

RESOLUTION NO. 98-037

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF SEP 1 1998

SUBMITTING THE REPORT AND PROPOSED FIRST AMENDMENT TO THE CITY COUNCIL; APPROVING AND ADOPTING THE REPORT TO THE CITY COUNCIL OF THE PROPOSED FIRST AMENDMENT TO THE REDEVELOPMENT PLAN FOR THE SACRAMENTO ARMY DEPOT REDEVELOPMENT PROJECT; CONSENTING TO AND REQUESTING THE CITY COUNCIL TO CALL A JOINT PUBLIC HEARING ON SAID FIRST AMENDMENT; AND CALLING A CONCURRENT PUBLIC HEARING OF THE AGENCY ON THE PROPOSED FIRST AMENDMENT TO THE IMPLEMENTATION PLAN FOR THE SACRAMENTO ARMY DEPOT REDEVELOPMENT PROJECT

WHEREAS, the Redevelopment Plan ("Redevelopment Plan") for the Sacramento Army Depot Redevelopment Project (the "Project") was adopted by the City Council of the City of Sacramento on June 27, 1995, by Ordinance No. 95-034; and

WHEREAS, the Redevelopment Agency of the City of Sacramento (the "Agency") is vested with the responsibility for implementing and carrying out the Redevelopment Plan and, in connection therewith, prepared and adopted an Implementation Plan for the Project, pursuant to the requirements of the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq., "CRL"), which Implementation Plan sets forth the Agency's proposed initial five-year goals, projects, programs and expenditures for redevelopment of the Project Area; and

WHEREAS, the Agency has prepared a proposed First Amendment to the Redevelopment Plan (the "Redevelopment Plan Amendment"), the purpose of which is to exclude certain areas (the "Excluded Areas") from the boundaries of the Project Area; and

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WHEREAS, in connection with the proposed Redevelopment Plan Amendment, a proposed First Amendment to the Implementation Plan ("the Implementation Plan Amendment" has also been prepared to reflect the removal of the Excluded Areas from the Project Area and to make applicable changes to the five-year goals, projects, programs and expenditures set forth in the Implementation Plan; and

WHEREAS, the Agency has submitted the proposed Redevelopment Plan Amendment to the Planning Commission of the City of Sacramento for its report and recommendations, and has received such report and recommendations; and

WHEREAS, pursuant to CRL Section 33457.1, the Agency has prepared a Report to the City Council on the proposed Redevelopment Plan Amendment; and

WHEREAS, Section 33458 of the CRL authorizes a joint public hearing on the proposed Redevelopment Plan Amendment with the consent of the Agency and the City Council of the City of Sacramento (the "City Council"); and

WHEREAS, Section 33490(a)(1)(A) of the CRL authorizes the Agency to amend the Implementation Plan after conducting a joint public hearing on the proposed Implementation Plan Amendment;

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

Section 1. The Agency hereby approves and adopts the Report to the City Council on the proposed First Amendment to the Redevelopment Plan for the Sacramento Army Depot Redevelopment Project, in the form attached hereto, and hereby submits said Report, together with the proposed Redevelopment Plan Amendment, to the City Council.

Section 2. The Agency hereby consents to a joint public hearing on the proposed Redevelopment Plan Amendment and requests the City Council to call a joint public hearing of the Agency and the City Council, at such time as it may determine, in the Council Chambers in the Sacramento City Hall to consider and act upon the proposed Redevelopment Plan Amendment and all documents and evidence pertaining thereto.

Section 3. The Agency hereby calls a public hearing, to be held by the Agency concurrently with the joint public hearing on the proposed Redevelopment Plan Amendment, to consider and act on the proposed Implementation Plan Amendment.

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Section 4. The Agency Clerk shall, in cooperation with the City Clerk of the City of Sacramento, prepare, publish and mail such notices and documents and do all other acts as may be necessary to carry out the purposes of this resolution.


CHAIR


SECRETARY

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**REPORT TO THE CITY COUNCIL
ON THE
FIRST AMENDMENT TO THE SACRAMENTO ARMY
DEPOT REDEVELOPMENT PLAN**

Prepared by the:

REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

August 1998

(22)

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**REPORT TO THE CITY COUNCIL
ON THE FIRST AMENDMENT TO THE
SACRAMENTO ARMY DEPOT REDEVELOPMENT PLAN**

INTRODUCTION

This Report (Report) on the proposed First Amendment (Amendment) to the Redevelopment Plan (Redevelopment Plan) for the Sacramento Army Depot Redevelopment Project (Project) has been prepared by the Redevelopment Agency of the City of Sacramento (Agency) pursuant to the provisions of Section 33457.1 of the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.) (CRL), which section provides as follows:

To the extent warranted by a proposed amendment to a redevelopment plan, (1) the ordinance adopting an amendment to a redevelopment plan shall contain the findings required by Section 33367 and (2) the reports and information required by Section 33352 shall be prepared and made available to the public prior to the hearing on such amendment.

