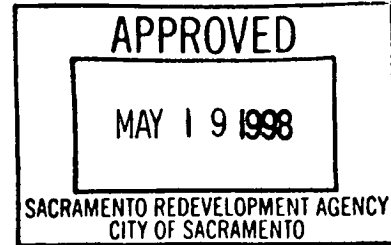




5.1

May 19, 1998

Redevelopment Agency of the
City of Sacramento
Sacramento, California



Honorable Members in Session:

SUBJECT: MUTUAL ASSISTANCE NETWORK NEIGHBORHOOD CENTRAL PROJECT, DEVELOPER ASSISTANCE LOAN CONDITIONAL APPROVAL

LOCATION AND COUNCIL DISTRICT Northwest corner Marysville Blvd. and Grand Avenue, Del Paso Heights Project Area Council District No.2

RECOMMENDATION

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

- Conditionally approves Agency land disposition and a \$570,000 Developer Assistance Loan as a match for the Mutual Assistance Network's (MAN) grant application to the Economic Development Administration;
- Allocates \$570,000 of 1998 tax increment funds to the project;
- Proposes loan and site transfer conditions to be incorporated into a DDA upon approval of the federal grant.

CONTACT PERSON John Dangberg, Director of Community Development, 440-1357
Mark Heckey, Associate Planner, 440-1399 x 1237

FOR COUNCIL MEETING OF May 19, 1998

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
City of Sacramento
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SUMMARY

This staff report requests Agency endorsement of a conditional loan approval for construction of a mixed use commercial development on Marysville Boulevard in Del Paso Heights. The conditional commitment of loan funds and site donation will provide matching funds for the Mutual Assistance Network's application for a federal grant and private foundation grant to build the facility (See Attachment I). The project tenants would be SETA, the County of Sacramento, and Mutual Assistance Network offices. In addition, retail spaces would be provided for small businesses and neighborhood services. This project will be brought back to the Agency for final approval after all other funding sources have been secured and all project costs finalized.

REDEVELOPMENT ADVISORY COMMITTEE ACTION

At a special meeting of April 23, 1998, the Redevelopment Advisory Committee of Del Paso Heights voted to conditionally approve \$570,000 in tax increment funds to be loaned to Mutual Assistance Network (MAN) of Del Paso Heights for construction of the Neighborhood Central Project. The RAC approval was contingent upon MAN's receipt of the federal and private foundation grants and other listed conditions.

The votes were as follows:

AYES: Echols, Mack, Olivares, Smith, Short, Velez-Balay, Bolden (7)
NOES: None
ABSENT: Loree, Moore, Perlberger, Barnes, Vue (5)

COMMISSION ACTION

At its meeting of May 6, 1998, the Sacramento Housing and Redevelopment Commission recommended approval of the attached resolution. The votes were as follows:

AYES: Amundson, Castello, Dobbins, Hoag, Holloway, Newsome,
Rotz, Simon, Harland
NOES: None
NOT PRESENT TO VOTE: Cespedes
ABSENT: Taylor

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BACKGROUND

Project Description

MAN's proposal for "Neighborhood Central" consists of approximately 18,000 square feet of commercial building space in a two-story mixed use building with offices and a small retail component. This building will be located on approximately 3/4 acre of land located at the northwest corner of Marysville Boulevard and Grand Avenue (See Attachment II) owned by the Agency. 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 Attachment III).

The committed tenants for the project are the County Department of Human Assistance, SETA, and Mutual Assistance Network offices (See Attachment IV). Services to be provided from this location include job training, counseling, child care, business planning, and welfare to work programs.

Public Benefits/Conformance to Redevelopment Plan and Implementation Strategies

The development proposal conforms well with the existing Redevelopment Plan, Implementation Strategy, and City of Sacramento zoning requirements. Marysville Boulevard is addressed in these plans in terms of elimination of blight, removal of non-productive and excessive vacant land, consolidation of smaller non-functional parcel sizes into viable development area, and beautification of commercial corridors. The subject proposal works

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well with objectives for the rejuvenation of the Marysville Boulevard Corridor. A special planning district and urban design plan is now being formulated for the area and was adopted by the RAC at its regular meeting of April 9, 1998. The MAN proposal meets the guidelines, design approach, and master plan proposed for the area.

