



## City Council Report

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Sacramento, CA 95814

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**File ID:** 2017-01318

**October 24, 2017**

**Discussion Item 23**

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**Title:** Purchase and Sale Agreement for the Property Located at 936 Arden Way

**Location:** 936 Arden Way, District 2

**Recommendation:** Pass a Motion: 1) authorizing the City Manager or the City Manager's designee to execute a Purchase and Sale Agreement, and any other related documents, with Sacramento Regional Transit District, in an amount of \$175,000 plus miscellaneous closing costs for the purchase of the property located at 936 Arden Way; and 2) directing the City Manager or the City Manager's designee to proceed with the development of a homeless sheltering plan that includes goals/objectives, development concepts and financing for the development and operation of a homeless shelter at one or more sites, which may include 936 Arden Way.

**Contact:** Emily Halcon, Homeless Services Coordinator, (916) 808-7896, Office of the City Manager; Bill Sinclair, Real Property Agent, (916) 808-1905; James Christensen, Interim Facilities Manager, (916) 808-5863, Department of Public Works

**Presenter:** Emily Halcon, Homeless Services Coordinator, (916) 808-7896, Office of the City Manager

**Attachments:**

- 1-Description/Analysis
- 2-Homeless Triage Sheltering Plan Overview
- 3-CEQA Exemption Discussion
- 4-Purchase and Sale Agreement

## Description/Analysis

**Issue Detail:** Homelessness is an issue that impacts communities without regard to geographic or political boundaries and for which there is no single answer or approach. The City of Sacramento has committed significant resources in a variety of investments coordinated through Sacramento Steps Forward (SSF), the non-profit responsible for leading the regional efforts to prevent and end homelessness in the Sacramento region as well as through multiple City-led initiatives. Most notably, on June 13, 2017, the Council approved the City's participation in the Whole Person Care pilot program, creating a \$64 million program to provide outreach, case management and housing support for people at risk of or experiencing homelessness in our community. While the Whole Person Care program will bring significant resources to the Sacramento community to address the long-term solutions to homelessness, there remains a need to find solutions for the imminent crisis of unsheltered homelessness.

The crisis of unsheltered homelessness is one that impacts an entire community, both those experiencing homelessness and the broader community of housed residents, businesses and neighborhoods. The most recent Sacramento County Homeless Death Report, published by the Sacramento Regional Coalition to End Homelessness, details that, on average, there has been one death among the homeless population every seven days for the past fourteen years, or 705 deaths.<sup>1</sup> Death rates among the unsheltered homeless population are four times that of the general population, with homicide rates thirty-one times that of the general population and suicide rates sixteen times that of the general population. People living unsheltered have a life expectancy 34% shorter than the national average, a loss of approximately 30 years. In addition to the devastating impacts of living unsheltered on those experiencing homelessness, the impacts on the broader community are also significant. In 2016, the City of Sacramento alone collected over 5,600 cubic yards of debris from abandoned homeless encampments, including needles, human waste, and other debris (this does not include the additional waste collected by the County and other enforcement agencies). Recent outbreaks of Hepatitis A in San Diego and Los Angeles among the homeless population point to additional public health impacts that are more prevalent among the unsheltered population.<sup>2</sup>

Over the past years, the Council has considered different approaches to providing crisis emergency shelter and the City has implemented some new and innovative approaches to sheltering. At a Council workshop on June 27, 2017 and at a subsequent Council meeting on September 12, 2017, the Council provided direction to staff to pursue additional options to provide emergency sheltering opportunities throughout the City. Among those options was securing a location or locations to develop and operate permanent triage shelter(s).

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<sup>1</sup> [https://docs.wixstatic.com/ugd/ee52bb\\_8cc49b7195a24254a1c7e96dd2378784.pdf](https://docs.wixstatic.com/ugd/ee52bb_8cc49b7195a24254a1c7e96dd2378784.pdf)

<sup>2</sup> <http://www.cnn.com/2017/09/14/health/hepatitis-a-outbreak-san-diego-county/index.html>

To date, the City has identified the property at 936 Arden Way for potential development of a permanent City homeless triage shelter, and continues to look for additional appropriate sites throughout the City. Approval of the Purchase and Sale Agreement tonight for 936 Arden Way will allow the City to encumber the property. Prior to closing escrow, the City will complete due diligence on both the level and cost of rehabilitation needed to transform the site as well as work with the community on an operational plan, using lessons learned from the planned winter triage shelter.

**Execution of the Purchase and Sale Agreement will not bind the City to purchasing, developing, or operating it as a homeless triage shelter.** Prior to making a final decision on the use or operation of the site, the City will:

- Conduct thorough outreach and discussion with surrounding communities; and
- Analyze outcomes from at least two months of operations from the proposed winter triage shelter; and
- Return to Council no sooner than March 1, 2018 with details from these assessments, rehabilitation and site needs, timeline for development and funding sources.

Attachment 2 provides a framework for future approvals and funding of triage shelter sites.

Should the Council approve the development of a Triage Sheltering Plan (detailed in Attachment 2), including committing to identifying a long-term funding strategy, the first potential triage shelter site identified is located at 936 Arden Way. The property consists of an approximate 31,000 square foot commercial warehouse building and an 8,000-square foot three-sided shed on 1.73 acres of land. The facility was used until 2001 as the building center/hardware store and lumber storage portion of a larger 5.18-acre Lumberjack store location. Sacramento Regional Transit District (RT) purchased the former Lumberjack facility in June of 2003 and subsequently bisected the property in 2009 with a realignment of the nearby light rail line. The subject property currently fronts onto Evergreen Street. Since 2003, RT has been using the warehouse, shed structures and surrounding site for storage. RT has determined that the property is surplus to their needs.

RT had the property appraised by Pattison and Associates, Inc in May 2017. The appraised value was \$175,000, which is representative of the land value; the appraiser did not attribute any value to the improvements. RT listed the property for sale on the open market with Turton Commercial Real Estate at the appraised value.

The City issued a non-binding Letter of Intent to purchase the property for the listing price on August 7, 2017, which was subsequently approved by the RT Board of Directors. Upon approval by Council to execute the Purchase and Sale Agreement, the City will have 60 days

to conduct due diligence investigations on the property to determine, in its sole discretion, if the property is suitable for its intended purpose. If the City determines that the property is not suitable, the transaction can be terminated.

