



CITY OF SACRAMENTO
CALIFORNIA

20-1

OFFICE OF THE
CITY MANAGER

November 30, 1982

CITY HALL
915 I STREET - 95814
(916) 449-5704

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: South Natomas Business Park Negotiations

APPROVED
BY THE CITY COUNCIL

NOV 30 1982

OFFICE OF THE
CITY CLERK

SUMMARY

This report provides an update of the staff/developer negotiations on the development agreement and guidelines for the South Natomas Business Park. City Council action on this matter is recommended.

BACKGROUND

The City staff and representatives of the developers have reached general agreement on the development agreement. Issues related to some development guidelines require City Council action since the developer and City staff have not reached agreement.

DEVELOPMENT ISSUES WITH CONCURRENCE

1. Developers concur with the City staff position that all property including residential and non-residential is subject to the development agreement.
2. The developers concur with the City staff position that as a general matter of policy all ordinances and resolutions that occur after the development agreements shall apply. More specific language on this matter is as follows:

Post-agreement enacted ordinances and resolutions: All development shall be subject to city fees, taxes, onsite and proximate offsite public improvements, map, special permit, and all other usual requirements as are generally applicable city-wide at the time of building permit (or, if applicable, at the time of approval of map or special permit) except to the extent such future rules conflict with either:

- (a) Mandatory statutory agreement terms, or
- (b) PUD guidelines or schematic plan, unless the property owner consents.

3. The developers and City staff concur on the reservation of land as follows:
 - (a) 40 foot strip abutting Bannon Slough
 - (b) 3.9 acres adjacent to Natomas Drain Canal.
 - (c) 12 acre park site adjacent to El Camino on Natomas Eastside; provided, however, that the city may, at its option, acquire by dedication all or part of said site pursuant to Government Code Section 66477 (Quimby Act) as a condition of residential subdivision map(s).
 - (d) The City shall enter into a binding agreement to acquire all aforementioned reserved property within five (5) years of the effective date of the development agreement ordinance including such property, unless such period of time is extended by mutual agreement of the owner(s) of the reserved property and the City Manager.
 - (e) Value to be established at time of the agreement described in 3(d) measured in accordance with statutory condemnation valuation rules.
4. The developers of the Natomas Eastside Project concur with the City staff's request for dedication of land as follows:
 - (a) One-half acre fire station site adjacent to 12 acre parksite.
 - (b) Title to City in fee simple absolute.
 - (c) Dedication to occur within 60 days after effective date of development agreement ordinance. At time of dedication, credit shall be given to the NE project's share of the \$4.33 special contribution, as described in paragraph 11(c) below. Amount of credit shall be the value of half-acre site on December 1, 1982, measured in accordance with statutory condemnation valuation rules.
5. The developers and City staff concur on the allocation of office and commercial space as follows:
 - (a) Office Allocation
 - (1) Natomas Eastside - 630,000 gross square feet located as designated on the schematic plan.
 - (2) Gateway Center - 755,000 gross square feet located as designated on the schematic plan.
 - (3) Creekside - 572,000 gross square feet located as designated on the schematic plan.
 - (4) Natomas Corporate Center - 133,211 gross square feet located as designated on the schematic plan.

(b) Commercial Allocation

- (1) Natomas Eastside 196,000 gross square feet.
- (2) Gateway Center 35,000 gross square feet.

6. The developers and staff concur on the following special contribution schedule:

(a) Allocation between four projects (OB plus commercial were applicable)

NE	35.59%
G	34.03%
C	24.64%
NCC	5.74%

(b) Up-front payment: \$250,000

NE	\$88,975
G	85,075
C	61,600
NCC	14,350

Due within 90 days of effective date of development agreement ordinance.

(c) Balance: \$4.33 million

- Payable either (1) in cash, as a function of OB and C gross square footage proposed, at time of each building permit application; or (2) in lump sum amounts anytime, at the option of developer; or (3) by value of land dedicated pursuant to paragraph 4 above.

Project allocation (after subtraction of up front payment)

NE	\$1,541,050
G	1,473,500
C	1,066,900
NCC	248,550

-- A prorata portion of the allocation computed by the ratio of square footage to be constructed to the total project square footage allocation shall be payable prior to issuance of building permit unless part/all of this amount offset by either a prior land dedication or developer lump sum payment.

-- On January 1, 1985, the remaining allocation will be subject to an inflator, as described in (d).

(d) Inflator

-- January 1, 1985 - zero base.

-- San Francisco/Oakland CPI for All Urban Workers, or .5%/month (6%/annum), whichever is less.

