all residential units, and would reduce the impact to a *less-than-significant* level.

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The Noise Study indicated that future traffic noise levels at the nearest residences to Del Paso Road would be approximately 69 dB Ldn at the first-floor building façade, and approximately 71-72 dB Ldn at upper-floor facades. Therefore, standard residential construction may not be sufficient to reduce future traffic noise levels to a level that complies with the interior noise level standard of 45 dB Ldn. In order to ensure that future interior noise levels meet this standard, the Noise Study recommends that residences located adjacent to Del Paso Road should have windows with a minimum STC rating of 30 installed at the east, north and west facades. Mitigation Measure Noise 5 implements this recommendation, and would reduce the impact to a *less-than-significant* level.

MITIGATION MEASURES

- Noise 1:** Prior to issuance of a building permit for any building proposed for construction in the Employment Center zone shall submit a noise analysis that identifies the noise exposure due to traffic, and the noise that could be generated by the proposed use. The analysis shall identify any noise reduction requirements and noise insulation that is needed to ensure that the interior spaces shall not be exposed to noise in excess of 45 dB L_{dn}. The noise analysis shall identify any design or site modifications that are required to avoid generation of noise that would exceed 60 dB L_{dn} at the property line.
- Noise 2:** Prior to issuance of a building permit for any building proposed for construction in the Employment Center zone shall submit a noise analysis that identifies any design or site modifications that are required to avoid generation of noise that would exceed 60 dB L_{dn} at the property line.
- Noise 3:** Prior to issuance of any residential occupancy permit, the applicant shall construct a barrier 9 feet in height at the property line of residences adjacent to del Paso Road, and 6 feet in height at the property line of residences adjacent to Gateway Park Boulevard. The height of the barrier shall be measured relative to the building pad height of the respective parcels. Barrier materials shall be restricted to concrete or masonry block, precast concrete, earthen berm or any combination thereof. Any other proposed material shall be submitted for approval with a report from an acoustical consultant describing the properties of the proposed material and the efficiency of noise reduction compared to the permitted materials.
- Noise 4:** All residential units shall be equipped with air conditioning sufficient to adequately cool the residential unit in summer conditions with doors and windows closed.
- Noise 5:** All window openings on the west, north and east facades in residential units located adjacent to Del Paso Road shall be constructed with windows rated STC 30 or better.

FINDINGS

With implementation of the mitigation measures identified above, the proposed project would result in *less-than-significant* impacts to the community noise environment.

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Issues:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less-than-significant Impact
11. PUBLIC SERVICES Would the proposal have an effect upon, or result in a need for new or altered government services in any of the following areas:			
A) Fire protection?			✓
B) Police protection?			✓
C) Schools?			✓
D) Maintenance of public facilities, including roads?			✓
E) Other governmental services?			✓

Environmental Setting

Fire Protection. The Sacramento Fire Department operates approximately 21 stations in the City of Sacramento. Fire stations are located so as to provide a maximum effective service radius of two miles (SGPU DEIR, M-1). This service radius virtually assures blanket coverage of the City.

Police Protection. The City Police Dept provides police protection for areas within the City limits, including the project site.

Schools. The project site is located in the Natomas Unified School District (NUSD) attendance area. Students residing in the proposed project would attend the following schools:

High school: Inderkum High School located at Natomas Boulevard and Del Paso Road, approximately 2/3 mile west of the project site.

Middle School: Natomas Middle School, approximately 2 miles east of the project site.

Elementary School: Natomas Park Elementary School, located north of Del Paso Road approximately 1/4 mile north of the project site.

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Other public services in the area include library services. The Sacramento Public Library, which serves the area, is a Joint Powers Authority (JPA) and is comprised of the County and City of Sacramento.

STANDARDS OF SIGNIFICANCE

For the purposes of this report, an impact would be considered significant if the project resulted in the need for new or altered services related to fire protection, police protection, school facilities, roadway maintenance, or other governmental services.

ANSWERS TO CHECKLIST QUESTIONS

QUESTIONS A THROUGH E

The project area is located within the boundaries of the Natomas Unified School District, and the identified site was offered to the District in the event the District identified a need for a school in this area. The District has indicated that it does not need a school site in this location. (Correspondence from Natomas Unified School District, DATE)

The students that would be generated by residential development as proposed in the project would attend schools within the Natomas Unified School District. The District has adequate capacity at the affected schools to receive the students without overcrowding. The District has planned for future growth in the area and does not anticipate overcrowding in the future. (Pers. comm., Frank Harding, Jr., 2/8/06) The applicant would pay impact fees for school purposes, and any project impact would be *less than significant*.

The proposed project would require amendments to the General Plan and North Natomas Community Plan to re-arrange land uses on the project site. The proposed density and type of development, however, are generally consistent with the existing General Plan and community plan designations, and development as proposed was anticipated in the General Plan and community plan. The project impacts on public services would not be greater than those previously analyzed for cumulative analyses in the environmental documents for the General Plan and North Natomas Community Plan. Further discussion of the cumulative impact of the proposed project is not required. (CEQA Guidelines Sections 15130(e); 15183(j))

MITIGATION MEASURES

No mitigation is required.

FINDINGS

The proposed project would result in *less-than-significant* impacts to public services.

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Issues:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less-than-significant Impact
12. UTILITIES			
<i>Would the proposal result in the need for new systems or supplies, or substantial alterations to the following utilities:</i>			
A) Communication systems?			✓
B) Local or regional water supplies?			✓
C) Local or regional water treatment or distribution facilities?			✓
D) Sewer or septic tanks?			✓
E) Storm water drainage?			✓
F) Solid waste disposal?			✓

ENVIRONMENTAL SETTING

Water Supply/Treatment. The City provides water service to the project area from surface water sources.

Sanitary and Storm Sewers. The proposed project site is within the service area of County Sanitation District 1 (CSD-1), and wastewater is treated by the Sacramento Regional County Sanitation District. CSD-1 provides wastewater collection and conveyance to the urbanized, unincorporated areas of Sacramento County, the Cities of Citrus Heights and Elk Grove, and portions of the Cities of Sacramento and Folsom. Wastewater from CSD-1 is discharged into the SRCSD interceptor system and treated at SRCSD's Sacramento Regional Wastewater Treatment Plant (SRWTP). The existing CSD-1 service area covers approximately 270 square miles and serves over 750,000 people.

Solid Waste. The Solid Waste Removal Division within the Dept. of Public Works is responsible for collecting solid waste, sweeping the streets, and abating litter.

STANDARDS OF SIGNIFICANCE

For purposes of this environmental document, an impact is considered significant if the proposed project would:

- Result in a detriment to microwave, radar, or radio transmissions;
- Create an increase in water demand of more than 10 million gallons per day;
- Substantially degrade water quality;

PARDEE AT NATOMAS (P05-129)
INITIAL STUDY/MITIGATED NEGATIVE DECLARATION

- Generate more than 500 tons of solid waste per year; or
- Generate stormwater that would exceed the capacity of the stormwater system.

ANSWERS TO CHECKLIST QUESTIONS

QUESTION A

The project would not result in the need for new communications systems or result in a detriment to existing microwave, radar or radio transmissions. Additional infrastructure may be provided by SBC, Comcast or other local telecommunication networks to provide services to residences and businesses on the site, but such infrastructure would not be detrimental any critical communication systems involving microwave, radar or radio transmissions. Therefore, a **less-than-significant** impact to communication systems is expected.

QUESTIONS B AND C

The land uses and densities proposed in the project are generally consistent with a planned mix of residential and office uses identified in the General Plan and North Natomas Community Plan for the project site. The project would not exceed the capacity of existing available water supply or require new treatment and distribution facilities. The applicant would be required as a condition of approval to conduct a water supply test, and any additional studies or improvements, in order to ensure adequate fire flow requirements. The proposed project's impact on water supply and treatment is **less than significant**.

QUESTION D

The proposed project site is within service area of County Sanitation District No. 1, which collects and transports wastewater to regional treatment facilities operated by the Sacramento Regional County Sanitation District (SRCSD). The project site is served with a 15" trunk line that is adequate to serve the proposed development. The project proponent would be required to install the required infrastructure, which is a normal part of project development. Wastewater would be collected at an interim pump station and routed via a force main to an existing 24" trunk. A 15" trunk line serves the project site. (Wendy Haggard, pers. comm.. 2/2/2006).

CSD 1 currently has adequate capacity to serve the proposed project. The project is in an area in which service demands are expanding, and CSD 1 is planning for future needs in the area. CSD 1 is engaged in planning, funding and design of future sewer collectors that would serve the project area and other anticipated development.

