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**DEPARTMENT OF
PUBLIC WORKS**

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March 26, 1991

Budget and Finance Committee/Transportation
and Community Development Committee
Sacramento, California

Honorable Members in Session:

SUBJECT: DEVELOPER REQUESTS RELATED TO THE NORTH NATOMAS COMMUNITY PLAN

SUMMARY

This report presents a series of developer requests concerning the North Natomas Community Plan. Also included is a staff response and recommendation for each of the requests. This item is a companion report to the North Natomas Financing Plan presentation also being presented today. No formal action on this item is required.

BACKGROUND

During the past several weeks, the City has received letters from four major landowner/developer groups indicating their support and conditional willingness to participate in the North Natomas Financing Plan (draft document dated December 1989). These landowner groups represent 93.2% of the incorporated Community Plan area. Copies of the letters have been provided to the Committee via separate cover and are on file at the City Clerk's Office. The developers have requested commitments from the City on a number of Community Plan related issues. The issues are summarized as follows:

1. Removal of the arena/stadium phasing requirement.
2. Guarantee of specific drainage capacity.
3. Incorporation of retention/detention facilities in the drainage system, if feasible.
4. Interim (temporary) drainage during construction of the permanent drainage system.
5. Verification as to which agency (City or RD-1000) will maintain the permanent drainage system.

March 26, 1991

Budget and Finance Committee/Transportation
and Community Development Committee

6. Inclusion of the Truxel Road/I-80 and Stadium Boulevard/I-5 interchanges in the Financing Plan.
7. Assurance of economic entitlements, fairness in assessments, phasing of infrastructure, and a sensible construction plan with respect to impact on properties.
8. A commitment to resolve land use related issues east of I-5.
9. A commitment to resolve the airport noise issue with the Sacramento Metropolitan Airport.

The remainder of this report will provide a staff response and recommendation for each of these requests in relation to the policy objectives of the adopted North Natomas Community Plan.

REMOVAL OF ARENA/STADIUM PHASING REQUIREMENT

This requirement appears in several sections of the North Natomas Community Plan. The clearest statement on the intent of the requirement is on page 89 in the phasing program section. The plan states:

"The desires and willingness of the private sector to develop a stadium and arena in North Natomas at no expense to the public is a large factor in the decision to study and plan for development of North Natomas. In order to ensure that the intentions of these developers benefit the City, the following policies relate to phasing land uses of the supporting developments within the stadium/arena application.

"No special permits or building permits shall be issued (except those necessary for the arena or stadium) for acreage in the area south of Del Paso and east of I-5 until the construction of the arena or stadium is 50 percent complete. Once either the stadium or arena are 50 percent complete, special permits and building permits may be issued for up to 50 percent of the acreage in the Phase 1 area. Permits may be granted to the remaining 50 percent of the acreage after both the stadium and arena are 50 percent complete. The estimate of percent completion will be made by the City Department of Planning and Development."

At this point, 100% of the arena has been completed and occupied by a professional basketball team. Work on the stadium began in November 1989 and, by staff estimate, is less than 20% complete. An article appeared in the March 7, 1991, edition of the "Sacramento Bee" and indicated work on the stadium is at a standstill due to financial problems.

March 26, 1991

Budget and Finance Committee/Transportation
and Community Development Committee

Generally speaking, staff believes the intent of the phasing requirement has been met when the amount of commitments made to the sports complex is viewed as a whole rather than by the individual percentage completion of the arena and stadium. In addition, the 200±-acre site designated for the sports complex is committed to a sports/entertainment use by the amount of site and structural improvements made to date. This requirement should not be an obstacle to obtaining the needed infrastructure for development and should be removed.

GUARANTEE OF SPECIFIC DRAINAGE CAPACITY

The first phase of drainage infrastructure will include construction of the San Juan Pump Station, the San Juan Canal, and a portion of the Elkhorn Canal. Three of the developer groups have requested a guarantee of specific drainage capacity (i.e. development drainage rights) upon completion of this first phase of the canal system.