The project carries many public benefits including:

- *Owner occupancy and onsite property management*
- *Job creation and local business development*
- *Elimination of blighted structures and a vacant lot*
- *Community ownership and involvement*
- *Enhanced public spaces and public improvements*
- *Catalyst project to aid creation of town center on Marysville Boulevard*

Project Site

SHRA currently owns a vacant 3/4 acre site which would accommodate the project. This project requires donation of the site to MAN for development of the project. In addition to the public land donation, a request for an off street parking variance would be required from the City of Sacramento.

FINANCIAL CONSIDERATIONS (Sources and Uses Analysis)

Available Funds

The Agency presently has a Del Paso Heights tax increment funds available of approximately \$1,000,000 for 1998. Implementation of the development requires the following financing:

Sources of Funding

Cowell Foundation Grant	\$ 500,000 (26% of project costs)
SHRA Loan.(1st)	\$ 570,000 (30%)
Private Develop Loan(2nd)	\$ 265,000 (14%)
<u>OCS Federal Grant</u>	<u>\$ 570,000 (30%)</u>
TOTAL SOURCES	\$1,905,000 (\$105/SF)

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Uses of Funding

Land/Demo./Reloc.	\$ 100,000
Building Hard Cost	\$1,440,000
Plans/Const.Permits	\$ 70,000
Development Imp.Fees	\$ 100,000
Contingency	\$ 150,000
Admin./Legal	\$ 5,000
Marketing/Financing	\$ 20,000
Project Mgt.Fee	\$ 20,000
TOTAL COST	\$1,905,000 (\$105/SF)

Private Financing/Loan Analysis

The applicants are attempting to finance the project with a majority of grant sources. The OCS funds and private foundation funds will be outright grants without any debt service. The secured tenant commitments of \$1.00 per square foot for full service leases on the office space would support approximately \$75,000 in annual debt service. The recommended rate for the SHRA loan is 5% per annum with a two year deferral and a 25 year amortization period. A two year debt deferral will assist the project cash flow. The SHRA loan will be in first position. Specific loan terms will be brought forward with a future DDA and will be incorporated with the DDA approval. Staff recommends that the property be transferred to MAN at that time.
(See Attachment V).

Tax Increment Generation

The Board of the Mutual Assistance Network has voted to require property tax payment as a condition of leasing to retail and business tenants in the project. SETA and the County of Sacramento will be exempt from the payment of property taxes. MAN may elect to pay some contribution to property taxes for its office space. Therefore, total annual tax increment generation projected for the project is \$12,000 per year based on a appraised valuation of \$2,000,000 for the completed project.

POLICY CONSIDERATIONS

The proposed Agency funding and land donation conforms to existing Agency policies. Private non-profit applicants are eligible for tax increment Developer Assistance Loans when their projects meet the Agency goals of blight elimination and provide employment opportunities. Obtaining any required City Special Permit or Parking Variance will be a conditional requirement of any Agency financing or site provided to the applicants.

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ENVIRONMENTAL REVIEW/ZONING/ENTITLEMENT

The proposed action is in furtherance of the DPH Redevelopment Plan, and was deemed approved at the time of Plan adoption. Per CEQA Guidelines Section 15180, 15762 and 15763, no further environmental review is required for the Agency's actions. Prior to approval of development of the property, the project is expected to receive a Mitigated Negative Declaration from the City of Sacramento Planning Department. The subject properties are presently zoned C-2, General Commercial. A traffic study will be required and site plan review will be necessary. In addition the project may have to have a special permit under the new social service siting ordinance of the City. A parking variance will be required.

