



5.1

August 5, 1998

APPROVED
BY THE CITY COUNCIL

AUG 18 1998

OFFICE OF THE
CITY CLERK

Redevelopment Agency of the
City of Sacramento
Sacramento, California

Honorable Members in Session:

**SUBJECT: DISPOSITION AND DEVELOPMENT AGREEMENT FOR
VISION DEVELOPMENT/SETA HEAD START CHILD- CARE
FACILITY PROJECT, REQUEST FOR \$100,000 LOAN AND
AGENCY SITE DONATION UNDER HEALTH AND SAFETY
CODE SECTION 33433 REPORT. [PUBLIC HEARING]**

RECOMMENDATION

Staff recommends that the Redevelopment Agency of the City of Sacramento approve the attached resolution which:

- Approves Agency land disposition Section 33433 report justifying the disposition of Agency-owned property for less than its acquisition cost;
- Authorizes the Executive Director to enter into a Disposition and Development Agreement (DDA) and related documents with Vision Development Group for the construction of an 8,000 square foot child care and job training facility on the Agency owned site located at the southwest corner of Marysville Boulevard and Nogales Street;
- Approves budget transfer of \$100,000 from the Developer Assistance Account as a subordinated loan to the Vision Development/SETA Head Start Child Care Facility project account;

CONTACT PERSONS

John Dangberg, Director, Community Development 440-1333
Mark Heckey, Associate Planner (440-1399 X 1237)

jdangberg@SHRA.org

FOR COUNCIL MEETING OF

August 18, 1998

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
City of Sacramento
August 5, 1998
Page (2)

SUMMARY

This report recommends authorization for the Agency to make a \$100,00 loan from Del Paso Heights Redevelopment Area Tax Increment funds, donate a one acre site at Marysville Boulevard and Nogales Streets, and enter into Disposition and Development Agreement with Vision Development to construct a child care and job training facility. The donation of land also requires the submission of a Disposition Report (Section 33433) under California Community Redevelopment Law.

RAC ACTION

At its regular meeting of May 14, 1998, the Redevelopment Advisory Committee (RAC) of Del Paso Heights did not have a quorum present for consideration of this item. Therefore, the RAC did not take any action. However, five of the individuals present expressed support of Staff's recommendations.

AYES: Echols, Mack, Olivares, Short, and Smith

NOES: None

ABSENT: Whitaker, Velez-Balay, Vue, Moore, Ahkioug, Bolden, Loree, Perlberger, and Barnes

COMMISSION ACTION

At its meeting of August 5, 1998, the Sacramento Housing and Redevelopment Commission voted to move the staff recommendation forward to the Redevelopment Agency if the Del Paso Heights RAC can meet and reconsider this item within the next 10 days (or by August 15). If the RAC vote is favorable, the staff report will continue as scheduled to the Agency. If the RAC vote is negative, the item will return to the Commission; if no meeting takes place, the item will continue as scheduled.

AYES: Amundson, Castello, Cespedes, Dobbins, Harland, Hoag, Holloway, Newsome, Rotz, and Simon

NOES: None

ABSENT: Taylor

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
City of Sacramento
August 5, 1998
Page (3)

TABLE OF CONTENTS	PAGE
BACKGROUND.....	3
FINANCIAL CONSIDERATIONS.....	4
POLICY CONSIDERATIONS.....	4
ENVIRONMENTAL REVIEW.....	5
M/WBE CONSIDERATIONS.....	6
RESOLUTIONS.....	7
ATTACHMENT I.....	10
ATTACHMENT II.....	11
ATTACHMENT III.....	12
ATTACHMENT IV.....	13
ATTACHMENT V.....	14
ATTACHMENT VI.....	18

BACKGROUND

Project Description

Vision Development Group, a joint venture partnership composed of Ken Knoll, Edmundo Lopez, Zack Gonzales, and Joseph Solareno, submitted a proposal for a child care/job training facility consists of approximately 8,000 square feet of commercial building space in a one-story building. This building will be located on approximately one acre of land located at the southwest corner of Marysville Boulevard and Nogales Street owned by the Agency (See Location Map Attachment I and Parcelization Plan Attachment II.) Off street parking, new lighting, and new landscaped public plaza areas will be provided in conjunction with the development. The building architecture will be California Mission Revival, following the historic influences of Grant High School and the recently completed Kinney Police Substation. (See Site Plan and Concept Elevation, Attachment III and IV)

The committed tenant for the project is SETA/Head Start (See Attachment V, Commitment Letters). Services to be provided from this location include job training, counseling, child care, business planning, and welfare to work programs.