Staff concurs with this request. Under the current Mello Roos plan, construction of Phase I drainage will allow all participating properties, within the Financing Plan area, to develop up to the 50% level. In other words, each respective developer group would have drainage capacity to develop one-half of their property. The 50% build-out level would then trigger the next bond sale to complete the remainder of the drainage system, thus providing drainage capacity for full build-out. Staff recommends that drainage capacity can be allocated on the basis of net developable acreage. Tracking and administration of these allocations will be accomplished as part of the development agreement and development application process.

INCLUSION OF RETENTION/DETENTION DRAINAGE FACILITIES

The North Natomas Drainage Study, completed in 1987, provides that the Community Plan area will be drained by a gravity canal system discharging at the Sacramento River. The area south of Del Paso Road will be served by the "San Juan Canal"; the area north of Del Paso Road will be served by the "Elkhorn Canal." In accordance with FEMA standards, the canal system has been sized to accommodate runoff from a 100-year storm event.

Preliminary design has been completed and the environmental impact report for the project was certified by the City on August 28, 1990. At that time, City Council authorized and directed staff to obtain permits from federal and state agencies for the pump station facilities. To date, the Department of Public Works has obtained permit approval from the California Department of Fish and Game and certification from the Regional Water Quality Control Board. A formal application has been submitted to the U.S. Army Corps of Engineers (COE) for the final 404 Permit. COE officials have advised they expect processing of this application to be completed within the next several weeks.

March 26, 1991

Budget and Finance Committee/Transportation
and Community Development Committee

In conjunction with the above, the developers have asked the City to consider including retention/detention facilities as part of the drainage system design. The concepts suggested include on-site detention within major individual developments, enlargement of the canals to provide additional storage capacity, and/or off-site retention basins between the Community Plan area and the Sacramento River.

At present, the developers and their consultant are working with City staff on various detention/retention concepts and feasibility. Staff's main concern is that all detention/retention facilities, which are integral to performance of the drainage system, must be under City jurisdiction. Proper control and operation of these facilities will be essential during major storm events. A specific retention/detention plan has not yet been developed. Accordingly, no recommendations are available at this time.

INTERIM (TEMPORARY) DRAINAGE

Construction of the first phase of drainage infrastructure is expected to take approximately two years. Anticipating this, the developers have requested a commitment from the City and RD-1000 that interim drainage can be used to allow development to proceed during the two-year construction period.

Due to the critical nature of drainage in the North Natomas basin, temporary drainage for a one to two-year period may prove infeasible. Staff is agreeable to review engineering proposals on interim drainage should a specific plan be developed and presented.

CITY/RD-1000 ADMINISTRATION OF DRAINAGE FACILITIES

Staff concurs with this request. The developers have asked for clarification as to which agency, the City or RD-1000, will own, maintain, and administer the permanent drainage facilities within North Natomas. At the present time, the North Natomas area is under the jurisdiction of RD-1000, who is responsible for providing drainage and irrigation of the current agricultural uses.

With the urbanization of North Natomas, the City and RD-1000 will need to enter into a joint agreement to establish the relevant responsibilities of each agency. Staff recommends that this agreement should be approved by City Council and RD-100 prior to the sale of bonds for Phase I drainage infrastructure.

March 26, 1991
Budget and Finance Committee/Transportation
and Community Development Committee

INCLUSION OF THE TRUXEL ROAD/I-80 AND STADIUM BOULEVARD/I-5 INTERCHANGES IN THE FINANCING PLAN

Staff concurs with this request. Both interchanges have been identified as priority improvements under the proposed Mello Roos Financing Plan. These interchanges need to be constructed as soon as possible to serve traffic generated from the proposed sports facilities and to preserve the state and federal environmental clearance obtained for the projects. Under the current phasing program, funding for construction of the Truxel Road/I-80 interchange, as well as preliminary earthwork for the Stadium Boulevard/I-5 interchange is provided in the first Mello Roos bond sale. Completion of the Stadium interchange is planned under the Phase II bond sale.

ASSURANCE OF ECONOMIC ENTITLEMENTS, ETC.

