



**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



10

January 10, 1989

Budget and Finance Committee
of the City Council
Sacramento, CA

Honorable Members in Session:

SUBJECT: Priorities for Oak Park Tax Increment Funds and Use
of Tax Increment Funds for School Construction

SUMMARY

The attached report is submitted to you for review and recommendation prior to consideration by the Redevelopment Agency of the City of Sacramento.

RECOMMENDATION

The staff recommends approval of the attached resolution approving the use of funds.

Respectfully submitted,


WILLIAM H. EDGAR
Executive Director

TRANSMITTAL TO COMMITTEE:


JACK R. CRIST
Deputy City Manager

Attachment



SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY



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January 9, 1988

Redevelopment Agency of the
City of Sacramento
Sacramento, California

SUBJECT: Priorities for Oak Park Tax Increment Funds and Use
of Tax Increment Funds for School Construction

Honorable Members in Session:

SUMMARY

Contained in this report is a review of the Agency's Oak Park Redevelopment Area funding priorities which preclude the use of Oak Park tax increment funds for an Oak Park elementary school.

This report regards the funding for the construction of Oak Park elementary school.

BACKGROUND

As you may be aware there is strong community support for construction of an elementary school in Oak Park. This support includes the Oak Park Project Area Committee (PAC), Oak Park Business Association and the Oak Park Neighborhood Improvement Association. Currently, four hundred school children in Oak Park walk and/or are transported to four (4) elementary schools outside the Oak Park area. The Sacramento City Unified School District approached the City and the Sacramento Housing and Redevelopment Agency in 1986 to discuss the availability sites in the Oak Park Redevelopment Project Area for the construction of a new elementary school.

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At that time, the Donner School Site and the Oak Park Community Center Park Site were identified by the City and the Agency as possible sites for a new elementary school. The School District was encouraged by the City and the Agency to give preference to the Oak Park Community Center Site because this parcel is: 1) larger, (approximately 10 acres), 2) centrally located in the Oak Park Project Area and, 3) would allow construction adjacent to the existing Oak Park Community Center, tot lot, fire station, and newly constructed Oak Park Child Care Center at this location. The Community Center site is owned by the City of Sacramento. The School District and the Oak Park Project Area Committee (PAC) concurred with the joint City/Agency's recommendation at that time. Parcel and location maps of this site are attached as Exhibits A and B.

Over the last several months the City Department of Parks and Community Services staff has met with school district representatives to discuss the terms of a land transfer to accomodate a school at the Oak Park Community Center site. As a result, Parks and Community Services developed a staff report to the City Council with the initial terms of a land lease for the subject property. This staff report was presented to the City Council on November 15, 1988. At that meeting Council voted to authorize the City to negotiate a lease with the School District. Suggested terms include the following.

- a) City will have full access to and use of school facilities during non-school hours.
- b) The land and any improvements will revert back to the City if the primary use is other than for an elementary school.
- c) The lease will become void if construction does not begin or is not completed within an agreed timeframe.
- d) Layout and design will be subject to review and approval by the City.
- e) The school district will be responsible for obtaining funding for all construction, public improvements, and related infrastructure costs.
- f) The school district will be responsible for the upkeep and maintenance of the facilities and surrounding areas.
- g) The school district will pay for any applicable taxes, assessments and utility costs.

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Utilization of Oak Park Tax Increment Funds

The Agency was formally approached by the Sacramento City Unified School District to participate financially in the construction of the elementary school via the attached letter dated September 26, 1988 (Exhibit C). The School District requests \$1.8 million in assistance from the Agency and proposed to provide an additional \$1.8 million from developer fees collected by the School District.

The Agency is faced with several alternatives in regard to assisting the Sacramento Unified School District in funding the construction of an elementary school. These options include:

- 1) Funding of all or a significant portion of school construction costs with Oak Park tax increment funds.
- 2) Funding of some infrastructure, landscaping or play structure cost.
- 3) Provide no financial assistance to the school construction.