The project carries many public benefits including:

- *Job creation and local business development*
- *Welfare to Work Program elements*
- *Elimination of a blighted vacant lot and a dilapidated structure*
- *Enhanced public spaces and public improvements*

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
City of Sacramento
August 5, 1998
Page (4)

Project Site

The Agency currently owns a vacant 1.5-acre site at the intersection of Marysville Boulevard and Nogales Street, which would accommodate the project. The Developers are seeking a lot line adjustment to create a +/- 1.0-acre site for their project's needs. This parcel reconfiguration will create a remaining piece of one-half acre, which will be retained by the Agency for future development.

FINANCIAL CONSIDERATIONS

Sources of Funding

Private Construction Loan	\$ 478,000 (74%)
SHRA Loan.(2nd)	\$ 100,000 (16%)
Developer Cash	\$ 64,000 (10%)
TOTAL SOURCES	\$ 642,000 (\$80/SF)

Uses of Funding

Land/Demolition	\$ 20,000 (3%)
Building Hard Cost	\$ 475,000 (74%)
Plans/Const Permits	\$ 50,000 (8%)
Development Fees	\$ 37,000 (6%)
Contingency	\$ 60,000 (9%)
TOTAL COST	\$ 642,000 (\$80/SF)

Source of funding is Del Paso Heights Tax Increment funds in the amount of \$100,000 will be transferred from the Developers Assistance Project Account. Pursuant to state redevelopment law a Section 33433 report justifying the sale of the land at the recommended cost has been prepared and is included as Attachment VI.

POLICY CONSIDERATIONS

The actions proposed are consistent with the newly adopted Marysville Boulevard Urban Design Plan and the Del Paso Heights Redevelopment Plan. It also is compatible with the AB 1290 Implementation Strategy for the area.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
City of Sacramento
August 5, 1998
Page (5)

ENVIRONMENTAL REVIEW/ZONING/ENTITLEMENT

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, disposition of parcels for development, and actions to encourage redevelopment in a redevelopment area were deemed approved at the time of adoption of the redevelopment plan. Per sections 15162 and 15163, supplemental or subsequent environmental documentation is required only where the new information involves "substantial changes ... in the project which will require major revisions of the previous EIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects;" "substantial changes occur with respect to the circumstances under which the project is undertaken;" or "new information of substantial importance" is uncovered.

The Agency completed site-specific environmental review and approvals for a commercial project on this site in February 1997 (Mitigated Negative Declaration, P96-097). The project originally included a 4,000 square foot drive-through restaurant, an 11,500 square foot retail strip mall and 77 parking spaces on 1.49 acres, with California Mission Revival architecture. Significant noise and traffic issues were addressed in a Mitigation Monitoring plan, with requirements for an 8 foot masonry wall and a new alignment of the Marysville Boulevard driveway access across from Rosalind Street.

The proposed Vision Development/SETA Head Start Project is an allowable use on this parcel, and is consistent with General Plan, Community Plan, and Zoning designations. The project is also consistent with the Del Paso Heights Redevelopment Implementation Plan. The development will provide an enclosed outdoor play yard area with commercial playground equipment. A paved off-street parking lot area, landscaped areas, and an entrance plaza will be constructed in conjunction with the development per City of Sacramento design standards. The proposed architectural treatment will be California Mission Revival. (Similar to the Kinney Police Facility)

A key issue for the original retail project was traffic. The proposed use as a child care center will produce significantly less traffic than originally approved for the site.

The project requires a 6 to 8 foot masonry wall to mitigate noise impacts. This wall is required for commercial development, and to buffer the proposed playground from adjacent residential uses to the west.

