REPORT TO THE REDEVELOPMENT AGENCY AND CITY COUNCIL of the City of Sacramento

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

Continued from 6-26-07

Consent
June 26, 2007

Honorable Mayor and Members of the City Council
Honorable Chair and Members of the Board

Title: Actions Related to Sale of Lot X

Location/Council District: Capitol Mall and Third Street, Council District 1

Recommendation:

1) For the City Council: Adopt a **Resolution** authorizing the City Manager to: (a) accept transfer of ownership of Redevelopment Agency-owned property to the City of Sacramento; (b) enter into an agreement to transfer an open space restriction that currently exists on City-owned parcels in the vicinity of Capitol Mall and Third Street to a nearby parcel owned by the Redevelopment Agency at the northwest corner of Capitol Mall and Third Street.

2) For the Redevelopment Agency: Adopt a **Resolution** authorizing the Executive Director to: (a) transfer ownership of Redevelopment Agency-owned property in the vicinity of Capitol Mall and Third Street to the City of Sacramento; and (b) enter into an agreement requiring separate Redevelopment Agency-owned property at the northwest corner of Capitol Mall and Third Street to be maintained as open space.

Contact: Tom Zeidner, Sr. Project Manager, 808-1931

Presenters: None

Department: Economic Development

Division: Citywide

Organization No: 4453

Description/Analysis

Issue: On April 18, 2007, the City Council endorsed an overall financing plan for the Crocker Art Museum Renovation project. That plan entailed the sale of three City- and Redevelopment Agency-owned parcels (collectively referred to as "Lot

X") in the area of Capitol Mall and Third Street. Lot X includes two parcels owned by City identified as Assessor's Parcel Numbers ("APN") 006-135-028 and 006-135-029) ("City Parcels") and one Redevelopment Agency-owned parcel identified as APN 006-135—030 ("Agency Parcel"). Net proceeds from the sale of Lot X will accrue towards a portion of the Crocker Renovation project costs.

The City Parcels were originally purchased by the City in 1975 using funds from the U.S. Department of Housing and Urban Development's Community Development Block Grant (CDBG) Program. In acquiring that property with CDBG funds, the parcels were encumbered with a requirement that they be maintained as open space.

On August 15, 2006, the City and Redevelopment Agency adopted resolutions determining their respective parcels within Lot X to be surplus and available for disposal in connection with a sale of the property for the benefit of the Crocker Renovation project. Those actions were followed on October 17, 2006 when both entities adopted resolutions authorizing the selection of Grubb & Ellis Company as broker to market the property for sale on their behalf.

Finally, on April 26, 2007, the City Council approved the abandonment of the right-of-way underlying the "Slip Ramp" at Capitol Mall and Third Street, which separated the City Parcels from the Agency Parcel to the east.

For purposes of facilitating the eventual sale of the Lot X property for the benefit of the Crocker Renovation project, the attached resolutions authorize: 1) transfer of the CDBG open space requirement currently encumbering the City Parcels to a nearby Redevelopment Agency-owned property at the northwest corner of Capitol Mall and Third Street (APN 006-134-039); and 2) transfer of the Agency Parcel to the City of Sacramento. Staff expects to return to the City Council in August of 2007 with proposed terms of sale for the Lot X Property.

Policy Considerations: These actions are consistent with the 2005-2009 Merged Downtown Redevelopment Plan which identified a number of projects and programs necessary to implement the Downtown Redevelopment Strategy including 1) The strengthening of retail and other commercial functions in the downtown area by the installation of needed site improvements, either inside or outside of the Merged Project Area to stimulate new commercial expansion, employment and economic growth; 2)The preservation and/or restoration of historically or architecturally significant structures; and 3) Establishment and implementation of performance criteria to assure high site design standards, environmental quality and other design elements which provide unity and integrity to the entire Merged Project Area

Environmental Considerations: The transfer of the Agency Parcel to the City without a change to the existing condition or open space use of the Agency Parcel does not constitute a "project" requiring environmental review pursuant to Public Resources Code section 21065 and also is exempt from CEQA review

pursuant to CEQA Guideline 15301. Any change in the use of any or all of the Lot X parcels will be subject to appropriate environmental review. The transfer of the open space restriction from the Agency Parcel to the nearby parcel currently in an open space condition is exempt from CEQA review pursuant to CEQA Guideline 15317.

Rationale for Recommendation: The Mayor and City Council determined the Crocker Art Museum renovation to be a priority public benefit project to be implemented as part of the CRCIP. In addition, these actions are consistent with the 2005-2009 Merged Downtown Redevelopment Plan.

Financial Considerations: The actions recommended within this report will have no financial impact on either the City or the Redevelopment Agency.

