



5.2

July 16, 1997

Redevelopment Agency of the
City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT GRAND AVENUE AND MARYSVILLE BOULEVARD ACQUISITION AND DEVELOPMENT

LOCATION AND COUNCIL DISTRICT Northwest Corner of Marysville Boulevard and Grand Avenue, District 2

RECOMMENDATION

Staff recommends adoption of the attached resolution authorizing the Executive Director to:

- ◆ establish just compensation and adopt a Resolution of Just Compensation for the Agency acquisition of the commercially-zoned property located at 3801 Marysville Boulevard.
- ◆ take all actions necessary for purchase of the subject property at just compensation.

CONTACT PERSONS John Dangberg, Director of Community Development, 440-1357
Mark Heckey, Associate Planner, 440-1399, x 1237

FOR COUNCIL MEETING OF July 29, 1997

SACRAMENTO HOUSING & REDEVELOPMENT AGENCY

Redevelopment Agency of the
City of Sacramento
July 16, 1997

SUMMARY

This report requests authorization of the attached resolution for the Executive Director to perform multiple actions related to the Grand Avenue/Marysville Boulevard commercial development site as follows:

- ◆ establish just compensation and authorize the purchase of the subject property (see Location Map, Attachment I and Assessor's Parcel Map, Attachment II);
- ◆ take all actions necessary to purchase the subject property at a price not substantially higher than just compensation;
- ◆ allocate tax increment funds for site acquisition and project planning costs.

REDEVELOPMENT AREA COMMITTEE (RAC) ACTION

The tax increment funding for the project was formally recommended for approval by the full RAC at its regular meeting of July 10, 1997. The RAC modified the staff request for \$90,579 in acquisition and related soft costs to an amount not to exceed \$85,000. They also requested that Agency staff contact Shell and make an effort to renegotiate the acquisition price below the agreed purchase price amount of \$75,000. Agency staff has contacted Shell Corporation with this request and is now awaiting a response.

The RAC votes were as follows:

AYES: Perlberger, Smith, Loree, Echols, Olivares, Short, and Colbus (7)

NOES: Moore, Mack (2)

ABSENT: Harrison, Vue, Thomas, and John (5)

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COMMISSION ACTION

At its regular meeting of July 16, 1997, the Sacramento Housing and Redevelopment Commission recommended approval of the attached resolution. The votes were as follows:

AYES: Amundson, Castello, Cespedes, Dobbins, Hoag, Newsome,
Rotz, Simon, Taylor, Harland
NOES: None
ABSENT: Holloway

BACKGROUND

Marysville Boulevard is the historic and existing major focus of retail and commercial land use for the Project Area. Marysville Boulevard is a key traffic arterial which links the neighborhood with Del Paso Boulevard and the Highway 160 connector into the Sacramento Central Business District. Revitalization of this key arterial is a foundation of redevelopment efforts under the current Del Paso Heights Redevelopment Plan and the 1994 Redevelopment Implementation Strategy.

Staff are in the early stages of developing an urban design framework and street beautification project followed by immediate implementation using proposed Del Paso Heights tax increments. The ultimate goal for the Marysville Boulevard Commercial Area is a complete economic rebirth of the area through the elimination of blighted vacant parcels, improvement of parking facilities and traffic circulation, enhancement of street lighting, improvement of pedestrian connections and crosswalks, creation of public landscaped areas, street beautification, expansion of existing businesses, and recruitment of new business. By comprehensively setting the stage for rehabilitation, new construction, and development, the Agency will place the commercial district in a more favorable position to compete for new retail development and commercial projects.

The key component of the Marysville Boulevard revitalization strategy is the intersection of Marysville Boulevard and Grand Avenue. This location contains the greatest concentration of existing retail businesses and services as well as potential for parcel consolidation for new development. The Agency has already funded commercial rehabilitation and storefront facade improvements adjacent to this location. The acquisition of the site will secure a key parcel for future retail expansion and provide parking, lighting, and landscaping improvements at this vital intersection.

The subject parcel, which was formerly occupied by a Shell Corporation gas station, is vacant. In the late 1980's, Shell found the property to be an unprofitable operation and closed the station.