The proposed child development center is consistent with previous approvals and within the scope of previous site-specific environmental review. No further environmental review is required for approval of the DDA. NEPA does not apply.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the

City of Sacramento

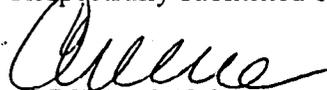
August 5, 1998

Page (6)

M/WBE

The development company and their general contractor are minority owned firms and will comply with all Agency goals and policies for special efforts for local hire and the employment of minority and woman owned firms. The Agency's M/WBE requirements will be incorporated in the DDA.

Respectfully submitted by,



ANNE M. MOORE

Acting Executive Director

Transmittal approved by:



WILLIAM H. EDGAR

City Manager



RESOLUTION NO. 48-035

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF _____

**MARYSVILLE BOULEVARD-NOGALES STREET SITE:
DISPOSITION AND DEVELOPMENT AGREEMENT AND RELATED
AGREEMENTS WITH VISION DEVELOPMENT GROUP;
HEALTH AND SAFETY CODE SECTION 33433 REPORT; AND CERTAIN
FINDINGS IN CONNECTION THEREWITH;
(DEL PASO HEIGHTS REDEVELOPMENT AREA)**

WHEREAS, the Redevelopment Agency of the City of Sacramento (Agency) and Vision Development Group (Developer) propose to enter into a disposition and development agreement (DDA) and related agreements pursuant to which the Agency will transfer the property at SW Marysville Boulevard and Nogales Street (Property) in the Del Paso Heights Redevelopment Project Area, to Developer and Developer will develop a child development center;

WHEREAS, pursuant to Health and Safety Code Section 33433, the Agency is authorized, with the majority approval of the City Council after public hearing, to sell the Property for redevelopment purposes pursuant to the Del Paso Heights Redevelopment Plan upon a determination by the City Council that the sale of the Property:

- a. will assist in the elimination of blight;
- b. is consistent with the Implementation Plan for the Redevelopment Plan; and
- c. the consideration for such sale is not less than the fair reuse value in accordance with the covenants and conditions governing the sale and development costs thereof;

WHEREAS, a public hearing of the Agency on the proposed DDA was duly noticed and held in accordance with the requirements of the Health and Safety Code Section 33433, and at that hearing the Agency evaluated all of the information, testimony, and evidence presented during the public hearing;

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

WHEREAS, the proposed DDA and a summary report meeting the requirements of Health and Safety Code Section 33433 (Summary Report) were available for public inspection consistent with the requirements of Health and Safety code Section 33433;

WHEREAS, the Agency has reviewed the Summary Report and evaluated other information provided to it pertaining to the findings required pursuant to Health and Safety Code Section 33433;

WHEREAS, the sale of the Property pursuant to the proposed DDA will be equal to the fair reuse value of the Property as set forth in the Summary Report; and

WHEREAS, the Agency completed a site-specific environmental review and approved a commercial project for this site in February 1997 (Mitigated Negative Declaration, p.96-097) and this proposed project is consistent with the previous approvals, within the scope of the previous site-specific environmental review and of less environmental impact.

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

Section 1: The Agency hereby finds and determines, based upon substantial evidence provided in the record before it, that the consideration for the disposition of the Property pursuant to the terms and conditions of the proposed DDA, is not less than the fair reuse value of the Property in accordance with the covenants and conditions governing the Property and development costs required under the proposed DDA.

Section 2: The Mitigated Negative Declaration is adequate and complete and reflects the Agency's independent judgment and analysis. The Mitigated Negative Declaration is hereby adopted to this project.

Section 3: The Agency hereby finds and determines that the disposition of the Property pursuant to the proposed DDA will provide child care services, job training, and employment opportunities to the residents of the City of Sacramento.

Section 4: The Agency hereby finds and determines that the DDA is consistent with the Implementation Plan for the Redevelopment Plan.

Section 5: The Agency approves the DDA and related agreements (copies of which are on file with the Agency Clerk) with Developer for the purchase and sale and development of the Property.

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

Section 6: The Executive Director or her designee is authorized to execute the DDA and related agreements, in substantially the form on file with the Agency Clerk, subject to modifications approved by Agency counsel, and to enter into other agreements, execute other documents and perform other actions necessary to provide funding assistance to the Developer and to ensure proper repayment and/or forgiveness of Agency funds, including without limitations, subordination, extensions and restructuring of payments, all as approved by Agency Counsel.