**Policy Considerations:** Any City contracts for new triage shelter beds will require that shelters actively coordinate with the homeless Continuum of Care (CoC) and participate in the community's coordinated entry and assessment program as well as the City's Pathways to Health and Home (Whole Person Care) pilot program. These programs align with the federal directive that funding for addressing homelessness follow a "housing first" approach. Housing first principles ensure that emergency shelter be provided with few to no barriers to access and focus on linking clients with permanent housing as quickly as possible. In housing first programs, supportive services are offered (but not required as a condition of tenancy) in shelter and ongoing to help people keep their housing and avoid returning to homelessness. This evidence-based approach is consistent with the strategies and funding priorities of the other public agencies working to end homelessness in Sacramento.

In regard to the Purchase and Sale Agreement, the recommendations in this report are in accordance with the provisions of City Code Section 3.04.020 regarding income or expenditures of \$100,000 or more.

**Economic Impacts:** None.

**Environmental Considerations:** Environmental Planning Services has reviewed the proposed project and has determined that it would not have a significant effect on the environment. The proposed project is exempt from CEQA review pursuant to CEQA Guidelines section 15332 (infill exemption). The project is, in addition, exempt under the general principle that when it can be seen with certainty that a project would have no significant effect on the environment it is exempt from CEQA review (section 15061(b)(3)).

Attachment 3 includes a detailed discussion of the project for CEQA purposes.

**Sustainability:** Not applicable.

**Commission/Committee Action:** None.

**Rationale for Recommendation:** approval of the Purchase and Sale Agreement and any related documents will allow the City to begin the process to acquire the property in order determine the suitability of the site for development as a homeless triage shelter. Should the Council authorize the Purchase and Sale Agreement, staff will develop a comprehensive sheltering plan for the site, working with community and neighborhood groups and using data

and feedback collected from the proposed winter triage shelter. This process must be completed prior to moving forward with rehabilitation or operational plans.

The buildings were constructed in approximately 1980. Based on a visual site inspection, the warehouse structure is estimated to be in fair to poor condition. The construction is mixed and consists of approximately a 22,000-square foot concrete tilt-up structure with a 9,000-square foot wood framed addition. The three-sided shed is metal framed and metal sided and is in average condition. The site is fenced and asphalt paved. Included in the sale is an office/construction trailer.

City staff have reviewed the independent appraisal, and believes it accurately estimates the fair market value of the property.

Upon approval by Council for the acquisition and development of a full Homeless Sheltering Plan, staff will begin working with community stakeholders to design an operational framework for the site, including good neighbor, security, and service requirements. That work will inform the site design scope and the development of bid documents to identify a non-profit operator for the triage shelter. Cost estimates for the repairs and modifications will be obtained once plans and specifications for the work are developed, and contracts for the work will be brought before Council for approval prior to any work being started. Similarly, contracts for operating the shelter will be brought before Council for approval prior to operations commencing

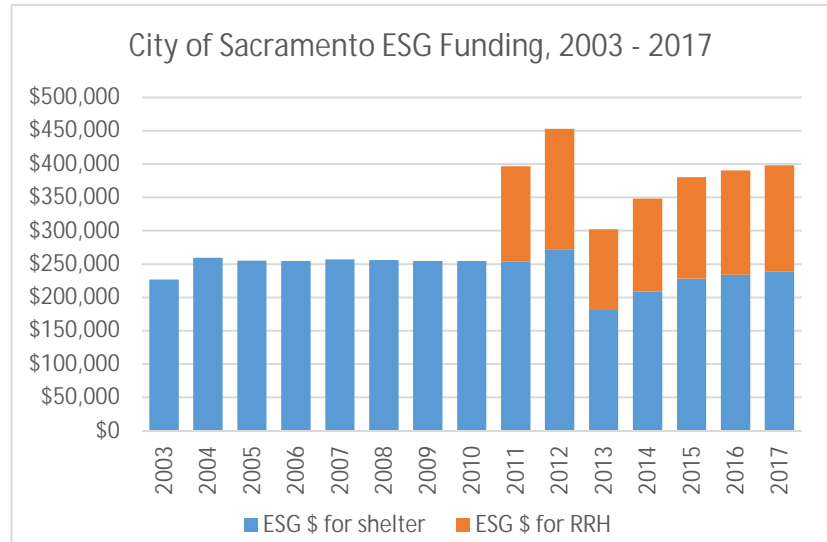
**Financial Considerations:** On September 12, 2017, Council authorized moving \$2.9 million from the \$5 million commitment of fund balance in the General Fund (Fund 1001) for Affordable Housing to the City's Homeless Housing Initiative MYOP (I02000200) to fund various homeless service, shelter, and housing programs. The recommended Purchase and Sale Agreement allows the City to acquire the property at the list price of \$175,000. The City is responsible for payment of its share of prorations of taxes and assessments as well one-half of escrow fees. These costs will be added to the sales price. RT will pay for the City's title insurance policy. Sufficient funding exists in the Homeless Housing Initiative MYOP (I02000200) to pay for the acquisition.

As detailed in Attachment 2, staff will need to develop a full Homeless Sheltering Plan for the 936 Arden Site that will detail the capital improvement costs and on-going operational costs. This work is contingent on City control of the property and engaging with a design-build team and the community to develop the operational framework, which will inform the physical improvements. After development of this plan, staff will return to Council with funding options for these items. It is anticipated that there will be sufficient funds available in the Homeless Housing Initiative MYOP (I02000200) to fund much of the capital improvements. Staff will look

at all opportunities identify funding for on-going operational costs for the triage shelter, estimated at between \$3 million and \$4 million a year.

**Local Business Enterprise (LBE):** Not applicable.

In recent years, the responsibility to provide emergency shelter for people experiencing homelessness has shifted from one that in years past was supported by the federal government and charitable organizations to a more locally driven responsibility. The primary federal funding source for emergency shelters, the



Emergency Solutions Grant (ESG), shifted in 2011 from funding sheltering activities exclusively, to split funding between sheltering activities and Rapid Re-Housing (RRH) activities. As shown in the graph, while the City's total ESG allocation has risen in the past few years, the amount allocated towards shelters has declined, even as the expectation for enhanced services and associated costs, have risen.<sup>1</sup> Locally, the City and County have helped to bridge the loss of ESG shelter funding with a variety of sources, including the County's Tobacco Litigation Funds (no longer available), Community Development Block Grant (CDBG), CalWORKs, and General Funds.

