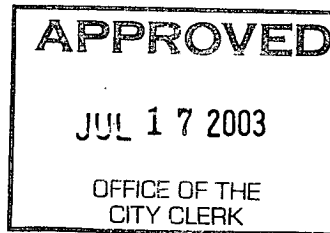




**Sacramento
Housing &
Redevelopment
Agency**



July 17, 2003

RA.2003-045

Redevelopment Agency
of the City of Sacramento
Sacramento, California

Honorable Members in Session:

**SUBJECT: AUTHORIZATION TO AMEND THE NORTH SACRAMENTO
REDEVELOPMENT PROJECT AREA BUDGET TO FUND A COMMERCIAL
REVITALIZATION PROGRAM, AND THE PROPOSED SECOND
AMENDMENT TO THE NORTH SACRAMENTO REDEVELOPMENT PLAN**

LOCATION & COUNCIL DISTRICT

North Sacramento Redevelopment Project Area, Council Districts 2 and 3

RECOMMENDATION

Staff recommends adoption of the attached resolution, on page 7, which authorizes the Executive Director or her designee to take the following actions relative to the North Sacramento Redevelopment Project Area:

1. reappropriate \$234,617 from the 1999 Tax Exempt Capital Improvement Revenue Bond Public Facilities and Infrastructure project to the Commercial Revitalization Program for the completion of North Sacramento Projects
2. authorize the initiation of a North Sacramento Redevelopment Plan Amendment which includes the following actions:
 - issue a Request for Proposals and select planning, legal, and environmental consultants;
 - execute contracts for the consultants above and complete all necessary documents, as approved by Agency Counsel, thereto; and
 - reappropriate \$100,000 from the North Sacramento Developers Assistance project to the North Sacramento Redevelopment Plan Amendment project.

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CONTACT PERSONS

Sarah Hansen, Interim Director of Community Development, 440-1399 x1415

Vickie Smith, Redevelopment Program Manager, 440-1399 x1417

Maggie Ide, Redevelopment Planner, 440-1399 x1239

FOR COUNCIL MEETING OF – July 17, 2003

SUMMARY

This report recommends funding for the Commercial Revitalization Program for North Sacramento projects, and a proposed Second Amendment to the North Sacramento Redevelopment Plan.

PAC/RAC/TAC ACTION

On June 19, 2003, the North Sacramento Redevelopment Advisory Committee (RAC) approved motions recommending the actions described in this staff report. If additional funding is allocated to the Commercial Revitalization program, the RAC unanimously approved a motion to recommend \$50,000 be allocated to the IMG Home Stores special commercial revitalization project at its May 15, 2003 meeting.

AYES: Bergstrom, Bird, Iskow, Marcus, Martin, McCleary, Perry, Ratcliffe, Stanton, Watwood, R. Williams, Young

NOES: None

ABSENT: Whitfield, H. Williams

COMMISSION ACTION

At its meeting of July 2, 2003, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolutions. The votes were as follows:

AYES: Burns, Castello, Farley, Harland, Hoag, McCarty, Simon

NOES: None

NOT PRESENT TO VOTE: Stivers

ABSENT: Burruss, Piatkowski

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BACKGROUND

In January 2003, the North Sacramento RAC reached consensus regarding recommended budget priorities for expenditure of North Sacramento Tax Increment funds. Recommended priorities included: funding for applications received by the Commercial Revitalization Program prior to September, 2002; the IMG Home Stores commercial revitalization project; and the North Sacramento Redevelopment Plan Amendment project. This staff report recommends authorization to initiate these projects and execute budget amendments to implement them.

Commercial Revitalization Program - North Sacramento Projects

Since 1991, the Agency has used a combination of Community Development Block Grant, Section 108 Loan funds, and tax increment funds to complete 36 commercial rehabilitation projects on Del Paso Blvd. or its immediate vicinity. Agency funds totaling over \$1 million have been expended on these projects, leveraging private investment of nearly \$4 million.

Due to an unprecedented surge in applications and their impact on available funding, the Commercial Revitalization program was closed in September 2002, leaving applications pending for buildings along Del Paso Boulevard at the commercial core of the North Sacramento Redevelopment Project Area. At this time, 21 rehabilitation projects remain in the "pipeline", either in construction or awaiting approval. Of these staff estimates that 12 projects, totaling \$395,000, that would leverage approximately \$1.5 million in private dollars, cannot be fully funded with the current budget allocation to the program.

The funding recommended in this report will allow projects to proceed for which applications were received prior to the program closure. In addition, this funding will support exterior renovation of one additional project, the IMG Home Stores, which has recently opened in the former SETA/Design Mart building at 1122 Del Paso Boulevard.

This report recommends inclusion of the IMG Home Stores application into the Commercial Revitalization program and allocation of up to \$50,000 to IMG Home Stores for funding of exterior and parking lot improvements to the former Design Mart building. The building was recently vacated by SETA for its new quarters at 925 Del Paso Blvd. With the proposed special inclusion in the Commercial Revitalization program, the North Sacramento Redevelopment Project Area would benefit by placing a proven economic development attraction and tax generator in the vicinity of several other catalyst sites at the south end of Del Paso Blvd. such as the newly opened SETA building and LIMN warehouse.

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North Sacramento Redevelopment Plan Amendment to Extend Eminent Domain

The Redevelopment Plan for the North Sacramento Redevelopment Project Area was originally adopted on June 23, 1992. The Plan was later amended on October, 4, 1994 to set various time limits on the establishment of loans, advances and indebtedness, redevelopment plan effectiveness, and payment of indebtedness or receipt of tax increment revenues. At this time the plan is recommended to be amended once again for the purposes of extending the various time limits on the redevelopment area. It will not entail any change to the existing boundaries.

