



**Sacramento
Housing &
Redevelopment
Agency**

**REPORT TO COUNCIL AND
REDEVELOPMENT AGENCY**

City of Sacramento

915 I Street, Sacramento, CA 95814-2671

www.CityofSacramento.org

Staff Report
November 6, 2007

**Honorable Mayor and Members of the City Council
Honorable Chair and Members of the Redevelopment Agency**

Title: Agreement: 65th Street Station Block Transit Oriented Development Project

Location/Council District: Southeast corner of 65th Street/Folsom Boulevard; 65th Street Redevelopment Project Area; Council District 3.

Recommendation: 1) Adopt a **City Resolution** authorizing the City Manager to execute the Memorandum of Understanding with Sacramento Regional Transit District and the Redevelopment Agency; and 2) Adopt a **Redevelopment Agency Resolution** authorizing the Executive Director to execute the Memorandum of Understanding with Sacramento Regional Transit District and the City of Sacramento for the project.

Contact: Lisa Bates, Deputy Executive Director, 440-1316; Chris Pahule, Assistant Director, Housing and Community Development, 440-1350; Fedolia "Sparky" Harris, Senior Planner, Department of Transportation, 808-2996

Presenters: Chris Pahule, Assistant Director, Housing and Community Development

Department: Sacramento Housing and Redevelopment Agency and Department of Transportation

Description/Analysis

Issue: In October 2006, the City Council accepted the 65th Street Station Block Strategy (Strategy) aimed at exploring potential development options and identifying specific public actions to facilitate redevelopment of the collection of parcels at the southeast corner of 65th Street/Folsom Boulevard.

The Strategy recommended a joint effort between the Redevelopment Agency (Agency), the City of Sacramento (City) and Sacramento Regional Transit District (RT), which owns an approximately two-acre bus transfer site at the Station Block, to encourage a first phase development. The RT-owned parcel is currently used as a bus transfer facility; however, Agency and City staff believe the property has the potential to be a model Transit Oriented Development (TOD) project for the Sacramento region. To that end, in June 2007 the RT Board of

MOU with Regional Transit

Directors authorized solicitation of proposals for the University 65th Street TOD project. The goal of this solicitation is to select a developer to design, finance, and build a TOD project on this site which will not include the bus transfer facility.

Recognizing that the eventual development of the Station Block is possible only through significant cooperation and collaboration, RT, the City of Sacramento and Agency have recommended entering into a Memorandum of Understanding (MOU) to delineate roles and responsibilities. The MOU is included as Attachment 3.

Policy Considerations: The actions contained in this report are consistent with the adopted 2004 – 2008 65th Street Redevelopment Implementation Plan to encourage Transit-Oriented Development projects. The action supports the City's strategic plan to enhance livability in Sacramento's neighborhoods by expanding park, recreation, and trail facilities throughout the City. It is also consistent with the Transit for Livable Communities Project.

Environmental Considerations: The proposed MOU is a governmental mechanism which does not commit to a specific project resulting in potentially significant impacts on the environment. As such, the MOU does not constitute a project under California Environmental Quality Act (CEQA) per Guidelines Section 15378(b) 4. National Environmental Policy Act (NEPA) does not apply because no federal funding or approval is required.

Committee/Commission Action: *65th Street Redevelopment Advisory Committee (RAC):* At its meeting on September 26, 2007, the RAC adopted a motion recommending approval of the attached resolutions. The votes were as follows:

AYES: Billingsley, Clady, Garcia, Jones, Little, Maleske, O'Mara, O'Toole, Sikich

NOES: None

ABSENT: Lopez, Stevens, Wilson

ABSTAIN: Arnold

Sacramento Housing and Redevelopment Commission Action: At its meeting on October 17, 2007, the Sacramento Housing and Redevelopment Commission considered the staff recommendation for this item. The votes were as follows:

AYES: Chan, Dean, Fowler, Hoag, Otto, Piatkowski, Stivers

NOES: None

ABSENT: Burruss, Coriano, Gore, Shah

MOU with Regional Transit

Rationale for Recommendation: The MOU (Attachment 3) sets in motion the parties to deliver a first phase development to facilitate a TOD project on the Station Block which will increase light rail and bus ridership. RT is in the process of completing a study of the RT bus transfer station in order to free up land for development. This study, which should be completed in December, envisions reconfiguring the bus transfer function at this location, enhancing safety and connectivity with light rail thus freeing up more property for development for design by the developer selected under RT's request for proposals process. The MOU would commit the parties to work with the selected developer to obtain funding for and facilitate the development. In addition, the MOU would identify the responsibilities of the parties with regard to relocating the bus transfer facility.

Financial Considerations: Execution of MOU does not have any immediate financial impact to the City or Agency.

M/WBE Considerations: The items discussed in this report have no M/WBE impact; therefore, M/WBE considerations do not apply.

Respectfully Submitted by: 
ANNE M. MOORE
Executive Director

Recommendation Approved:

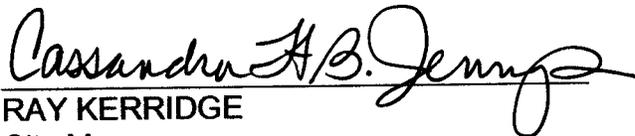

for RAY KERRIDGE
City Manager

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Background

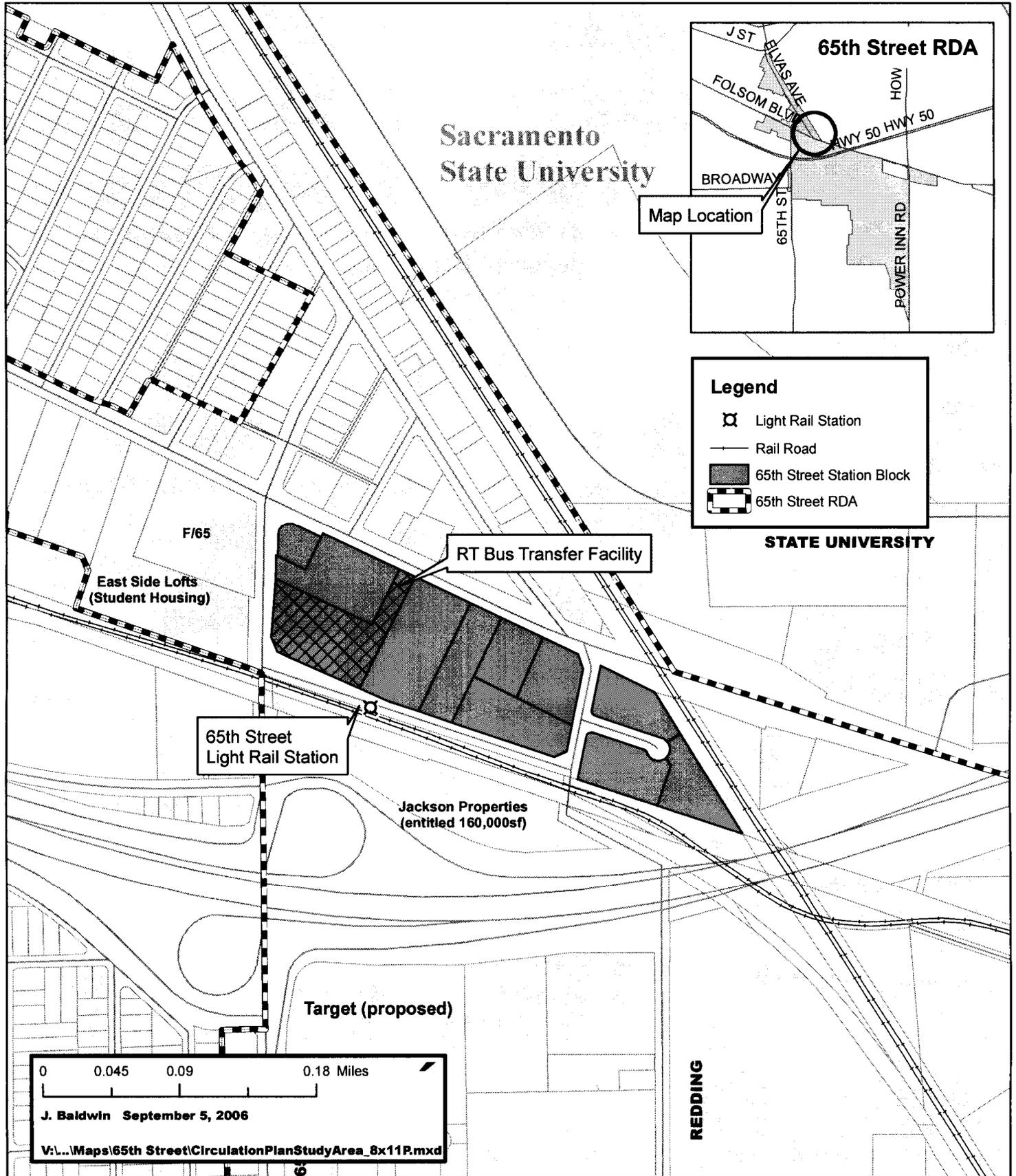
In October 2002, the City of Sacramento accepted the Transit for Livable Communities (TLC) Project. TLC is a land-use planning project that included 21 light rail stations in the Folsom, Northeast and South Sacramento Corridors. The TLC specifically recommends the Sacramento Regional Transit District (RT), the City of Sacramento and the Redevelopment Agency (Agency) coordinate public agency activities and work together to maximize the use of existing financial incentive programs to promote transit-oriented development.