For the most part, permanent shelters are funded via a combination of government dollars and charitable donations. Given that there is little expectation for increased shelter funding from the US Department of Housing and Urban Development, supporting emergency shelters is likely to become increasingly a local government activity. Recognizing this, the City has asked staff to explore potential funding opportunities, including leveraging funding from the City's Pathways to Health & Home (Whole Person Care) program. While there are some potential services to leverage to support the operations of emergency triage shelter(s), there is not a readily available source for overall operations.

As part of the 2016 City Homeless Subcommittee, the workgroup, which included City and County staff, non-profit providers, faith leaders and others, developed estimates for the operations of a 24/7, low barrier triage shelter. With 200 people, the group estimated the on-going operational costs to be just over \$3 million a year, exclusive of property related costs such as utilities, maintenance, etc. The table below provides details behind these estimates.

<sup>1</sup> Note these amounts do not include the ESG allotment for the (unincorporated) County of Sacramento, which also support sheltering and rapid re-housing.

## Attachment 2 – Homeless Sheltering Plan Framework

Note that these estimates do not include the cost of the actual facility, which could be different (e.g. a warehouse, "tiny homes", etc.) depending on the selected operator. Should the community wish to fund such a facility, it is recommended that an operator be sought with the defined operational and funding parameters, allowing potential respondents to determine appropriate location(s). Depending on the location(s) identified, the facility could accommodate between 50 and 200 people at any one time; costs are given at the "per person" level, as well as at increments of facility size, understanding that there may be economies of scale lost or gained depending on the size of the facility.

Staffing	Ratio	Rate	Benefits	Total Cost by Facility Size/# of People Accommodated									
				50		75		100		150		200	
				FTE	Total	FTE	Total	FTE	Total	FTE	Total	FTE	Total
Center Director	100 : 1	\$28.50	32.0%	0.5	\$39,125	0.8	\$58,687	1.0	\$78,250	1.5	\$117,374	2.0	\$156,499
Case Manager	20 : 1	\$20.00	32.0%	2.5	\$137,280	3.8	\$205,920	5.0	\$274,560	7.5	\$411,840	10.0	\$549,120
Housing Specialist	20 : 1	\$20.00	32.0%	2.5	\$137,280	3.8	\$205,920	5.0	\$274,560	7.5	\$411,840	10.0	\$549,120
Monitor Staff (24/7)	50 : 1	\$12.00	32.0%	4.2	\$138,378	6.3	\$207,567	8.4	\$276,756	12.6	\$415,135	16.8	\$553,513
<b>TOTAL STAFFING</b>					<b>\$452,063</b>		<b>\$678,095</b>		<b>\$904,126</b>		<b>\$1,356,189</b>		<b>\$1,808,252</b>

Other Costs	Base Cost	Unit	Total Cost by Facility Size/# of People Accommodated				
			50	75	100	150	200
Food & Beverage	\$3.10	per meal	\$169,725	\$254,588	\$339,450	\$509,175	\$678,900
Staff Training	\$250.00	per staff	\$2,425	\$3,638	\$4,850	\$7,275	\$9,700
Program Supplies	\$75.00	per client	\$3,750	\$5,625	\$7,500	\$11,250	\$15,000
Cleaning, Linen, Laundry	\$350.00	per client	\$17,500	\$26,250	\$35,000	\$52,500	\$70,000
Mileage & Travel	\$1,000.00	per hsg. staff	\$2,500	\$3,750	\$5,000	\$7,500	\$10,000
Utilities	depending on site		-	-	-	-	-
General Office	\$3,600.00	flat	\$3,600	\$3,600	\$3,600	\$3,600	\$3,600
Insurance	\$25,000.00	flat	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Administration	% of direct costs	15%	\$101,484	\$150,082	\$198,679	\$295,873	\$393,068
<b>TOTAL OTHER COSTS</b>			<b>\$325,984</b>	<b>\$472,532</b>	<b>\$619,079</b>	<b>\$912,173</b>	<b>\$1,205,268</b>

<b>TOTAL COST (excluding all property/site costs)</b>	<b>\$778,047</b>	<b>\$1,150,626</b>	<b>\$1,523,205</b>	<b>\$2,268,362</b>	<b>\$3,013,520</b>
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Using this work as a basis, staff recommends more fully flushing out these costs, as well as an operational framework, for the City's role in developing the site at 936 Arden Way as a permanent triage shelter, and establishing parameters to apply for future sites. This Homeless Sheltering Plan should include, at a minimum:

- A stated objective and role for the City of Sacramento related to providing emergency shelter; and
- An approach to engage community stakeholders in site identification and operational approaches both initially and on-going; and
- A framework for preferred operational approach; and
- A framework for developing Good Neighbor Policies; and
- An estimate on annual funding needed and any external partnerships to help support operations of the shelter(s) on an on-going basis.

City staff believe that development of this plan can proceed in parallel to the development work for the property located at 936 Arden Way.

## **Homeless Triage Shelter Exemption Discussion**

The proposal to establish a homeless triage shelter is a “project” as defined by the California Environmental Quality Act (CEQA). The City has reviewed the project pursuant to CEQA requirements.

## **CEQA Background**

The staff report includes a discussion of the project components. The City’s CEQA review of the proposed project proceeds as follows:

- The City first determines whether the project is included within either a statutory exemption (created by the state legislature), a categorical exemption (various categories of activities that usually do not result in significant effects), or another exemption. If the project is exempt the City is not required to conduct further CEQA review.
- If the project is not exempt the City proceeds with a determination as to whether significant effects of the project can be mitigated to a less-than-significant level. If so, the City prepares a mitigated negative declaration; if not the City prepares an environmental impact report.

In this case the City has determined that the project is not covered by a statutory exemption. The City has also determined that the proposed project would be covered by a categorical exemption (infill development) as well as the general rule that if it can be seen with certainty that the project would not have a significant effect on the environment then the project is not subject to CEQA review.

A “significant effect on the environment” is defined in CEQA as a “substantial, or potentially substantial, adverse change in the environment.” (Public Resources Code section 21068)

A project qualifies for the “infill exemption” if it satisfies the standards of CEQA Guidelines section 15332 and does not otherwise have a significant effect on the environment. As mentioned, the City has concluded that it can be seen with certainty that no significant effects would result and the project is not, therefore, subject to CEQA review pursuant to CEQA Guidelines section 15061(b)(3).

## **Beneficial Effects**

Projects may have beneficial effects on the environment, and these may be relevant to project review. It was the intent of the legislature that one of the policies of the state is to take action to “protect, rehabilitate and enhance the environmental quality of the state.”