In accordance with Section 33457.1 of the CRL, this Report contains only the information required by Section 33352 of the CRL that is warranted by the proposed Amendment. Because the sole purpose of the proposed Amendment is the exclusion of certain property (the Excluded Areas) from within the boundaries of the Project, the contents of this Report are limited to the following:

- ◆ The reasons for amending the Redevelopment Plan to exclude the Excluded Areas (CRL §33352(a));
- ◆ The Implementation Plan for the Project Area (CRL §33352(c));
- ◆ The economic feasibility of the proposed Redevelopment Plan Amendment (CRL §33352(e));
- ◆ An analysis of the Preliminary Plan for the Project Area (CRL §33352(g));
- ◆ The report and recommendations of the Planning Commission on the proposed Amendment (CRL §33352(h)); and
- ◆ The report (environmental document) required by the Section 21151 of the Public Resources Code as applicable to the proposed Amendment (CRL §33352 (k)).

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REASONS FOR AMENDING THE PROJECT AREA

The Sacramento Army Depot Redevelopment Project area was adopted by Ordinance No. 95-034 on June 27, 1995, to address physical and economic blight resulting from the closure of the Army Depot and general blighting conditions in the surrounding area. The Redevelopment Plan was prepared pursuant to the CRL and allows the use of redevelopment as a major financing and implementation technique. The Redevelopment Plan is the fundamental document outlining the methods for financing public improvements within the Project Area such as sanitary sewer, storm drainage, water supply and roadway improvements that will in turn induce private sector investment resulting in the elimination of blight and the revitalization of the Project Area.

Implementation of the Redevelopment Plan relies significantly on the Agency's ability to use tax increment financing for reinvestment in the Project Area. The generation of tax increment revenue depends on the increases in the overall assessed value of the property in the Project Area. Due to the decrease in operations of the Proctor & Gamble facility and the resulting decline in the value of that property shortly after Plan adoption, there has been no increase in the overall assessed value of property within the Project Area and, therefore, no tax increment revenue to invest in public improvements or other redevelopment activities.

The proposed Sacramento Army Depot Redevelopment Plan Amendment involves the exclusion of certain land from the Project Area in order to generate tax increment revenue to implement projects approved as part of the Redevelopment Plan. The current Project Area consists of approximately 1,420 acres of the southeast portion of the City of Sacramento. The proposed Redevelopment Plan Amendment would exclude two noncontiguous areas of land (totaling approximately 130 acres) from the Project Area boundaries. The property being proposed for exclusion and reasons for exclusion are described below:

- ◆ Portions of the Former Proctor & Gamble Site: At the time the Plan was adopted, Proctor & Gamble Company owned one of the largest parcels in the Project Area, and was the single largest contributor (47%) to the total assessed value of the Project Area. Subsequent to the adoption of the Plan, Proctor & Gamble significantly reduced its local operations. In 1996, Proctor & Gamble removed most of the highly valued equipment involved in its manufacturing and industrial processes and sold most of the real property associated with its 135-acre parcel, retaining only one 46-acre parcel.

The former single parcel now consists of eight parcels – four are developed and four are vacant. The combined assessed valuation of the four developed parcels is approximately \$113 million less than the same property at the time of Plan adoption. If these parcels remain in the Project Area, it will likely be decades before the total sum of assessed value of the taxable property exceeds the value of the same property at the time of Plan adoption, therefore making it unlikely that the Project Area as a whole will generate any tax increment until well into the future. Exclusion of these four parcels will enable the remaining properties in the Project Area to generate the tax increment revenue necessary to carry out the redevelopment projects approved as part of the Plan. The proposed Amendment excludes these four developed parcels from the Project Area.

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- ◆ W.E. Hall Company Parcels: Three contiguous parcels on Power Inn Road are also being recommended for removal from the Project Area. The owner of these properties, W.E. Hall Company, requested not to be included in the Project Area prior to Plan adoption. However, these properties were ultimately included because Redevelopment Agency staff identified certain life and fire safety risks and aesthetic conditions that contributed to blight in the area. Since adoption of the Plan, the property owner has made property improvements and has been issued a Certificate of Conformance by the Redevelopment Agency. At the request of W.E. Hall Company, and because the property currently meets the requirements of the Plan, it is recommended that this property be excluded from the Project Area.

To summarize, the proposed Redevelopment Plan Amendment involves removing seven parcels from the Project Area – four developed parcels at the former Proctor & Gamble site and three parcels owned by W.E. Hall Company. The exclusion of these properties will allow the Project Area to generate tax increment revenues and the Agency to implement redevelopment projects. The current Project Area consists of 1,420 acres; the proposed Amendment would remove approximately 130 acres from the Project Area.