M/WBE (MINORITY-WOMEN OWNED BUSINESS ENTERPRISES)

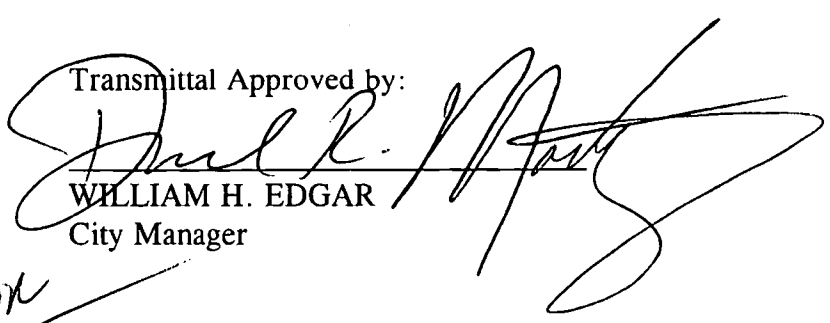
As the project has federal OCS funding, compliance with federal guidelines for local hire, utilization of minority contractors, and wage rates will be required.

Respectfully submitted by,



ANNE M. MOORE
Acting Executive Director

Transmittal Approved by:



WILLIAM H. EDGAR
City Manager

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RESOLUTION NO. 98-025

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF _____

**MUTUAL ASSISTANCE NETWORK, NEIGHBORHOOD CENTRAL PROJECT:
CONDITIONAL FUNDING APPROVAL AND LAND DONATION FOR
PROPERTY GENERALLY LOCATED AT THE CORNER OF MARYSVILLE
BOULEVARD AND GRAND AVENUE; RELATED AUTHORIZATIONS**

WHEREAS, the Redevelopment Agency of the City of Sacramento ("Agency") has adopted the Del Paso Heights Redevelopment Plan ("Redevelopment Plan") and an "Implementation Plan" for the Del Paso Heights Project Area ("Project Area");

WHEREAS, the Agency owns certain real property ("Property"), in the Project area and acquired with Project Area tax increment funds, which Property is generally described as 0.78 acres at the Northwest corner of Marysville Boulevard and Grant Avenue;

NOW, THEREFORE, BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO:

Section 1. The Redevelopment Agency of the City of Sacramento conditionally approve matching funds in the amount of a \$570,000 Developer Assistance Loan for Mutual Assistance Network's Federal Office of Community Services, Economic Development Assistance grant application, due May 15, 1998 to be used for development of the Property.

Section 2. The future transfer of the Property is approved in concept.

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

Section 3. The budget is amended to allocate \$570,000 of Developers Assistance to the Mutual Assistance Network Neighborhood Central Project.

Section 4. The Project will assist in the elimination of blight in that repair and rehabilitate blighted structures at the Northwest Corner of Marysville Boulevard and Grand Avenue. The Project is consistent with the goals and objectives of the Redevelopment Plan and the Implementation Plan. The development proposal conforms well to the existing Redevelopment Plan, Implementation Strategy, and City of Sacramento zoning requirements. Marysville Boulevard is addressed in these plans in terms of elimination of blight, removal of non-productive and excessive vacant land, consolidation of smaller non-functional parcel sizes into viable development area, and beautification of commercial corridors. The DDA shall be deemed an implementing document approved in furtherance of the Redevelopment Plan, the Implementation Plan for the Project Area and all applicable land use plan, studies, and strategies.

CHAIR

ATTEST:

SECRETARY

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FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