-- Adjusted monthly on date of City receipt of latest published monthly index.

-- \$2.0 million cap on amount subject to inflator: consumed when non-inflated portion of special contribution fees received after January 1, 1985 exceeds that project's share of \$2 million, as follows:

NE:	\$711,800
G:	680,600
C:	492,800
NCC:	114,800

(e) Limitations on use of special contribution fees:

- (1) To be placed in discretionary City account;
- (2) Corpus and interest to be used for capital improvements located within the SN Community Plan area; EIR-identified traffic mitigation improvements shall be eligible for expenditure.
- (3) No duty to spend within the term of development agreement.

7. The developers and staff concur on the language that describes default remedies as follows:

(a) No building permit applications accepted or permits issued for any non-residential structures if permit applicant owns any property:

- (1) Located within the geographical area subject to the agreement, and if
- (2) prior improvements or development on such property violates an applicable City ordinance or the development agreement (including the PUD guidelines).

(b) CCR based remedy, authorizing each lessee, property owner and the City, acting independently or jointly, to enjoin agreement violations, recover attorney fees, and place liens on adjudicated violators property for enforcement costs.

8. The developers and staff concur that the maximum office and commercial square footage allocations within each project will be calculated as follows:

All that area within the interior boundaries of exterior structural walls shall be included; (i.e., debited against the project allocation and subject to the special contribution building permit fee) provided, however, that areas commonly used by all structure occupants as (a) lobbies; or (b) entrance areas to the structure; or (c) atria; or (d) in-lieu vehicular transportation facilities, such as bicycle storage areas, locker rooms or showers -- shall be excluded.

9. The developers and the City staff have reached accord on an alternative development scheme which will provide corporate level landscaping and maintenance for the I-5 landscape corridor. The corridor, which is in excess of the existing Interstate 5 property owned by Caltrans consists of 22.30 acres owned in fee by the City. This alternative is based on the following assumptions:
- a. The City will deed all acreage of the I-5 scenic corridor to non-profit organizations created by the developers; except the 8.840 acre CITATION parcel.
 - b. Developers will develop, to City standards, the landscaped corridor abutting their respective projects at a level not less than \$65,000 per acre.
 - c. Developers will maintain the landscaped area (I-5 corridor) to a standard approved by the City consistent with corporate landscape maintenance.
 - d. Developers agree to contribute to a trust fund for the maintenance of the 8.840 acre CITATION parcel.
 - e. The City will manage the various trust funds associated with the development of the I-5 scenic corridor and the maintenance of the CITATION parcel.
 - f. The City agrees to increase allocation of office square footage by 290K square feet in return for the developers contributions to assure the I-5 scenic corridor development.
 - g. The following table provides an expanded view of the calculations which support this alternative proposal:

CALCULATION FOR I-5 CORRIDOR DEVELOPMENT

DEVELOPER	(1) SQ FT ALLOCATION PERCENTAGE	(2) I-5 CORRIDOR ACRES	(3) ACREAGE SPLIT (1)x(2)	(4) APPORTION OF ADDED SF 290,000 x(1)	(5) TOTAL CORRIDOR DEVELOP COST \$65,000/ac x(3)	(6) CITATION MAINT TRUST \$1.97/sf x(4)
NATOMAS EASTSIDE	35.59	22.30	7.94	103211	515877	203326
GATEWAY	34.03	22.30	7.59	98687	493265	194413
CREEKSIDE	24.34	22.30	5.49	71456	357157	140768
NATOMAS CORP CENTER	5.74	22.30	1.29	16646	33201	22793
TOTAL	100.00	22.30	22.30	290000	1449500	571300

A map of the corridor is provided in Exhibits A and B indicating the location of the corridor parcels which are the subjects of this proposal.

DEVELOPMENT GUIDELINES REQUIRING CITY COUNCIL ACTION


The following development guidelines require City Council intervention due to the fact that developers and City staff have been unable to resolve these issues; some of which, have been recommended by the City Planning Commission.

