



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

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**Public Hearings
April 22, 2008**

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

Title: Joint Public Hearings on the Proposed Railyards Redevelopment Plan Adoption and Richards Boulevard Redevelopment Plan Amendment

Location/Council District: Richards Boulevard Redevelopment Project Area, Council District 1

Recommendation: Conduct **Joint Public Hearings** of the City Council and Redevelopment Agency and, upon conclusion, continue consideration of the Proposed Railyards Redevelopment Plan and Seventh Amendment to the Richards Boulevard Redevelopment Plan and related actions until May 6, 2008.

Contact: Rachel Hazlewood, Senior Project Manager, (916) 808-8645; David Harzoff, Economic Development Manager, (916) 808-5385

Presenters: Rachel Hazlewood, Senior Project Manager; Jim Simon, RSG

Department: Economic Development

Division: Citywide/Richards Boulevard

Org. Number: 4451

Description/Analysis

Issue: The Redevelopment Agency is seeking to create a separate and distinct Railyards Redevelopment Project Area from the existing Richards Boulevard Redevelopment Project Area in order to address the unique obstacles confronting the Railyards project.

In July 2007, the City Council and the Redevelopment Agency formally began the plan amendment and adoption process, pursuant to the California Community Redevelopment Law Health and Safety Code Section 33000 *et seq.* ("Redevelopment Law"), to consider the adoption of a Redevelopment Plan for the Railyards Redevelopment Project and the Seventh Amendment to the Richards Boulevard Redevelopment Plan. A number of actions in that process

have been taken to date, including preparation of a draft Railyards Redevelopment Plan, a draft Richards Plan Amendment, an Environmental Impact Report ("EIR"), and a Report to the City Council which describes the implications of the Plan Amendment and Adoption.

The redevelopment plan adoption and amendment process has culminated in tonight's joint and concurrent public hearings where the Redevelopment Agency and the City Council hear a staff presentation and all evidence and testimony for and against approval and adoption of the Railyards Redevelopment Plan and Seventh Amendment to the Richards Boulevard Redevelopment Plan. Since members of the Redevelopment Agency also sit as members of the City Council, Redevelopment Law permits these bodies to conduct joint and concurrent public hearings.

The focal point of the staff presentation includes a discussion of the proposed Plan Adoption and Amendment, and the Railyards Redevelopment Plan's objectives and implications as described in the Redevelopment Agency's Report to the City Council. The staff presentation will highlight important information and findings in these documents. Following the staff presentation, various documents will be entered into the record, the City Clerk will review any pertinent written correspondence received, and then the members of the public will be given the opportunity to speak on the Redevelopment Plan and Amendment. Following all the public testimony, the joint public hearing will then be closed. Consideration of the Redevelopment Plan and Amendment and other incidental actions are scheduled for the joint Redevelopment Agency/City Council meeting of May 6, 2008.

The Amended Richards Boulevard and Railyards Project Areas are located north of Downtown Sacramento. The Railyards Area is approximately 298 acres, and generally bounded by the Sacramento River on the west, North B Street on the north and I street on the south. The eastern boundary varies between 7th Street and 12th Street. The Amended Richards Boulevard Project Area will consist of approximately 1,068 acres and is located south of the American River, east of the Sacramento River, and just north of the Railyards Area and the Central City. The Amended Richards Boulevard Project Area will be renamed the River District Project Area as part of this amendment process.

Efforts to redevelop the Railyards Area over the last 17 years have not resulted in any substantive changes because there are unique obstacles to the redevelopment of the Railyards Area that make it different from the rest of the Richards Area. These include:

- Almost complete lack of infrastructure
- The need to realign the levee system in the Railyards
- Environmental contamination and the higher costs of development and longer timeline related to mitigation of the contamination
- Historic preservation issues and costs

- Time and cost issues related to realignment and removal of railroad tracks.

For the Railyards Area, having a separate redevelopment project area will enable the Agency to more effectively address the unique constraints that plague the area and provide support and assistance to redevelopment projects as feasible, necessary and appropriate. The Railyards Redevelopment Plan provides the Agency the authority to implement a 30-year redevelopment, rehabilitation, and revitalization program in the Railyards Project Area. Over the long-term the Agency's proposed Redevelopment Plan will encourage development of the old Railyards buildings, facilitate environmental mitigation to make the area suitable for business and residences, and improve other physical and economic conditions adversely affecting the Project Area.