Because alternative #1 or #2 require the elimination of some or all of the already prioritized Oak Park redevelopment projects staff recommends that the School District request for funds be denied at this time.

Oak Park Budget Review

The priorities of the Agency in the Oak Park Redevelopment Project Area per the Redevelopment Plan (1985) are in the areas of economic development, housing, and infrastructure. A complete listing of funds available and the projects/programs to which they are allocated is included as Exhibit D. Of the cost centers summarized in Attachment A, the Oak Park Development Assistance Program is the only unencumbered source of funds potentially available to finance school construction. Please note that additional funds available for housing development are required by State redevelopment law to be spent for that purpose only. Unencumbered funds available in the Development Assistance Program currently total approximately \$1.5 million. Priorities for these Developer Assistance funds have been established via a staff report which was adopted by the Redevelopment Agency on December 7, 1987. The key locations prioritized for funding from the Oak Park Developer Assistance Program are:

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- 1) The northwest corner of Broadway/Stockton Boulevard for a shopping center/grocery store complex. This is a highly visible development site for enhancing the image of the Oak Park Redevelopment Project Area. (Agency funding for the project may be required, however, due to gasoline contamination of groundwater beneath the site the Agency is required to decontaminate the site, in any event.
- 2) The commercial development centered around the key intersection of 35th Street and Broadway is of high priority due to the site's architectural significance and location at the heart of the Oak Park Redevelopment Area. Adjacent to the key location at 35th and Broadway is the Made Rite Meat Company building which is undergoing rehabilitation by a local developer.
- 3) The southeast corner of Sacramento Boulevard and Broadway, consisting of a combination of publicly and privately owned parcels, is a third key site for future development. Once sites 1 and 2 are developed the market potential of this location will greatly increase.
- 4) In all of the above projects parking is a barrier to commercial development. Additional strategies to develop parking are needed because most of potential commercial development sites are not large enough to accommodate the parking spaces required by the zoning ordinance.

While the specific development assistance required by each of these projects has not been determined, it is evident that together these priorities will require much more than the \$1.5 million currently available. If the Agency is to continue to focus on the commercial revitalization of Oak Park, it is most appropriate that these funds be used to attract strong developers and investors to the area at the key locations listed above.

FINANCIAL DATA

The cost to construct an elementary school at the Oak Park Community Center site is estimated to be \$3.6 million. Allocation of up to \$1.5 million in Oak Park tax increment funds are available to assist this project from the Oak Park Developer Assistance Program. However, allocation of these funds would preclude realization of all key commercial redevelopment projects targeted for the Oak Park Redevelopment Project Area as summarized in this report.

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The recommendation made does not alter the 1989 Budget as approved by the Commission on December 5, 1988.

POLICY IMPLICATIONS

While the use of Oak Park tax increment funds for the construction of an elementary school in Oak Park is allowed under redevelopment law, this use is inconsistent with the Oak Park Redevelopment Plan objectives and the Broadway and Stockton Boulevard Commercial Revitalization Plans.

VOTE AND RECOMMENDATION OF THE OAK PARK PROJECT AREA COMMITTEE (PAC)

At the regular meeting of the Oak Park Project Area Committee on November 2, 1988 the members voted unanimously to recommend that Oak Park Tax Increment Funds not be used for school construction. This recommendation was based on community testimony gathered at a community forum held by the PAC and the Oak Park Neighborhood Improvement School Committee.

VOTE AND RECOMMENDATION OF THE COMMISSION

At its meeting of January 9, 1988, the Sacramento Housing and Redevelopment Commission adopted a motion recommending adoption of the attached resolution. The votes were as follows:

AYES:

NOES:

ABSENT:

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STAFF RECOMMENDATION

Staff recommends that Oak Park Tax Increment Funds continue to be reserved for the economic development priorities as stipulated in this report.