1. A note on the Gateway Center schematic requires a child care center and a racquet-ball recreation center recommended by the City Planning Commission. The City Manager recommends deleting of the requirement.
2. Participation in the 2% art program recommended by the City Planning Commission. The City Manager recommends deleting of the requirement.
3. Gateway Center developer has requested an expanded definition for office use to include research and development activities. The City, Planning staff has agreed to one modification. A second modification requested by the developer is unacceptable to the City staff. The City Manager supports the staff position.
4. Gateway Center developer request that the support commercial allow office uses limited to 2,500 square feet of gross leasable area per tenant similar to Natomas Eastside SC zone. Additionally, developer wants to broaden the definition of allowable uses to include stationary stores and blueprint services. The City Manager is opposed to this change.
5. The developer proposes that building setbacks consist of 25 feet and landscaped setbacks 15 feet. PUD guidelines require 25 foot setbacks for both. City Manager opposes this change.
6. The developer proposes a 25 foot building and 15 foot landscape setback on Azevedo Drive. PUD guidelines require 50 foot for buildings and 25 foot landscaped setbacks. Azevedo Drive is a major thoroughfare and is adjacent to an 80 acre parcel designated for residential. The City Manager is opposed to this modification.
7. The Gateway Center developer proposes a 15% landscape coverage in commercial zones but guidelines specify 25% landscape coverage. The City Manager recommends a 20% landscape coverage similar to a single story office building in an OB zone.
8. The developer wants one sign per building. PUD guidelines specify one sign per parcel. The City Manager supports monument signs but has no preference on location or number.

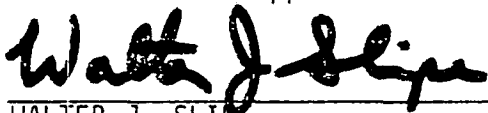
RECOMMENDATION

This report is provided for City Council information and approval of all issues concerning the development agreement and guidelines.

Respectfully submitted,


SOLON WISHAM, JR.
Assistant City Manager

Recommendation Approved:



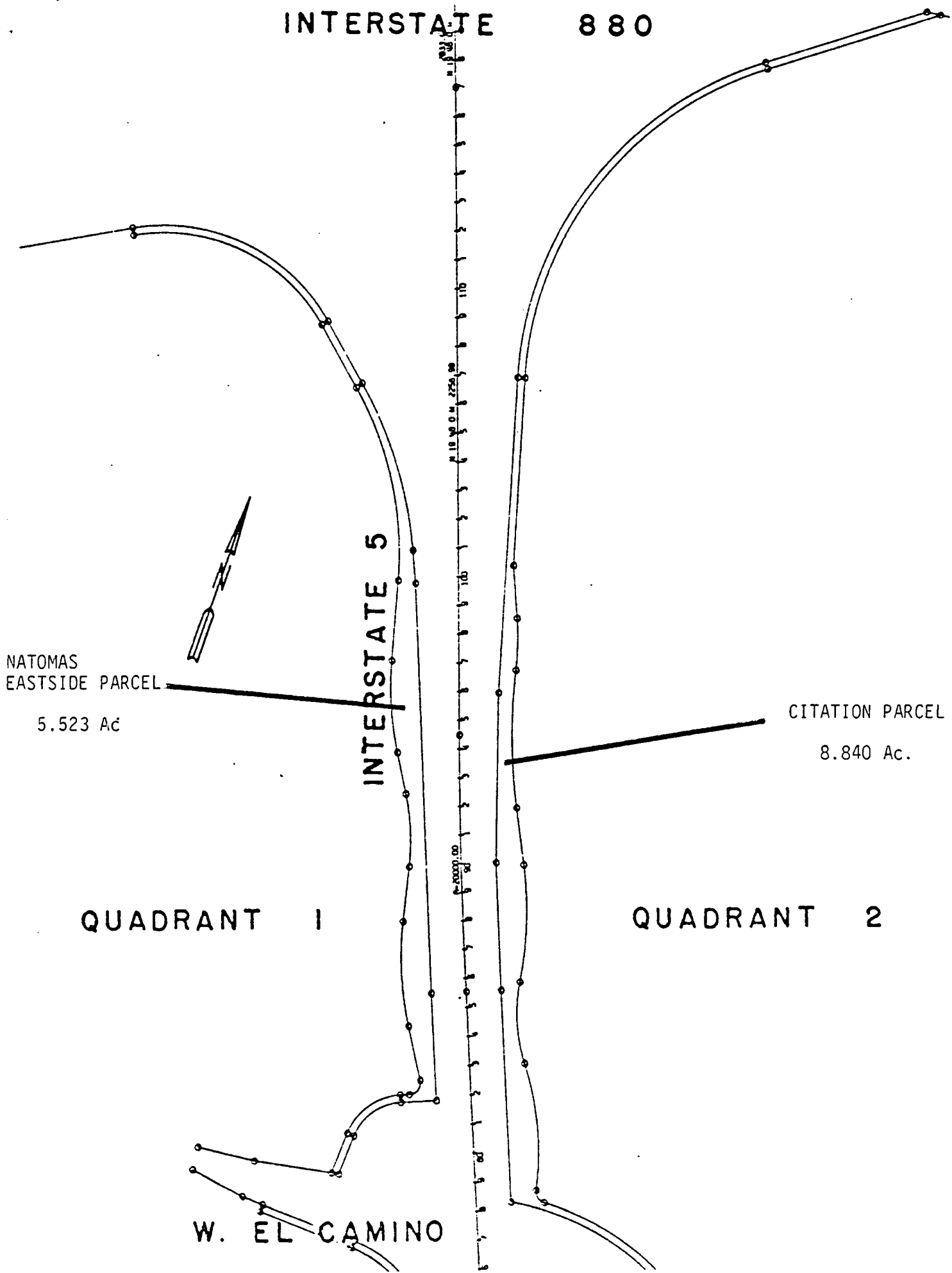
WALTER J. SLIFE
City Manager

INTERSTATE 880

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CALTRANS PROPOSED WALL



NATOMAS
EASTSIDE PARCEL
5.523 Ac

INTERSTATE 5

CITATION PARCEL
8.840 Ac.