Section 7: The Executive Director is authorized to modify or amend the agreements and documents with the approval of Agency Counsel.

Section 8: The Executive Director is authorized to disburse and receive funds for the above purposes, as provided in the DDA.

Section 9: The Agency Budget is amended to transfer \$100,000 from the Development Project fund to the Vision Development/SETA Head Start Project fund.

CHAIR

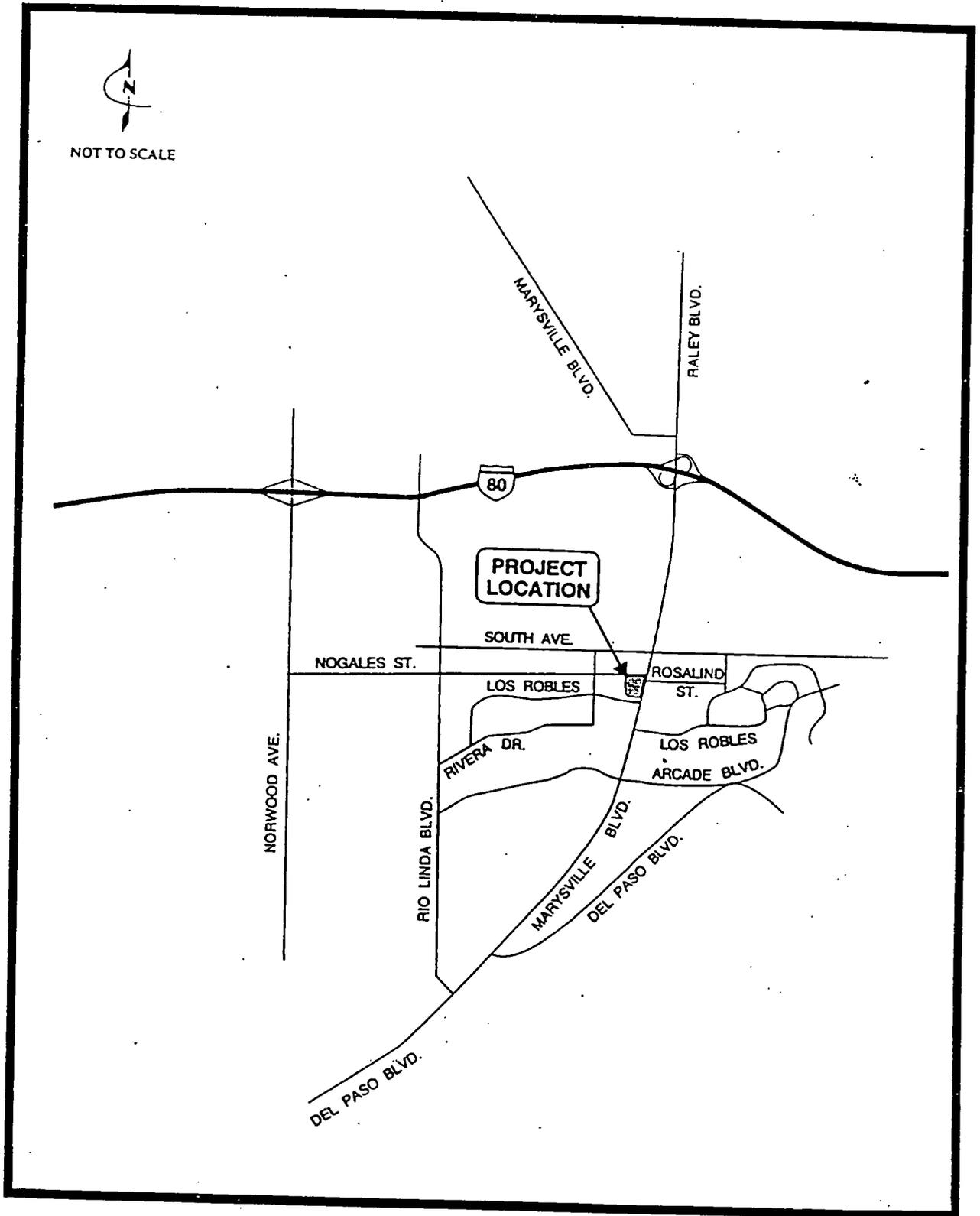
SECRETARY

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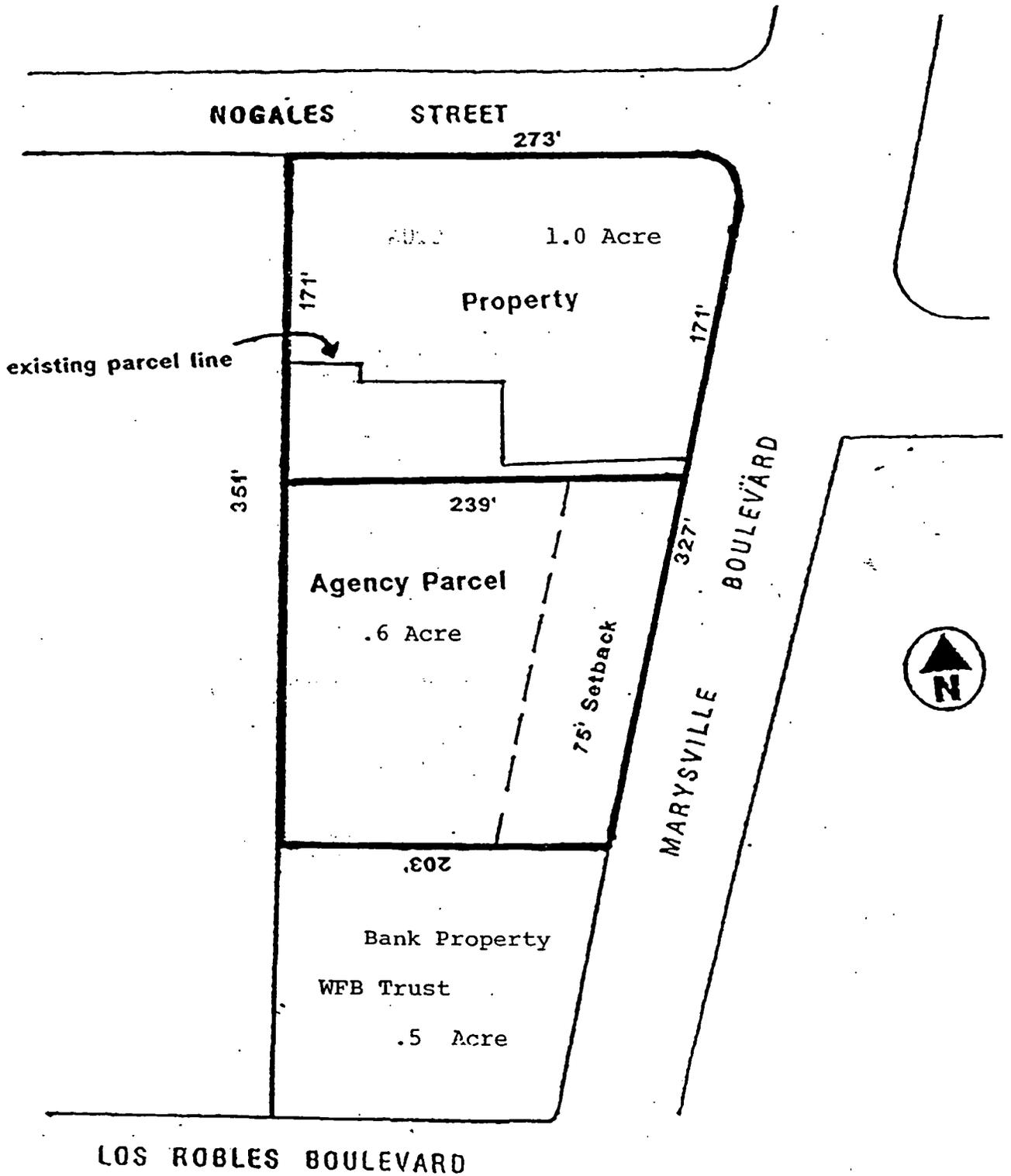
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RESOLUTION NO.: _____