SACRAMENTO HOUSING & REDEVELOPMENT AGENCY

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Eventually the gas station was demolished, leaving a vacant, unimproved site on the southerly portion of the Market Basket shopping complex, located at the northwest corner of Marysville Boulevard and Grand Avenue. This vacant parcel has added to the growing inventory of blighted vacant lots along Marysville Boulevard.

The acquisition of the site will provide for a future development opportunity. The most desirable use, of course, would be an anchor retail use due to the strategic location at Grand Avenue and Marysville Boulevard. However, the site is constrained due to its relatively small size at approximately 3/4 of an acre. In the event the site cannot support a stand-alone retail building with parking, other alternatives will be pursued including expansion and reorientation of adjacent retail or beautifying the subject parcel with landscaping, street trees, and paved parking areas to help support nearby businesses such as Lee's Fish Market, the Market Basket grocery store, the Del Paso Heights Post Office, and Rainbow Market. An informal parking analysis indicated that surrounding businesses are "underparked" by at least 30 per cent and further, that available parking was rendered dysfunctional from past widening of Marysville Boulevard.

Negotiated Sale/Bid at Public Auction

In 1995, Shell Corporation began conventional efforts to dispose of the property on the open market. Shell received no offers and in late 1996 decided to auction the subject property in a nationwide disposition program of surplus gas station sites. Shell has completed all toxic remediation on the site as evidenced by the attached County of Sacramento EMD clearance letter (see Attachment III). In the first round of the auction, Shell received no offers at the minimum bid price of \$126,000. Shell authorized a second round of the auction and set no minimum bid requirement. In February, 1997, the Agency submitted a contingent purchase offer of \$75,000 that was acceptable to Shell Corporation. Subsequently, the Agency executed a contract with Shell Corporation, contingent upon receiving governing board approval of the transaction. The purchase price is approximately \$2.25 per square foot. Comparable retail land sales in the area range from \$2.00 per square foot to \$4.00 per square foot.

FINANCIAL CONSIDERATIONS

The project budget estimate is broken down into three main components: land acquisition (\$75,000), escrow expenses (\$2,000) and planning and project design expenses (\$8,000). The actions recommended in this report will be funded from currently available Del Paso Heights tax increment funds. Total project costs including land acquisition, escrow fees, legal fees, and planning costs shall not exceed \$85,000.

Funds will be transferred from the Altos Avenue Improvement Project, Del Paso Heights Street Improvements #9 Project to the Grand Avenue/Marysville Boulevard Revitalization Project account.

SACRAMENTO HOUSING & REDEVELOPMENT AGENCY

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POLICY CONSIDERATIONS

The actions proposed in the staff report are consistent with the economic development goals of the Del Paso Heights Redevelopment Plan and past Del Paso Heights revitalization strategies.

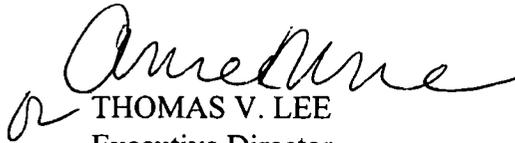
ENVIRONMENTAL REVIEW

The proposed actions authorized in this report are in furtherance of the Del Paso Heights Redevelopment Plan, as amended. Per CEQA Guidelines Sections 15180, 15162 and 15163, acquisition of parcels for consolidation and development, and actions to encourage redevelopment in a redevelopment area were deemed approved at the time of adoption of the redevelopment plan. The proposed actions do not commit the Agency to a definite course of action since they are expressly made contingent on CEQA compliance prior to approval of a purchase contract or City entitlement per Agency and City environmental procedures (Stand Tall on Principals v. Shasta Union High School District (3rd. Dist. 1991)235 Cal.App.3d772[1 Cal.Rptr.2d107]). No further environmental documentation is required at this time. NEPA does not apply.