(PRC section 21001(a)) The legislature also identified the following policy, which is relevant to the purposes of the proposed project: “Ensure that the long-term protection of the environment, consistent with the provision of a decent home and suitable living environment for every Californian, shall be the guiding criterion in public decisions.”

The staff report includes substantial documentation that living conditions of those who are experiencing homelessness are unhealthy, dangerous and fall well below the standards established by the legislature. The presence of substantial populations of people experiencing homelessness create conditions that are dangerous not only to the health of those living on the street, but to others living and working in the community. As just one example, City has committed substantial time and resources in recent years in an effort to identify a humane and decent means of providing people experiencing homelessness with access to sanitary restrooms with the knowledge that the presence of human feces and urine on City streets and sidewalks is not only a serious nuisance, it is also dangerous as evidenced by recent findings of *e coli* contamination in local rivers and outbreaks of hepatitis A in other California cities.

Recognizing a proposed project’s beneficial effects does not take the place of the required examination of potential significant adverse effects but is a legitimate policy consideration.

## **Review of the Proposed Project**

### *Construction*

The project site is 1.73 acres in size and is occupied by an existing structure that was used as a retail warehouse-style business, and a 44,000+square-foot paved parking lot. The project includes installation of a new roof, and installation of interior improvements consistent with the program’s purpose to provide program assistance and shelter, construction of fencing on the perimeter, fencing for a dog run, installation of exterior safety lighting and other minor improvements.

No grading or excavation would occur. The work at the site would be completed within the construction working hours that are exempt under the City’s noise ordinance, and no night-time or 24-hour construction would occur. Construction traffic would enter and leave via the existing entrance on Evergreen Street, and all staging areas would be located on the project site. Approximately 50 persons would be employed in the renovation of the site, with approximately 25 expected on the site at any one time. Construction would occur over a period of six months. The staging area for construction would be located on the project site.

Renovation of the existing structure would comply with applicable rules of the Sacramento Metropolitan Air Quality Management District, including rules relating to any asbestos discovery and removal. A Phase 1 analysis for hazardous environmental conditions has been completed. The analysis concluded that no recognized environmental conditions (REC) or historical RECs were identified. The City also reviewed the site for hazardous materials. That report concluded that compliance with existing regulations relating to asbestos, lead and other hazardous materials would avoid impacts due to such materials.

### *Operation*

The proposed project would serve as a shelter for people experiencing homelessness and as a location for providing various social services that respond to needs of those persons. Approximately 25 persons would be employed or present as volunteers at any one time at the facility; total employment associated with the project site is approximately 50. Visitors, including City staff, external service partners and first responders to the site are expected on an occasional basis. Guests would not be allowed to have visitors.

The facility would have normal operating hours of 8:00 a.m. to 5:00 p.m. During these hours employees and volunteers would be on site providing services, and those using the facility for shelter or services would arrive and depart. Outside of those hours the facility would serve as a closed shelter; arrivals and departures would not be encouraged, and would not occur in substantial numbers. Delivery of food and supplies would occur on a regular basis. Use of diesel tractors and trailers would not be anticipated based on the volume of materials; it is more likely that local mid-size trucks would be used, some relying on gasoline, some on diesel and some on natural gas.

Employees and visitors to the site are expected to arrive and depart by personal automobiles, with approximately 238 daily trips, 88 occurring in the a.m. peak hour and 70 occurring in the p.m. peak hour. Primary access is via Evergreen Street and Arden Avenue. The project trips would not constitute a substantial addition to existing trips on these streets, and no significant effect would occur regarding vehicle traffic. Some employees and visitors would utilize light rail or bicycle, and some would walk. The small numbers of arrivals and departures would have negligible effect on the public transit or street facilities.

The proposed facility has as its primary purpose the sheltering of people experiencing homelessness as well as providing various social services. Guests of the facility would arrive and depart via passenger van vehicles, seating approximately twenty persons. Trips would occur within the City limits, and the number of trips, based on the existing

City street infrastructure capacity and use, would not result in any significant effect on transportation.

The shelter and service would operate within the renovated structure. No activities that would generate loud noise would occur; no amplified sound would be used or permitted inside or outside the building. Noise outside the building would be generated by vehicle use and conversation, and an outside dog run. External storage containers for personal property of guests may be installed.

Noise from the outside activities would be consistent with normal activities and would not be significant. The nearest sensitive receptors are located in the residential neighborhoods to the west, approximately 700 feet from the site, and the north, approximately 500 feet from the site and separated by Arden Way. The outside dog run would be used to provide occasional time outside for dogs and would generate no more noise than is associated with the various dog parks throughout the City. Staff would clean the site on a regular basis. No significant effects regarding noise or odor would occur as a result of use of the dog run.

Lighting at the site would be installed consistent with City Code to direct light downward and to avoid spill to neighboring properties. No outside activities are planned for the site, and lighting would be installed for the purpose of parking lot and access safety. Lighting would be consistent with the similar uses currently existing in the project vicinity, and in similar locations throughout the City. No significant effects from lighting would occur.

The site is developed with impervious surfaces, and provides no habitat for rare, endangered or threatened species. Renovation of the site would have no effect on water quality.

The existing building is not a historic structure, and is not located in a historic district. No excavation would occur at the site, and there would be no impact on cultural or historic resources. The building as approved for occupancy would not result in exposure of persons to geologic or seismic hazards.

Guests of the facility are present in the City and currently utilize recreational resources such as parks. Operation of the facility would not have a significant effect on recreation resources, and could result in beneficial effects in that persons experiencing homelessness currently camping or loitering in City parks will be encouraged to come inside to the triage center, and the shelter would accommodate them with their belongings.

The proposed facility would provide services to persons experiencing homelessness in a facility within the City limits and served by all City utility services, including water, wastewater and solid waste, as well as police, fire and emergency services. The facility would have predictable and planned occupancy with resulting predictable needs for service. The City has substantial capacity to provide such services, and providing such services in a known location with predictable demand would reduce the overall demand on City utilities and services, thus having a beneficial effect.

Hazards associated with human waste have been acknowledged as one of the concerns associated with substantial numbers of persons experiencing homelessness within the community. The project facility would include adequate sanitary facilities and would reduce the concerns associated with such hazards. The project would have a beneficial effect in this regard.

The project site is located in a business and industrial area south of Arden Way and west of Business 80. Operation of the proposed facility would not adversely affect operations in nearby properties, and would not initiate a use that would interfere with existing uses.