The California Redevelopment Law (CRL) provides redevelopment agencies with unique tools that are designed to facilitate reinvestment and rehabilitation activities within areas suffering from detrimental conditions that prohibit economic growth. One such tool is the authority to acquire real property through any lawful means, including the use of eminent domain. The CRL provides this authority for periods of 12 years. As currently drafted in the Redevelopment Plan, the time limit to commence this authority expires in June 2004. The Agency believes that, in the interest of continued success in redevelopment plan implementation, the Redevelopment Plan's time limit to commence commercial eminent domain proceedings should be extended for another 12-year term, or through 2016.

The Agency intends to complete the goals and objectives of the North Sacramento Redevelopment Plan prior to its expiration, including projects that are currently under construction, and those that are still in the planning stages. To accomplish this, the Agency considers the retention of commercial eminent domain authority, as proposed by the Plan Amendments, to be potentially critical in these efforts in the future.

This staff report requests funding in the amount of \$100,000 for the issuance of a Request for Proposals to hire redevelopment plan, special counsel and environmental consultants, convene selection committees, and to enter into contracts with selected consultants and special counsel.

FINANCIAL CONSIDERATIONS

Proposed amendments to the North Sacramento Redevelopment Project Area Budget are as follows:

- \$234,617 from 1999 Tax Exempt Capital Improvement Revenue Bond Public Facilities and Infrastructure fund to the Commercial Revitalization Program
- \$100,000 from the North Sacramento Capital Project Developers Assistance fund to the Plan Amendment project

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POLICY CONSIDERATIONS

Recommended actions are consistent with previously approved Agency policy.

This report is also consistent with the City's Strategic Plan goals for enhancing and preserving the neighborhoods; promoting and supporting economic vitality; and expanding the arts and culture, open space, urban forest, parks and recreation opportunities. The proposed action supports the Guiding Principles of those goals which state:

- that new development should be directed to existing developed areas to allow for efficient use of existing facilities, features, and neighborhoods
- that new development will support the development and success of new and existing targeted businesses
- investments in infrastructure development will achieve established community standards and optimize economic growth
- seek to sustain existing community priority program/facilities before committing resources to expand or grow new program/facilities and reflect the needs of the community.

ENVIRONMENTAL REVIEW

Commercial Revitalization Program - North Sacramento Projects

There are none to the staff report action. Individual projects will be reviewed for compliance as necessary.

North Sacramento Redevelopment Plan Amendment to Extend Eminent Domain

A project involving only feasibility or planning studies for possible future actions which the agency, board, or commission has not approved, adopted, or funded is statutorily exempt from California Environmental Quality (CEQA), per Guidelines §15262. (California Public Resources Code §21083 and 21087; Reference §Sections 21102 and 21150). The amendment of a redevelopment plan will require an environmental impact report to fulfill CEQA requirements. The actions in this report are a step in defining the project description for that environmental review. National Environmental Policy Act ("NEPA") does not apply.

M/WBE CONSIDERATIONS

Minority and Women's Business Enterprise requirements will be applied to all activities to the extent required by federal funding.

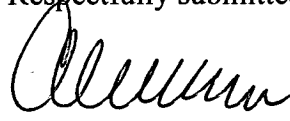
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SBE CONSIDERATIONS

The Agency will comply with current Small Business Enterprise policy, as applicable.

Respectfully submitted,



ANNE M. MOORE
Executive Director

Transmittal approved,

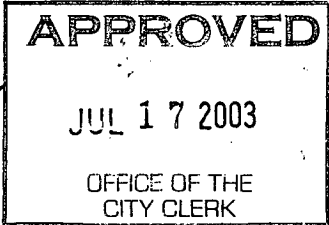


ROBERT P. THOMAS
City Manager

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1) Resolution

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RESOLUTION NO. 2003-045

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF

INITIATION OF AND FUNDING FOR PROPOSED SECOND AMENDMENT TO THE NORTH SACRAMENTO REDEVELOPMENT PLAN AND AUTHORIZATION TO AUGMENT FUNDING FOR COMMERCIAL REVITALIZATION PROGRAM FOR NORTH SACRAMENTO PROJECTS

WHEREAS, the Redevelopment Plan for the North Sacramento Redevelopment Project Area was originally adopted by Ordinance No. 92-028, on June 23, 1992; and

WHEREAS, California Redevelopment Law (CRL) imposes a time limit not to exceed 12 years from the adoption of the redevelopment plan, for commencement of eminent domain proceedings to acquire property within the project area; and

WHEREAS, the time limit to commence eminent domain may only be extended by amendment of the redevelopment plan; and

WHEREAS, the Commercial Revitalization Program for North Sacramento Project was closed to further applicants in September 2002 and pending Commercial Revitalization project applications cannot be fully funded with the current budget allocation to the program; and

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

Section 1: After due consideration of the facts presented, the findings, including the environmental findings regarding this action, as stated in the staff report that accompanies this resolution, are approved.

Section 2: The Redevelopment Agency hereby authorizes the Executive Director or her designee to initiate a North Sacramento Redevelopment Plan Amendment to extend commercial eminent domain for a 12 year period until 2016; issue a Request for Proposals and select planning, legal and environmental consultants; execute contracts for the consultants above and complete all necessary documents, as approved by agency counsel, thereto; and reappropriate \$100,000 from the North Sacramento Capital Project Developers Assistance Project to the North Sacramento Redevelopment Plan Amendment project

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

Section 3: The Redevelopment Agency hereby authorizes the Executive Director or her designee to reappropriate \$234,617 from the 1999 Tax Exempt Capital Improvement Revenue Bond Public Facilities and Infrastructure project to the Commercial Revitalization Program – North Sacramento Projects

CHAIR

ATTEST:

SECRETARY

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____