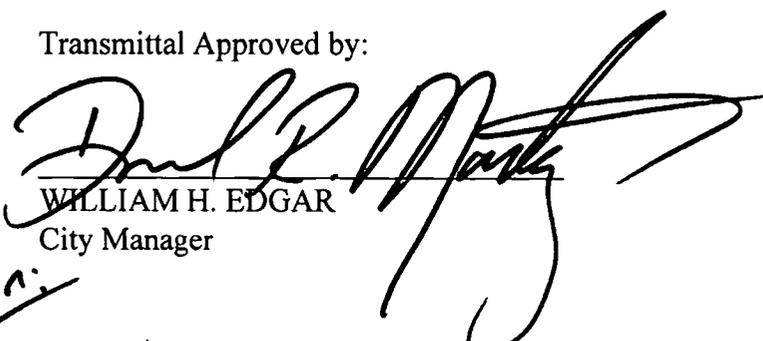
M/WBE CONSIDERATIONS

The Agency's M/WBE policy will apply to the future construction contracts proposed in the implementation phase of development of this site. In future development of the site, the Agency will work closely with the Construction Training Program, local contractors, and the UC Davis/HUD YE'ES grant program to ensure that construction and employment training opportunities are maximized for Del Paso Heights and local area residents.

Respectfully submitted by,


THOMAS V. LEE
Executive Director

Transmittal Approved by:


WILLIAM H. EDGAR
City Manager

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RESOLUTION NO. 97-029

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF _____

DETERMINATION OF JUST COMPENSATION AND ACQUISITION OF PROPERTY AT 3801 MARYSVILLE BOULEVARD

WHEREAS, the real property located at 3801 Marysville Boulevard (APN 251-0084-018) (the Property) was advertised by the owner for sale pursuant to public auction with no set minimum bid; and

WHEREAS, Agency staff presented the owner with an offer to purchase the Property for \$75,000, contingent upon approval by this body.

NOW, THEREFORE, BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO:

Section 1. It is hereby determined that \$75,000 is just compensation for the Property.

Section 2. The Executive Director is hereby authorized to purchase the real property located at 3801 Marysville Boulevard (APN 251-0084-018) at a purchase price of \$75,000. The Executive Director is further authorized to take all necessary action and execute all necessary documents to complete the acquisition of the Property.

Section 3. The budget is hereby amended to transfer funds in the amount of \$90,199 from the Altos Avenue Improvement Project and \$380 from the Del Paso Heights Street Improvement Project, to the Grand Avenue/Marysville Boulevard Revitalization Project.

CHAIR

ATTEST:

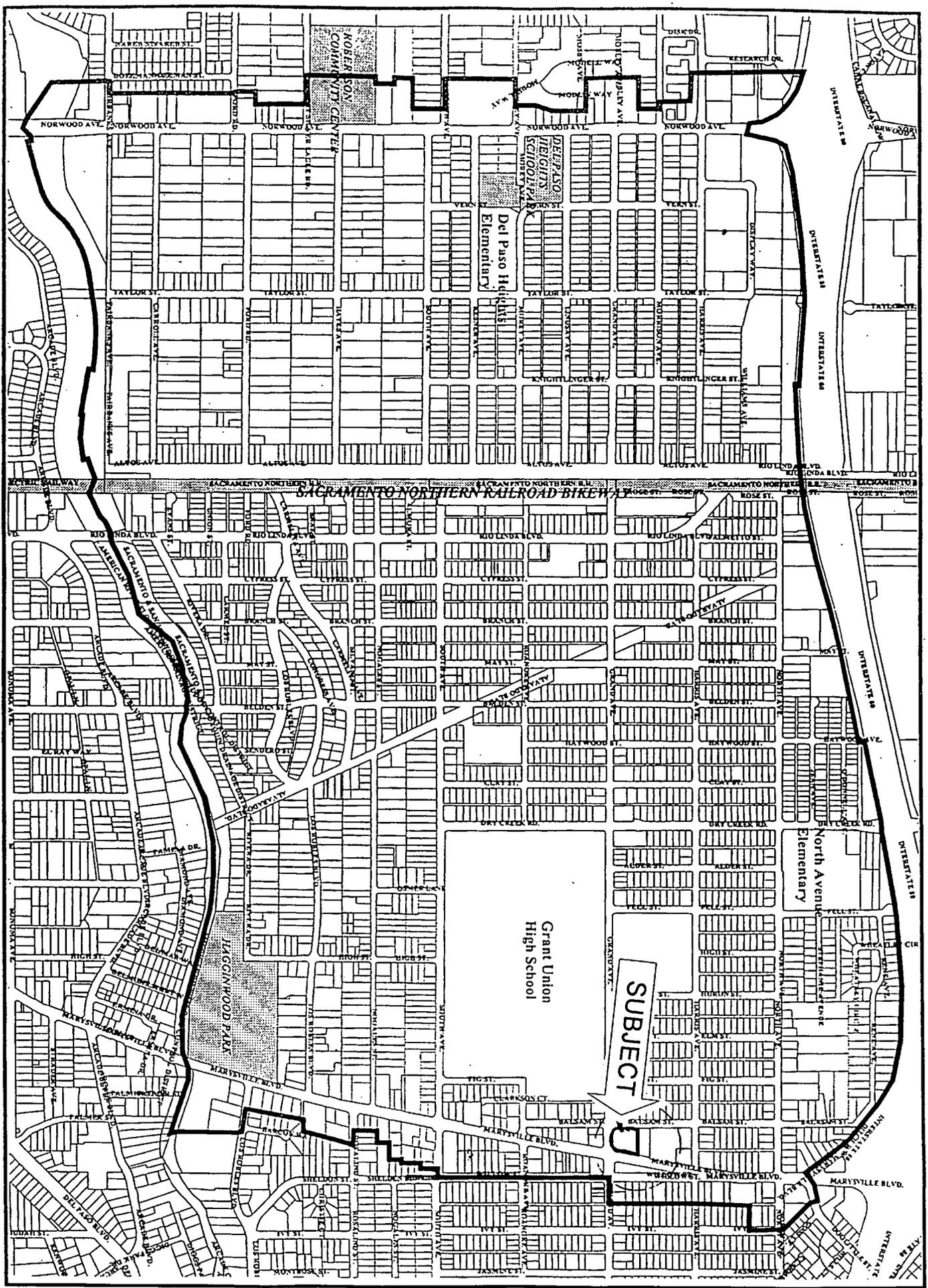
SECRETARY

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

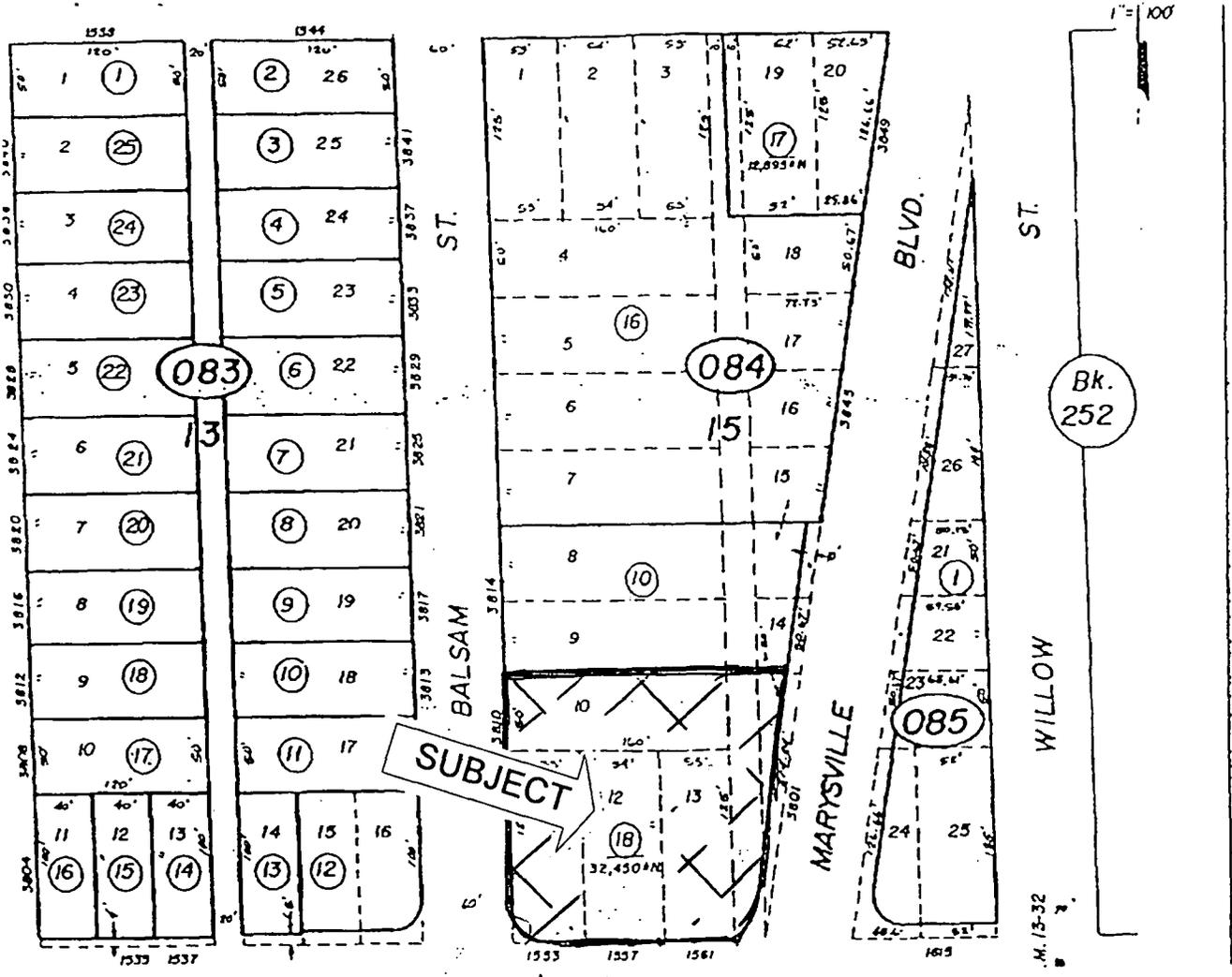
DATE ADOPTED: _____

Del Paso Heights Redevelopment Project Boundary Map



ATTACHMENT I

0.1 0 0.1 0.2 Miles



City of Sacramento

All of Lots 10, 11, 12 and 13, the Southerly portion of Lot 14 and all that portion of the abandoned alley lying between said Lots 13 and 14, Block 15, as shown on the "Plat of East Del Paso Heights", Recorded in the office of the County Recorder of Sacramento County, August 8, 1912 in Book 13 of Maps, Map No. 32, more particularly described as follows:

Beginning at the Southeast corner of said Lot 13, said corner being the point of intersection of the Northerly line of Grand Avenue and the Westerly line of said abandoned alley; thence, along the Northerly line of said Grand Avenue, South 89° 02' 30" West 160 feet to the Southwest corner of said Lot 11; thence, along the West line of said Lots 11 and 10, North 01° 42' West 175 feet to the Northwest corner of said Lot 10; thence, along the North line of said Lot 10, North 89° 02' 30" East 160 feet to the Northeast corner thereof and a point in the Westerly line of said abandoned alley; thence continuing North 89° 02' 30" East 46.60 feet along the North line of said Lot 10 projected and across Lot 14 to a point in the Westerly line of Marysville Road; thence, along the Westerly line of Marysville Road, South 08° 22' West 152.16 to a point common to the Southerly corner of said Lot 14 and the intersection of Marysville Road and the above mentioned alley; thence across said alley South 37° 26' West 31.69 feet to the point of beginning.