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: _____
James R. Rinehart
Citywide Development Manager

Approved by: _____
David L. Spaur, CEcD, EDFP
Economic Development Director

Recommendation Approved:

_____
for Ray Kerridge
City Manager

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RESOLUTION NO. 2007-_____

Adopted by the Redevelopment Agency
of the City of Sacramento

APPROVING THE TRANSFER OF PROPERTY LOCATED AT THIRD STREET AND CAPITOL MALL FROM THE REDEVELOPMENT AGENCY TO CITY AND OTHER ACTIONS TO FACILITATE THE SALE OF LOT X PARCELS FOR BENEFIT OF CROCKER ART MUSEUM EXPANSION

BACKGROUND

A. On April 18, 2006, the Mayor and City Council approved the final Tier I and Tier II project lists for implementation under the Community Reinvestment Capital Improvement Program. The Crocker Art Museum Renovation and Expansion Project (CF56) was included as a Tier I project.

B. In conjunction with its designation of CF56 as a Tier I project, the Mayor and City Council approved a financing plan entailing the sale and/or development of a Redevelopment Agency-owned parcel identified by Assessors Parcel Number 006-0135-030 ("Agency Parcel") and two City of Sacramento-owned parcels identified by Assessors Parcels Numbers 006-0135-028 and 006-0135-029 ("City Parcels"), the combined proceeds of which will fund a portion of CF56's project costs.

C. The City Parcels were purchased by the City of Sacramento ("City") using U.S. Department of Housing and Urban Development Community Development Block Grant (CDBG) funds, the terms of which required that the City-owned parcels be maintained as open space.

D. The City and Redevelopment Agency desire to merge the Agency Parcel and City Parcels for purposes of enhancing the combined property's value and suitability for development.

E. The Housing Authority of the City of Sacramento has evaluated the Agency Parcel's suitability as a location for low-income housing and that the Agency Parcel is not determined appropriate for such use.

F. On August 15, 2006, the Redevelopment Agency and City Council adopted resolutions indicating no on-going need for the Agency Parcel and City Parcels and declared both as being surplus and available for disposal.

G. The City and Redevelopment Agency desire to transfer the open space requirement currently existing on the City Parcels in connection with their purchase with CDBG funds to a nearby Redevelopment Agency-owned parcel identified by Assessor's Parcel Number 006-0134-039 ("Open Space Parcel").

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

Section 1. All matter supporting this resolution having been duly considered, the findings, including environmental findings regarding these actions, as stated in the staff report accompanying this resolution, are adopted.

Section 2. The transfer of the Agency Parcel from the Redevelopment Agency to the City is approved and the Executive Director of the Agency is authorized to execute any and all agreements, subject to the approval as to form by Agency Counsel, necessary to transfer ownership of the Agency Parcel to the City for purposes of merging the Agency Parcel with the City Parcels, in preparation for sale of the combined properties.

Section 3. The transfer of the open space maintenance requirement currently existing on the City Parcels from the City Parcels to the Open Space Parcel is approved and the Executive Director of the Agency is authorized to execute any and all agreements, subject to the approval as to form by Agency Counsel, necessary to transfer the open space maintenance requirement to the Open Space Parcel.

RESOLUTION NO. 2006-_____

Adopted by the City Council

APPROVING THE ACCEPTANCE OF PROPERTY LOCATED AT THIRD STREET AND CAPITOL MALL FROM THE REDEVELOPMENT AGENCY TO CITY AND OTHER ACTIONS TO FACILITATE THE SALE OF LOT X PARCELS FOR BENEFIT OF CROCKER ART MUSEUM EXPANSION

BACKGROUND

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C. The City Parcels were purchased by the City of Sacramento (City) using U.S. Department of Housing and Urban Development Community Development Block Grant (CDBG) funds, the terms of which required that the City-owned parcels be maintained as open space.

D. The City and Redevelopment Agency desire to merge the Agency Parcel and City Parcels for purposes of enhancing the combined property's value and suitability for development.

E. The Housing Authority of the City has evaluated the Agency Parcel's suitability as a location for low-income housing and the Agency Parcel is not considered appropriate for such use.

F. On August 15, 2006, the Redevelopment Agency andCity Council adopted resolutions indicating no on-going need for the Agency Parcel and City Parcels and declared both as being surplus and available for disposal.

G. The City and Redevelopment Agency desire to transfer the open space requirement currently existing on the City Parcels in connection with their

purchase with CDBG funds to a nearby Redevelopment Agency-owned parcel identified by Assessors Parcel Number 006-0134-039 ("Open Space Parcel").

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

Section 1. All matter supporting this resolution having been duly considered, the findings, including environmental findings regarding these actions, as stated in the staff report accompanying this resolution, are adopted.

Section 2. The transfer of the Agency Parcel from the Redevelopment Agency to the City is approved and the City Manager is authorized to execute any and all agreements, subject to approval as to form by the City Attorney, necessary to transfer ownership of the Agency Parcel to the City for purposes of merging the Site with the City Parcels in preparation for sale of the combined properties.

Section 3. The transfer of the open space maintenance requirement currently existing on the City Parcels to the Open Space Parcel is approved and the City Manager is authorized to execute any and all agreements, subject to approval as to form by the City Attorney, necessary to transfer the open space maintenance requirement to the Open Space Parcel.