DATE ADOPTED: _____



LOCATOR MAP

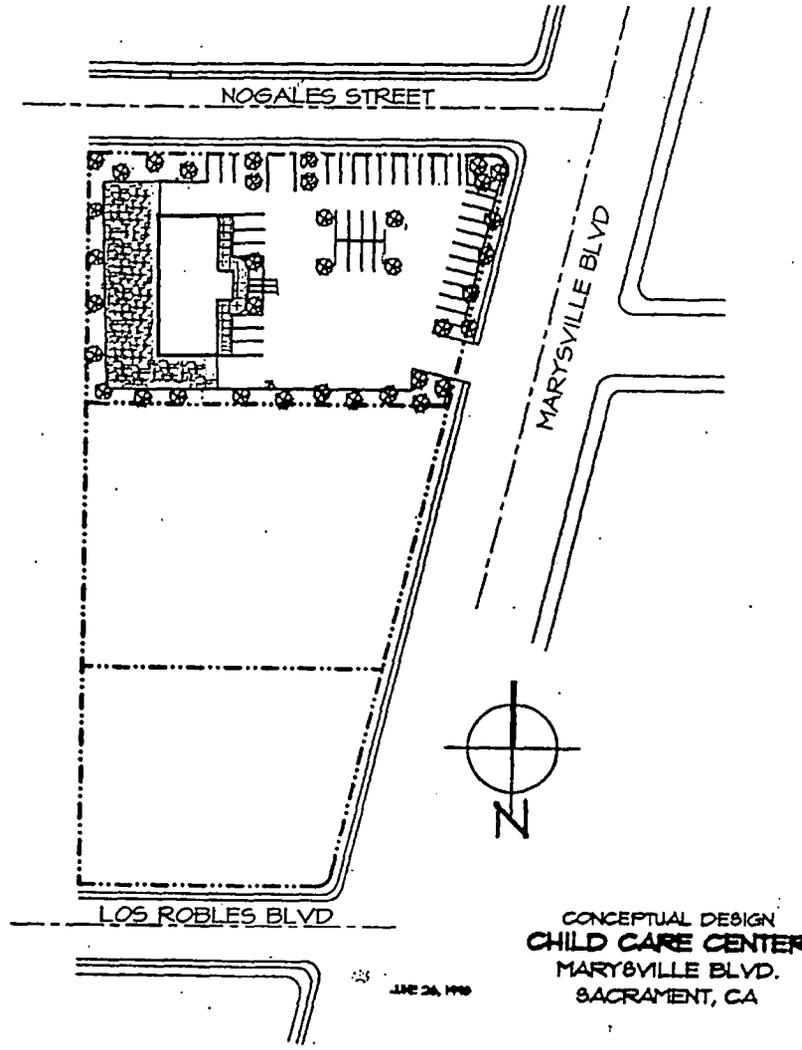




Vision Development Group

Kenneth Knud

211 Lathrop Way Suite E Sacramento Ca 95815
(916)648-8954 fax (916)567-1846 email kenneth@interv.com



CONCEPTUAL DESIGN
CHILD CARE CENTER
MARYSVILLE BLVD.
SACRAMENT, CA



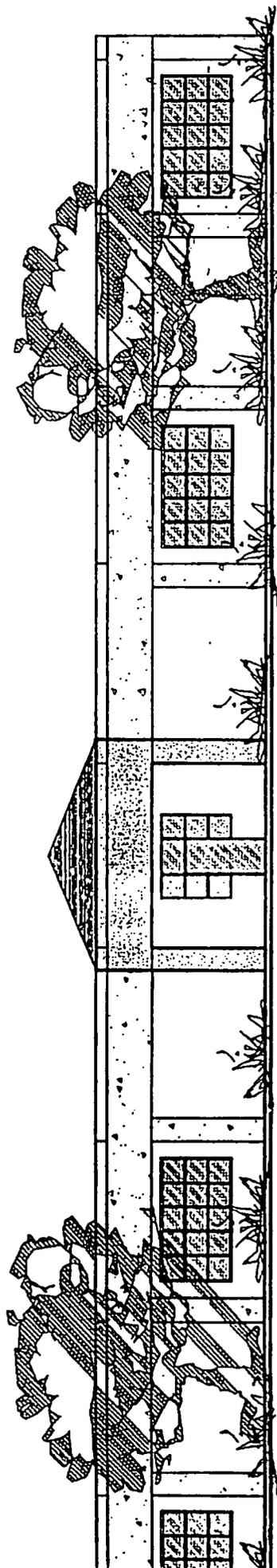
ATTACHMENT III

SITE PLAN



IMELDAL
GOLIK AIA
INCORPORATED
 ARCHITECTURE
 INTERIOR DESIGN
 LAND PLANNING
 LANDSCAPE

377 N. BROADWAY
 SACRAMENTO, CA 95828
 PH: 916 377-0888
 FAX: 916 377-0889



CONCEPTUAL DESIGN
CHILD CARE CENTER
 MARTSVILLE BLVD.
 SACRAMENT, CA



EXTERIOR ELEVATION

CONSULTANTS

 DATE: JUNE 23, 1990

 SHEET: **A-2**



Sacramento
Employment and
Training
Agency

Administration: 1217 Del Paso Blvd. • Sacramento, CA 95815 • (916) 263-3800
 Operations: 1215 Del Paso Blvd. • Sacramento, CA 95815 • (916) 263-3700
 Head Start: 3750 Rosin Court, Ste. 100 • Sacramento, CA 95834 • (916) 263-3804

GOVERNING
BOARD

ROD CARMODY
Public Representative

ILLA COLLIN
Board of Supervisors
County of Sacramento

LAUREN HAMMOND
Councilwoman
City of Sacramento

DON NOTTOLI
Board of Supervisors
County of Sacramento

ARRELL STEINBERG
Councilman
City of Sacramento

January 20, 1998

Mark Heckey, Associate Planner
Sacramento Housing and Redevelopment Agency
P.O. Box 1834
Sacramento, CA 95812-1834

Dear Mr. Heckey,

The Sacramento Employment and Training Agency (SETA) and SETA Head Start are working in collaboration with Kenneth Knoll, Edmundo Lopez and Zacarias Gonzales to provide training and Head Start services to families of the North Sacramento and Del Paso Heights communities. Specifically, SETA is in agreement that a location on Marysville Boulevard would be a central location for services to the community residents.