Sincerely,


WILLIAM H. EDGAR
Executive Director

TRANSMITTAL TO COUNCIL

WALTER J. SLIPE
City Manager

Contact Person: Anne Moore - 440-1315

0251Q

RESOLUTION NO.

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF

DISAPPROVAL OF USE OF OAK PARK TAX INCREMENT FUNDS FOR
CONSTRUCTION OF AN ELEMENTARY SCHOOL IN OAK PARK

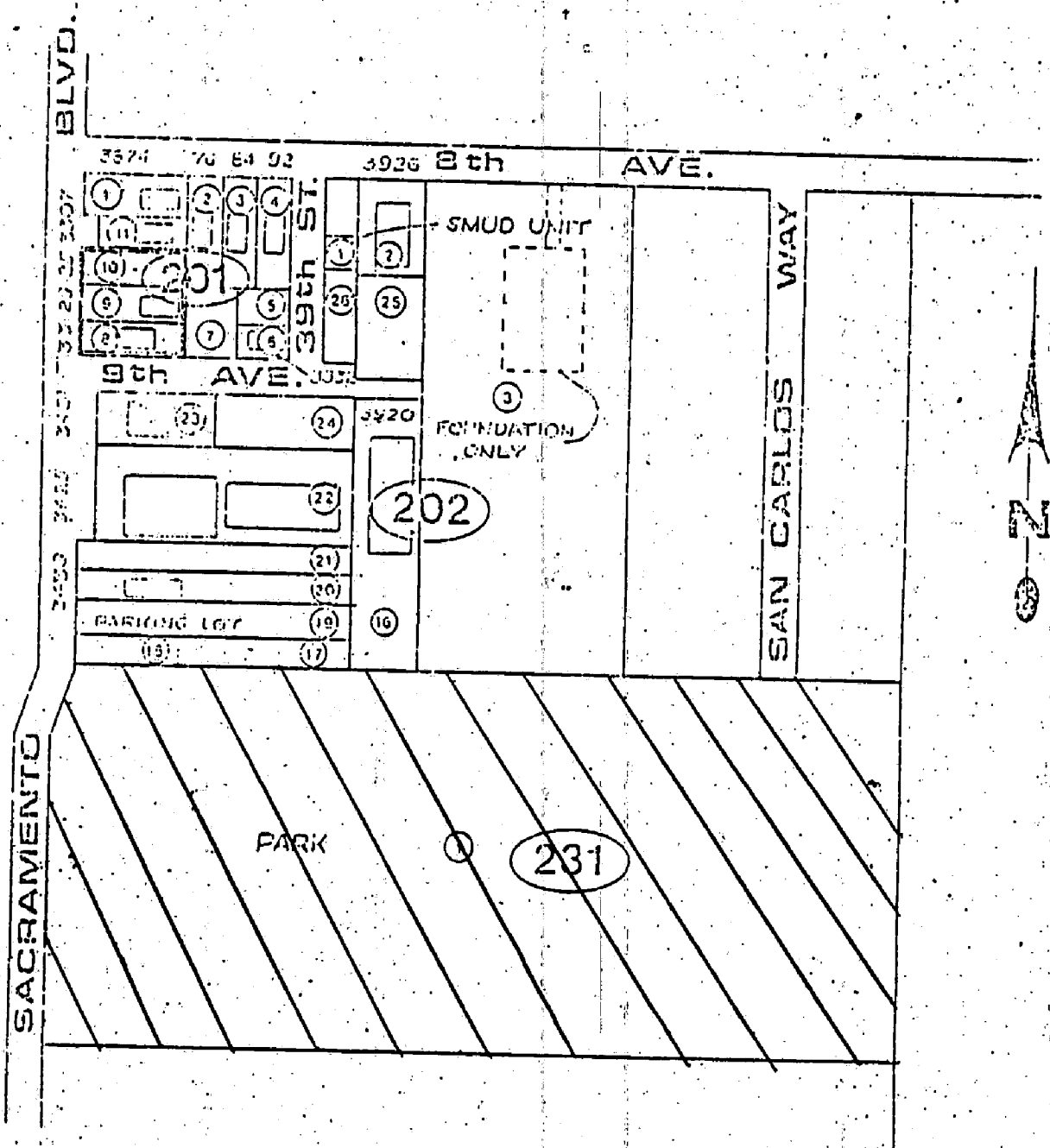
BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY
OF SACRAMENTO:

Section 1: The Oak Park Tax Increment Funds which have
been designated for Developer Assistance shall not be used for
the construction of an elementary school in the Oak Park
Redevelopment Project Area.