The proposed project site is located in the UN Natomas East Trunk Shed identified by CSD 1, which will be served by a major trunk sewer that would connect with another trunk that has already been constructed. Both trunks would ultimately connect to Section 1 of the Upper Northwest Interceptor. The Upper Northwest Interceptor is scheduled for completion in 2008. Until completion, interim facilities consisting of a pump station connecting the area to the existing trunk sewer just east of the East Drainage Canal and north of North Market Boulevard would hand wastewater flows. (CSD 1 Master Plan, Appendix 1)

The planned system will be adequate to serve the proposed project and other development that is anticipated in the service area. (CSD 1, W. Haggard, pers. comm.. 2/2/2006)

PARDEE AT NATOMAS (P05-129)
INITIAL STUDY/MITIGATED NEGATIVE DECLARATION

Development of the project site in the manner proposed in the project is consistent with the development anticipated and planned for by CSD 1. The improvements planned by CSD 1 are considered projects under the California Environmental Quality Act (CEQA) and are subject to public review and comment. Development of the project site as proposed has been included in planning for future facilities, and the project would, therefore, have a *less-than-significant* impact on wastewater services.

QUESTION F

The project would generate solid waste that would be disposed of in landfills. Solid waste would be generated by residences proposed for the project.

The impacts of commercial businesses and light industrial activities that would be proposed for future construction have not been considered because specific uses have not been identified, and the amount of solid waste generated by such uses can vary widely. At the time specific uses are proposed, the applicant would require a Special Permit, and the impacts of solid waste generation would be considered at that time.

The estimated solid waste generated by the project is shown below in Table X:

Table X
Solid Waste Generation

Land Use	Waste generation Rate (per day)	Proposed Project	Solid Waste generated (lbs/day)	Solid Waste Generated (tons/year)
Residences: Detached	2.5 lbs/unit	721 units	1,802 lbs/day	328 tons/yr.
Residences: Condominiums/Apartments	8.0 lbs/unit	231 units	1,848 lbs/day	337 tons/yr
Commercial	1.0 lb per 100 sf	101,900 sq. ft.	1,019 lbs/day	185 tons/yr
Light Industrial	2.0 lb per 100 sf	109,800 sq. ft.	2,196 lbs/day	401 tons/yr
TOTAL				1,251 tons/yr

Source: South 65th Street Area Plan, Draft EIR, Sacramento, July 2004

Note: It is anticipated that all green waste from parks is mulched/recycled and does not make its way through the waste stream to landfills.

The California Integrated Waste Management Act of 1989 (AB 939) mandated that cities develop source reduction and recycling plans, with a goal to divert 50 percent of the waste stream from going to the landfills by the year 2000. To comply with AB 939, the City of Sacramento's Comprehensive Zoning Ordinance has provisions pertaining to solid waste recycling. The plan requires that all non-residential and residential development prepare and submit a recycling program with the planning application and before issuance of a building permit. This requirement would ensure that recycling efforts are implemented with the project.

The City has, in compliance with the Act, adopted a Source Reduction Recycling Element, and has adopted programs to achieve the goals set forth in the Element including curbside recycling drop-off and buy-back centers and compost programs.

PARDEE AT NATOMAS (P05-129)
INITIAL STUDY/MITIGATED NEGATIVE DECLARATION

Project conditions would require that condominium projects such as those proposed for the project site be supplied with adequate space for both trash and recycling.

The City collects all residential solid waste, while collection of commercial waste is performed by both City and private haulers. Residential and commercial solid waste collected by the City is transported to the Sacramento recycling and Transfer Station at 8491 Fruitridge Road, and is then transported via larger vehicles to a landfill selected by the operation of the transfer station, currently the Lockwood Regional Landfill in Sparks, Nevada. The City has also contracted with the County of Sacramento to deliver some solid waste to the County's North Area Transfer Station in North Natomas, and the City has initiated plans to construct a transfer station of its own in North Natomas.

Commercial waste not collected by the City is disposed of at a variety of facilities, including the Sacramento County Kiefer Solid Waste Landfill, Yolo County Landfill, Forward Landfill, L and D Landfill, and several privately run transfer stations.

The Lockwood regional Landfill is a Class I landfill that currently accepts an average of 7,700 tons/day, 800 tons of which comes from the City of Sacramento. Lockwood Landfill does not have a maximum daily disposal limit, and it has a remaining capacity of 32.5 million tons. The landfill currently operates on a 550-acre site, and has initiated a process to expand to 1,100 acres.²

Disposal of solid waste from the City of Sacramento generally does not impact capacity at receiving landfills because the waste is widely distributed among a variety of landfills. The project would be required to comply with the City's Ordinance (Chapter 17.72) on solid waste recycling as a condition of approval, reducing the demands on landfills, and would not require the expansion or construction of new landfills, resulting in a *less-than-significant* impact on solid waste disposal.

MITIGATION MEASURES

No mitigation is required.

FINDINGS

The proposed project would result in *less-than-significant* impacts to utilities.

² Draft EIR, p. 6.8-33. Sutter Regional Medical Center, Sacramento, CA July 2005

PARDEE AT NATOMAS (P05-129)
 INITIAL STUDY/MITIGATED NEGATIVE DECLARATION

Issues:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less-than-significant Impact
13. AESTHETICS, LIGHT AND GLARE Would the proposal:			
A) Affect a scenic vista or adopted view corridor?			✓
B) Have a demonstrable negative aesthetic effect?			✓
C) Create light or glare?			✓
D) Create shadows on adjacent property?			✓

STANDARDS OF SIGNIFICANCE

Shadows. New shadows from developments are generally considered to be significant if they would shade a recognized public gathering place (e.g., park) or place residences/child care centers in complete shade.

Glare. Glare is considered to be significant if it would be cast in such a way as to cause public hazard or annoyance for a sustained period of time.

Light. Light is considered significant if it would be cast onto oncoming traffic or residential uses.

ANSWERS TO CHECKLIST QUESTIONS

QUESTIONS A AND B

The proposed project would not obstruct views from any scenic highway or roadway, and the project site is not located within the viewshed of a federal or state scenic highway. The project site does not have rock outcroppings, historic buildings, or any other protected scenic resources.

The proposed project would establish a Planned Unit Development (PUD) pursuant to the City of Sacramento Zoning Code. As part of the PUD process, the applicant has prepared Guidelines for the Natomas Place PUD. The Guidelines include the following goals and objectives:

- To implement the goals and objectives of the North Natomas Community Plan;
- To unify the neighborhood visually and functionally by using a consistent set of design standards and details throughout the PUD to develop a sense of place for the neighborhood...

PARDEE AT NATOMAS (P05-129)
 INITIAL STUDY/MITIGATED NEGATIVE DECLARATION

The PUD Guidelines include guidance and specific development standards for architectural styles, site planning and design, exterior building materials and colors, treatment of vehicular parking, and trash and recycling enclosures. (Guidelines, pp.7-9). These provisions would avoid conflicts in styles and colors that could be visually disruptive, and would ensure that proper consideration is given to the aesthetic impact of structures and the overall design.

The project would not have a demonstrable negative aesthetic effect. Therefore, any impacts would be *less than significant*.

QUESTIONS C AND D

MITIGATION MEASURES

No mitigation measures are required.