The project site is located approximately 700 feet east of the Woodlake residential neighborhood (at Royal Oaks Drive) and approximately 530 feet south of a single-unit dwelling zone north of Arden Way. The project site would be improved based on current building codes, and would be operated pursuant to City standards and conditions. The site would be served with all City services and utilities, and persons experiencing homelessness served at the facility would arrive and depart via passenger vans. No impacts on either neighborhood have been identified relating to any physical changes in the environment.

#### **Infill Exemption (CEQA Guidelines section 15332)**

CEQA Guidelines section 15332 includes a categorical exemption for infill development if a project satisfies the section requirements and is not subject to any of the applicable exceptions. The project qualifies for the exemption, as set forth in detail below:

*(a) The proposed project is consistent with the applicable general plan designation and all applicable general plan policies as well as the applicable zoning designation and regulations.*

The general plan designation for the project site is Urban Corridor Low. The 2035 General Plan indicates that policies relating to corridors provide for the transformation of auto oriented commercial corridors to mixed-use, pedestrian-oriented and transit friendly

environments. (2035 General Plan at sacgp.org, page 2-87.) Urban Corridor Low includes street corridors that have multistory structures and more intense uses at major intersections. The general plan includes key urban form characteristics for Urban Corridor Low, with allowed uses and development standards. (page 2-90)

The general plan recognizes the importance of responding to the human service needs of those experiencing homeless:

**Facilities Location.** The City shall work with the County on identifying adequate sites for health and human services facilities within the city to ensure that such facilities are easily accessible, distributed equitably throughout the city in a manner that makes the best use of existing facilities, and are compatible with adjoining uses. (PHS 5.1.1)

The City is implementing a program to respond to the needs of the community, both those who are experiencing homelessness and established communities. The project would establish decent and accessible facilities; the City program has as one of its goals the equitable distribution of facilities throughout the community.

**Homeless Population.** The City shall work with public and private social service agencies to site facilities to address the human service needs of the city's homeless populations. (PHS 5.1.4)

The project would be operated consistent with the Good Neighbor policy set forth in the general plan:

**Good Neighbors.** The City shall encourage businesses located within and adjacent to residential developments to conduct their business in a courteous manner by limiting disturbances and nuisances from operations and patrons, and to act as members of the community by making themselves available to respond to complaints and by participating in neighborhood/community meetings. (LU 2.1.7)

Identifying the causes of homelessness and crafting meaningful programs has proven to be a difficult task for local communities, and the City of Sacramento is no exception. The general plan includes many policies that relate to the issue at hand, including housing policies, respect for neighborhoods and legitimate concerns of the residents of the City at large. The City's Housing Element seeks to identify and implement policies supporting community-wide housing needs, and the City's success in achieving a healthy housing

balance in the community is related to the needs of those experiencing homelessness. Chapter H-9 of the Housing Element, entitled “Sustainable, Stable and Integrated Communities,” for example, identifies many of these policies. The proposed project is consistent with these general plan goals.

The project is located in the North Sacramento Community Plan area. The community plan is located online at <http://www.cityofsacramento.org/-/media/Corporate/Files/CDD/Planning/Community-Plans/North-Sacramento.pdf?la=en>. The community plan adopts the land uses in the general plan.

The project site is located within the Northeast Line Light Rail Stations Plan (<http://www.cityofsacramento.org/-/media/Corporate/Files/CDD/Planning/Long-Range/Transit-Oriented-Development/Northeast-Line-Implementation-Plan/Northeast-Line-Light-Rail-Stations-Plan.pdf>). The plan covers the areas surrounding three light rail stations; the project site is within area identified near the Royal Oaks Light Rail Station.

The site is identified in the plan as an underutilized site within the Royal Oaks Improvement Focus Area. The plan sets forth planning goals for the area with the overall goal of revitalizing the area, improving pedestrian connections and reinforcing the sense of place. The plan does not include specific use restrictions. The proposed project is not inconsistent with the provisions of the plan and would not hinder its implementation.

The project site is zoned RMX-TO (Residential Mixed Use, Transit Overlay) and the use is considered a large temporary residential shelter. The RMX zone (Residential Mixed Use) allows a mix of residential and commercial uses as a matter of right, with the goal of preserving the residential character of neighborhoods while encouraging the development of neighborhood-oriented ground-floor retail and service uses. While the provisions in the Planning and Development Code, Title 17, do not apply to City projects, the project site is appropriate for the proposed use. One measure is that the site complies with the special use regulations for a large temporary residential shelter set forth in City Code sections 17.228.630-650:

- There are no temporary residential shelters within 1,000 feet of the site (section 17.228.640), and the site is within 1,000 feet of a designated transit corridor;
- The provisions consistent with the purpose and intent of section 17.228.650 relating to parking, posting hours of operation, on-site personnel, lighting, telephones, personal property, waiting area and common space would be satisfied.

The transit overlay (TO) allows a mix of moderate to high-density residential and non-



residential uses by right, within walking distance of an existing or proposed light-rail station, to promote light rail ridership. The TO Overlay prohibits certain uses, but none apply to the project. (City Code Section 17.340.050)

*(b) The proposed project occurs within city limits on a project site of no more than five acres substantially surrounded by urban uses.*

The project site comprises 1.73 acres. The uses adjacent to the site on each side consist of commercial and office uses on sites developed with structures and parking lots. Uses in the general area include commercial, office and residential.

*(c) The site for proposed project has no value for endangered, rare or threatened species.*

The project site has been developed with a parking lot and warehouse-type structure. The site consists almost entirely of impervious surfaces, which provide no habitat for foraging. There are no large trees on the site that would be appropriate for nesting birds or raptors. The American River Parkway is located approximately 4,000 feet to the south of the project site; the intervening area is urbanized, and the project site is not connected via a wildlife corridor.

*(d) Approval of the project would not result in any significant effects relating to traffic, noise, air quality or water quality.*

Access to the project site is via existing roadways that have adequate capacity to accommodate the vehicle and truck trips that would be generated by the proposed project.

Construction would occur during daylight hours. The proposed facility requires installation of a new roof, but most of the work required will occur inside the existing structure, thus reducing noise that could be heard outside the facility. Operation of the facility would not include any noise-generating activities beyond normal vehicle traffic, conversations and the dog run. The dog run would be monitored and would generate no more noise than the various dog parks now present throughout the community.