CHAIR

ATTEST:

SECRETARY



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FOR CONTINUATION SEE MAP 52

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FOR CONTINUATION SEE MAP 53

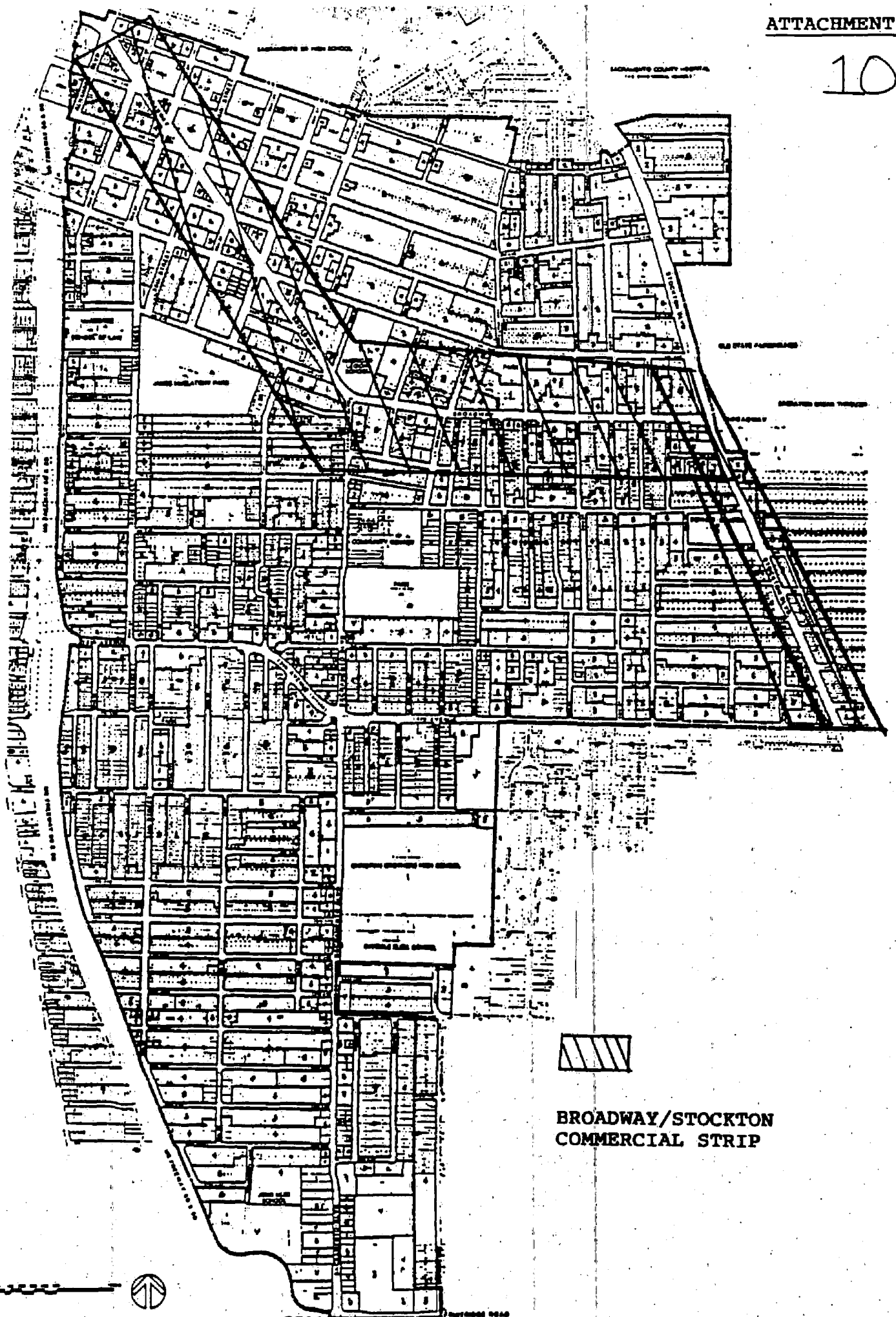


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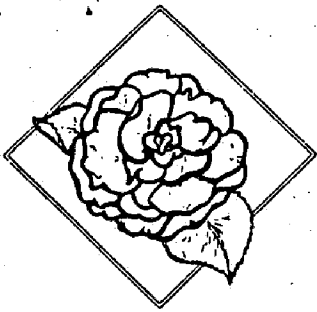
FOR CONTINUATION SEE MAP

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**BROADWAY/STOCKTON
COMMERCIAL STRIP**





Sacramento City Unified School District

1619 N Street • Sacramento, California • 95814

Dr. Keith T. Larick, Superintendent

Lyle E. Eickert, Associate Superintendent, Business Services
(916) 454-8147

Received in E.D.'s Office

SEP 27 1988

SACRAMENTO HOUSING AND
REDEVELOPMENT AGENCY

September 26, 1988

Mr. William A. Edgar, Executive Director
Sacramento Housing and Redevelopment Agency
P.O. Box 1834
Sacramento, California 95812-1834

Dear Mr. Edgar:

This letter is a partial response to your letter of September 7, 1988 to Dr. Keith T. Larick and in conjunction with Dr. Larick's response of September 19, 1988.

You have asked for the following data:

1. Estimated total cost of construction of the Oak Park school:

\$3,600,000

2. Estimated amount of Agency funding requested by the school district:

\$1,800,000

3. Estimated amount of other funding sources:

A. City proposal to lease approximately six acres to school district for 50 years at minimal cost.

