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DEPARTMENT OF
PUBLIC WORKS

CITY OF SACRAMENTO
CALIFORNIA

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July 3, 1990

ADMINISTRATION
916-449-8747

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

Honorable Members in Session:

SUBJECT: NORTH NATOMAS FINANCING PLAN – SUPPLEMENTAL REPORT BACK ON FINANCING
FOR THE 200-ACRE REGIONAL PARK

SUMMARY

This is a supplement to the June 5, 1990, staff report on financing considerations for the 200-acre Regional Park in North Natomas. Specifically, this report will address the 112-acre portion of the park that is not covered by a development agreement. This report is submitted for Committee information and staff direction. No formal action on the Financing Plan is required at this time.

BACKGROUND

At the Joint Committee meeting of June 5, 1990, staff presented a special report on financing alternatives for the Regional Park. The report noted that 130 acres of the park site is owned by developing landowners who have development agreements with the City. The report recommended that this 130 acres be dedicated to the City through the proposed "Land Dedication Fee District" under the authority provided by the North Natomas development agreements.

For the remainder of the park site (112 acres), it was reported that the property was not covered by a development agreement and that the current owner has not applied for any land use entitlements. The report concluded that without a development agreement on the property, the authority to require dedication was not in place. In consideration of these factors and given the priority of the Regional Park, it was recommended that the 112 acres should be acquired through negotiated purchase or condemnation. The proposed North Natomas Mello Roos District was recommended as a funding source for this acquisition.

The concern expressed by Committee members was that the North Natomas Community Plan (NNCP) states that "the 200-acre Regional Park shall be dedicated to the City" and that purchase of the 112 acres, through the Mello Roos District, does not satisfy this provision. Furthermore, there was concern that the proposed acquisition would use bonding capacity needed for other improvements. Staff was directed to prepare this report to address ownership history of the 112 acres and how the rezone/development agreement process works. An accompanying report by the City Attorney provides a legal analysis of the situation.

Ownership History

As requested, staff has researched ownership of the property with the Sacramento County Recorders Office. The 112 acres is comprised of two parcels of land (please reference Exhibit A). Ownership of the property, dating back to 1981, is summarized as follows:

<u>Owner</u>	<u>Deed Recording Date</u>
KENSINGTON SQUARE LTD.	9/26/85 (Current Owner)
SACRAMENTO SAVINGS & LOAN ASSOCIATION	2/10/84
ADAMS FARMS/EIYSIAN FARMS	1/6/84
ROBERT LEAL	1/14/81

North Natomas Community Plan Map

The NNCP map, as adopted on May 13, 1986, was a "schematic" diagram indicating the general location of land use categories, the traffic circulation system, and open space areas (please refer to Exhibit B). The map was not intended to define precise roadway alignments or zoning boundaries. Additionally, the land uses indicated on the map were not intended to be parcel or ownership specific. The NNCP was specific, however, on total developable area within the NNCP. Page 12 of the NNCP specifies the maximum acreage for each of the nine developable land use categories. This specification is the basis for the NNCP Environmental Impact Report and serves as the primary guideline for staff review of rezone and other land use entitlement applications.

Rezoning and Development Agreement Process

Following adoption of the NNCP in 1986, the developers submitted a number of rezone, planned unit development (PUD), and development agreement applications. During this process, the location of street alignments, zoning boundaries, and other plan elements were refined from the schematic Community Plan diagram. The rezoning maps, submitted by the developers, indicated the proposed land use entitlements on a parcel specific basis. The rezoning maps were then reviewed for consistency with the Community Plan layout and conformance with the adopted land use acreages, jobs housing balance, and other significant elements of the NNCP.

The applications relating to owners of the park site included the "Adams Farms" rezone and the "Ketscher" rezone (please refer to attached Exhibit A for location). These applications included the 130 acres which are presently covered by development agreements or owned by developers with pending development agreements. The current status of these applications are as follows:

<u>Rezone/PUD/Dev. Agmt.</u>	<u>Council Approval</u>	<u>Development Agmt. Executed</u>
Adams Farms	5/5/87	Pending (City Agreement 86202)
Adams Farms	2/2/88	1/20/89 (City Agreement 87170)
Ketscher	5/5/87	12/29/88 (City Agreement 86212)

Once a development agreement is executed and recorded, the agreement, including the dedication requirements, "run with the land". If the property is sold, the subsequent owners assume the development agreement requirements.

With respect to the 112 acres, the owner (Kensington Square Ltd.) has never applied for a rezone, PUD, or development agreement entitlement. The Planning Department has advised that the current designated land use for the property is Regional Park, based on the adjacent rezoning applications that have been approved to date.

