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NEIGHBORHOOD SERVICES
DEPARTMENT

CITY OF SACRAMENTO
CALIFORNIA

June 2, 1998

AG 98-068
AG 98-069

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City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: CHICORY BEND ACQUISITION - FINANCE AND LEASE

LOCATION AND COUNCIL DISTRICT: East Bank of the Sacramento River;
three miles south of downtown, District 4

RECOMMENDATION:

Staff is requesting that the City Council by Resolution Approve:

- The City's participation in the acquisition by the State of California of the Chicory Bend property;
- An intra-city fund loan for ten (10) years;
- The use of \$100,000 of General Fund Contingency for the escrow deposit; and
- Authorize the City Manager to enter into a comprehensive settlement agreement between the City, the State and the owners of the Chicory Bend property, and to enter into a 49 Year Public Agency Lease with the State for the City's use of the Chicory Bend property.

CONTACT PERSON: Victor L. Edmisten, Parks and Recreation Manager, 264-5336

FOR COUNCIL MEETING: June 9, 1998

SUMMARY:

This report requests City Council's finalized approval of the acquisition of 10.8 acres of property known as the Chicory Bend site in partnership with the California State Lands Commission (SLC), as outlined below:

- Ten-year installment, purchase of \$1,100,000 .
- SLC will put \$400,000 and the City will deposit \$100,000 in escrow.
- Remaining \$600,000 is split \$150,000 for SLC and \$450,000 for the City making it an equal partnership of \$550,000 each.

- The City will be responsible for paying the owners the entire remaining \$600,000 with a Separate agreement with SLC for SLC's \$150,000 share.
- The City Treasurer proposes that the interest rate will be 6.5%-6.7%. There will be no pre-payment penalty if the remaining amounts on the intra-City loan are paid early.
- At the close of escrow, a pending California Environmental Quality Act (CEQA) lawsuit brought by the owners against the City will be dismissed. A separate lawsuit between the property owners and the SLC will also be dismissed.
- Although the State will own the property, the City will manage all or portions of the property as part of the City's park inventory. A separate agreement between the SLC and the City will address management and use issues as provided by a 49-year lease agreement.
- An agreement with the State for the State to reimburse the City for the State's remaining \$150,000 portion of the purchase price has not yet been finalized. The proposed settlement agreement includes a provision for the State to use its "best efforts" to obtain the \$150,000. Staff anticipates further negotiations with the State on this matter and plans to return to Council.

The attached resolution authorizes the City Manager to fund the acquisition with a six hundred thousand dollar (\$600,000) intra-City loan from the City's Risk Management Fund. The attached resolution also implements the decision made by Council to use \$100,000 of General Fund Contingency for initial escrow deposit.

BACKGROUND INFORMATION:

Description and features of the property:

Chicory Bend is a 10.8 acre open space site located along the east banks of the Sacramento River, approximately three (3) miles south of downtown Sacramento (Exhibit A). If acquired by the City and the SLC, City staff proposes that the property would be used as a nature study area and, potentially for other passive recreational purposes.

The property is consistent with the Sacramento River Greenway Plan in that it offers recreational values if used as a nature study area. The Greenway Plan is a joint effort by the California State Lands Commission, counties of Sacramento and Yolo, and cities of Sacramento and West Sacramento for the purpose of establishing the Sacramento River Riparian Parkway. On February 27, 1998, certification of the Sacramento River Greenway Plan Final Environmental Impact Report (EIR) and consideration of the Sacramento River Greenway Plan was approved by the California State Lands Commission.

The Chicory Bend property is also consistent with the Sacramento River Parkway Plan which is intended to serve as the City's component within the Greenway Plan. The Parkway Plan, which is the subject of the current CEQA lawsuit brought by the property owners against the City, was adopted by the City Council on October 21, 1997.

City Council
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Summary History:

The site has been under separate litigation concerning property ownership, called the "Lovelace Case" for some time between the private owners and the SLC. A proposed agreement was negotiated between the two parties whereby the SLC would purchase the property from the private owners for an agreed upon amount and closing date, contingent upon obtaining the necessary public funds. That proposed sale did not close.

In July 1996, the City of Sacramento was approached by the property owners who asked whether the City had any interest in the purchase of the Chicory Bend property. Meetings were held with the property owners, representatives of the City, the SLC and the Attorney General's Office to determine whether a partnership arrangement could be reached leading to the purchase of the property. Initially attempts were made to reach an agreed upon appraisal of the property. Subsequently, those efforts led to a price of \$1.6 million being set by the property owner. Later, the price of \$1.1 million was established.

