

RESOLUTION NO. 2018-0123

Adopted by the Sacramento City Council

April 19, 2018

Property Acquisition and Implementation of Trust and Funding Agreement with Sierra Health Foundation and Sierra Health Foundation Center for Health Program Management for the Oak Park Project at 3301-3307 Broadway and 2330 Alhambra Boulevard

BACKGROUND

- A. On March 15, 2016, the Redevelopment Agency Successor Agency by Resolution No. 2016-0003 approved an Excess Bond Expenditure Agreement which transferred all of the remaining redevelopment bond funds to the City of Sacramento for investment in projects in conformance with the bond covenants and the redevelopment plans and implementation plans governing the redevelopment areas.
- B. The Excess Bond Expenditure Agreement included approximately \$5 million in remaining redevelopment bond funds for the Oak Park Project Area.
- C. The Oak Park Implementation Plan (2009-2014) included the goals of attracting high-quality infill development along Broadway; increasing economic activity in the area by attracting new business and enhancing property values; and developing a superior level of community facilities providing for the health and social needs of the residents. The Implementation Plan goals also included investments in catalytic mixed-use commercial developments and signature private and public redevelopment projects that create vibrant and active focal points for the surrounding community and improving culturally, socially, and health focused gathering places for neighborhood residents. Specific strategies included acquisition of key sites, gap financing, rehabilitation of existing properties, and improvements to public facilities and infrastructure.
- D. On February 27, 2018, by Resolution No. 2018-0069, the City Council approved the allocation of \$4,967,500 from Oak Park Project Area redevelopment bond funds for the Oak Park Project. This project consists of property acquisition and rehabilitation to develop a 20,400 sq. ft. workforce development and employment initiative facility at 3301-3307 Broadway (the "Broadway Building") and relocation of the Heritage Peak Charter School to 2330 Alhambra Blvd (the "Alhambra Building"). The Council action authorized the City Manager or his designee to execute a Trust and Funding Agreement with Sierra Health Foundation and Sierra Health Foundation: Center for Health Program Management (collectively "Sierra Health") for the Oak Park Project ("Trust and Funding Agreement") (City Agreement 2018-0316) to implement the Project. The Oak Park Project Area redevelopment bond funds were allocated for this project because it is not eligible for the use of the Innovation and Growth Fund to cover such costs.

- E. Recent years have seen sustained efforts to bring additional resources, stability and increased prosperity to existing Oak Park residents. Several initiatives including the Promise Zone, the Oak Park Promise Neighborhood and the California Endowment's Building Healthy Communities have focused on approaches to improve the health, economic condition and vibrancy of the Oak Park community. Sierra Health has been a key player in these efforts as part of their mission to pursue the promise of health and racial equity in communities across California.
- F. The Oak Park Project is a natural advancement and evolution of these efforts by providing a strong physical hub within Oak Park at 3301-3307 Broadway for the growth of med-tech and health-tech in the community and to link that growth to local residents, local businesses, and educational institutions such as the Heritage Peak Charter School, to be relocated to the Alhambra building. Because the Alhambra Building is located just outside of the Oak Park Project Area boundary, the Community Redevelopment Act (Health and Safety Code Section 33445.1) requires the City to acquire the Alhambra Building and convey it to Sierra Health Foundation: Center for Health Program Management ("The Center") to allow for the purchase to be funded with Oak Park Project Area redevelopment bond funds. As a result, the Trust and Funding Agreement will need to be amended. By funding the property acquisition and conveyance to The Center at no cost, the lease rate for the Heritage Peak Charter School will be competitive and provide improved facilities to strengthen the long-term viability of this education institution.
- G. In keeping with the Oak Park Redevelopment Plan goals of the development of community facilities that provide for the cultural, health and social needs of the Oak Park residents, the Oak Park Project will enhance neighborhood engagement and stabilization by preserving the community asset of the Heritage Peak Charter School. This school will serve the residents in the Oak Park Project Area and improve the linkages between Oak Park's K-12 educational system and workforce pipeline initiatives targeted to underserved individuals and communities. While the primary public benefit is anticipated to be the creation of jobs, specifically targeting those for local residents, the initiative is a strategic tool for community economic development and the creation of a healthy, vibrant neighborhood.
- H. The purchase of the Alhambra Building at a cost of approximately \$1,235,000 will result in an anticipated investment by Sierra Health of approximately \$400,000 in rehabilitation of the building and will stimulate improvement of the Alhambra corridor that lies within the Oak Park Project Area. Funding the acquisition of the Broadway Building at a cost of approximately \$2,109,000 and investment of \$2 million for rehabilitation will eliminate the economic obsolescence and blighting conditions at the Broadway property, stimulating additional private investment along Broadway.