COUNTY OF SACRAMENTO

ENVIRONMENTAL MANAGEMENT DEPARTMENT

NORMAN D. COVELL, DIRECTOR

HAZARDOUS MATERIALS DIVISION

Mel Knight, Chief

November 5, 1991

RECEIVED

NOV 13 1991

ENVIRO BAY AREA

Jack Brastad
Shell Oil Company
1390 Willow Pass Road
Concord, CA 94520-9998

SUBJECT: SHELL SERVICE STATION REMEDIATION 3801 MARYSVILLE BLVD.

Dear Mr. Brastad:

This letter confirms the completion of site investigation at the above site. With the provision that the information provided to the Sacramento County Hazardous Materials Division was accurate and representative of existing conditions, it is our position that no further action is required at this time.

Please be advised that this letter does not relieve you of any liability under the California Health and Safety Code or Water Code for past, present, or future operations at the site. Nor does it relieve you of the responsibility to clean up existing, additional or previously unidentified conditions at the site which cause or threaten to cause pollution or nuisance or otherwise pose a threat to water quality or public health.

Additionally, be advised that changes in the present or proposed use of the site may require further site characterization and mitigation activity. It is the property owner's responsibility to notify this agency of any changes in report content, future contamination findings, or site usage.

If you have any questions regarding this matter, please contact me at (916) 386-6162.

Sincerely,

W. CRAIG MCCOY
W. Craig McCoy
Hazardous Materials Specialist

WCM:kp