



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
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CONSENT
 December 18, 2007

Honorable Mayor and
 Members of the City Council

Title: R Street Corridor Park Acquisition

Location/Council District: Southwest intersection of 19th and Q Streets / Council District 3

Recommendation: Adopt a **Resolution** authorizing the City Manager to execute all agreements and other documents necessary to purchase a 0.532± acre parcel (identified as APN 007-0312-029) from Hard Times Realty at a total cost of \$1,049,012 for the development of a park in the R Street Corridor area using LD29, Fund 248.

Contact: J.P. Tindell, Park Planning and Development Manager, 808-1955; Bill Sinclair, Program Manager, Facilities and Real Property Management, 808-1905

Presenters: Not applicable

Department: Parks and Recreation

Division: Park Planning & Development Services

Organization No: 4725

Description/Analysis

Issue: The Workforce Housing Grant Reward program is administered by the State of California Department of Housing and Community Development (HCD) for infill support and neighborhood revitalization projects. In July 2007, City Council adopted Resolution 2007-527 to approve use of \$456,121 from the City's share of the 2004 Workforce Housing Grant Reward Funds, and the entire \$1,041,789 received from the 2005 Workforce Housing Grant Reward Funds (for a total of \$1,497,910) for the acquisition of a park site in the R Street Corridor area (Attachment 1, page 5). Since that time, staff has researched the R Street Corridor area and identified two suitable parcels for this acquisition and development program (Attachment 2, page 7). Staff is now seeking Council support to proceed with the acquisition of the first site (Assessor's Parcel Number 007-0312-029 owned

by Hard Times Realty) for \$1,049,012. The purchase price is based on an independent fee appraisal adjusted for site remediation costs. Staff requests that Council approve this acquisition and authorize the City Manager to execute a purchase agreement in order to acquire the 0.532± acre vacant parcel in fee title from Hard Times Realty.

Policy Considerations: Acquisition of park land is consistent with Sacramento City Code, Title 3.

Providing parks and recreation facilities is consistent with the City's strategic plan to enhance livability in Sacramento's neighborhoods by expanding park, recreation, and trail facilities throughout the City.

The *2006 Parks and Recreation Programming Guide* identifies the R Street Corridor as an area in need of additional parks. Park uses are identified in the R Street Corridor Plan.

Committee/Commission Action: Not applicable.

Environmental Considerations: The current proposal involves the purchase of land for parks. Pursuant to section 15004, subdivision (b)(2)(A), of the California Environmental Quality Act ("CEQA") Guidelines, an agency may enter into land acquisition agreements when the agency has conditioned the agency's future use of the site on CEQA compliance. CEQA compliance will be completed prior to Council approval of a park master plan and a construction contract to develop the park site.

Environmental site assessments were completed for the property and are discussed in the Background Information (Attachment 1, page 5).

Rationale for Recommendation: Authorization to acquire parkland in the R Street Corridor area is consistent with Resolution 2007-527 and is consistent with the State guidelines for the use of Workforce Housing Grant Rewards funds.

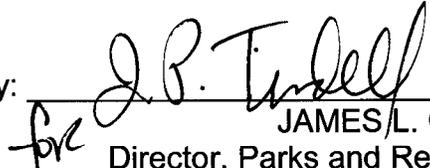
Financial Considerations: Staff recommends that City Council authorize the City Manager to execute all purchase documents with Hard Times Realty for \$1,049,012 to acquire Assessor's Parcel Number 007-0312-029 as a park site in the R Street Corridor using the Capital Improvement Program (CIP) Reimbursable Fund (Fund 248) in LD29 established from 2004 and 2005 Workforce Housing Grant Rewards funds for this purpose. A total of \$1,497,910 is available in LD29 for acquisition and development of a park site using the 2004 and 2005 grant funds. Upon completion of this acquisition project, \$448,898 will remain in LD29. Staff intends to return to Council at a later date

with a recommendation to acquire the second site, a SMUD-owned surplus parcel adjoining the Hard Times Realty site. Staff will also return to Council with a separate contract for soil remediation, when funds are available.