FINDINGS

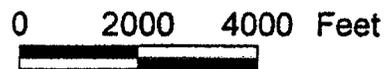
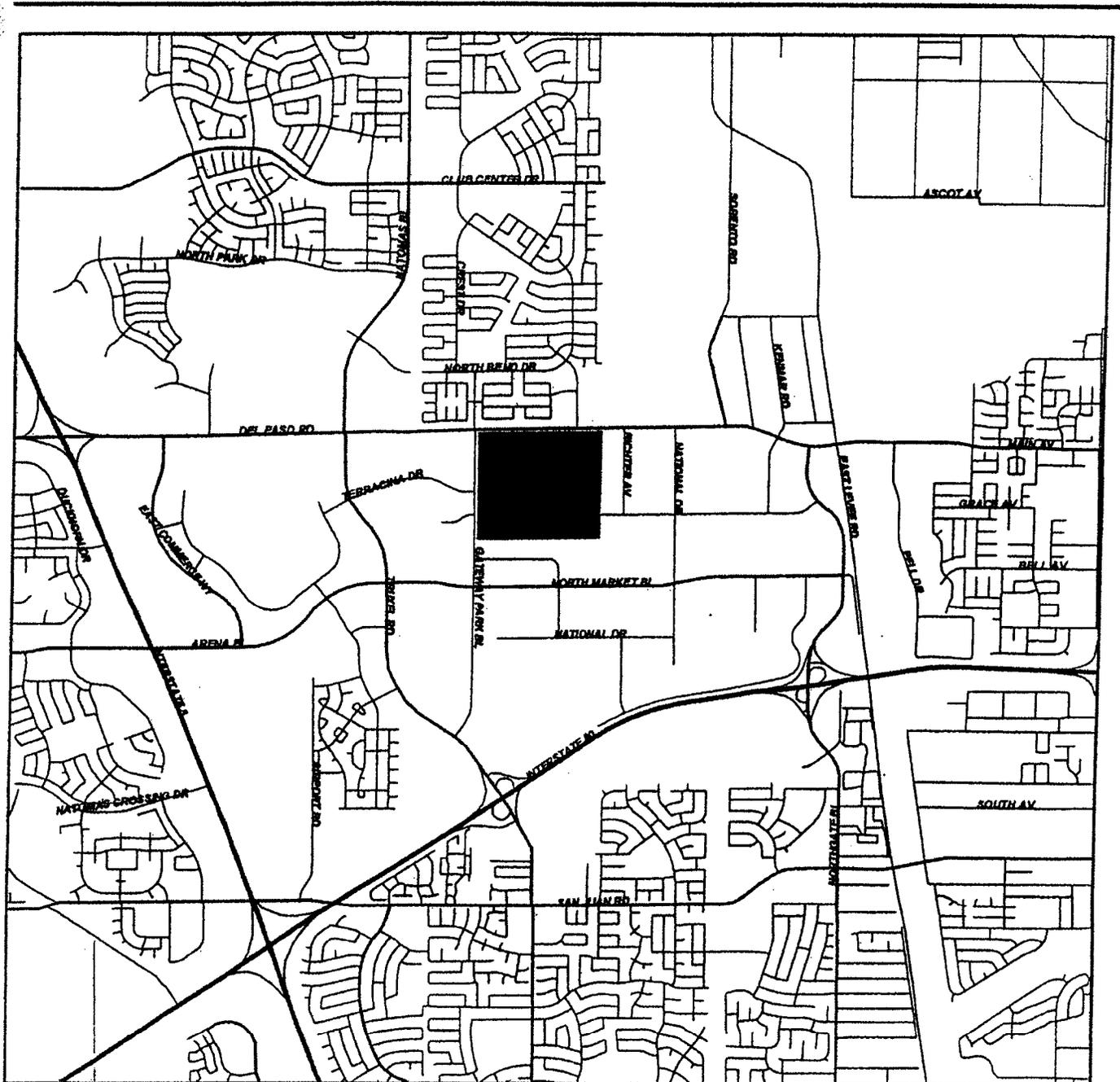
The proposed project would result in less-than-significant impacts to aesthetics, light and glare.

Issues:	Potentially Significant Impact	Potentially Significant Impact Unless Mitigated	Less-than-significant Impact
14. CULTURAL RESOURCES			
<i>Would the proposal:</i>			
A) Disturb paleontological resources?		✓	
B) Disturb archaeological resources?		✓	
C) Affect historical resources?			✓
D) Have the potential to cause a physical change which would affect unique ethnic cultural values?			✓
E) Restrict existing religious or sacred uses within the potential impact area?			✓

ENVIRONMENTAL SETTING

The project site is located within a Primary Impact Area for cultural resources according to the SGPU (SGPU DEIR, pg V-5). No structures are located on the project site. The project site has been extensively disturbed through agricultural practices and weed abatement.

ATTACHMENT 1



Development Services
Department

Geographic
Information
Systems

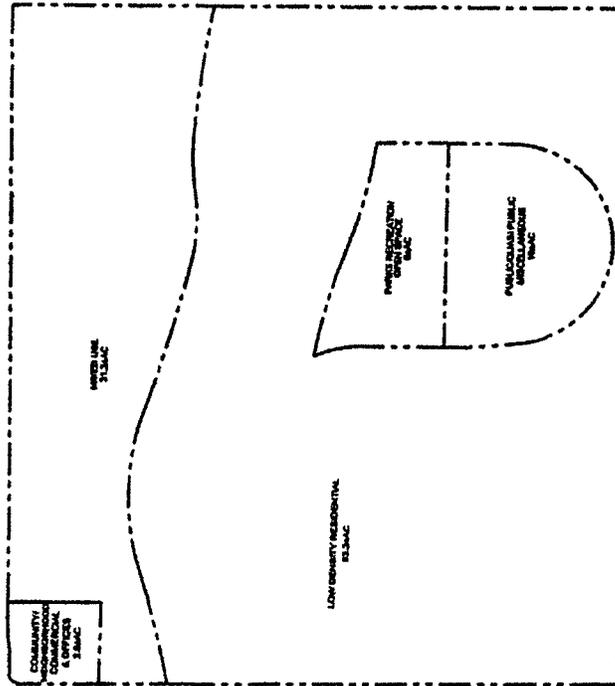
Vicinity Map
P05-129



August 31, 2005

ATTACHMENT 2

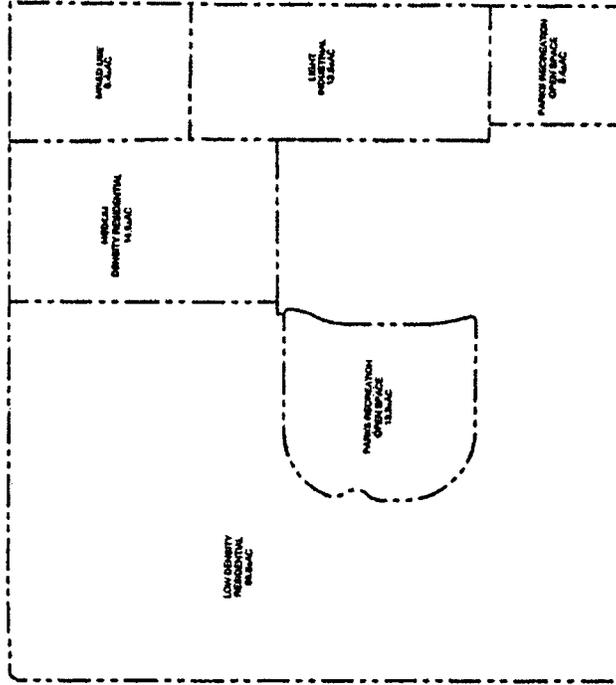
GENERAL PLAN AMENDMENT NATOMAS PLACE CITY OF SACRAMENTO, CALIFORNIA



CURRENT PLAN

SUMMARY

DESCRIPTION	ACRES
LOW DENSITY RESIDENTIAL	93.3 ± AC
MIXED USE	31.3 ± AC
COMMUNITY RECREATION COMMERCIAL & OFFICES	2.0 ± AC
PUBLIC & QUASI PUBLIC	10.0 ± AC
PARKS RECREATION OPEN SPACE	8.0 ± AC
TOTAL	144.6 ± AC



PROPOSED PLAN

SUMMARY

DESCRIPTION	ACRES
LOW DENSITY RESIDENTIAL (4-15 DU/AC)	88.8 ± AC
MEDIUM DENSITY RESIDENTIAL (16-25 DU/AC)	14.9 ± AC
MIXED USE	8.4 ± AC
LIGHT INDUSTRIAL	13.8 ± AC
PARKS RECREATION OPEN SPACE	18.7 ± AC
TOTAL	144.6 ± AC

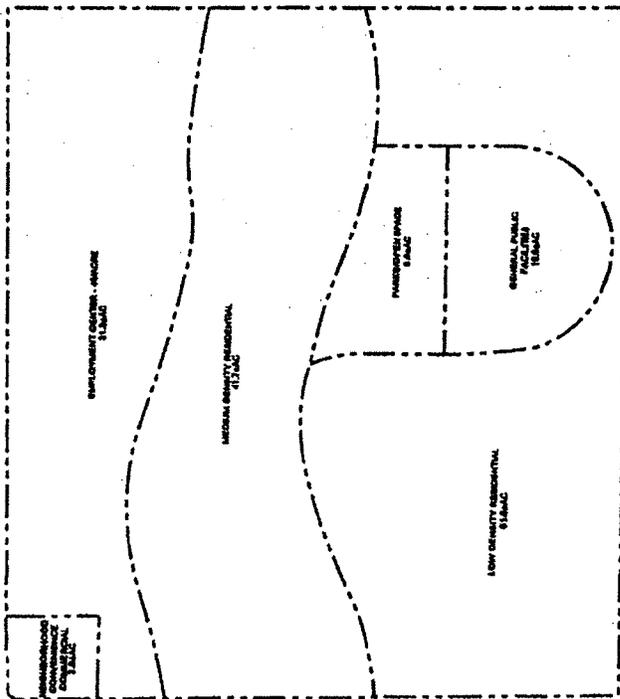


REVISED:
MARCH 24, 2006
MARCH 2, 2006
DECEMBER, 2005
AUGUST 6, 2005

G.C. WALLACE OF CALIFORNIA, INC.
Professional/Professional/Professional
1000 Northgate Blvd., Suite 1000, Sacramento, CA 95833
Tel: 916.442.1100 Fax: 916.442.1101