Profile of Mutual Assistance Network,

a Private Non-Profit Community Development Corporation

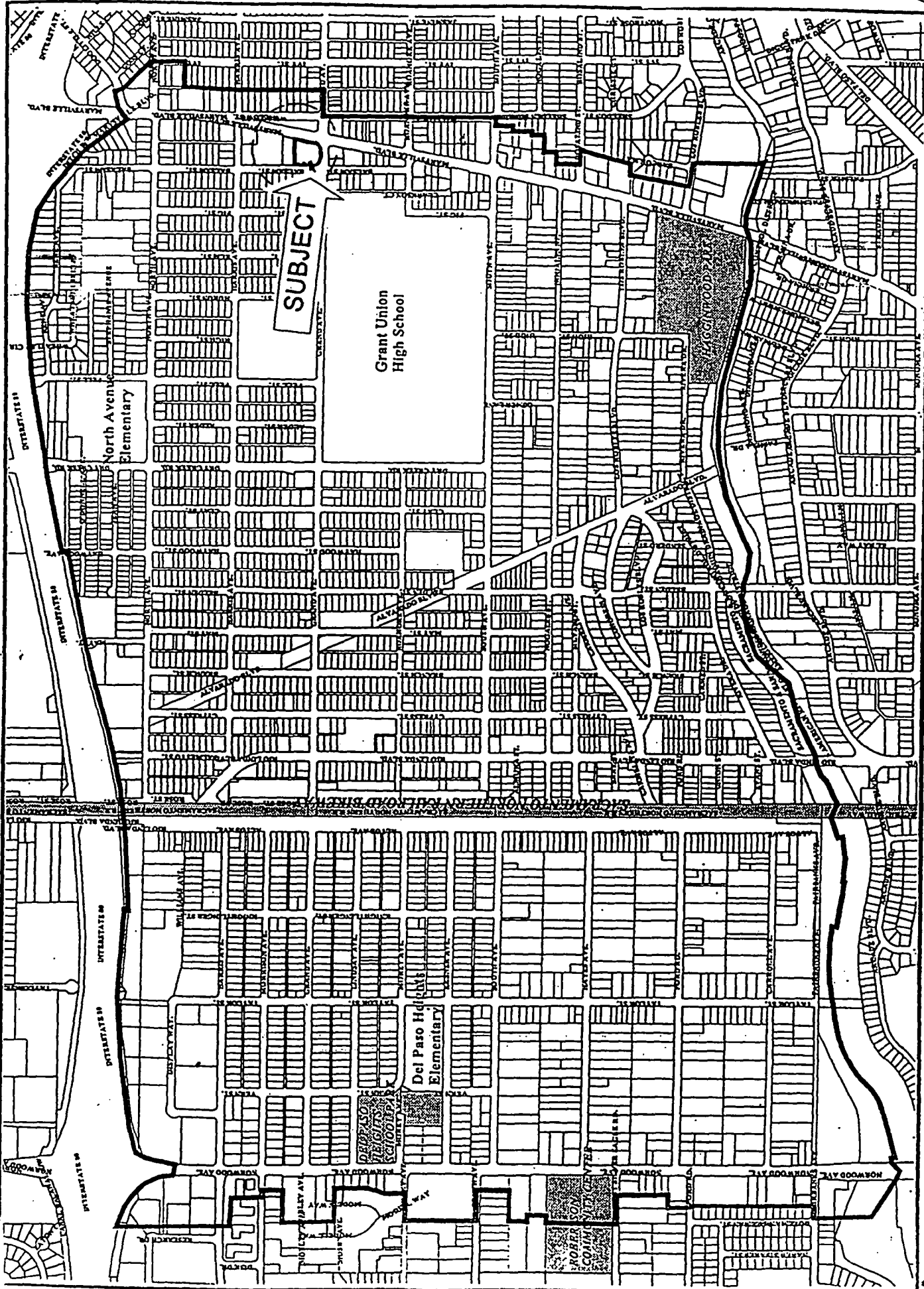
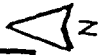
Mutual Assistance Network was founded in 1993. The Mutual Assistance Network of Del Paso Heights is a private non-profit community development corporation which provides economic development, job training, peer counseling, and welfare transition services to the communities of Del Paso Heights and Strawberry Manor. The mission of the organization is to improve economic and social conditions of the Del Paso Heights neighborhood utilizing the skills and talents of area residents.