Upon completion of this acquisition, staff will bill the State of California, Department of Housing and Community Development (HCD) for reimbursement of the entire \$456,121 in 2004 Workforce Housing Grant Rewards funds appropriated to this project. The remainder of the acquisition costs for the Hard Times Realty parcel will be billed to HCD when the 2005 fund reimbursement request is submitted, upon completion of the acquisition of the SMUD parcel. The 2005 Workforce Housing Grant Rewards program will also fund the City's portion of the site remediation costs of both parcels.

As discussed in the Background Information (Attachment 1, page 5), the purchase price of the property was adjusted downward to account for site remediation costs. As a result, the City is obligated to fund the entire cost of clean-up for the Hard Times Realty parcel. The cost of soil remediation varies, depending upon the level of remediation that will be necessary, which will be determined by the City's ultimate development plans for the property. Removal of all contaminated soil to a depth of 3 feet to a Class I landfill, and importing, backfilling and compaction of the site with clean soil, which is the most costly option, could cost an additional \$455,000. In that event, the 2005 Workforce Housing Grant Rewards program could fund \$229,000 of the clean-up cost with the remainder coming from the Central City Community Planning Area's Park Development Impact Fee (PIF) fund.

Emerging Small Business Development (ESBD): No goods or services are being purchased as a result of this report.

Respectfully Submitted by: 
for JAMES L. COMBS
Director, Parks and Recreation

Respectfully Submitted by: 
REINA SCHWARTZ
Director, General Services

Recommendation Approved:


for RAY KERRIDGE
City Manager

Table of Contents:

Report	pg. 1
Attachments	
1 Background Information	pg. 5
2 Proposed Acquisition Map	pg. 7
3 Resolution	pg. 8

Attachment 1**Background Information**

An appraisal of Assessor's Parcel Number (APN) 007-0312-029, the Hard Times Realty subject property, and APN 007-0312-009, the SMUD subject property, was completed on November 2, 2007 by Integra Realty Resources. The property appraisal is based upon the site's characteristics and comparable sales in the vicinity. The Hard Times Realty site is zoned RMX (Residential Mixed-Use) which permits multiple-family residential, office and limited commercial uses. This irregularly shaped site is in a desirable location, one block north of the popular R Street Marketplace (located on the north side of R Street, between 18th and 19th Streets). The appraisal deemed the highest and best use of the Hard Times Realty parcel to be a mixed use (retail and residential) project. The land value is based upon this premise. Using comparable land sales, the land value (assuming a "clean" site) was determined to be \$1,450,000.

Staff also commissioned the completion of a Phase I and Phase II Environmental Assessment Report for the Hard Times Realty and the SMUD surplus parcels. Elevated levels of lead were detected in the soil of both parcels: the Hard Times Realty parcel had elevated lead levels to a depth of three feet, while the SMUD parcel had elevated lead levels to a depth of one and one-half feet. The elevated lead levels are most likely due to the former presence of a railroad line along the northern margin of the parcel. This type of soil contamination is common along railroad lines.

A cost estimate to remediate the soil contamination on both parcels was prepared by Converse Consultants in October, 2007. The Phase II Environmental Assessment Report and the cost estimate for remediation were reviewed by knowledgeable City staff. In order to remediate the elevated levels of lead, the soil may be encapsulated by building an impervious surface over the soil to contain the contamination, or the soil may be removed to an approved facility and backfilled and compacted with clean soil. For the purposes of establishing the land value, four soil remediation scenarios were outlined in the Converse study, two of which are listed below. The other two scenarios only affected action on the SMUD parcel, which is not part of this acquisition. These are:

- Removal of 3 feet of soil from 100% of the subject property and backfilling with clean fill (estimated cost \$455,000); and
- Removal of 3 feet of soil on 50% of the subject property and backfilling with clean fill (with building anticipated for the remaining 50%) (estimated cost \$301,720).