This report requests from the Council approval on funding sources for the city's share of the proposed \$1.1 million purchase. City staff agreed with the property owners to bring an item to the City Council on or before June 9, 1998.

Funding Efforts:

\$400,000	State Lands Commission (SLC)
\$100,000	City of Sacramento, General Fund
\$600,000	Intra-city loan from the Risk Management Fund at 6.5%-6.7% interest for a period of ten (10) years.
Total: \$1,100,000	

Staff is continuing to pursue grant opportunities and possible financial assistance through the legislative processes. For payment of the debt finance, staff will provide Council with options for payment of the debt finance annually.

FINANCIAL CONSIDERATIONS:

The agreed upon purchase price for the 10.8 acre property is \$1,100,000. Staff has previously received Council authorization to use \$100,000 in General Fund Contingency for the initial \$100,000 escrow payment.

The debt service for the intra-city fund will be approximately \$85,000 to be included in the budget of future years starting in Fiscal Year 1999, from the General Fund unless other fund sources are identified.

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ENVIRONMENTAL CONSIDERATIONS:

The proposed acquisition is categorically exempt from the California Environmental Quality Act. The proposed acquisition is exempt from CEQA as a transfer of land ownership to create a park (CEQA Guidelines section 15316) and as a transfer of ownership interest to preserve open space (CEQA Guidelines section 15325).

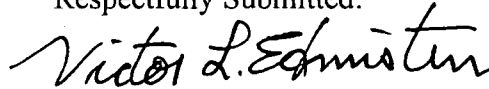
POLICY CONSIDERATIONS:

Acquisition of the property is consistent with the City's policy which emphasizes the City's effort and support that contribute to resource conservation and environmental quality of the community and region in balance with other City Council priorities.

MBE/WBE CONSIDERATIONS:

Not applicable.

Respectfully Submitted:



VICTOR L. EDMISTEN

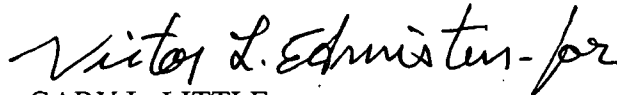
Parks and Recreation Manager

RECOMMENDATION APPROVED:



JACK CRIST
Deputy City Manager

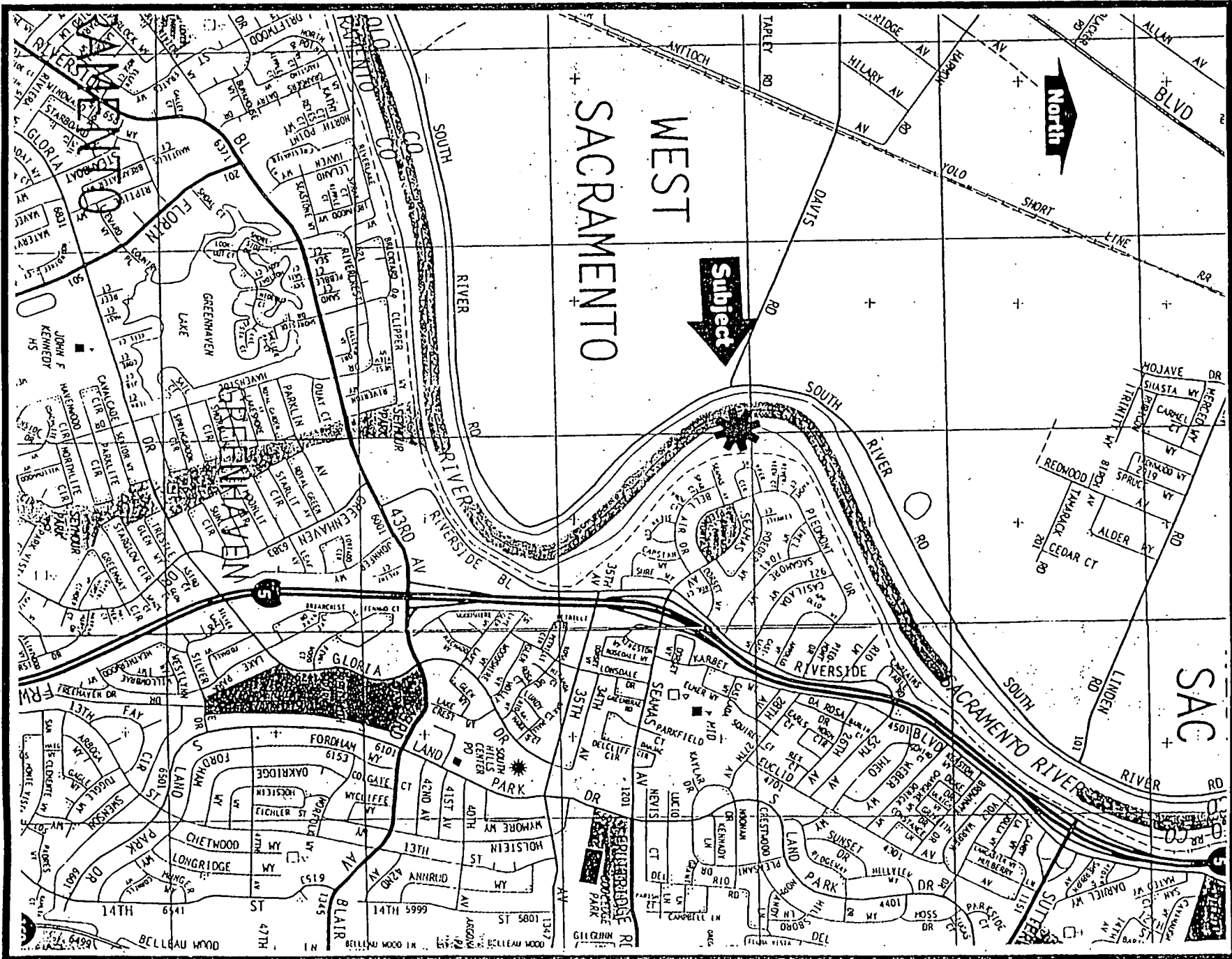
APPROVED:



GARY L. LITTLE

Director, Area 2

Neighborhoods, Planning & Development Services



NEIGHBORHOOD MAP

Exhibit A

APPROVED
BY THE CITY COUNCIL

JUN 9 1998

RESOLUTION NO. 98-252

ADOPTED BY THE SACRAMENTO CITY COUNCIL

OFFICE OF THE
CITY CLERK

ON DATE OF _____

A RESOLUTION APPROVING THE CITY'S PARTICIPATION IN THE ACQUISITION BY THE STATE OF CALIFORNIA OF THE CHICORY BEND PROPERTY; THE EXECUTION OF A COMPREHENSIVE SETTLEMENT AGREEMENT BETWEEN THE CITY, THE STATE, AND THE RECORD OWNERS OF THE CHICORY BEND PROPERTY PROVIDING FOR THE ACQUISITION OF THE PROPERTY BY THE STATE, THE LEASE OF THE PROPERTY TO THE CITY, THE SETTLEMENT OF CEQA LITIGATION INVOLVING THE CITY, AND OTHER MATTERS; THE APPROVAL OF A \$600,000 INTRA-CITY FUND LOAN FOR TEN YEARS; THE USE OF \$100,000 OF GENERAL FUND CONTINGENCY FOR THE ESCROW DEPOSIT; AND AUTHORIZING THE CITY MANAGER TO ENTER INTO A LONG TERM LEASE AGREEMENT WITH THE STATE OF CALIFORNIA.

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO THAT:

This resolution authorizes and directs the City Manager to execute this settlement agreement on file with the City Clerk's office. This resolution also authorizes the City Manager to enter into the proposed 49-Year Public Agency Lease with the State of California.

1. The City Manager is authorized to execute the comprehensive settlement agreement outlining the City's participation in the acquisition by the State of California of the property known as Chicory Bend (10.8 acres) along the Sacramento River, providing for the lease of the property to the City, providing for the settlement of Sacramento Superior Court Action 97CS02882 (California Cultural Arts Foundation, et al v. City), and other matters stated therein.
2. The City Manager is authorized to finance the purchase of land jointly with the State of California with the Neighborhoods, Planning, Development Services Department through an internal borrowing of \$600,000 from the Risk Management Fund. Repayment over ten years, at an interest rate of 6.5%-6.7% is to begin in Fiscal Year 1999 with payments of approximately \$85,000.
3. The City Manager is authorized to use \$100,000 of General Fund Contingency for the escrow deposit.

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____ **6**

4. The City Manager is authorized to enter into a long-term lease agreement (49 years) with the State of California (State Lands Commission).

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____