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OFFICE OF THE
CITY MANAGER

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October 8, 1999

City Council
Sacramento, California

Honorable Members in Session:

**Subject: Request to Amend the Economic Development Conveyance
Application to Acquire Additional Land at the Former Army Depot**

LOCATION AND COUNCIL DISTRICT:

Council District 6. Former Sacramento Army Depot

RECOMMENDATIONS:

Authorize staff to amend the original Economic Development Conveyance (EDC) application by which the City acquired all then available space at the former Sacramento Depot. An additional parcel has become available which requires an EDC amendment to acquire. This report also requests that staff be authorized to enter in to negotiations with the Army Corp of Engineers regarding this transaction.

CONTACT PERSON: Debra Nyland, Sr. Management Analyst, 264-7145

FOR COUNCIL MEETING OF: October 19, 1999

SUMMARY:

In 1994, the City of Sacramento acquired all available land at the former Sacramento Army Depot under an Economic Development Conveyance (EDC). In turn the City leased all acquired land to Packard Bell Electronics. The lease with Packard Bell requires the City to make a good faith effort to acquire any additional parcels, which may become available at the site.

California State University Sacramento (CSUS) has declined the federal offer of a parcel at the site. The Army has invited the City to amend our EDC to acquire this parcel.

Staff would then negotiate with the Army and return to the City Council with the proposed deal.

COMMITTEE ACTION: None.

BACKGROUND:

History: In 1994, the City of Sacramento's Army Depot Reuse Committee (Chaired by then Council Member Darrell Steinberg) completed the federally required Reuse Plan for the Sacramento Army Depot. Concurrently President Clinton signed in to law the Economic Development Conveyance (EDC) process which allowed communities to acquire closed military bases for less than fair market value based on economic development considerations.

The City Council immediately authorized staff to submit an EDC for all of the former depot space that was available and also authorized staff to negotiate with the Army. The City had the distinction of being the first entity in the nation to submit a successful EDC. The City was granted all land at the depot not slated for another entity. Total acreage deeded the City was approximately 370 acres. This included all but three parcels which included a military reserve area; a deed to Foodlink, a non profit homeless service provider and approval for CSUS to acquire over 7 acres.

The original EDC assumed a 20-year timeframe for development of this light industrial site. However the City was approached by Packard Bell Electronics who were seeking to relocate from their earthquake damaged Northridge site. The City was successful in negotiating a lease with Packard Bell for all former depot property conveyed to the City. Packard Bell located their headquarters, an assembly plant and a distribution facility at the site. Thus in nine months the City acquired and leased the site to a private company, a feat which has gained the City of Sacramento national and international recognition.

Packard Bell's employment levels have ranged from 2,000 to 5,000 employees with an estimated annual payroll of up to \$200 million and a secondary economic impact of up to \$400 million.

A provision of the City's lease with Packard Bell Electronics was that the City would make a "good faith effort" to acquire any additional parcels which may become available at the site and to include said parcels in Packard Bell's lease.

Current Opportunity: CSUS has recently declined the offer of space at the former depot primary due to a change of plans and fiscal constraints. These 7 plus acres contain two very desirable buildings – a 155+ square foot warehouse and a comparatively new 27

square foot warehouse. The Army has offered the City first right of refusal to apply for these buildings.

Were we to ignore our legal requirement to make a "good faith effort" to acquire this parcel, the Army would put it up for public sale. As it is in the middle of land we own, staff believes it is in our best interest to acquire.

POLICY CONSIDERATIONS:


Pursuing acquisition of this parcel is consistent with the legal requirements of the City's lease with Packard Bell/NEC. Further this action is consistent with the City Council priority of Economic Development.

FINANCIAL CONSIDERATIONS:

Previously EDC's were negotiated for less than fair market value based on economic development considerations. However, President Clinton has just signed the Defense Authorization Bill that includes a provision whereby Economic Development Conveyances shall be at no cost to the local entity. It is staff's intent to negotiate with the Corp using this new legislation so the CSUS parcel can be acquired at no cost to the City.

ESBD: Not applicable.

Respectfully submitted:



Debra S. Nyland
Senior Management Analyst

Recommendation Approved:



Robert P. Thomas
City Manager



RESOLUTION NO. 99-586

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

RESOLUTION AUTHORIZING THE AMENDMENT OF THE ECONOMIC DEVELOPMENT CONVEYANCE FOR LAND AT THE FORMER ARMY DEPOT TO ACQUIRE AN ADDITIONAL PARCEL AND AUTHORIZING STAFF TO NEGOTIATE WITH THE ARMY CORP OF ENGINEERS FOR THIS PARCEL

Be it hereby resolved by the City Council that:

1. Staff is authorized to amend the Economic Development Conveyance for land at the former Army Depot to acquire an additional parcel.
2. Staff is authorized to enter in to negotiations with the Army Corp of Engineers for acquisition of this parcel .

Mayor

ATTEST:

City Clerk

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____