Operational emissions are related primarily to trip generation. The facility would be served by organized transport but guests would not have personal vehicles. Emissions from this source would be negligible. The project would not include any activities that would generate ozone precursors, particulate matter or toxic air contaminants. No significant air emissions would occur.

The project would conduct most activities within the building. The site would continue to consist of impervious surfaces, and no water quality impacts would be present.

*(e) The project site can be adequately served by all required utilities and public services.*

The site has previously been used for commercial purposes, and is served by all public utilities. Police and fire services are available and adequate to meet the anticipated needs of the project.

Categorical exemptions are subject to two general exceptions:

- A categorical exemption does not apply to a project when the cumulative impact of successive projects of the same type in the same place over time is significant.
- A categorical exemption may not be used for a project when there is a reasonable possibility that the activity will have a significant effect on the environment due to unusual circumstances. (CEQA Guidelines section 153002. (b) and (c))

The proposed project does not have significant effects. The City is considering other proposals to provide services and housing to people experiencing homelessness, but the proposed project does not contribute to any cumulatively significant impacts when considered in conjunction with such projects. As discussed in this staff report, the proposed project would be designed and operated in a safe and sanitary manner, and impacts on surrounding properties would be minimized. The closest similar facility proposed is at 1900 Railroad Drive, which is approximately 1.6 miles away via Arden Way and Del Paso Avenue.

The proposed project does not present unusual circumstances that would result in a significant effect. The proposed use is consistent with the general plan. Uses that include shelter housing and social services are recognized in the general plan as legitimate.

### **General Rule: No Significant Effect**

CEQA focuses on the potentially significant effects a project may have the physical environment. The CEQA Guidelines set forth a general rule that CEQA does not apply to a project when it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment. (CEQA Guidelines section 15061(b)(3))

The discussion above confirms that the proposed shelter, as designed and operated, would not have any significant effect on the environment. It is anticipated that the proposal may be controversial, but the presence of controversy, in the absence of substantial evidence, does not establish a possibility of a significant effect.

## PURCHASE AND SALE AGREEMENT

**THIS PURCHASE AND SALE AGREEMENT** ("Agreement") is entered into on \_\_\_\_\_, between **SACRAMENTO REGIONAL TRANSIT DISTRICT**, a public corporation (referred to herein as "SacRT") and **CITY OF SACRAMENTO**, a municipal corporation (referred to herein collectively as "Buyer"). SacRT agrees to sell and Buyer agrees to purchase the Subject Property (as defined below) on the following terms and conditions:

**1. SUBJECT PROPERTY.** SacRT is the owner of all that real property known as Assessor's Parcel Numbers 275-0240-074 located at 2051 Evergreen Street, Sacramento, CA ("Subject Property") as depicted in the attached Exhibit A.

**2. PURCHASE PRICE.** The total purchase price for the Subject Property is \$175,000 (the "Purchase Price"). Upon execution of this Agreement, SacRT will open escrow with Fidelity National Title Company in Sacramento ("Escrow Holder") located at 1375 Exposition Blvd, Suite 240 Sacramento, CA 95815. Buyer will pay the entire purchase price in cash or in immediately available funds as set forth below. Buyer must provide proof of funds to purchase the Subject Property in cash or provide SacRT with sufficient evidence that funds will be available in time to close on the Subject Property at opening of Escrow. Buyer may provide SacRT with Financial Statements to demonstrate that sufficient funds are available to complete the purchase of the Subject Property.

**3. AS-IS CONDITION.** The Subject Property is sold to Buyer in its current "as-is" condition without any warranties or representations except those set out in Article 7 hereinbelow, and Buyer purchases the Subject Property subject to all encumbrances identified in the Preliminary Title Report, labeled and attached as Exhibit B of this Agreement. SacRT is entitled to collect any and all rents and license fees that may be derived from the Subject Property until the Close of Escrow.

**4. DUE DILIGENCE PERIOD.** Buyer will have 60 days ("Due Diligence Period") to enter upon the Property and investigate whether, in Buyer's sole discretion, the Property is suitable for Buyer's intended purpose.

The investigation on the Subject Property may include, without limitation, soil and subsoil conditions, wetland demarcations, environmental, engineering, surveys, land-use and planning, utility, asbestos, lead paint, and other studies. Any entry will be at Buyer's sole expense and risk (holding SacRT harmless from any claims for injury to person or property arising from Buyer's activities on the Subject Property), but will not constitute a taking of possession, and Buyer must return each test location to substantially its original condition. This investigation may also include dealing with governmental bodies with authority over the Property. If Buyer determines that the Property is not suitable, Buyer must provide written notice to Escrow within 5 days after the end of the Due Diligence Period and the transaction will be terminated and escrow will be closed.

During the Due Diligence Period Buyer will review compliance with all zoning, land use, Americans with Disabilities Act (ADA), California Title 24 and all other governmental regulations, laws, permits, and approvals that apply to the Subject Property. Buyer may also, if deemed necessary for Sacramento City Council approval, order an appraisal to determine the fair market value of the Subject Property.

**5. CLOSE OF ESCROW.** SacRT and Buyer will each deliver signed instructions to Escrow Holder at least three business days prior to close of escrow. The instructions will be consistent with the terms of this Agreement and any amendments. Prior to close of escrow, SacRT will provide Escrow Holder with a Seller's Affidavit of non-foreign status as required by the Internal Revenue Code Section 1445 and a Seller's Affidavit under California Revenue and Taxation Code Section 18662. Escrow will close within 90 calendar days after execution of this Agreement, unless otherwise agreed to in writing by SacRT and Buyer in compliance with Article 19 hereinbelow. All rents, real estate taxes and operating expenses will be prorated as of the closing date based on the best information available on the date of closing. All closing costs will be split equally between SacRT and Buyer.

If escrow does not close within 90 days (or the time specified in writing by SacRT and Buyer), either party may terminate this Agreement by providing writing notice to the other party of the termination.

SacRT must provide possession of the Subject Property at close of escrow, unless SacRT agrees, in writing, to provide possession to Buyer at an earlier date.

**6. TITLE.**

A. Fee. At close of Escrow, SacRT will convey all its interest in the Subject Property to Buyer by means of a duly executed and acknowledged grant deed. SacRT will provide Buyer with a copy of the grant deed within 30 days of execution of this Agreement. Because of the proximity of the Subject Property to SacRT's Light Rail Right of Way and the potential danger it poses to pedestrians, cyclists, and other individuals seeking to access to and from the Subject Property, the grant deed to be delivered to Buyer will contain a covenant requiring Buyer and subsequent purchasers to install and maintain a physical barrier impeding access to SacRT's Light Rail Right of Way from the Subject Property. SacRT's interest in the Subject Property will be insured by the Escrow Holder at SacRT's expense.