IMPLEMENTATION PLAN

The Implementation Plan, adopted in June 1995 as part of the Report to the City Council on the Redevelopment Plan, is proposed to be amended concurrently with adoption of the Plan Amendment. The purpose of the Implementation Plan is to describe the specific goals and objectives of the Agency, specific projects proposed by the Agency, including a program of actions and expenditures proposed to be made during the five-year period covered by the Redevelopment Plan, and a description of how these projects will improve or alleviate the blighting conditions in the Project Area.

The purpose of the Implementation Plan is to provide a clear and reasonable statement of the Agency's current intent regarding activities in the Project Area and to establish a nexus among Agency goals and objectives, program activities, and the purpose of redevelopment which is to eliminate blight and to develop, preserve and rehabilitate affordable housing. In connection with the Redevelopment Plan Amendment, a proposed First Amendment of the Implementation Plan (Implementation Plan Amendment) has been proposed. The purpose of the Implementation Plan Amendment is to update the Implementation Plan to make it consistent with:

- ◆ Tax increment projections associated with the Plan Amendment; and
- ◆ Current Agency projects and programs.

The proposed Implementation Plan Amendment and the existing Implementation Plan are attached to this Report as Exhibits E and F, respectively.

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ECONOMIC FEASIBILITY OF THE REDEVELOPMENT PLAN AMENDMENT

The exclusion of the proposed properties from the Project Area will result in increased revenue to the Redevelopment Agency and allow for the reinvestment of that revenue in public improvements and other projects to remove blight and stimulate economic development. As shown in Exhibit C to this Report (Total Assessed Values Comparison), the property being proposed for exclusion has a significant negative impact on the total assessed value of the taxable property within the Project Area, and accordingly, on the Project Area's ability to generate tax increment revenue for redevelopment purposes.

If these parcels remain in the Project Area, it will likely be decades before the total sum of the assessed value of the taxable property exceeds the value of the same property at the time of Plan adoption. Exhibit D to this Report (Projected Tax Increment Revenues with Plan Amendment) illustrates that the Project Area is currently generating zero tax increment revenue, and is in fact losing the potential to generate more than \$500,000 annually. Without the Plan Amendment, the Project Area is not expected to generate any tax increment until FY 2004-05. Therefore, unless the proposed excluded property is removed from the Project Area, there will be no tax increment generated by the Project Area that can be used to repay debt incurred to remove blight and stimulate economic development. To summarize, without the proposed Amendment, the Agency will be unable to carry out any of the projects or programs approved as part of the Redevelopment Plan until well into the future.

ANALYSIS OF THE PRELIMINARY PLAN

The Sacramento City Planning Commission approved the Preliminary Plan for the Sacramento Army Depot Redevelopment Project on December 6, 1994. The Preliminary Plan describes the boundaries of the Project Area, contains general statements of land uses, layout of principal streets, population densities, building intensities and building standards proposed as the basis for the redevelopment of the Project Area. The Preliminary Plan also shows how the purposes of the CRL would be attained through the redevelopment of the area, and states that it conforms to the General Plan of the City. The Preliminary Plan also describes generally the impact of the Project upon the residents thereof and the surrounding neighborhood.

On July 9, 1998, the Planning Commission approved the First Amendment to the Preliminary Plan for the Sacramento Army Depot Redevelopment Project (Preliminary Plan Amendment) and revised the Project Area boundaries.

REPORT AND RECOMMENDATIONS OF THE PLANNING COMMISSION

Section 33352(h) of the CRL requires the report and recommendations of the Planning Commission concerning the consistency of the proposed Plan Amendment with the General Plan be included in this Report. On July 9, 1998, the Planning Commission adopted a Notice of

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Decision and Findings of Fact (Exhibit A) determining that the proposed Plan Amendment is consistent with the adopted goals and policies of the City General Plan.

ENVIRONMENTAL REPORT

The proposed action to modify the Project Area boundaries to eliminate certain parcels would not result in any new significant impacts that were not previously considered in the Final Environmental Impact Report for the Sacramento Army Depot Redevelopment Plan (Final EIR), certified in June 1995. Since only minor technical changes or additions are necessary to make the Final EIR adequate and complete for the Project, an Addendum to the Final EIR has been prepared for the proposed Plan Amendment. The changes do not raise important new issues about significant effects on the environment.

An addendum need not be circulated for public review but can be included in or attached to the Final EIR (CEQA Guidelines, Section 15164, subds. (c)). The Redevelopment Agency and the City Council shall consider the addendum with the Final EIR prior to making a decision on the project (CEQA Guidelines, Section 15164, subds. (d)). The Redevelopment Agency of the City of Sacramento is the lead agency for preparation of the proposed Plan Amendment. The City of Sacramento is a responsible agency for this project.

The EIR Addendum and Final EIR are attached to this Report as Exhibits G and H, respectively.

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