With the continued increases of funding for Head Start programs and the large demand for training relative to welfare reform, it is critical new spaces be developed in communities where programs are needed. SETA and SETA Head Start look forward to exploring a program site with Mr. Knoll, et al, on Marysville Boulevard.

Sincerely,

Kathy Kossick
Executive Director

cc: Norma Johnson, Chief
SETA Head Start

MID VALLEY FINANCIAL SERVICES

2560 W. Shaw, Suite 104 • Fresno, CA 93711 • Telephone (209) 432-8221
Fax (209) 432-8298

LOAN COMMITMENT

DATED: 07/02/98

BORROWERS: TONY JEBIAN

PROPERTY ADDRESS: 251-0183-007, -008, -009 AND 251-0221-009
SACRAMENTO, CA.

TO: VISION DEVELOPMENT GROUP
JOE SALERNO

Mid Valley Financial Services has concluded a review of a loan request submitted by the above indicated borrowers. We are pleased to present to you our approval and Loan Commitment for the aforementioned request under the following terms and conditions:

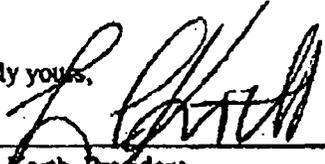
Total Aggregate Loan Amount	\$400,000.00
Type of Loan	Construction Takeout
Deed of Trust to be	First
Subordinate Financing Allowable	Yes
Commitment Expires	12/30/98
Commitment Renewable	Yes

This commitment is specifically subject to the following:

- 1) Rate and costs of the loan will be subject to the current market at the time of funding the permanent loan.
- 2) Dollar amount of the loan commitment is not to exceed 50% (LTV) of the appraised value.
- 3) Borrower's credit and income shall be equal to, or better than represented at the date of this commitment.
- 4) Verification of all information on the application.

- 5) Land to be donated by the County free and clear with a value of \$130,000.
- 6) Community development department to lend \$100,000.00 to complete the construction in a second position on the construction and permanent loans.