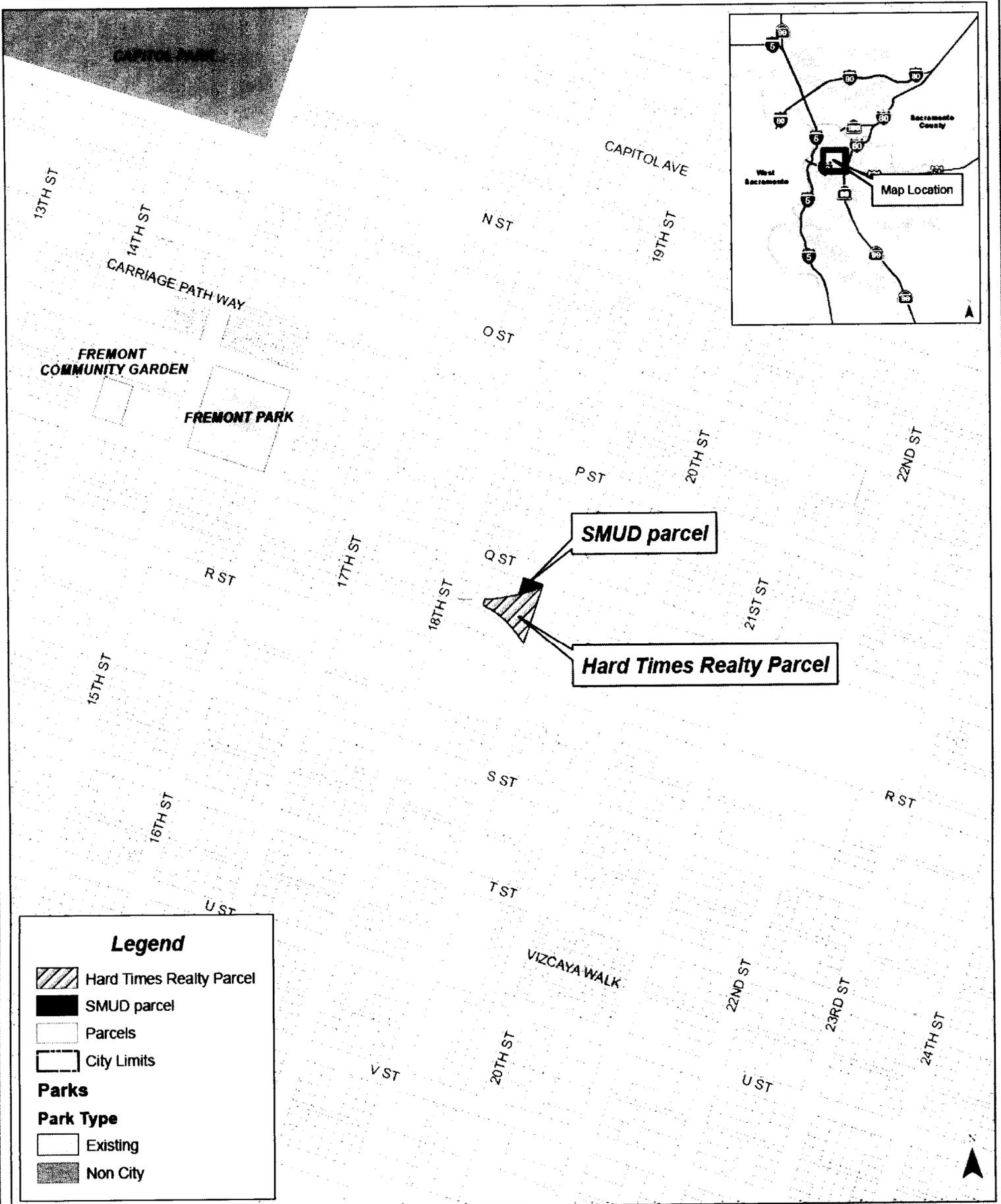
These soil remediation costs include permitting, mobilization, delineation of the area to be excavated, preparation of manifests, excavation, transportation and disposal of lead-impacted soil to a Class I landfill. These costs do not include the import, backfill and compaction of suitable "replacement" soil. However, the City recently completed a project at the North Area Corporation Yard where 2,850 cubic yards of clean soil were imported to that site and compacted in place at a cost of \$18.00 per cubic yard. This