ATTACHMENT 3

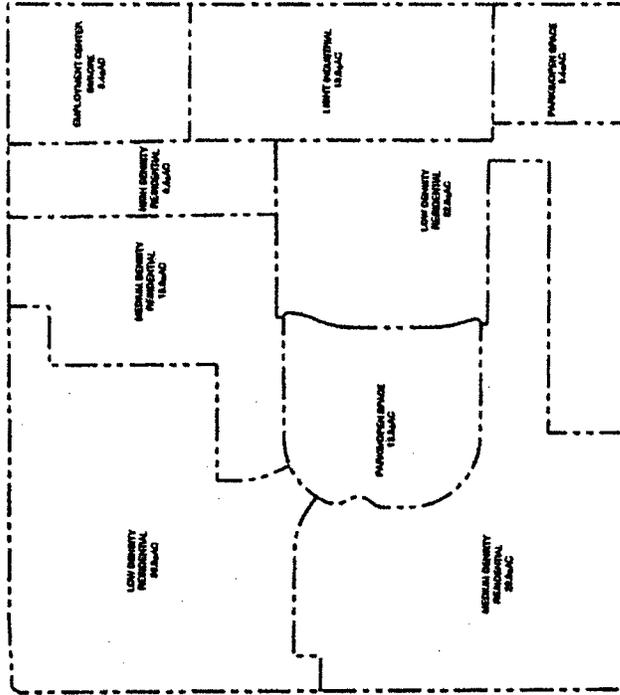
COMMUNITY PLAN AMENDMENT
NATOMAS PLACE
 CITY OF SACRAMENTO, CALIFORNIA



CURRENT PLAN

SUMMARY

DESCRIPTION	ACRES
LOW DENSITY RESIDENTIAL (5-10 DU/AC)	51.6±AC
MEDIUM DENSITY RESIDENTIAL (7-21 DU/AC)	41.7±AC
NEIGHBORHOOD COMMERCIAL	2.0±AC
EMPLOYMENT CENTER - 40/AC	31.3±AC
OPEN SPACE	6.0±AC
GENERAL PUBLIC FACILITIES	10.0±AC
TOTAL	143.7±AC



PROPOSED PLAN

SUMMARY

DESCRIPTION	ACRES
LOW DENSITY RESIDENTIAL (5-10 DU/AC)	52.0±AC
MEDIUM DENSITY RESIDENTIAL (7-21 DU/AC)	44.9±AC
HIGH DENSITY RESIDENTIAL (11-29 DU/AC)	6.8±AC
LIGHT INDUSTRIAL	13.8±AC
EMPLOYMENT CENTER - 50/AC	8.4±AC
PARK/OPEN SPACE	18.7±AC
TOTAL	144.6±AC

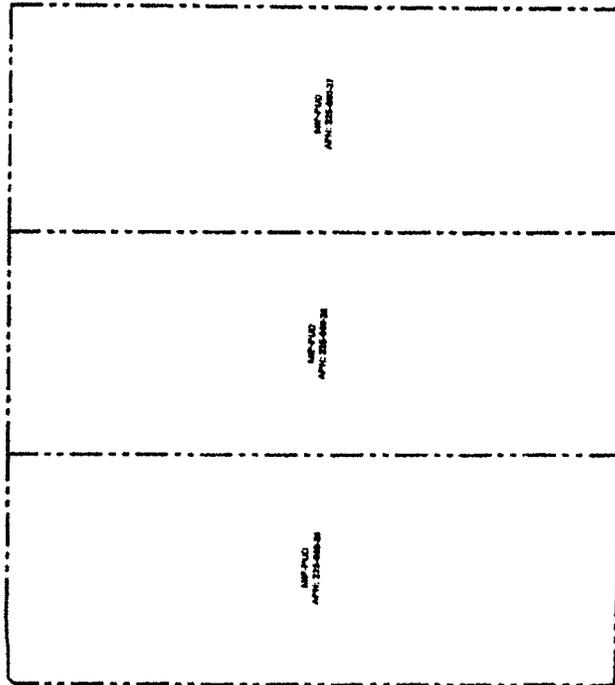


REVISED: MARCH 24, 2006
 MARCH 2, 2006
 DECEMBER, 2005
 AUGUST 5, 2005

G.C. WALLACE OF CALIFORNIA, INC.
 2000 University Parkway
 Sacramento, CA 95833
 Tel: 916.486.1100 Fax: 916.486.1101

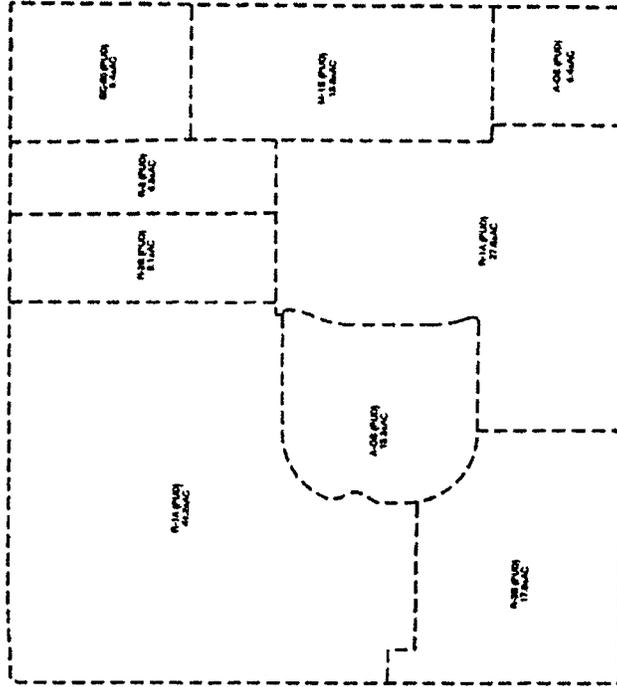
ATTACHMENT 4

REZONING EXHIBIT NATOMAS PLACE CITY OF SACRAMENTO, CALIFORNIA



CURRENT PLAN

DESCRIPTION	ACRES
MP-PUD	144.6 ± AC
TOTAL	144.6 ± AC



PROPOSED PLAN

DESCRIPTION	ACRES
R-1A (PUD)	25.1 ± AC
R-3 (PUD)	6.4 ± AC
EC-50 (PUD)	8.4 ± AC
M-15 (PUD)	13.8 ± AC
A-OS (PUD)	18.7 ± AC
TOTAL	144.6 ± AC