The 65th Street/University Transit Village Plan (Plan), adopted by Council in 2002, identified a key group of land parcels termed the “Station Block” near the 65th Street Light Rail Station as the catalyst site for transit-oriented development. Due to this site’s significance in the Plan and prominence in future redevelopment efforts, the Agency commissioned a study in 2005 to explore potential development options and identify specific public actions to facilitate redevelopment. The 65th Street Station Block Development Strategy (Strategy) was developed by Leland Consulting Group, Fletcher Farr Ayotte Architects and Nelson\Nygaard Consulting Associates and was accepted by the City Council in October 2006.

The Strategy’s focus was to examine and recommend approaches the public sector could use to facilitate redevelopment of the Station Block, which is almost completely owned by private interests. Major recommendations in the Strategy were to focus a first phase development project on the western end of the Station Block, work to relocate RT’s Bus Transfer Facility, and develop public-private relationships to assist in providing incentives for development.



65th Street Station Block Transit Oriented Development



**65th STREET STATION BLOCK DEVELOPMENT
MEMORANDUM OF UNDERSTANDING**

THIS AGREEMENT is made and entered into this ____ day of _____, 2007, ("Execution Date") by and between the **SACRAMENTO REGIONAL TRANSIT DISTRICT**, a public corporation ("RT"), the **CITY OF SACRAMENTO**, a municipal corporation ("CITY") and the **REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO**, which is administered by the Sacramento Housing and Redevelopment Agency ("SHRA"), a municipal corporation, which are collectively referred to herein as "Parties" and individually as "Party." THIS AGREEMENT is not a binding contract and no party is obligated to any other party as a result of this AGREEMENT.

RECITALS

WHEREAS, RT owns and operates a light rail train station and a bus transfer facility located within the jurisdictional limits of CITY and within a redevelopment area of the SHRA. Specifically, the 65th Street bus transfer facility and the light rail transit station (collectively "LRT") are located in the 65th Street Redevelopment Project Area in the City of Sacramento.

WHEREAS, the RT Board of Directors unanimously approved the Transit for Livable Communities ("TLC") plan and recommendations on August 26, 2002, and CITY accepted the TLC plan on October 15, 2002.