This request is related to three issues, (i) assurance of economic entitlements for lands assessed, (ii) an assessment arrangement that is fair between various types of uses, and (iii) a sensible construction plan with respect to impact on properties.

Staff concurs with each of these requests. The prime objective of the Financing Plan is to allow each developing property owner to participate in a fair and equitable manner. This is best demonstrated by the recommended tax rates and fee structures for each specific land use as indicated in the current Financing Plan. Assurance of economic entitlements for property is accomplished through the development agreement process. The Community Plan requires development agreements for all developable properties in North Natomas. Properties which are not developable (i.e. NNCP designated agricultural lands, dedicated open space, etc.) are not subject to the Mello Roos Tax or special developer fees.

With regard to construction impacts, some properties may be impacted more than others due to the location of infrastructure. To minimize this, staff's approach has been to involve all affected property owners during the planning and design process. Additionally, the Land Dedication Fee element of the Financing Plan is structured to minimize inequities between the various developer groups.

COMMITMENT TO RESOLVE LAND USE RELATED ISSUES EAST OF I-5 -- (Specifically where there is a lack of feasibility of land use and density to support associated costs.)

Staff understands this issue relates to the MRD 20 and LI land use designations. The Manufacturing, Research, and Development (MRD-20) zone is intended to be developed with mainly "Hi-Tech" industrial uses established in campus-like settings. A maximum 20% of the permitted square footage in the project is allowed to be used for office use. Staff has been told by owners of MRD-20 sites that they wish to consider alternative uses due to the lack of local demand for this type of zoning. An owner of the Light Industrial (LI) designated sites has also expressed a concern that the allowable square footage per acre of 11,000 is too low and should be adjusted upward.

March 26, 1991

Budget and Finance Committee/Transportation
and Community Development Committee

The land use element of the North Natomas Plan represents an "accepted" balance between uses that generate employment and the amount of residential lands needed to achieve 66% housing objective. This balance is stated in both the Community Plan and settlement agreement. The potential changes expressed by the owners of MRD and LI land uses have area-wide implications and cannot be simply addressed in a short period of time. Further, substantial work has been done towards development of a Financing Plan and associated Mello-Roos district. Staff recommends that the Financing Plan be diligently pursued for adoption based on the adopted uses and zoning. Staff is targeting an opportunity for the Council to discuss policy areas for potential plan amendments at the completion of the North Natomas briefing sessions in April or May.

A COMMITMENT TO RESOLVE THE AIRPORT NOISE ISSUE WITH THE SACRAMENTO METROPOLITAN AIRPORT

The Community Plan Transportation Element (Part VI -- Airports, Page 51) seeks to "Ensure that development near Metro Airport is compatible with the airport operations," and to "Avoid the placement of incompatible land use within Metro Airport's area of noise influence (60 CNEL noise contour)." Furthermore, the City's General Plan Health and Safety Element (Noise, Section 8-28) shows that residential development (single and multi-family) should be situated in areas where the exterior noise level is less than 60 CNEL.

The County Department of Airports has contended that the airport noise levels north of I-80 and west of I-5 are potentially incompatible with residential development. Recent noise contours show that this area to be barely outside of the 60 CNEL contours. Department of Health measurements (limited duration), however, suggest that the 60 CNEL contours would extend into the west portions of North Natomas.

Staff will work with the Department of Airports to ascertain the most recent existing conditions related to noise contours. However, the Department has been consistent in opposing residential uses west of I-5 irrespective of the location of 60 CNEL contours. Staff intends to recommend inclusion of the policy area in the list of matters for reevaluation, obviously changes in the amount of residential has implications on the job/housing balance, traffic generation, and air quality.

FINANCIAL DATA

Not applicable.

March 26, 1991
Budget and Finance Committee/Transportation
and Community Development Committee

POLICY CONSIDERATIONS

Not applicable.

MBE/WBE EFFORTS

Not applicable as related to this item.

RECOMMENDATION

The recommendations presented herein are for Committee information and staff direction. No formal action on this item is required at this time.

Respectfully submitted,


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Respectfully submitted,


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March 26, 1991
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