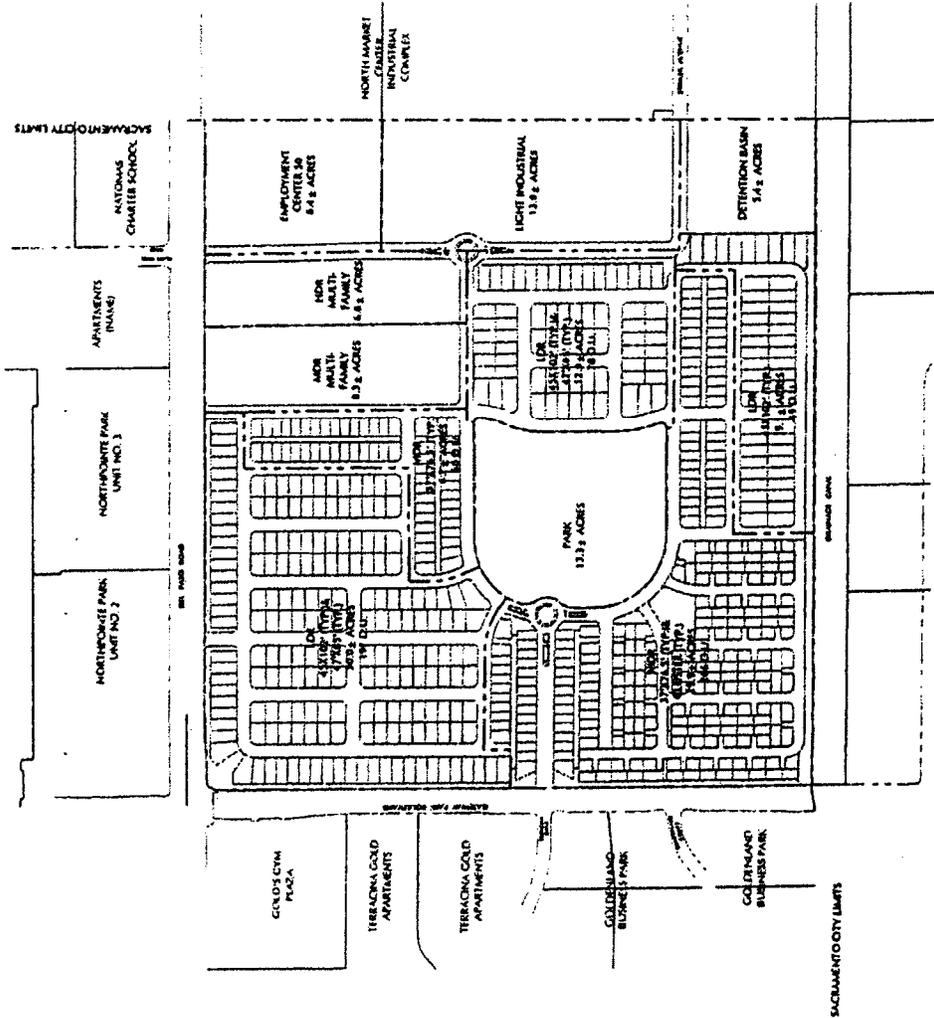
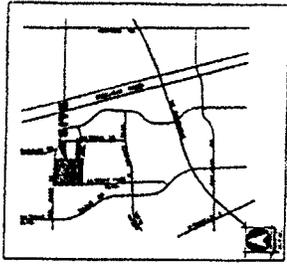


REVISOR: MARCH 24, 2008
MARCH 2, 2008
DECEMBER, 2005
AUGUST 5, 2005

G.C. WALLACE OF CALIFORNIA, INC.
Engineers/Planners/Architects
1000 J Street, Suite 200, Sacramento, CA 95811
916.442.1100

ATTACHMENT 5

PUD SCHEMATIC PLAN
NATOMAS PLACE
 CITY OF SACRAMENTO, CALIFORNIA



LAND USE SUMMARY

LAND USE	ACRES	BT
LOW DENSITY RESIDENTIAL	80.0	326
MEDIUM DENSITY RESIDENTIAL	14.9	326
HIGH DENSITY RESIDENTIAL	0.4	
EMPLOYMENT CENTER	13.8	
RECREATION	13.2	
INDUSTRIAL	27.6	
UTILITIES	5.4	
TOTAL	155.3	652

REVISED: MARCH 24, 2006
 MARCH 2, 2006
 DECEMBER, 2005
 AUGUST 5, 2005

G.C. WALLACE OF CALIFORNIA, INC.
 Registered Professional Engineer
 License No. 44567
 1000 Northgate Blvd., Suite 100, Sacramento, CA 95833
 Phone: (916) 441-1111
 Fax: (916) 441-1112
 Email: gwallace@wallaceofcalifornia.com





TEICHERT CONSTRUCTION

P.O. Box 15144
 Sacramento, CA 95851-0144
 Phone: (916) 386-6800 Fax: (916) 386-2392

Customer # 276297

Date August 02, 2006

Name Pardee Homes

Job Number 1100864

Address 2377 Gold Meadow Way, Suite 280

Job Name Natomas Place Mass Grading

City, State Zip Gold River, CA 95670

Attn: Paul Cromwell

OWNER ITEM	DESCRIPTION OF WORK	ORIGINAL QUANTITY	REVISED QUANTITY	QUANTITY DIFFERENCE	UNIT UOM	PRICE	AMOUNT
---------------	---------------------	----------------------	---------------------	------------------------	-------------	-------	--------

The following additions and deductions are due to revisions between the preliminary bid plans and the approved plans. These changes are based on the best information available at the time, but do not necessarily guarantee coverage of all changes from preliminary plans. Final payments will be based on actual quantities as measured in the field.

12	Install Di Protection	7.00	12.00	5.00	EA	250.00	1,250.00
----	-----------------------	------	-------	------	----	--------	----------

CHARGE FOR ABOVE WORK IS: \$ 1,250.00

Above additional work to be performed under same conditions as specified in original contract unless otherwise stipulated.

Owner Signature _____

Date _____

Print Name _____

Title _____

We hereby agree to furnish labor and materials - complete in accordance with the above specifications, at the stated price.

Authorized Signature *Najwan Chatha*
 Najwan Chatha

Date 08-02-2006

TEICHERT CHANGE # 2 REQUOTE # _____

OWNER CHANGE # _____

Note: This Revision becomes part of, and in conformance with the existing contract.



TEICHERT CONSTRUCTION

P.O. Box 15144
 Sacramento, CA 95851-0144
 Phone: (916) 386-6800 Fax: (916) 386-2392

Customer # 276297

Date August 02, 2006

Name Pardee Homes

Job Number 1100864

Address 2377 Gold Meadow Way, Suite 280

Job Name Natomas Place Mass Grading

City, State Zip Gold River, CA 95670

Attn: Paul Cromwell

ITEM	DESCRIPTION OF WORK	QUANTITY	UOM	UNIT PRICE	AMOUNT
90010000	Mow & Bail	60.00	AC	192.00	11,520.00

CHARGE FOR ABOVE WORK IS: \$ 11,520.00

Above additional work to be performed under same conditions as specified in original contract unless otherwise stipulated.

Owner Signature _____

Date _____

Print Name _____

Title _____

We hereby agree to furnish labor and materials - complete in accordance with the above specifications, at the stated price.

Authorized Signature

Harjwan Chatha
 Harjwan Chatha

Date 08-02-2006

TEICHERT CHANGE # 1 REQUOTE # _____

OWNER CHANGE # _____

Note: This Revision becomes part of, and in conformance with the existing contract.

RESOLUTION NO. 2007 -

Adopted by the Sacramento City Council

NATOMAS FAMILY APARTMENTS: APPROVAL OF \$407,000 FEE REDUCTION

BACKGROUND

- A. CIC Natomas, L.P. has requested allocation of Four Hundred Seven Thousand Dollars (\$407,000) from the Affordable Housing Fee Reduction Fund to the Natomas Family Apartments project to assist in funding the costs of acquisition and construction of a 135 unit housing project that will include 47 extremely low-income, 44 very low-income and 43 low-income units.
- B. The Natomas Family Apartments project qualifies for an affordable housing fee reduction of \$407,000 according to Chapter 17.195 of the City Code.

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

- Section 1. All of the evidence presented having been duly considered, the findings regarding this action are approved.
- Section 2. An allocation of \$407,000 from the Affordable Housing Fee Reduction Fund to the Natomas Family Apartments project is authorized.
- Section 3. The Agency is authorized to make technical amendments to said agreements and documents with approval of Agency Counsel, which amendments are in accordance with Agency policy and with this resolution.
- Section 4. The Sacramento Housing and Redevelopment Agency ("Agency") is authorized to enter into and execute other documents and performs other actions necessary to fulfill the intent of this resolution.

RESOLUTION NO. 2007 - ____

Adopted by the Housing Authority of the City of Sacramento

DECLARING INTENTION TO REIMBURSE EXPENDITURES FROM THE PROCEEDS OF TAX-EXEMPT OBLIGATIONS AND DIRECTING CERTAIN ACTIONS FOR NATOMAS FAMILY APARTMENTS

BACKGROUND

- A. The Housing Authority of the City of Sacramento (the "Issuer") intends to issue tax-exempt obligations in a principal amount not to exceed \$18,000,000 (the "Obligations") for the purpose, among other things, of making a loan to Chelsea Investment Corporation, or a limited partnership or limited liability company related to or formed by Chelsea Investment Corporation (the "Developer"), the proceeds of which shall be used by the Developer to finance the acquisition and construction of a 135-unit multifamily rental housing facility to be located on the Southwest corner of the intersection of Del Paso Road and the future extension of Blackrock Road, Sacramento, California, and to be commonly known as the Natomas Family Apartments (the "Project");
- B. United States Income Tax Regulations Section 1.103-18 provides generally that proceeds of tax-exempt debt are not deemed to be expended when such proceeds are used for reimbursement of expenditures made prior to the date of issuance of such debt unless certain procedures are followed, among which is a requirement that (with certain exceptions), prior to the payment of any such expenditure, the issuer must declare an intention to reimburse such expenditure; and
- C. It is in the public interest and for the public benefit that the Authority declare its official intent to reimburse the expenditures referenced herein;

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE HOUSING AUTHORITY OF THE CITY OF SACRAMENTO RESOLVES AS FOLLOWS:

Section 1. The Authority intends to issue the Obligations for the purpose of paying the costs of financing the acquisition and construction of the Project.