WHEREAS, the TLC plan recommendations included implementation measures to achieve land use development that emphasizes walkable designs, higher density development, and a mixture of residential, retail and office land uses, all designed to support and create unique, thriving communities at each station while encouraging transit use.

WHEREAS, the TLC plan specifically recommends RT, CITY and SHRA coordinate public agency activities and work together to maximize use of existing financial incentive programs to promote transit oriented development.

WHEREAS, CITY adopted the 65th Street University Transit Village Plan, which identified the area referred to as "the Station Block" as a catalyst transit oriented development opportunity site because it lies adjacent to the LRT station and rezoned property in the Station Block area to maximize the development potential around the LRT station.

WHEREAS, CITY accepted the 65th Street Station Block Development Strategy on October 24, 2006, and the Strategy outlined development opportunities in the Station Block area and recommended that CITY, SHRA and RT coordinate their activities for implementation of a first-phase development project in the Station Block area.

WHEREAS, SHRA has provided RT with a \$70,000 grant to formulate a Conceptual Development Plan (the "Plan") to reconfigure the existing 65th Street bus transfer facility

to maximize development of the 2.1-acre site owned by RT and known as the “RT Station Block Site” (Assessor’s Parcel Number 015-0010-021).

WHEREAS, the Parties desire to delineate their roles and responsibilities to coordinate planning for development of a demonstration project on the RT Station Block Site, which may include an owner participation agreement between SHRA and a developer to facilitate a transit oriented development on the RT Station Block Site that would increase RT’s light rail and bus ridership (the “Project”).

WHEREAS, the Parties intend to present the Project to their respective governing bodies for their consideration in the exercise of their respective legislative authorities and obligations.

WHEREAS, prior to the Execution Date, RT issued a request for proposals for development of the RT Station Block Site independently and without the review and comment of either the CITY or SHRA.

NOW, THEREFORE, the parties agree as follows:

1. PROJECT EVALUATION AND SELECTION OF DEVELOPER

RT has issued a Request for Proposal to solicit development proposals for the RT Station Block site (APN: 015-0010-021) and RT may, but is not obligated to, select a developer that also proposes development on adjacent properties in its development proposal. RT will provide CITY and SHRA an opportunity to participate in the Selection Committee to evaluate the proposals received by RT to select a developer for the RT Station Block Site (“Developer”). All Parties will collaborate to select a proposal for a development project that best meets the goals of the adopted 65th Street/University Transit Village Plan and the 65th Street Station Block Development Strategy. Each Party will afford the other Party an opportunity to review and comment, as appropriate, on each Party’s recommendations before its respective board or council before a decision is made by its respective governing body to take action that would affect development on the RT Station Block Site.

2. NEGOTIATION AND DEVELOPMENT OF THE PUBLIC ASSISTANCE AGREEMENT

RT, CITY and SHRA will cooperate in the development of a public assistance agreement for the Project, for consideration by their respective governing body in the exercise of their respective legislative authorities and obligations, with the goal of assisting the Developer as may be needed for the successful completion of the Project. To this end, the Parties will take the following actions:

a. Aggressively seek outside sources of funding for the Project, which may include funding from the Sacramento Area Council of Governments (SACOG), Federal Transportation funding, etc.

b. Where permitted by law and when determined by the governing body of each Party to be in its best interest and in accordance with all applicable laws, provide monetary and non-monetary assistance to the Developer as may be needed for

the successful completion of the Project, which may include land assemblage, loans, grants, or other financial support. Such assistance may include an owner participation agreement between the Developer and SHRA, if redevelopment funds are deemed to be necessary, available and suitable given all applicable legal and redevelopment requirements.

c. Jointly prepare and negotiate the business terms for monetary and non-monetary assistance with the Developer that will be presented to each respective governing body. A negotiation team will be formed with two representatives each from RT, CITY and SHRA. Each organization represented on this team will negotiate only on the behalf of their respective organization and solely with respect to its own potential obligations to the Developer under the proposed agreements, although all team members will participate in the negotiation of design and land use issues.

