

ECONOMIC DEVELOPMENT DEPARTMENT

CITY OF SACRAMENTO

AG 2001 - 133

July 16, 2001

City Council  
Sacramento, California

Honorable Members in Session:

**SUBJECT: APPROVAL OF THE REVISED ADDENDUM FOR A NO COST  
ECONOMIC DEVELOPMENT CONVEYANCE FOR THE  
SACRAMENTO ARMY DEPOT**

**LOCATION AND COUNCIL DISTRICT:** The Sacramento Army Depot, District 6.

**RECOMMENDATION:**

This report recommends adoption of the attached resolution authorizing the City Manager to sign the revised First Addendum Agreement to the Memorandum of Agreement between the Department of the Army and the City of Sacramento for a No-Cost Economic Development Conveyance of the former Army Depot.

**CONTACT PERSON:** Laura Sainz, Senior Management Analyst, 264-2677  
Kristan Otto, Economic Development Manager, 264-7948

**FOR COUNCIL MEETING OF:** July 31, 2001

**SUMMARY:**

At the June 12, 2001 City Council meeting, the City Council approved a proposed Addendum to the existing Memorandum of Agreement between the City of Sacramento and the Department of the Army for a No-Cost Economic Development Conveyance (EDC) of the Sacramento Army Depot. The Addendum was sent to the Department of the Army for final signature, when the Army decided to propose changes to the document.

The most significant change is the elimination of language that allows the City to reinvest funds received from the sale or lease of the Depot in a way that would *indirectly* benefit the Depot. The language of the Addendum was changed to reflect the regulations guiding the reinvestment

of funds that requires expenditures to *directly* benefit the Depot. Attached are two copies of the Addendum. The first attachment reflects the changes proposed by the Army. The second attachment is the final version and was agreed upon by all parties.

**BACKGROUND INFORMATION:**

At the June 12, 2001 City Council meeting, the City Council approved a proposed Addendum to the existing Memorandum of Agreement between the City of Sacramento and the Department of the Army for a No-Cost Economic Development Conveyance of the Sacramento Army Depot. The original EDC committed the City to purchase the Depot from the Department of the Army for \$7.16 million. The Addendum for a No-Cost EDC effectively forgives the City of the \$7.16 million commitment. However, the Federal statute permitting No-Cost EDCs requires that funds received by the City from the sale or lease of the Depot must be spent in or around the Depot property. The City agrees to invest any funds received into the Depot and surrounding area. The City's commitment to invest these funds ends after seven years.

**FINANCIAL CONSIDERATIONS:**

As with the previous Addendum, the No-Cost EDC will allow the Army to forgive the City the \$7.16 million sales price scheduled to be paid March 2, 2005. There are no additional costs associated with the No-Cost EDC application.

**POLICY CONSIDERATIONS:**

This action is consistent with City Council's action on the June 12, 2001 Council meeting. It also allows the City to submit an Addendum that is more consistent with Army regulations guiding No-Cost EDCs.

**ENVIRONMENTAL ISSUES:**


The City's No-Cost EDC involves the acquisition of real property as envisioned in the Army Depot Project EIR. No additional environmental review is necessary at this time.

**ESBD CONSIDERATIONS:** There are no ESBD issues related to this staff report.


Respectfully submitted:

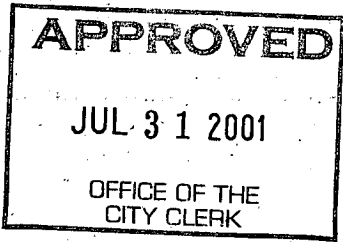
  
KRISTAN OTTO  
Economic Development Manager

APPROVED:

  
ANDREW J. PLESCIA  
Economic Development Director

RECOMMENDATION APPROVED

  
ROBERT P. THOMAS  
City Manager



**RESOLUTION NO. 2001-535**

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON THE DATE OF \_\_\_\_\_

**RESOLUTION AUTHORIZING THE CITY MANAGER TO SIGN THE REVISED FIRST ADDENDUM AGREEMENT TO THE MEMORANDUM OF AGREEMENT BETWEEN THE CITY OF SACRAMENTO AND THE DEPARTMENT OF THE ARMY EFFECTIVELY INSTITUTING A NO-COST ECONOMIC DEVELOPMENT CONVEYANCE FOR THE ARMY DEPOT PROPERTY**

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

1. The City Manager is authorized to sign the revised First Addendum Agreement to the Memorandum of Agreement between the Army and the City of Sacramento. The First Addendum Agreement modifies the existing EDC agreement between the City and the Army to a No-Cost EDC, effectively forgiving the City the \$7.16 million purchase price for the Depot property.
2. As stated in the First Addendum Agreement, if any monies are received from the sale, lease or equivalent use of the Depot properties, those funds are committed to the Depot and surrounding area, as the area was so heavily impacted by the base closure and subsequent loss of jobs and economic activity in the neighborhood.

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

**FOR CITY CLERK USE ONLY**

RESOLUTION NO.: \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_