Section 2. The Authority hereby declares that it reasonably expects that a portion of the proceeds of the Obligations will be used for reimbursement of expenditures for the acquisition and construction of the Project that are paid before the date of initial execution and delivery of the Obligations.

Section 3. The maximum amount of proceeds of the Obligations to be used for reimbursement of expenditures for the acquisition and construction of the Project

that are paid before the date of initial execution and delivery of the Obligations is not to exceed \$18,000,000.

Section 4. The foregoing declaration is consistent with the budgetary and financial circumstances of the Authority in that there are no funds (other than proceeds of the Obligations) that are reasonably expected to be (i) reserved, (ii) allocated or (iii) otherwise set aside, on a long-term basis, by or on behalf of the Authority, or any public entity controlled by the Authority, for the expenditures for the acquisition and construction of the Project that are expected to be reimbursed from the proceeds of the Obligations.

Section 5. The Developer shall be responsible for the payment of all present and future costs in connection with the issuance of the Obligations, including, but not limited to, any fees and expenses incurred by the Authority in anticipation of the issuance of the Obligations, the cost of printing any official statement, rating agency costs, bond counsel fees and expenses, underwriting discount and costs, trustee fees and expense, and the costs of printing the Obligations. The payment of the principal, redemption premium, if any, and purchase price of and interest on the Obligations shall be solely the responsibility of the Developer. The Obligations shall not constitute a debt or obligation of the Authority.

Section 6. The law firm of Jones Hall, A Professional Law Corporation, is hereby named as bond counsel to the Authority in connection with the issuance of the Obligations. The fees and expense of bond counsel and any financial advisor employed by the Authority in connection with the issuance of the Obligations are to be paid solely from the proceeds of the Obligations or directly by the Developer.

Section 7. The appropriate officers or staff of the Authority are hereby authorized, for and in the name of and on behalf of the Authority, to make an application to the California Debt Limit Allocation Committee for an allocation of private activity bonds for the financing of the Project.

Section 8. The adoption of this Resolution shall not obligate (i) the Authority to provide financing to the Developer for the acquisition and construction of the Project or to issue the Obligations for purposes of such financing; or (ii) the Authority, or any department of the Authority or the City of Sacramento to approve any application or request for, or take any other action in connection with, any environmental, General Plan, zoning or any other permit or other action necessary for the acquisition, construction or operation of the Project.

Section 9. This resolution shall take effect immediately upon its adoption.

RESOLUTION NO. 2007 - _____

Adopted by the Sacramento City Council

APPROVING THE ISSUANCE OF TAX-EXEMPT OBLIGATIONS AND DIRECTING CERTAIN ACTIONS FOR NATOMAS FAMILY APARTMENTS

BACKGROUND

- A. The Housing Authority of the City of Sacramento (the "Issuer") intends to issue tax-exempt obligations in a principal amount not to exceed \$18,000,000 (the "Obligations") for the purpose, among other things, of making a loan to Chelsea Investment Corporation or a limited partnership or limited liability company related to or formed by Chelsea Investment Corporation ("Developer"), the proceeds of which shall be used by the Developer to finance the acquisition and construction of a 135-unit multifamily housing facility to be located on the Southwest corner of the intersection of Del Paso Road and the future extension of Blackrock Road, Sacramento, California and to be commonly known as the Natomas Family Apartments (the "Project"); and
- B. The Issuer is authorized by Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California to issue and sell revenue bonds for the purpose of financing the acquisition, construction and development of multifamily rental housing facilities to be occupied in part by low- and very low income tenants; and
- C. In order for the Obligations to be considered "qualified exempt facility bonds" under Section 142(a) of the Internal Revenue Code of 1986, as amended (the "Code"), Section 147(f) of the Code requires that the "applicable elected representatives" of the area in which the Project is to be located hold a public hearing on and approve the issuance of the Obligations; and
- D. This City Council is the elected legislative body of the City; and
- E. A notice of public hearing in a newspaper of general circulation in the City has been published, to the effect that a public hearing would be held by this City Council regarding the issuance of the Obligations by the Issuer and the nature and location of the Project; and
- F. This City Council held said public hearing on the published date, at which time an opportunity was provided to present arguments both for and against the issuance of such Bonds and the nature and location of the Project; and

- G. It is in the public interest and for the public benefit that the City approve the issuance and delivery of the Obligations for the purpose of financing the acquisition and construction of the Project;
- H. The City shall not have any liability for the repayment of the Obligations or any responsibility for the Project;

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

Section 1. The City hereby finds and determines that the foregoing recitals are true and correct.

Section 2. Solely for the purpose of fulfilling the requirement of Section 147(f) of the Code, the City hereby approves the issuance and delivery of the Obligations.

Section 3. This resolution shall take effect upon its adoption.

RESOLUTION NO. 2007 -

Adopted by the Sacramento City Council

NATOMAS FAMILY APARTMENTS: APPROVAL OF \$1,093,000 LOAN; EXECUTION OF LOAN AGREEMENT AND RELATED DOCUMENTS WITH CIC NATOMAS L.P.; RELATED BUDGET AMENDMENT

BACKGROUND

- A. CIC Natomas, L.P. has requested allocation of One Million Ninety-Three Thousand Dollars (\$1,093,000) from the City Housing Trust Fund to the Natomas Family Apartments project to assist in funding the costs of acquisition and construction of a 135 unit housing project that will include 47 extremely low-income, 44 very low-income and 43 low-income units and 1 manager's unit.
- B. The Natomas Family Apartments project qualifies for Housing Trust Fund funding under Sacramento Housing and Redevelopment Agency guidelines.
- C. The City of Sacramento has reviewed the environmental impacts of the project in the context of the larger master project and has issued a mitigated negative declaration for the larger project entitled Pardee at Natomas Initial Study/Mitigated Negative Declaration (P05-129) ("Negative Declaration").

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

Section 1. The Negative Declaration adequately considered the environmental impacts of the project and the mitigation measures adopted pursuant to the Negative Declaration are adequate to mitigate the significant environmental impacts of the project to a less than significant level; and therefore, the Negative Declaration is approved and adopted for the actions contained in this resolution.

Section 2. The Sacramento Housing and Redevelopment Agency ("Agency") is authorized to amend the Agency Budget to transfer \$1,093,000 from the City Housing Trust Fund to the Natomas Family Apartments project.

Section 3. The Loan Commitment, attached to and incorporated in this resolution by this reference, for financing the Natomas Family Apartments project with Housing Trust Funds in the amount of \$1,093,000 is approved and the Agency is authorized to execute and transmit the Loan Commitment to CIC Natomas, L.P.

Section 4. Subject to the satisfaction of conditions in the Loan Commitment, the Agency is authorized to prepare and execute all Loan documents required for making

the \$1,093,000 Loan for a term of 55 years, with an interest rate of 4% (simple), and a loan repayment schedule as detailed in the Loan Commitment, with CIC Natomas, L.P. to fund the acquisition and construction of Natomas Family Apartments.

Section 5. The Agency is authorized to enter into and execute other documents and perform other actions necessary to fulfill the intent of the staff report and the Loan Commitment that accompany this resolution, in accordance with their respective terms, and to ensure proper repayment of the Agency funds including without limitation, subordination, extensions and restructuring of payments, all as approved by Agency Counsel and in accordance with the intent of the Agency in making the Loan.

Section 6. The Agency is authorized to make technical amendments to said agreements and documents with approval of Agency Counsel, which amendments are in accordance with the Loan Commitment, with Agency policy, with this resolution and with good legal practices for making of such a loan.