For the remaining Richards Area, which will be renamed the River District Project Area, this approach will protect tax increment revenues generated in the River District Project Area for projects within its boundaries, rather than shifting all resources to the potentially costly and complicated needs of the Railyards Area. The formation of the Railyards Area will also aid the River District Project Area by spreading a "fair share" of the costs to relieve infrastructure capacity problems (i.e. sewer, traffic, stormwater) throughout the two areas.

Joint Public Hearing Procedures

Redevelopment Law requires that the Redevelopment Agency and City conduct public hearings on the Plan Adoption and Amendment before the City Council considers ordinances adopting the Railyards Redevelopment Plan and amending the Richards Boulevard Redevelopment Plan. Instead of conducting separate hearings, Section 33355 of the Redevelopment Law permits the Redevelopment Agency and City Council to hold joint and concurrent public hearings. On March 4, 2008 both the Redevelopment Agency and City Council adopted resolutions consenting to the joint public hearings.

Notice of the public hearings was provided by the following actions: (1) publication of the notice of joint and concurrent public hearings in the *Daily Recorder* on March 25, 2008, April 1, 2008, April 8, 2008 and April 15, 2008; (2) mailing notices to all property owners in the Project Areas via first class mail; (3) mailing notices to all businesses and residents in the Project Areas that the Agency could identify via first class mail; and (4) mailing notices to all affected taxing agencies via certified mail.

To provide Project Area property owners, business owners, residents and the general public with opportunities to learn more about the proposed Redevelopment Plan, a community meeting was conducted on April 8, 2008. It took place in the city office of the Economic Development Department at 1030 15th Street, 2nd Floor, Sacramento, California. Notice of the community meeting was provided as part of the notice of the joint and concurrent public hearings via mail, newspaper advertisement and posting.

The joint public hearings will be conducted as follows:

1. Staff presents the proposed Railyards Redevelopment Plan, Richards Plan Amendment, Report to the City Council, Owner Participation Rules, and other documents;
2. Staff enters into record the Railyards Redevelopment Plan, Richards Plan Amendment, Report to the City Council, Owner Participation Rules, and other documents;
3. City Clerk enters into record summaries of any written correspondence received on the Railyards Redevelopment Plan and Richards Plan Amendment; and
4. Chairwoman summarizes public testimony procedures and invites public to offer comments on the Railyards Redevelopment Plan and Richards Plan Amendment.

Once all public testimony has been completed, the public hearings will be closed. No further action will be taken on the Plan Adoption and Amendment at the Public Hearings in order to allow staff and consultants time to prepare written responses to any written objections submitted prior to or at the public hearings. On May 6, 2008 the City Council will consider adopting written finding in response to any written objections before the Redevelopment Agency and the City Council proceed to take any action to certify the Final EIR and adopt the Railyards Redevelopment Plan and Seventh Amendment to the Richards Boulevard Redevelopment Plan. These adoption actions are done by ordinance, with the second reading of the adopting ordinances scheduled for May 13, 2008.

Policy Considerations: The actions proposed in this staff report are consistent with the redevelopment plan amendment and adoption processes established by Redevelopment Law. While the City's General Plan is being updated, the City Council has adopted a vision for the future of the City, as well as several guiding principles to help guide the update and achieve this vision. The applicable guiding principle that this project complies with is the following: "Programs and strategies should promote the development of the community to the fullest range possible in the City of Sacramento." In addition to being consistent with this principle, the proposal is not contrary to any of the other approved principles of the General Plan Update Vision.

Environmental Considerations: The Notice of Preparation and Initial Study on the Amendment and Redevelopment Plan were circulated on October 10, 2007. The Draft Program Environmental Impact Report (EIR) was circulated on January 22, 2008. The Redevelopment Agency and the City Council will review the final EIR at the joint and concurrent public hearings; the Redevelopment Agency is scheduled to consider certification of the final EIR on May 6, 2008.

Rationale for Recommendation: The recommended actions are necessary to continue the process to amend the existing Richards Boulevard Project Area and adopt the Railyards Redevelopment Project Area, which together would result in

a more comprehensive program to revitalize and redevelop the Richards Boulevard (River District) and Railyards Project Areas. Approval of ordinances adopting the Railyards Redevelopment Plan and Seventh Amendment to the Richards Boulevard Redevelopment Plan will be considered on May 6, 2008.

Financial Considerations: None are associated with these actions.