B. School district - \$1,800,000.

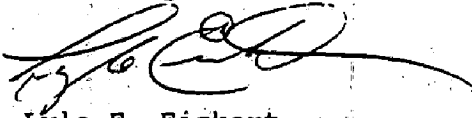
4. Preliminary time table for construction of the project:

Designation of architect, bid letting, and construction to begin immediately after resolution of funding.

Mr. William A. Edgar
September 26, 1988
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Please let me know if any additional information is needed.

Sincerely,



Lyle E. Eickert
Associate Superintendent
Business Services

LEE:pg

cc: Dr. Keith T. Larick
Mr. Mikos Fabersunne
Councilman Joe Serna
Ms. Patricia Dansby
Assemblyman Lloyd Connelly
Reverend Ronald Zoesch

OAK PARK
TAX INCREMENT FUNDS

DESCRIPTION/COST CENTER	BALANCE 5/88	COMMENTS AND ENCUMBRANCES
A. CAPITAL PROJECTS		
1. 35th Street/4th Avenue Acquisition (A00704)	7,986	Unallocated funds programmed for acquisition appraisals, fees etc.
2. Developer Assistance	1,575,560	Available for 35th & Broadway and Springers site.
3. Oak Park Commercial Loans & Grants (A00731, A00735 & A00703)	806,009	Pending applications not deducted from total balance (Commitments totalling \$803,000 have been made).
4. Oak Park Acquisition (A00791)	57,885	Unallocated fund to be transferred to Developers Assistance.
TOTAL CAPITAL PROJECTS	2,447,440	
B. LOW-MODERATE HOUSING SET ASIDE		
1. Oak Park Housing Development (A00790)	1,230,504	PAC is reviewing development alternatives for pilot homeownership program and a Self-Help Housing Program.
GRAND TOTAL	3,677,944	