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Exhibit A: Loan Commitment – 8 pages

Date: February 15, 2007

Chelsea Investment Corporation
725 South Coast Hwy. 101
Encinitas, CA 92024
Attn: Wally Dieckmann

RE: Conditional Funding Commitment, Natomas Family Apartments

Dear Mr. Dieckmann:

On behalf of the Sacramento Housing and Redevelopment Agency ("Agency"), we are pleased to advise you of its commitment of acquisition, construction, and permanent loan funds ("Loan") from the City of Sacramento Low-Income Housing Trust Fund for the purpose of financing the development of that certain real property located at the southwest corner of Del Paso Road and the future extension of Blackrock Road, Sacramento, California ("Property"). Agency's decision is based on your application, and all representations and information supplied by you to it. If these representations and information change in a material manner without written approval of Agency, this commitment is void. Agency's obligation to make the Loan is subject to satisfaction of all the following terms and conditions and Borrower's execution of documentation that is in a form and in substance satisfactory to the Agency.

The Loan shall be made on standard Agency loan documents. No loan terms not in this funding commitment and the attached loan document forms shall be included in the final loan documents without additional environmental review and governing board approval. In the event of any discrepancies between terms stated in this commitment and the loan documents, the terms stated in the loan commitment letter shall be deemed to be terms of this commitment.

Unless otherwise agreed in writing by the Agency in exercise of its absolute discretion, the following shall be considered conditions to Agency approval of a financing commitment. The Agency may, in exercise of its absolute discretion, modify its requirements upon written notice to Borrower given at least sixty days prior to close of escrow for the Property.

This commitment is subject to approval by the Sacramento City Council.

This commitment is contingent upon the Borrower receiving an award of Multifamily Housing Program (MHP) funds from the State of California Department of Housing and Community Development in either of the first two MHP funding rounds following the date of this commitment letter. In any event, this commitment will expire on January 31, 2008.

1. **PROJECT DESCRIPTION:** The project is the new construction of a 135-unit multi-family apartment complex to be located at the southwest corner of Del Paso Road and the future extension of Blackrock Road, on portions of assessor's parcel numbers 225-0060-026 and -027. A total of 47 units will be affordable to families earning less than 30 percent of the area median income, 44 units will be affordable to families earning less than 50 percent of the area median income, and an additional 43 units will be affordable to families earning less than 55 percent of the area median income. One unit will be an unrestricted manager's unit.
2. **BORROWER:** The name of the Borrower for the Loan is Chelsea Investment Corporation, or a limited liability company or limited partnership to be formed by Chelsea Investment Corporation.
3. **PURPOSE OF LOAN:** The Loan is to be used by Borrower solely to pay the costs of acquisition, construction, and permanent financing, or for such other purposes as Agency expressly agrees to in the loan agreement for the Loan, and such other agreements as may be generally required by the Agency for the use of funding source for the Loan.
4. **PRINCIPAL AMOUNT:** The combined principal amount of the Loan will be the lesser of (a) One Million, Ninety-Three Thousand Dollars (\$1,093,000), or (b) an amount to be determined prior to close of the Loan based on a project budget approved by Agency. However, the combined indebtedness of the Property must not exceed ninety percent of the appraised value.
5. **TERM OF LOAN:** The Loan shall mature 55 years from the date of the first disbursement.
6. **INTEREST RATE:** The Loan shall bear interest at Four Percent (4%) per annum. Interest shall be calculated on the basis of a 365-day year and actual days elapsed.
7. **AMORTIZATION AND MONTHLY PAYMENTS:** Due to the use of Multifamily Housing Program (MHP) funding from the California Department of Housing and Community Development (HCD), the Agency loan repayments will be subject to HCD regulations, which will require the Agency loan payments to be residual receipts repayments from available property cash flow only.

HCD regulations will require the Borrower to submit an annual report and operating budget verifying project compliance with all MHP requirements for the applicable year. Cash flow available for distribution will be divided and distributed annually to the developer, and to HCD and the Agency in proportion to the loan amounts in the project. All outstanding principal and accrued interest on the Agency loan will be due and payable at maturity.

8. **SOURCE OF LOAN FUNDS:** Agency is making the Loan from the following sources of funds, and the Loan is subject to all requirements related to the use of such, whether Agency requirements or otherwise: \$1,093,000 City Housing Trust Fund. This Loan is conditioned upon Borrower's acceptance of Agency's requirements and conditions related to such lending programs and funding sources, including among others, the

required forms of agreements for the Loan; the requirements for covenants, conditions and restrictions upon the Property; and insurance and indemnity requirements.

Borrower acknowledges that, as a condition of the Agency's making of the Loan, the Property will be subject to restrictions on future sales and rentals which may result in less income to Borrower than could otherwise be realized, and that such restrictions run with the land, and during their operational term, will bind all successors in interest.

_____ (Borrower Initial)

9. **ACCELERATION**: Agency shall have the right to accelerate repayment of the Loan in the event of a default under any Loan Document or upon sale, transfer or alienation of the Property except as specifically provided for in the Loan documents.
10. **SECURITY**: The Loan shall be evidenced by promissory note(s) secured by a deed of trust with assignment of rents against the fee and/or leasehold interest in the Property and Improvements, which shall be a third lien upon the Property and Improvements subject only to senior bond debt and an MHP loan from the California Department of Housing and Community Development and such other items as the Agency may approve in writing. The Loan shall also be secured by security agreements. The Agency may subordinate said deeds of trust in order to accommodate completion of rehabilitation of the Property.
11. **LEASE AND RENTAL SCHEDULE**: All leases of the Property and Improvements shall be subject to Agency's approval prior to execution. Borrower shall not deviate from the rental schedule presented in Borrower's application for the Loan without Agency's prior written approval.
12. **PROOF OF EQUITY**: Borrower shall provide proof of equity for the Property and Improvements in the amount of no less than \$11,000,000 in Low Income Housing Tax Credit Equity, no less than \$462,000 in deferred developer fee, no less than \$5,800,000 in donated land value, and no less than \$2,200,000 in the form of a cash contribution.
13. **OTHER FINANCING**: Borrower, as a requirement of the Loan, shall procure and deliver to Agency evidence satisfactory to Agency that Borrower has obtained the following described financing which may be secured by a lien upon the Property and Improvements superior or subordinate to Agency's liens, and which shall be otherwise on terms and conditions acceptable to Agency:

Construction Financing from a private lender(s) in an amount(s) sufficient to complete construction of the Property according to a scope of work as approved by Agency and made for a term not less than that specified in the Schedule of Performances for completion of construction, and in any event not less than the time necessary to fulfill all conditions precedent to funding of the permanent financing.

Commitments for permanent financing sufficient to “take out” all liens senior to the Agency’s lien, consistent with MHP requirements.

Such commitments for financing shall not require modification of Agency loan documents, or any term of this commitment letter.

Such commitments shall not be based upon sources and uses of Project funds that are different from those approved by Agency for the project or be subject to conditions which require amendment of the DDA, OPA or other agreements.

14. **EVIDENCE OF FUNDS:** Prior to the first disbursement of the Loan, Borrower must demonstrate evidence of adequate and assured funding to complete the development of the Project in accordance with the Agency's requirements. Borrower's evidence of available funds must include only one or more of the following: a) Borrower equity; b) firm and binding commitments for the Project from financial institution(s) or from other lender(s) approved by Agency in its absolute discretion; and c) Agency’s contribution, provided, however, that Agency is not obligated by this letter to make any contribution not stated in the terms of the letter.
15. **SOILS AND TOXIC REPORTS:** Borrower must submit to Agency a soils report prepared by a licensed soils engineer and a hazardous substances report made in accordance with the American Society for Testing and Materials "Standard Practice for Environmental Site Assessments; Phase I Environmental Site Assessment Process" (Designation E1527-93) prepared by a licensed or registered environmental engineer or other qualified party prior to Loan closing. Borrower must, as a condition of disbursement of Loan funds, give assurances satisfactory to the Agency that hazardous materials are not present on the Property or that any hazardous materials on the Property have been remediated and that no further remediation is then required by the environmental agency having responsibility for monitoring such remediation.
16. **LOAN IN BALANCE:** Borrower will be required to maintain the Loan "in balance". The Loan is "in balance" whenever the amount of the undisbursed Loan funds, the remaining sums to be provided by the Borrower and the loan funds from other project lenders are sufficient, in the sole judgement of the Agency, to pay for the remainder of the work to be done on the project as required by written agreement with the Agency. Should the Agency determine that the Loan is not "in balance", the Agency may declare the Loan to be in default.
17. **PLANS AND SPECIFICATION:** Final plans and specifications for the project must be in accord with the proposal approved as part of the Loan application. Final plans and specifications will be subject to Agency's final approval prior to the disbursal of Agency Loan funds. Borrower must obtain Agency's prior written consent to any change in the approved plans and specifications or any material deviation in construction of the project.
18. **ARCHITECTURAL AGREEMENT:** The architectural agreement ("Agreement") for the preparation of the plans and specifications and other services shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Agreement as security for the Loan.