M/WBE Considerations: There are no Minority and Women's Business Enterprise considerations associated with the actions requested in this report.

Respectfully Submitted by: Rachel Hazlewood
Rachel Hazlewood
Senior Project Manager

Approved by: David Harzoff
David Harzoff
Economic Development Manager

Recommendation Approved:

Ray Kerridge
for Ray Kerridge
City Manager

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Background

The Richards Boulevard Redevelopment Plan was adopted by the City Council in July of 1990. Since that time, the Redevelopment Plan has been amended six times. Efforts to redevelop the Railyards area over the past 17 years have not resulted in any substantive change due to the unique obstacles that make it different from the rest of the Richards Boulevard Project Area. These obstacles include a severe lack of infrastructure, environmental contamination (which has created higher costs and longer timeframes for development), the need to realign the area's levee system, issues of historic preservation, and time and cost issues related to realignment of the Union Pacific mainline railroad tracks to facilitate circulation improvements.

Creating a separate and distinct Railyards Redevelopment Project Area will (1) enable the Railyards area to be developed and provide mechanisms for support and assistance to that development as feasible, necessary and appropriate, and (2) protect the remainder of the Richards Boulevard Project Area from the costs and other development constraints particularly affecting the Railyards area.

The amendment to the Richards Boulevard Redevelopment Plan and the adoption of the Railyards Redevelopment Plan are discussed in more detail below:

Amendment to the Richards Boulevard Redevelopment Plan

The proposed seventh amendment to the Richards Boulevard Redevelopment Plan primarily removes the 298-acre area proposed to be the Railyards Redevelopment Project Area. A secondary purpose of the proposed amendment is to rename the Project and Project Area to the "River District Redevelopment Project" and "River District Redevelopment Project Area", to be consistent with current community development initiatives in the area. No other amendments are proposed.

Specific changes in the Richards Redevelopment Plan include the following:

- Re-titling the Project and Project Area to replace "Richards Boulevard" with "River District" throughout the document
- Replacing Project Area maps and the legal description to reflect the smaller 1,068-acre Project Area boundaries
- Miscellaneous incidental changes.

The Amendment would not alter land use policies, financial or time limits, or any other component of the Richards Boulevard Redevelopment Plan, nor would it change the terms of any financial obligation of the Project Area.

The Amendment is being processed concurrently with the Railyards Redevelopment Plan, and would only go into effect if the Railyards Redevelopment Plan is adopted by the City Council and becomes effective.

Railyards Redevelopment Plan

The proposed Redevelopment Plan contains a list of major goals for the Railyards Redevelopment Project Area to guide future activities. Section 100 of the proposed Redevelopment Plan identifies the goals which include elimination of blight, the replanning, redesign and development of the stagnant or improperly utilized parcels, assembly of parcels into suitable sizes for modern development, improvement to circulation infrastructure, strengthening of the economic base, provision of parking and open spaces, establishment and implementation criteria to ensure high quality design, provision of opportunities for owner participation, and the increase, improvement, and preservation of affordable housing.

Section 300 of the proposed Redevelopment Plan outlines the permitted actions of the Agency, including but not limited to extending participation opportunities to property owners and business occupants, acquisition of property (including eminent domain), relocation, property disposition and development, rehabilitation, and (as required by Redevelopment Law) low and moderate income housing.

Section 400 of the proposed Redevelopment Plan establishes the land use policies for the Project Area, which as stated earlier in this report, would be those set forth in the General Plan and other applicable planning documents, as these documents exist today or are hereafter amended. In this manner, the proposed Redevelopment Plan is consistent with the General Plan.

The proposed method of financing redevelopment is outlined in Section 500 of the proposed Redevelopment Plan. Tax increment revenue would be the primary means to finance redevelopment of the Project Area, and the Plan provides the Agency the authority to collect and use tax increment revenues generated by the Project Area over the next 45 years. The proposed Redevelopment Plan also permits the Agency to incur debt for the first 20 years of the Redevelopment Plan and leverage tax increment revenues to issue bonds, capping the total amount of bonded debt that may be outstanding at any one time at \$500 million.

The proposed Redevelopment Plan also contains a map, legal description, and General Plan land use map of the Project Area, as well as a list of public improvements that may be undertaken by the Agency. The list of public improvements contains broad categories of infrastructure and facility projects, as well as specific projects identified by staff that may occur during the first few years of the Redevelopment Plan.