site would require the import and compaction of 2,951 cubic yards, if all contaminated soil was removed, at an estimated cost of \$53,000.

Soil remediation will be required prior to development of the site as a park. The City Department of Parks and Recreation will be responsible for clean-up of the entire Hard Times Realty site prior to its development as a public park. The clean-up method has not yet been determined, pending preparation of a plan for how the site may be developed. The clean up may entail removing all contaminated soil to a depth of 3 feet on the Hard Times Realty parcel, removing all contaminates soil to a depth of 1.5 feet on the SMUD parcel, encapsulating the soil, or some variation of the two methods.

The remediation cost was considered in establishing the site's value for the purposes of establishing an appropriate purchase price. Discounting the cost of soil remediation (based upon mixed use development of the Hard Times Realty site, its "highest and best" use) and a profit mark-up of 20%, the appraised "as is" value of the parcel was determined to be \$1,120,000. This is slightly higher than the \$1,049,412 price offered by City staff for the property and accepted by the owner.

City staff intends to coordinate the remediation efforts on both parcels under one contract at a later date. Soil remediation costs are eligible reimbursement expenses, pursuant to HCD guidelines.



Legend

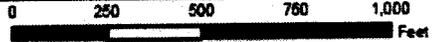
-  Hard Times Realty Parcel
-  SMUD parcel
-  Parcels
-  City Limits

Parks

Park Type

-  Existing
-  Non City

City of Sacramento
Department of Parks and Recreation
R Street Corridor Park Acquisition



RESOLUTION NO. 2007

Adopted by the Sacramento City Council

December 18, 2007

AUTHORIZING R STREET CORRIDOR PARK ACQUISITION

BACKGROUND

- A. Council approved Resolution 2005-145 and Resolution 2006-207 which directed staff to apply for 2004 Workforce Housing Grant Reward funds from the State of California Department of Housing and Community Development (HCD). As directed by City Council, this grant funding must be used for infill support and neighborhood revitalization, including the planning, design, acquisition, and/or development of an R Street Corridor area park.
- B. In November 2005, HCD awarded the City a total of \$956,121 from the 2004 Workforce Housing Grant Rewards Fund of which \$456,121 was for the acquisition of a park site in the R Street Corridor area; the remainder of the funding was designated for public improvements at the Globe Mills site.
- C. In November 2006, HCD awarded the City \$1,041,789 from the 2005 Workforce Housing Grant Rewards Fund solely for the R Street Corridor area park acquisition, thus making \$1,497,910 the total available for the R Street Corridor park acquisition and development.
- D. In July 2007, Council approved Resolution 2007-527 which established a Capital Improvement Program, LD29, for the acquisition and development of a park in the R Street Corridor area.
- E. Staff has identified two suitable park parcels: a 0.532± acre vacant parcel (APN 007-0312-029) and a 0.078± acre SMUD surplus parcel (APN 007-0312-009) to acquire and develop as a park within the R Street Corridor.
- F. Staff requests City Council authorization to proceed with the acquisition of the first parcel, the 0.532± acre APN 007-0312-029.

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

- Section 1. The City Manager is hereby authorized to execute all agreements and other documents necessary to purchase a 0.532± acre parcel (identified as APN 007-0312-029) from Hard Times Realty at a total cost of \$1,049,012 for the development of a park in the R Street Corridor area using LD29, Fund 248.