MAN's formal mission statement incorporates the following objectives:

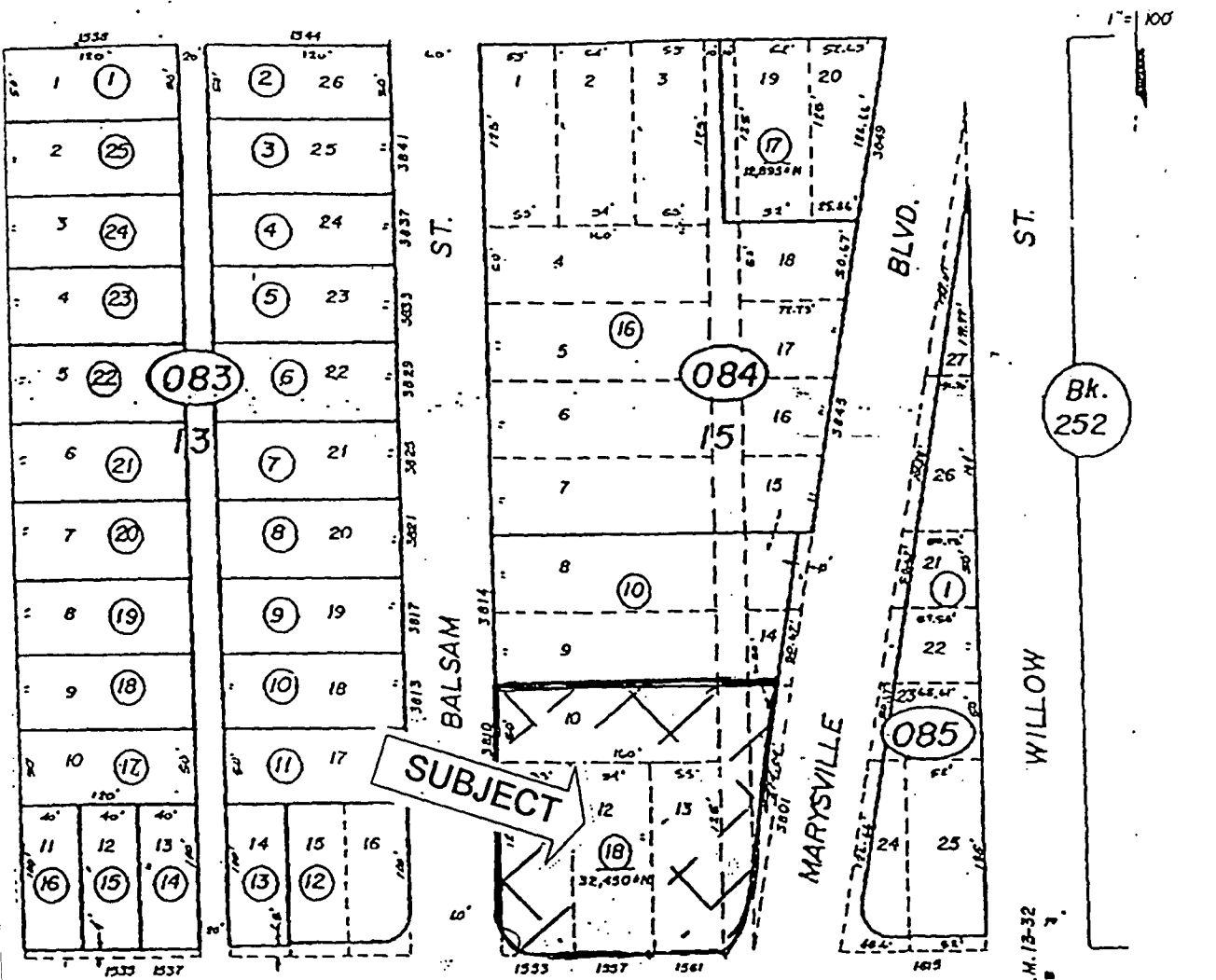
- * expand commercial financial and employment opportunities for neighborhood residents
- * to improve physical, public safety, educational and social conditions in the neighborhood
- * to stimulate and build self-help with mutual assistance programs that enable residents to work together to achieve good health and successful lives and to promote, conduct, and operate any programs, businesses, and other activities necessary to achieve these goals.

Primary source of annual operating funds is through private foundations and governmental service contracts through SETA and the County of Sacramento. Total annual operating budget is presently approximately \$1.3 Million. MAN's existing staffing is 70 with 34.5 full time equivalent positions. Major programs delivered in the neighborhood are family support services, youth mentoring and counseling, and the establishment of a new welfare to work model. The proposed Neighborhood Central facility would house these and future social and economic development services.