Very truly yours,



Larry C. Korth, President

7-2-98

DATED

The above commitment has been accepted, acknowledged and approved by Borrowers:



7-2-98
DATE

DATE



JEBIAN CONSTRUCTION

P.O. BOX 11843 · FRESNO, CA 93775 · (209) 275-4665

July 16, 1998

Mr. Mark Hecky, Associate Planner
Sacramento Housing and Redevelopment Agency
P. O. Box 1834
Sacramento, CA 95812-1824

Dear Mr. Hecky:

Jebian Construction and Vision Development Group are committed to moving forward with the "Child Development Center Project", to be constructed on Marysville Blvd., and as requested submit the following commitments to the project.

- Construction take out loan from Mid Valley Financial Services for the amount of \$400,000.
- Construction funding in the form of a "Line of Credit" for construction in the amount of \$142,000.

The following references can be contacted regarding our line of credit for construction projects.

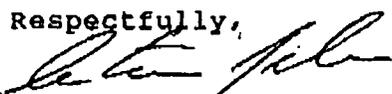
- Mid Valley Financial

Our commitment is made based on the following:

- Land transfer of land to Jebian Construction, property identified as Lots: 251-08183-007 and 251-0221-009.
- Negotiation of a low interest loan for \$100,000 from the Sacramento Housing Redevelopment Agency.

If additional information is needed, please contact Kenneth Knoll at (916) 648-8056. Thank you for your time and consideration on this matter.

Respectfully,


Antonio Jebian
JEBIAN CONSTRUCTION, INC.

AJ|maa

Report Regarding the Disposition of Property Acquired Directly or Indirectly with Tax Increment Funds (Health & Safety Code Section 33433)

I. Agreement

A copy of the Purchase and Sale or Lease Agreement ("Agreement") disposing of an interest in Agency real property is attached to this Report.

II. Summary of Terms of Disposition

AGENCY'S COST OF ACQUIRING THE LAND	
Purchase Price (or Lease Payments Payable During Agreement)	\$245,000.00
Commissions	
Closing Costs	
Relocation Costs	0
Land Clearance Costs	0
Financing Costs	0
Improvement Costs (e.g. utilities or foundations added)	0
Other Costs - remaining toxic remediation	0
TOTAL	\$245,000.00

ESTIMATED VALUE OF INTEREST CONVEYED	
Value of the property determined at its highest and best use under the redevelopment plan (land value only)	\$120,000 ¹

¹ based on neighborhood sales comparables

ESTIMATED REUSE VALUE OF INTEREST CONVEYED	
Value of property determined with consideration of the restrictions and development costs imposed by the Agreement	0 ²

² See III attached

VALUE RECEIVED ON DISPOSITION	
The purchase price or the total of the lease payments due to the Agency under the Agreement	0

III. Explanation of Disposition for Less than Full Value

Disposition of this property for less than full value is due to the following restrictions for developing the site:

- restricted use of the property;
- limited income due to occupancy by non-profit organization; and
- increased construction costs to accommodate building design enhancements and federal requirements.

The construction of the project, based on Agency and Developer improvements, is approximately \$1,000,000. This includes the Agency's cost to acquire and assemble the land, estimated at \$245,000 and Developer's cost to develop the site, estimate at \$755,000.

Increased construction costs combined with limited rental income result in a gross resale value of the property at \$600,000. The construction costs and resale value, when combined, create negative net sale value. Additional costs, including the cost of sale and 12% developer profit bring the total estimated development cost of the property to \$1,200,000.

IV. Elimination of Blight

The proposed commercial project as contained in the Agreement is essential to stimulate additional commercial activity in Del Paso Heights and along the Marysville corridor. The existing site is predominantly vacant with one abandoned and deteriorated residential structure. As such, the property represents a major blighting influence in the area.

The proposed project will provide employment opportunities within the Del Paso Heights area, generate additional tax revenues, attract new investment, and provide much needed services that will benefit the resident of the surrounding communities. The project is listed in the adopted Del Paso Heights Implementation Plan and furthers redevelopment of the Project area, as well as the goals of the Implementation Plan in the following respects; the project will provide new community-serving child care and job training services; will attract new businesses and help retain existing businesses along the commercial corridors of Marysville Boulevard; and will provide impetus for the improvement of existing neighborhood markets.