3. BUS TRANSFER FACILITY RECONFIGURATION STUDY

SHRA has provided RT with a Community Development Block Grant under a grant agreement (“CDBG Agreement”) to formulate the Plan to reconfigure the existing bus transfer facility (the “Facility”). As set out in greater detail in the grant agreement, RT will collaborate with CITY and SHRA in developing and finalizing the Plan.

4. PREDEVELOPMENT ACTIVITIES

The Parties recognize that development of the Project is dependent on reconfiguration of the Facility. SHRA has tentatively agreed to allocate redevelopment funds for the predevelopment expenses for the Station Block site and reconfiguration of the Facility to supplement the CDBG Agreement, including but not limited to appraisals, Environmental Site Assessment Phase I and II studies, and environmental review under CEQA (“Predevelopment Agreement”). The Parties shall work collaboratively to identify funding for the implementation of the Facility including, without limitation, environmental review, land acquisition, engineering, and construction. RT will be responsible for carrying out the foregoing predevelopment activities, and engineering and construction of the reconfigured Facility and will develop a funding agreement (the “Facility Implementation Agreement”). RT and SHRA intend to negotiate the terms and subsequently enter into the Predevelopment Agreement. The Parties acknowledge that RT shall own all land and improvements for the Facility under the terms of the Facility Implementation Agreement.

CITY acknowledges that the 65th Street/University Transit Village Plan circulation element amendment (“Amendment”) is of utmost priority and is currently in the process of preparing the necessary studies to approve the Amendment. CITY will cooperate in the planning and processing of any right of way improvements, granting any licenses or easements, and land use entitlements and permits as may be reasonably necessary for the Developer to carry out the Project and for RT to implement the Facility in an expeditious manner, and coordinate with RT and SHRA throughout the Amendment and the Project entitlement processes.

5. NO JOINT VENTURE

This Agreement does not create a joint venture, partnership, or any other relationship of association among the Parties.

6. NO THIRD PARTY BENEFICIARIES

Nothing contained herein is intended, nor shall this Agreement be construed, as an agreement to benefit any third parties including, without limitation, the Developer.

7. NOTICE

All notices and other communications under this Agreement shall be in writing and shall be deemed to have been duly given (i) on the date of delivery, if delivered personally to the party to whom notice is given, or if made by telecopy directed to the party to whom notice is to be given at the telecopy number listed below, or (ii) at the earlier of actual receipt or the second business day following deposit in the United States mail, postage prepaid. Notices and other communications shall be directed to the parties at the addresses shown below. A party may change its person designated to receive notice, its telecopy number, or its address from time to time by giving notice to the other parties in writing at the addresses provided below.

CITY: City of Sacramento
Department of Transportation
Attn: Jerry Way, Director
915 I Street, 2nd Floor
Sacramento CA 95814
(916) 808-6381

RT: Sacramento Regional Transit District
Attn: RoseMary Covington, Assistant General Manager of Planning
and Transit System Development
PO Box 2110
Sacramento CA 95812-2110
(916) 321-3853

SHRA: Sacramento Housing and Redevelopment Agency
Attn: Lisa Bates
630 I Street, 3rd Floor
Sacramento, CA 95814
(916) 440-1316

8. AMENDMENTS AND APPROVALS

This Agreement may be amended only by a writing signed by all Parties. All approvals required by this Agreement shall be in writing.

9. AMBIGUITIES

The Parties have each carefully reviewed this Agreement and have agreed to each term of this Agreement. No ambiguity shall be presumed to be construed against any Party.

10. ENTIRE AGREEMENT

This Agreement embodies the entire agreement of the Parties in relation to the matters contained herein, and no other understanding whether verbal, written or otherwise exists among the Parties.

Executed as of the day first above stated.