- I. These investments will address Oak Park redevelopment goals of increasing economic activity in the area, attracting new business interest, enhancing property values, and creation of employment opportunities.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1. The City Council hereby adopts the following findings required under Health and Safety Code Section 33445.1 for the use of Oak Park redevelopment bond funds to purchase the Alhambra Building:

- a) The purchase of 2330 Alhambra Boulevard is an essential element to the development of the Oak Park Project, which will bring new financial resources, primarily benefiting the Oak Park Project Area.
- b) The purchase of 2330 Alhambra Boulevard will be utilized as the new home for Heritage Peak Charter School, improving this educational institution will benefit the Oak Park Project Area by offering an improved facility to serve the residents in Oak Park.
- c) The subsequent conveyance of the Alhambra Building to The Center will leverage private investment to rehabilitate the building to current building standards and market conditions, thereby stimulating further private investment in the Oak Park Project Area to eliminate existing blight and functional obsolescence of other older buildings along the Alhambra corridor.
- d) There are no other reasonable means available to the City to finance the purchase of the Alhambra Building other than the Oak Park redevelopment bond funds.
- e) By providing a new home to relocate the Heritage Peak Charter School through the purchase of the Alhambra Building by the City, The Center will be able to purchase and renovate 3301-3307 Broadway, an underutilized structure on the main commercial corridor of Oak Park, for use as part of the Oak Park Project, a medical and health-related workforce development and service center that will benefit the residents and businesses in the Oak Park Project Area.
- f) The City's acquisition of the Alhambra Building to allow for its renovation to relocate the Heritage Peak Charter School is consistent with the Oak Park Implementation Plan.
- g) The acquisition of the Alhambra Building to serve as an educational institution to serve the Oak Park Project Area residents is provided for in the Oak Park Redevelopment Plan for the reasons set forth in the Background.

- Section 2. The City of Sacramento's purchase of 2330 Alhambra Boulevard for a cost not to exceed \$1.235 million utilizing Oak Park redevelopment bond funds in the Oak Park Project (IO2180300) is hereby approved.
- Section 3. City Manager or City Manager's designee is authorized to execute the Certificate of Acceptance for 2330 Alhambra Boulevard.
- Section 4. The City Council hereby finds under City Code Section 3.88.090 that it is in the best interest of the City to convey 2330 Alhambra Boulevard to the Sierra Health Foundation: Center for Health Program Management at no cost to allow for the renovation of the building for the Heritage Peak Charter School to implement Trust and Funding Agreement for the Oak Park Project.
- Section 5. The City Manager or City Manager's designee is authorized to execute the grant deed and any other required documents to transfer 2330 Alhambra Boulevard to the Sierra Health Foundation: Center for Health Program Management to implement the Trust and Funding Agreement for the Oak Park Project.
- Section 6. The City Manager or City Manager's designee is authorized to execute amendments to the Trust and Funding Agreement to address the change in acquisition and conveyance of the Alhambra Building and related matters, including allowing an additional 60 days for the formation of the Oak Park Trust Advisory Committee, if the amendments are approved as to form by the City Attorney and do not increase the City's funding obligation under the agreement or otherwise materially change other terms of the agreement.

Adopted by the City of Sacramento City Council on April 19, 2018, by the following vote:

Ayes: Members Ashby, Carr, Guerra, Hansen, Harris, Jennings, and Mayor Steinberg

Noes: None

Abstain: Member Schenirer

Absent: Member Warren

Attest:

 e-Signed by Mindy Cuppy
on 2018-05-03 15:42:15 GMT

City Clerk

May 03, 2018

The presence of an electronic signature certifies that the foregoing is a true and correct copy as approved by the Sacramento City Council.