MAN policies call for strong neighborhood participation in staffing and on their executive board-- 70% of staff are residents and 75% of board members must reside in the neighborhood.



Del Paso Heights Redevelopment Project Boundary Map

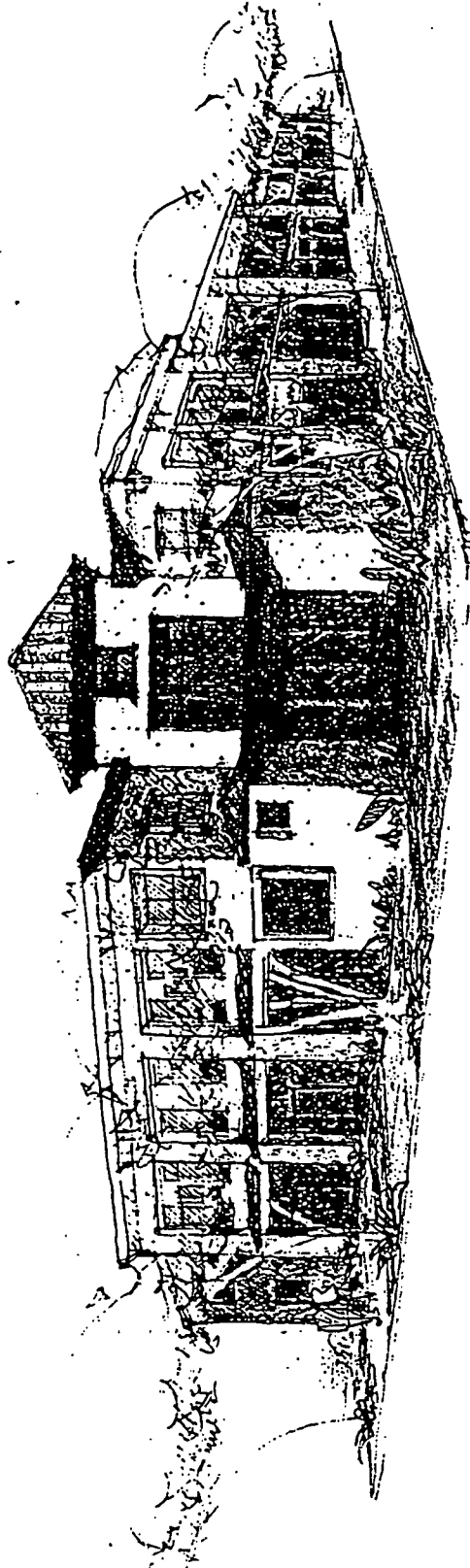


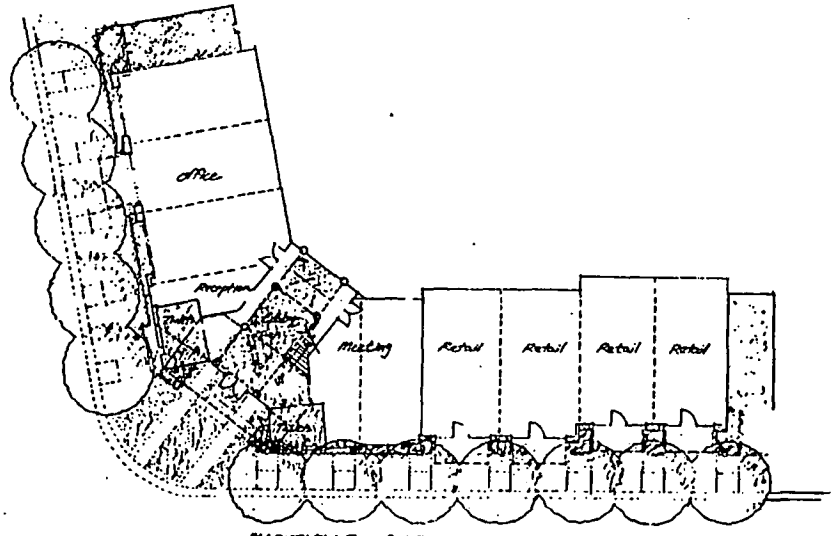
City of Sacramento

All of Lots 10, 11, 12 and 13, the Southerly portion of Lot 14 and all that portion of the abandoned alley lying between said Lots 13 and 14, Block 15, as shown on the "Plat of East Del Paso Heights", Recorded in the office of the County Recorder of Sacramento County, August 8, 1912 in Book 13 of Maps, Map No. 32, more particularly described as follows:

Beginning at the Southeast corner of said Lot 13, said corner being the point of intersection of the Northerly line of Grand Avenue and the Westerly line of said abandoned alley; thence, along the Northerly line of said Grand Avenue, South 89° 02' 30" West 160 feet to the Southwest corner of said Lot 11; thence, along the West line of said Lots 11 and 10, North 01° 42' West 175 feet to the Northwest corner of said Lot 10; thence, along the North line of said Lot 10, North 89° 02' 30" East 160 feet to the Northeast corner thereof and a point in the Westerly line of said abandoned alley; thence continuing North 89° 02' 30" East 46.60 feet along the North line of said Lot 10 projected and across Lot 14 to a point in the Westerly line of Marysville Road; thence, along the Westerly line of Marysville Road, South 08° 22' West 152.16 to a point common to the Southerly corner of said Lot 14 and the intersection of Marysville Road and the above mentioned alley; thence across said alley South 37° 26' West 31.69 feet to the point of beginning.

Assessor's Parcel Number: 251-0084-018-0000





MARKSVILLE BLVD
 BUILDING SITE B
 FIRST FLOOR PLAN - 1/16" = 1'-0"



GRAND AVE. / NORTH ELEVATION
 SCALE: 1/16" = 1'-0"



MARKSVILLE BLVD. / WEST ELEVATION
 SCALE: 1/16" = 1'-0"





**COUNTY OF SACRAMENTO
DEPARTMENT OF HUMAN ASSISTANCE**

ATTACHMENT IV-A

2433 Marconi Avenue
Sacramento, CA 95821-4807
Voice (916) 875-3611
Fax (916) 875-3591

CHERYL S. DAVIS
director

LIN BATTEN
*deputy director
public assistance*

LYNN FRANK
*deputy director
administration
&
community services*

March 10, 1998

James Johnson, Executive Director
Mutual Assistance Network of Del Paso Heights
811 Grand Avenue, Suite A-2
Sacramento, California 95838

Dear Mr. Johnson:

The Department of Human Assistance is excited to commit to your Neighborhood Central Project. We see the project as a serious contributor to developing the potential for neighborhood economic and community development in Del Paso Heights.

We would like to take this opportunity to commend you and the M.A.N. for the progress made in Del Paso Heights thus far. The Neighborhood Central Project represents a very positive addition to the coordinated services and programs located in this community which include your organization, the Neighborhood Service Agency (NSA) and many other organizations and individuals. The Neighborhood Central Project fulfills an essential component of the "Del Paso Heights Model", developed in 1992; for the NSA to occupy neighborhood office space separate from regular county D.H.A. and D.H.H.S. Bureau offices.

After almost five years of operation, the Neighborhood Service Agency's multi-disciplinary team consists of 25 staff members. We anticipate, based upon your Office Space Workshops held in 1997 that we will need and are committed to the following office space:

Office space for approximately 25 staff:	3,638 square feet
<u>Shared common space:</u>	<u>1,129 square feet</u>
Total: 4,767 square feet	

The Department of Human Assistance is committed to lease 4,767 square feet of office space in the Neighborhood Central Project at a rate of \$1.00 per square foot, or \$4,767.00 per month (\$57,204.00 annually), for a lease period of 5 years. This commitment is, of course, based upon the condition that the Mutual Assistance Network is successful in developing this building project and subject to approval by the Sacramento County Board of Supervisors.

On behalf of the Department of Human Assistance, I look forward to the Neighborhood Service Agency occupying space in your building, further strengthening the ability of the Del Paso Heights neighborhood to achieve its community objectives.