**SACRAMENTO REGIONAL
TRANSIT DISTRICT**

CITY OF SACRAMENTO

By: _____
RAY TRETHERWAY, Chair

By: _____
RAY KERRIDGE,
City Manager

By: _____
BEVERLY A. SCOTT
General Manager/CEO

Approved as to Form:
By: _____
Deputy City Attorney

Approved as to Legal Form:

Attest:

By: _____
RT Attorney

By: _____
City Clerk

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

By: _____
ANNE M. MOORE
Executive Director

Approved as to Legal Form:

By: _____
SHRA Counsel

RESOLUTION NO. 2006 -

Adopted by the Sacramento City Council

on date of

REDDING AVENUE ALTERNATIVE MODE IMPROVEMENTS PROJECT; AUTHORIZATION TO ENTER INTO INDIVIDUAL PROJECT AGREEMENT WITH REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO; APPROVAL OF AMENDMENT OF BUDGET FOR CAPITAL IMPROVEMENT PROJECT NUMBER TW81; RELATED FINDINGS

BACKGROUND

- A. In 2004, the Council authorized adoption of the 65th Street Redevelopment Project Area and redevelopment plan.
- B. In December 2005, the Council authorized submission of a grant application to the Sacramento Area Council of Governments (SACOG) for Alternative Mode Improvements to Redding Avenue.
- C. In March 2006, SACOG awarded \$745,000 to fund the Study contingent upon a minimum local commitment of funds totaling \$100,000.
- D. The Council has designated the Project that will be funded by SACOG as Capital Improvement Project number TW81.
- E. The Redevelopment Agency of the City of Sacramento has allocated 65th Street tax increment monies of \$100,000 as the local match and has authorized its executive director to execute an individual project agreement (IPA) with the City of Sacramento to provide local match funding to CIP number TW81.
- F. Council has determined that no alternative funding sources are available for the local match requirement for the Project.

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

Section 1 After due consideration of the facts presented, the findings, including the environmental findings regarding this action, as stated in this resolution and the staff report that accompanies this resolution, are approved.

Section 2 In accordance with California Redevelopment Law Section 33445, the City Council further finds and determines that:

- (a) The Project will benefit the project area by improving inadequate infrastructure by constructing pedestrian and bicycle facilities, thereby improving traffic congestion and mitigating unsafe conditions for university students and others within the Project Area.
- (b) No other reasonable means of financing the Project is available to the community.
- (c) The payment of the cost for the Project is consistent with the project area implementation plan and will assist in eliminating blighting conditions that include inadequate and undersized infrastructure inside the project area and improving unsafe conditions and traffic congestion.

Section 4 The City Manager or his designee is authorized to enter into Individual Project Agreements (“IPA”) with the Redevelopment Agency of the City of Sacramento to accept \$100,000 in Agency funding, or such other funding amount as the Agency may reasonably authorize, to supplement \$745,000 of grant funding from SACOG approved to carry out CIP number TW81.

Section 5 The City Manager or his designee is authorized to take all actions and execute such instruments as may be necessary to implement the IPA.

RESOLUTION NO. 2007 –

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF

AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A MEMORANDUM OF UNDERSTANDING WITH REGIONAL TRANSIT AND THE CITY OF SACRAMENTO FOR THE 65TH STREET STATION BLOCK TRANSIT ORIENTED DEVELOPMENT

BACKGROUND

- A. Regional Transit (RT) owns an approximately two acre bus transfer site at the corner of Q Street/65th Street adjacent to the University/65th Light Rail Station. This site is located in the Station Block area, in the heart of the 65th Street Redevelopment Project Area.
- B. In June 2007, the RT Board of Directors authorized solicitation of proposals for the University 65th Street Transit Oriented Development project (TOD Project). The goal of this solicitation is to select a developer to design, finance and build a TOD Project on this site which will not include the bus transfer facility.
- C. Regional Transit, the City of Sacramento and Redevelopment Agency have recommended entering into a Memorandum of Understanding to delineate roles and responsibilities in delivering a TOD Project on the RT site.

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

- Section 1. The Executive Director is authorized to execute the Memorandum of Understanding with Regional Transit and the City of Sacramento for the 65th Street Station Block Transit Oriented Development.