B. Clearance of Title.  
SacRT will:

1. Deliver to Buyer fee title, free and clear of all liens, encumbrances, assessments, easement, leases (recorded and/or unrecorded), and taxes, except:

a. Taxes for the tax year in which this escrow closes will be cleared and paid in the manner required by Section 5086 of the Revenue and Taxation Code, if unpaid at the time of close of escrow.

b. An assessment by the improvement district shown below:

Assessment (or Bond) No.: 1915 Act  
Series: AD #3  
District: SACRAMENTO AREA FLOOD CONTROL AGENCY  
CONSOLIDATED CAPITAL ASSESSMENT  
For: Flood Control  
Bond Issued: April 19, 2000

Said assessment is collected with County/City property taxes.

c. The lien of supplemental or escaped assessments of property taxes, if any, made pursuant to the provisions of Chapter 3.5 (commencing with Section 75) or Part 2, Chapter 3, Articles 3 and 4, respectively, of the Revenue and Taxation Code of the State of California as a result of the transfer of title to the vestee named in Schedule A or as a result of changes in ownership or new construction occurring prior to Date of Policy.

d. Any unpaid amounts now owing for municipal services, of record or not, amounts can be ascertained by contacting the following:

County of Sacramento at (916) 875-5555, and/or including:  
City of Sacramento at (916) 808-5454.  
City of Folsom at (916) 355-7200.  
City of Galt at (209) 366-7150.  
City of Elk Grove at (916) 478-3642  
City of Rancho Cordova at (916) 638-9000  
City of Isleton at (916) 777-7770  
City of Citrus Heights at (916) 725-2448, and for waste charges – Allied Waste at (916) 725-9060, and as required, fax requests to (916) 463-0297  
Sacramento Suburban Water District at (916) 972-7171

- e. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: Northern Electric Railway Co.

Purpose: Railroad Purposes

Recording Date: February 2, 1916

Recording No.: Book 417 of Deeds, Page 590, of Sacramento County Records

Affects: Parcel One

Granted to: Sacramento Municipal Utility District, a municipal utility district

Purpose: Electric Facilities

Recording Date: February 25, 1972

Recording No.: Book 770225, Page 941, of Official Records

Affects: Parcel One

Granted to: Sacramento Municipal Utility District, a municipal utility district

Purpose: Underground electrical facilities

Recording Date: June 8, 1978

Recording No.: Book 780608, Page 872, of Official Records

Affects: Parcel One

- f. Any rights of the parties in possession of a portion of, or all of, said Land, which rights are not disclosed by the public records.
2. SacRT and Buyer will each pay an equal one-half share of the Escrow fees incurred under this transaction. SacRT will pay for the cost of a CLTA policy of title insurance with liability equal to the final Purchase Price. Buyer will pay any additional costs for increased title insurance policies Buyer may, in its sole discretion, decide to purchase. SacRT will pay any applicable transfer taxes. Taxes will be prorated and adjusted as of midnight of the day before the date of Closing.
- C. Further Encumbrances. From the date this Agreement is fully executed by all parties hereto until the close of escrow or the date on which this Agreement otherwise terminates, SacRT may not further encumber the Subject Property in any manner, nor grant any property or contract right relating to the Subject Property without the prior written consent of Buyer.
- D. Brokerage Fees. Turton Commercial represents both SacRT and the Buyer. At Closing through escrow, SacRT will pay Turton Commercial Real Estate a real estate commission payment equal to 6% of the purchase price. SacRT and Buyer warrant that they have not dealt with any other broker in connection with this transaction, and each party, as to its own actions, agrees to indemnify and defend the other from all persons claiming fees or compensation in connection with this transaction in excess of the commission expressly described in this Article.
- E. Legal Fees. Buyer and SacRT will each be solely liable for their own legal fees associated with this transaction.

## **7. REPRESENTATIONS AND WARRANTIES.**

- A. SacRT hereby represent and warrant that to SacRT's knowledge, there are no contracts or agreements (including agreements with utilities, governmental authorities, or real estate brokers) nor any unrecorded legal or equitable interests in the Subject Property not disclosed in writing to Buyer.
- B. SacRT hereby represents and warrants to Buyer that to SacRT's knowledge, (1) there is no material violation of law caused by the condition of or operations on the Subject Property that has not been disclosed in writing to Buyer; (2) SacRT is in possession of the Subject Property and in material compliance with all required governmental permits, licenses, and approvals pertaining to the Subject Property and operations thereon; (3) there is no pending claim, lawsuit, agency proceeding, or other legal, quasi-legal, or administrative challenge which materially concerns the Subject Property, the operation of the Subject Property, or challenge is proposed or has been threatened by any person or entity that has not been disclosed in writing to Buyer.

- C. SacRT has made no representations to Buyer regarding the condition of the Subject Property except those made in writing to Buyer.
- D. SacRT is not a foreign person within the meaning of Internal Revenue Code Section 1445.