Sincerely,

Cheryl Davis, Director



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

March 11, 1998

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

DARRELL STEINBERG
Councilman
City of Sacramento

KATHY KOSSICK
Executive Director

Mr. James Johnson, Executive Director
Mutual Assistance Network of Del Paso Heights
811 Grand Avenue, Suite A-2
Sacramento, CA 95838

Dear Mr. Johnson:

This letter of commitment is in support of your Neighborhood Central Project. Over the past three years SETA has participated in the initial planning of this project, and is committed to leasing approximately 2,000 square feet of office space (this figure includes agency-specific and shared common areas). This project is important since it will serve as a catalyst to promote neighborhood economic-and community development in Del Paso Heights.

We would like to take this opportunity to commend you and the M.A.N. for the progress made on this project, and in Del Paso Heights thus far. The Neighborhood Central Project represents a very positive addition to the coordinated services and programs located in this community which include your organization, SETA and the Las Palmas Sacramento Works Career Center, the Neighborhood Service Agency and many other organizations and individuals. The Neighborhood Central Project is expected to generate a substantial number of (60 to 120) permanent new jobs for our agency's target group. Building upon our agencies' cooperative service delivery approach (Sacramento Works), the Neighborhood Central Project will enhance the coordination between those seeking employment and/or training and available employment opportunities within the neighborhood and city. At Neighborhood Central, SETA will certify customers for the Job Training Partnership Act (JTPA) and provide needed training when training is a requirement of the job.

SETA is a participating and contributing agency in the "Neighborhood System" the MAN is currently coordinating to better address the economic needs of individuals and families dependent upon public assistance. We anticipate that SETA's staff located at Neighborhood Central will consist of 2 staff members. Based upon the outcomes of your Office Space Workshops held in 1997 we will need and are committed to the following office space:

Office space for 2 staff:	Total
1 - Commercial Service Specialist (SETA)	
1 - Intake Worker	
1 - Resource Area for Job Listings and Computers	1,194 square feet
Shared common space:	806 square feet
	<hr/> 2,000 square feet

Mr. James Johnson, Executive Director
Mutual Assistance Network of Del Paso Heights
March 11, 1998
Page Two

SETA is committed to lease 2,000 square feet of fully serviced office space in the Neighborhood Central Project at a rate of \$1.00 per square foot, \$2,000 per month (\$36,000 annually), for a lease period of 3 years. This commitment is, of course, based upon the conditions that the Mutual Assistance Network is successful in developing this building project, that federal procurement procedures are followed, and approval of the final lease is made by the SETA Governing Board.

We are excited to participate in a project of this scale which will help develop meaningful and decent paying jobs for our customers while also enhancing the neighborhood physically and economically. We believe that the Neighborhood Central Project will further increase the capability of the Del Paso Heights neighborhood to achieve its community objectives.

Sincerely,



Kathy Kossick
Executive Director

KK:cgg

ATTACHMENT V

RECOMMENDED CONDITIONS OF APPROVAL

(Revised on May 6, 1998)

Staff recommends approval of the project subject to the following conditions:

1. ***Evidence of all grant and loan commitments must be received by SHRA prior to release of funds;***
2. **Approximately 3,000 SF of retail space to be leased at a rate of \$.70/SF/Month triple net, prior to release of funds.**
3. **MAN administrative costs not to be financed in the project capital budget and not to be paid with Agency funds.**
4. **All retail tenants/private businesses to pay property tax assessments. SHRA to have the right to review tenant credit worthiness of applicants.**
5. **Public bid of estimated construction costs per Davis-Bacon if required. Agency funding to be adjusted based on awarded bidding to a maximum of 30% of total costs and not to exceed \$570,000;**
6. **Commitment to Agency local hire programs for construction and permanent jobs;**
7. **Approval of project budget, plans, and specifications, and construction management vendors through SHRA Developer Services unit;**
8. **Conformance with urban design guidelines for Marysville Boulevard;**
9. **Loan terms and these conditions, subject to a formal DDA, to be approved by the SHRA Loan Committee and City Council;**
10. **Subject to applicant's receipt of necessary approvals of planning, zoning, building, parking variance or special permits from the City of Sacramento.**