19. **CONSTRUCTION CONTRACT:** The construction contract ("Contract"), and any change orders issued thereunder, and the contractor ("Contractor") to be retained by Borrower to construct the Improvements shall be subject to Agency's approval. Agency may require an assignment of Borrower's interest in and to the Contract as security for the Loan.
20. **RETENTION AMOUNT:** The Agency shall retain ten percent (10%) as retention from each disbursement, not to exceed a total of ten percent (10%) of the total amount of the Loan.
21. **COST BREAKDOWN:** Borrower shall deliver to Agency for Agency's approval prior to commencement of work a detailed cost breakdown of the cost of constructing, financing and other costs of developing the Improvements, which breakdown conforms to the project plans and specification and the budget approved with this commitment. Borrower shall also deliver a list of all contractors and subcontractors to be employed in connection with the construction of the Improvements. If required by the Agency Borrower shall also submit copies of all bids received for each item of work to be performed as well as copies of executed contracts and subcontracts with acceptable bidders.

All contracts, subcontracts, contractors, and subcontractors shall be subject to Agency's approval prior to close of the Loan. Agency also reserves the right to require performance and material payment bonds on any or all contractors, or in lieu of bond a letter of credit acceptable to Agency.

Agency shall make disbursements of the Loan based on a cost breakdown that lists line items in cost categories. Agency shall require that Borrower provide documentation supporting all requests for disbursement of Loan funds, including proof of work done and actual expenditure. Agency shall conduct inspections of the Property to assure that the work was done before making a disbursement.

22. **COST SAVINGS:** At completion of construction, borrower shall submit to Agency a cost certification prepared by a qualified, independent auditor acceptable to Agency, which cost certification shall indicate the amounts actually spent for each item in the cost breakdown. If there is an aggregate savings in the total of all such cost breakdown items from the cost breakdown items in the original budget approved by the Agency, the Agency shall withhold for itself as loan repayment, one-half of such savings from the amount of retention then held by the Agency, and the Loan balance shall be reduced by the amount so withheld. The Agency, in its sole discretion, shall determine any reduction and/or repayment of the Agency loan based upon this cost certification and the original approved budget for the project.
23. **START OF CONSTRUCTION:** Borrower shall commence construction at the earliest possible date subject to the conditions of this Agency and other involved lenders, but no later than June 20, 2008.
24. **COMPLETION OF CONSTRUCTION:** Borrower shall complete the construction of the Improvements no later than June 20, 2010.

25. **HAZARD INSURANCE:** Borrower shall procure and maintain fire and extended coverage insurance or in lieu such insurance, Builder's Risk completed value insurance in a form and substance approved by Agency. Coverage shall be for protection against loss of, or damage to the Improvements or materials for their construction to their full insurable value. Borrower shall also procure and maintain insurance against specific hazards affecting Agency's security for the Loan as may be required by Agency, governmental regulations, or any permanent lender. All such policies shall contain a standard mortgagee loss payable clause in favor of Agency. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000.00).
26. **PUBLIC LIABILITY AND OTHER INSURANCE:** Borrower must procure and maintain public liability and property damage insurance (with Agency named as additional insured) in a form approved by Agency. Coverage must be approved by Agency and must be in at least the following limits of liability: Bodily injury liability of \$1,000,000 each occurrence and \$5,000,000 Aggregate, Products and Completed Operations; Property damage liability of \$1,000,000 each occurrence, \$1,000,000 single limit and \$5,000,000 aggregate; Contractual liability for Bodily Injury of \$1,000,000 each occurrence, for Property Damage of \$1,000,000 each occurrence and \$5,000,000 aggregate, and Personal Injury with Employment Exclusion Deleted of \$1,000,000 aggregate; and Comprehensive Automobile Liability for any vehicle used for or in connection with the Work of \$1,000,000. The insurance required shall be written with a deductible of not more than TEN THOUSAND DOLLARS (\$10,000). Borrower must also procure and maintain workers' compensation and all other insurance required under applicable law, as required by law and as approved by Agency.
27. **TITLE INSURANCE:** Borrower must procure and deliver to Agency a 1970 or 1987 ALTA LP-10 Lender's Policy of Title Insurance, together with such endorsements as Agency may require, including but not limited to CLTA endorsement nos. 100, 116, and 102.5/102.7 insuring Agency in an amount equal to the principal amount of the Loan, that Agency's Deeds of Trust constitutes a third lien or charge upon the Property and Improvements subject only to such items as shall have been approved by Agency. There must be no exceptions permitted for mechanics liens. Title insurance for the Loan must be issued by a title insurer approved by Agency.
28. **ORGANIZATIONAL AGREEMENTS:** Borrower must submit to Agency certified copies of all of Borrower's organizational documents, including all amendments, modifications or terminations: if a corporation, Borrower's Articles of Incorporation and By-Laws; if a partnership, its Partnership Agreement and, as applicable, Certificate of Limited Partnership or Statement of Partnership; if a Limited Liability Company, its Articles of Organization and its Operating Agreement; and in all cases with all exhibits and amendments to such documents, fictitious business name statements, other related filings or recorded documents and such related documents as Agency may request. If it is a corporation, Borrower must submit a corporate borrowing resolution referencing this Loan. If Borrower is other than a corporation, Borrower must submit such proof of authority to enter this Loan as may be required under the organizational documents.
29. **PURCHASE OF PROPERTY:** Borrower shall provide Agency with copies of all documents relating to Borrower's purchase of the Property.

30. **FINANCIAL INFORMATION:** During the term of the Loan, Borrower shall deliver to Agency within 120 days of the end of each fiscal year an audited income and expense statement, a balance sheet, and a statement of all changes in financial position signed by authorized officers of Borrower. Prior to close of the Loan and during its term, Borrower must deliver to Agency such additional financial information as may be requested by Agency. Agency reserves the right to review and approve financial statements and other credit information and references prior to closing. During the term of the Loan, Borrower must deliver to Agency a monthly rent-roll including household composition information, and operating statements with respect to the Property and Improvements, as Agency may request.
31. **MANAGEMENT AGREEMENT:** Prior to execution, Borrower must submit to Agency any agreement providing for the management or operation of the Property or Improvements by a third party which agreement is subject to Agency Approval.
32. **LOW INCOME HOUSING TAX CREDITS("LIHTC"):** Borrower represents that as a condition of closing this Loan it is applying for an allocation of LIHTCs and agrees to perform all actions and to meet all requirements to maintain the LIHTC allocation if granted.
33. **SECURITY AND LIGHTING:** Project shall include a security camera system approved by the Agency and lighting adequate to properly illuminate the parking area and all common spaces
34. **SOCIAL SERVICES PLAN:** Borrower shall provide Agency with a detailed social services plan including, but not limited to, the following information: 1) identification of all entities responsible for providing social services to Project tenants and each entity's role in the provision of those services; 2) the number of hours per week that services will be provided; 3) a description of the programs to be offered, and; 4) a proforma social services budget.
35. **DOCUMENTATION:** This letter is not intended to describe all of the requirements, terms, conditions and documents for the Loan, which shall also include customary provisions and documents for an Agency transaction of this type. All documents to be delivered to or approved by Agency must be satisfactory to Agency in all respects. Borrower must promptly deliver to Agency any further documentation that may be required by Agency.
36. **CONSISTENCY OF DOCUMENTS:** As a material obligation under this commitment letter, Borrower shall assure that the loan documents for the Project are consistent with lender's commitment approved by the Agency and comply, in all respects, with this commitment letter.
37. **CHANGES OR AMENDMENTS:** No documents or contracts which are to be delivered to Agency or are subject to Agency's review or approval shall be modified or terminated without the prior written approval of Agency.

38. **ACCEPTANCE OF THIS COMMITMENT:** Borrower's acceptance of this Commitment shall be evidenced by signing and delivering to Agency the enclosed copy of this letter. Until receipt of such acceptance by Agency, Agency shall have no obligation under this letter. Agency may withdraw this commitment at any time prior to Borrower's acceptance.

Yours truly,

Anne M. Moore
Executive Director

The undersigned acknowledges and accepts the foregoing Commitment and its terms and conditions.

Dated:

BORROWER:

By: _____
[Name, Title]