**8. HAZARDOUS MATERIAL DEFINED.** As used in this Agreement, the term "Hazardous Material" means any material or substance which is, or in sufficient quantities or concentrations may be, harmful to human health or the environment due to flammability, ignitability, toxicity, reactivity, or corrosiveness, and any other substance or material defined or designated as a hazardous or toxic substance, material or waste by any federal, state or local law, or environmental statute, regulation, or ordinance presently in effect or as amended or promulgated in the future and will include, without limitation: any and all toxic or hazardous substances, materials, or wastes subject to regulation, control, or remediation under any statute, ordinance, rule, regulations, order, judgment, decree, or requirement promulgated by any local, regional, state, or federal governmental agency, court, judicial or quasi-judicial body, or legislative body which relates to matters of the environment, health, industrial hygiene, or safety, including but not limited to, (1) defined as a "hazardous waste," or "extremely hazardous waste," or "restricted hazardous waste," or "hazardous substance," or "hazardous material," or "toxic material," or as "toxic substance," under the laws or regulations of the State of California; (2) petroleum and/or any petroleum by-products; (3) asbestos; (4) radon; (5) polychlorinated biphenyls; (6) pesticides; (7) materials defined as "hazardous substances," "hazardous materials," "toxic substances," or "solid wastes" under Section 9601(14) of the *Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA")* as amended by the *Superfund Amendments and Reauthorization Act of 1986 ("SARA")* (42 U.S.C. §9601 *et seq.*, as amended); (8) materials defined as "hazardous wastes" under section 6903 of the *Federal Resource Conservative and Recovery Act ("RCRA")* (42 U.S.C. §6901 *et seq.*); (9) materials defined as "hazardous substances" under section 1321(b)(2)(A) of the *Clean Water Act ("CAA")* (33 U.S.C. §1317); (10) materials defined as hazardous air pollutants or toxics under sections 7408, 7409, and 7412 of the *Clean Air Act* (42 U.S.C. §7401 *et seq.*); (11) materials listed chemical substances pursuant to the *Toxic Substance Control Act ("TSCA")* (15 U.S.C. §2601 *et seq.*); (12) materials regulated substances pursuant to the *Occupational Safety and Health Act ("OSHA")* (29 U.S.C. §651 *et seq.*; or (13) materials listed in the United States Department of Transportation Table (49 C.F.R. §172.101 and amendments thereto) or by the Environmental Protection Agency (or any successor agency) as hazardous substance (40 C.F.R. §122.2 §261.3, and Part 302 and amendments thereto), or by OSHA (29 C.F.R. §1910.1000 and any amendments thereto), and the regulations promulgated pursuant to such laws. The term "release" is defined in Section 9601(22) of *CERCLA* (42 U.S.C. §9601 *et seq.*).

**9. HAZARDOUS MATERIALS DISCLOSURE.** Within 10 business days after execution of this Agreement by all of the parties hereto, SacRT must disclose to Buyer in writing all information in SacRT's possession as of the date hereof materially relating to the presence of Hazardous Material (as defined above but only pertaining to the laws and regulations presently in effect) on or in the Subject Property including, but not limited to, the information listed below. SacRT's failure to provide such information in writing to Buyer will be deemed to be SacRT's certification that it have nothing to disclose.

- A. Information regarding the presence of Hazardous Materials located on or in the Subject Property, whether (1) contained in barrels, tanks, equipment (moveable or fixed) or other containers; (2) deposited or located in land, waters, sumps, or in any other part of the Subject Property; (3) incorporated into any structure on the Subject Property; or (4) otherwise existing thereon.
- B. Information regarding whether Seller or any third party have generated, stored, or disposed of any Hazardous Material on or in the Subject Property.
- C. Information regarding whether any material spills, discharges, releases, deposits, or emplacements of any Hazardous Materials have ever occurred on the Subject Property or on other property owned or leased by Seller that is adjacent to the Subject Property, and whether the Subject Property has ever been used as a landfill, dump, or disposal site.

**10. NOTICES.** All notices and other communications under this Agreement must be in writing and are 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 facsimile or email directed to the party to whom notice is to be given at the facsimile number or email address 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 must be directed to the parties at the addresses shown below and all notices must be

provided to Buyer by United States mail. A party may change its person designated to receive notice, its facsimile number, email address, or its mailing address from time to time by giving notice to the other party in accordance with the procedures set forth in this Article.

SacRT: Sacramento Regional Transit District  
Attn: Real Estate Administrator (Asset Management)  
PO Box 2110  
Sacramento CA 95812-2110  
Phone: (916) 556-0308  
Email: sfultz@sacrt.com

TO BUYER: City of Sacramento  
Attn: Fran Halbakken, Assistant City Manager  
Real Estate Services Section  
915 I Street 2<sup>nd</sup> Floor  
Sacramento CA 95816

**11. SURVIVAL.** The terms and conditions in this Agreement that represent continuing obligations and duties of the parties and that have not been satisfied prior to close of escrow (including, without limitation, all covenants, representations, warranties, and indemnities contained herein) will survive the close of escrow and recordation of the deed to Buyer and will continue to be binding on the respective obligated party in accordance with their terms.

**12. GOVERNING LAW.** This Agreement between the parties is entered into in the State of California and will be governed by and construed in accordance with the laws of the State of California.

**13. INTEGRATION.** This Agreement supersedes any prior written or oral agreement between the parties. The terms of this Agreement, together with Exhibits A and B attached hereto, are intended by SacRT and Buyer to contain the entire agreement between the parties and are a final expression of their agreement.

**14. ASSIGNMENT/BINDING EFFECT.** Buyer may not assign this Agreement without SacRT's prior written consent. This Agreement is binding upon and inure to the benefit of the respective heirs, personal representatives, successors in interest, and assigns of SacRT and Buyer. Notwithstanding the foregoing, in Buyer's sole discretion, any entity created by Buyer's principals for the purpose of taking title to the Property, or any entity wherein Buyer's current majority ownership interest owns or will own a majority interest in the resulting entity, may take title to the Subject Property without SacRT's written consent.

**15. COUNTERPARTS.** This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. SacRT will provide Buyer with a fully executed counterpart of this Agreement.

**16. RELATIONSHIP OF PARTIES.** Nothing in this Agreement will be deemed or construed by SacRT or Buyer to create a relationship of principal and agent, partnership, joint venture, or any other association between SacRT and Buyer.

**17. AUTHORITY.** By signing below, each signatory to this Agreement warrants and represents that: (1) they have the authority to bind the entity for which they have signed; and (2) this Agreement and all other documents delivered prior to or at close of escrow do not violate the provisions of any agreement to which Buyer (or any individual signing as Buyer) is a party or which affects the Subject Property including, without limitation, any partnership agreement.

**18. AMBIGUITIES.** SacRT and Buyer have carefully reviewed this Agreement and have agreed to each term of this Agreement. No ambiguity may be presumed to be construed against either party.

**19. MODIFICATION.** No waiver, alteration, modification, or termination of this Agreement will be valid unless made in writing and signed by the authorized parties thereof.



**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement the day and year first hereinabove written.

**CITY OF SACRAMENTO**

By: \_\_\_\_\_  
Howard Chan  
City Manager

Approved as to Content:

By: \_\_\_\_\_  
Hector Barron  
Public Works Director

Approved as to Legal Form:

By: \_\_\_\_\_  
City Attorney

Attested by;

By: \_\_\_\_\_  
City Clerk

**SACRAMENTO REGIONAL  
TRANSIT DISTRICT**

By: \_\_\_\_\_  
Henry Li  
General Manager/CEO

Approved as to Content:

By: \_\_\_\_\_  
Brent Bernegger  
VP of Finance/CFO

Approved as to Legal Form:

By: \_\_\_\_\_  
RT Attorney

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