QUADRANT 1

QUADRANT 2

W. EL CAMINO

NATOMAS EASTSIDE PARCEL

0.664 Ac.

W EL CAMINO

CREEKSIDE PARCEL

0.264 Ac.

GATEWAY_CENTER PARCEL

4.050 Ac.

NATOMAS CORP. CENTER

2.330 Ac.

QUADRANT 4

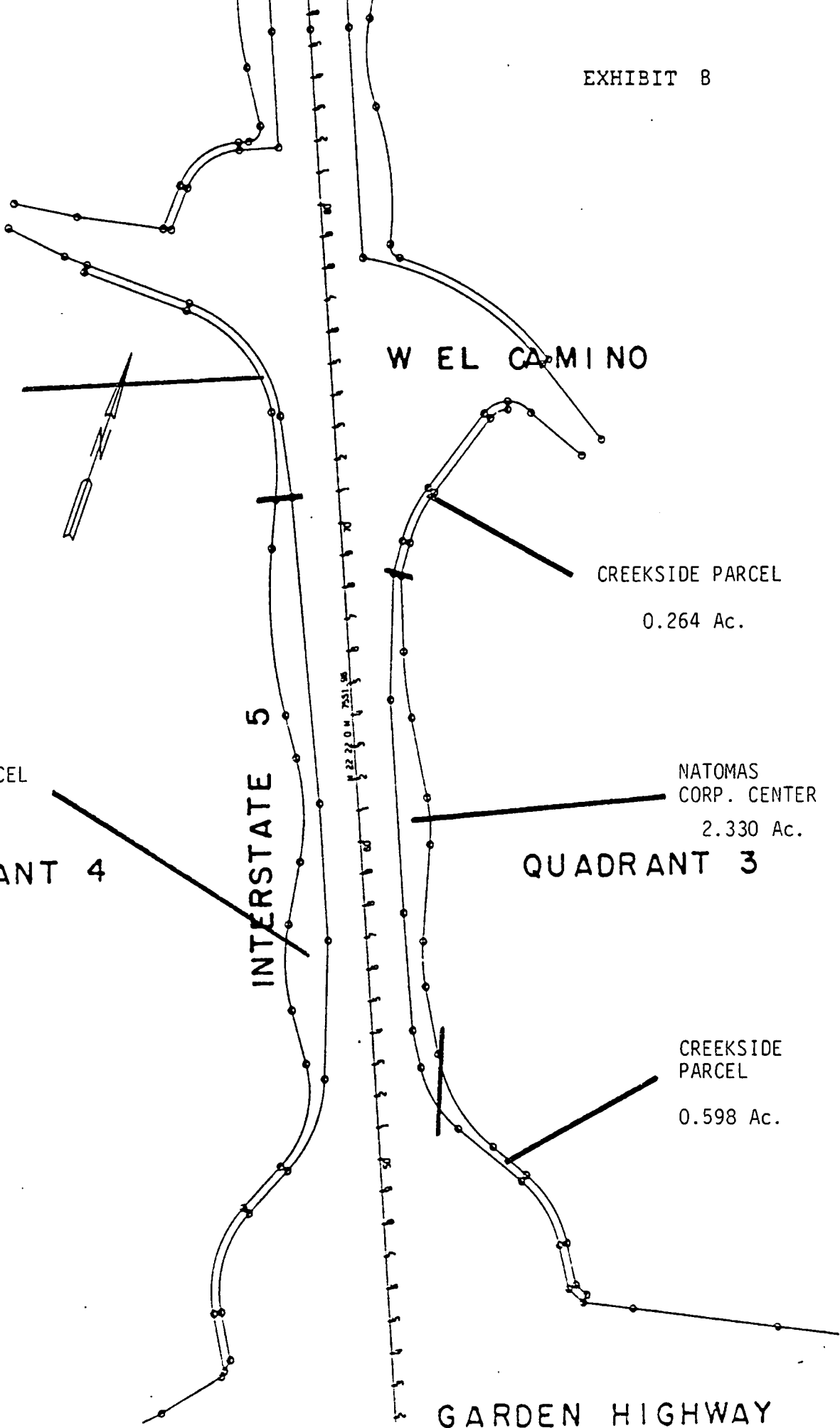
QUADRANT 3

INTERSTATE 5

CREEKSIDE PARCEL

0.598 Ac.

GARDEN HIGHWAY





CITY OF SACRAMENTO

2124

20-1B

DEPARTMENT OF LAW
812 TENTH STREET
SUITE 201
SACRAMENTO, CA 95814
TELEPHONE (916) 449-5346

JAMES P. JACKSON
City Attorney
THEODORE H. KOBEY, JR.
Assistant City Attorney
LELIAND J. SAVAGE
SAMUEL L. JACKSON
WILLIAM P. CARNAZZO
DIANE B. BALTER
CHRISTINA PRIM
Deputy City Attorneys

November 30, 1982

Honorable City Council
City of Sacramento
City Hall
Sacramento, California

In re: Access to Natomas Corporate Center

Members in Session:

Staff and the two east-side developers, Creekside and Natomas Corporate Center, have not reached agreement relative to how access across Creekside to the landlocked Natomas Corporate Center parcel should be provided.

A. Staff Recommendation

Both the Creekside and Natomas Corporate Center schematic plans should diagrammatically show an access street. Both plans should identify the street with the words "future street".

B. Practical Effect of Staff Recommendation

If Creekside submits either map or special permit applications before Natomas Corporate Center, the City would, consistent with past City-wide practice, require Creekside to dedicate and improve the access street. Such dedication and improvement by Creekside would be authorized by the State Subdivision Map Act, the City Subdivision Ordinance, and traffic circulation policies in both the General Plan and South Natomas Community Plan - all of which generally require that onsite streets shall be constructed and aligned to allow for the logical continuation of traffic where adjoining offsite land is not yet developed.

If Natomas Corporate Center submits development applications before Creekside, the City would, consistent with City-wide practice, condemn the area for public street purposes with the cost of the acquisition to be borne by Natomas Corporate Center. The street site, as shown on the schematic plans, would be purchased from Creekside at its then fair market value and Natomas Corporate Center would pay for road improvements.

C. Possible City Liability Associated with Council Adoption of Staff's Recommendation

At the November 9 Budget & Finance Committee meeting on these projects, Councilman Connelly asked whether the City would be liable if it failed to resolve numerous details (i.e., when the street will be constructed and by whom, and whether the underlying land will be donated or purchased -- and if purchased, at what price) relative to Natomas Corporate Center access in the currently pending entitlement approvals.

The City Attorney's office has concluded that the City is not legally obliged to "guarantee" access at this time in any greater detail than is contained in the current staff recommendation. Liability would exist only if the City could be shown to be deviating "arbitrarily and capriciously" from established City-wide practices and laws -- in other words, not providing access for Natomas Corporate Center in the same manner the City aids access resolution disputes in analogous situations.

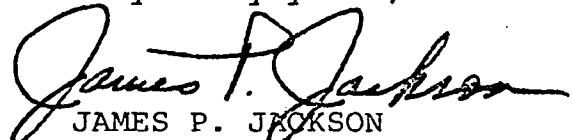
Adoption of staff's recommended position is entirely consistent with past City-wide practice of specifying access acquisition details at the time of map or special permit approval -- rather than at this earlier PUD entitlement approval stage. Therefore, Council adoption of staff's recommended position will not constitute arbitrary, capricious or discriminatory treatment of Natomas Corporate Center.

D. Opposition to Staff recommendation

Creekside concurs with staff's recommendation. However, Natomas Corporate Center wants the City to include within the Creekside development agreement a requirement that an irrevocable offer of dedication (IOD) be given for the access road site. An IOD would give the City the power to demand that Creekside dedicate (donate) the land to the City for a public street whenever the City elects to accept the land. Roadway improvements would then be funded by either the City or Natomas Corporate Center.

Although the City could legally require an IOD at this time, doing so would deviate from past City practice and, in staff's opinion, is unjustifiably premature.

Very truly yours,


JAMES P. JACKSON
City Attorney

JPJ:kn