FINANCIAL DATA

The January 1989 draft Financing Plan identifies a cost of \$15,018,000 for the Regional Park. This cost projection includes the perimeter roadway and utility infrastructure needed to serve the Park site, a contingency allowance, and the estimated acquisition cost of the 112 acres of land. For estimating purposes, a projected value of \$50,000 per acre was used for land cost (reference North Natomas Infrastructure Design Report - January 1988).

	<u>Projected Cost</u> <u>FY 90/91 Dollars</u>
Perimeter Infrastructure (Engineering, Design, Construction and Contingencies)	\$ 9,418,000
Projected Land Acquisition (112-Acres)	<u>5,600,000</u>
Total Estimated Mello Roos Funding	\$15,018,000

Impact on Bonding Capacity

The land acquisition component of the Regional Park is projected at \$5.6 million. This represents approximately 5% of the total \$189 million budget recommended for the Mello Roos. With the ability to phase bond sales under the Mello Roos program, the proposed park acquisition is not expected to have a significant, long-term impact on bonding capacity.

Land Acquisition Plan Overview

In the context of this report, it is worthwhile to review the overall acquisition plan as recommended in the draft Financing Plan presented to Joint Committee on April 24, 1990. Within the incorporated NNCP area, which consists of 6,500 acres, there is a total of 2,113 acres needed for public facilities. This represents over 32% of the total gross acreage. The following summarizes the recommended acquisition plan:

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Public Land, Rights-of-Way and Easements	Area	Recommended Acquisition Method
Landscaped freeway corridor, freeway rights-of-way, drainage canal right-of-way, habitat mitigation areas, greenbelt acreage, light rail right-of-way, overwidth right-of-way for major streets, civic lands and Regional Park dedication by developing landowners (130 acres).	943 Acres	Dedication to City through the special "Land Dedication Fee" as authorized by North Natomas development agreements.
Street frontage right-of-way and utility easements.	704 Acres	Dedication to City through the standard development process as authorized by the Subdivision Map Act.
Neighborhood and community park sites -- 17 sites.	190 Acres	Dedication to City through the "Quimby Fee" process in accordance with standard City practices.
School property -- 14 sites (source adopted NNCP).	161 Acres	Dedication to school districts per agreements between school districts and developers.
Water storage and pump station sites.	3 Acres	Acquisition by City through the Water Development Fee in accordance with standard City practices.
Portion of Regional Park not covered by a development agreement.	112 Acres	Acquisition by City through the Mello Roos District for North Natomas.
TOTAL	2,113 Acres	

LEGAL ANALYSIS

A legal analysis concerning the 112 acres has been prepared by the City Attorney. Please refer to the accompanying report from the City Attorney's Office.

POLICY CONSIDERATIONS

The NNCP contains two policy objectives relevant to the Regional Park:

1. "The Regional Park (200 acres) shall be dedicated to the City (NNCP page 58)."
2. "The Regional Park including curbs, gutters, sidewalks, streets, water sewer, storm drains, and greenbelts shall be acquired by the City in fee at the expense of the private sector and without credit to Quimby Fees. (NNCP page 59 and 127)."

It is staff's understanding that the primary intent of the above NNCP policy is to preclude use of general City funds in acquiring the Regional Park property. The Mello Roos would accomplish this by providing bond financing for the 112 acres and distributing the cost to North Natomas properties. General City funds are not used for the acquisition, nor are they put at risk under the proposed Mello Roos program. The question as to whether Mello Roos funding complies with the NNCP "dedication" provision is a policy interpretation that will ultimately be decided by the City Council.

MBE/WBE

There is no MBE/WBE impact.

SUMMARY


The preferred acquisition method for all public lands, within the NNCP, is dedication through the Land Dedication Fee, and other dedication methods currently in place. This preference is clearly demonstrated in the proposed acquisition plan outlined on page 4 of this report.

For the 112 acres, however, the property is not covered by a development agreement and the City Attorney has advised that there is no legal basis for dedication. The recommended alternative is to acquire the property through negotiated purchase or condemnation. The Mello Roos is recommended as the financing method to assure this acquisition is accomplished.

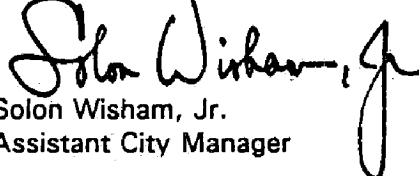
RECOMMENDATION

This report and the accompanying report from the City Attorney's Office is submitted for Committee information and staff direction. No formal action on the Financing Plan is required at this time.


Respectfully,


Gary Alm
Supervising Engineer

Approved for Committee Information:


Solon Wisham, Jr.
Assistant City Manager

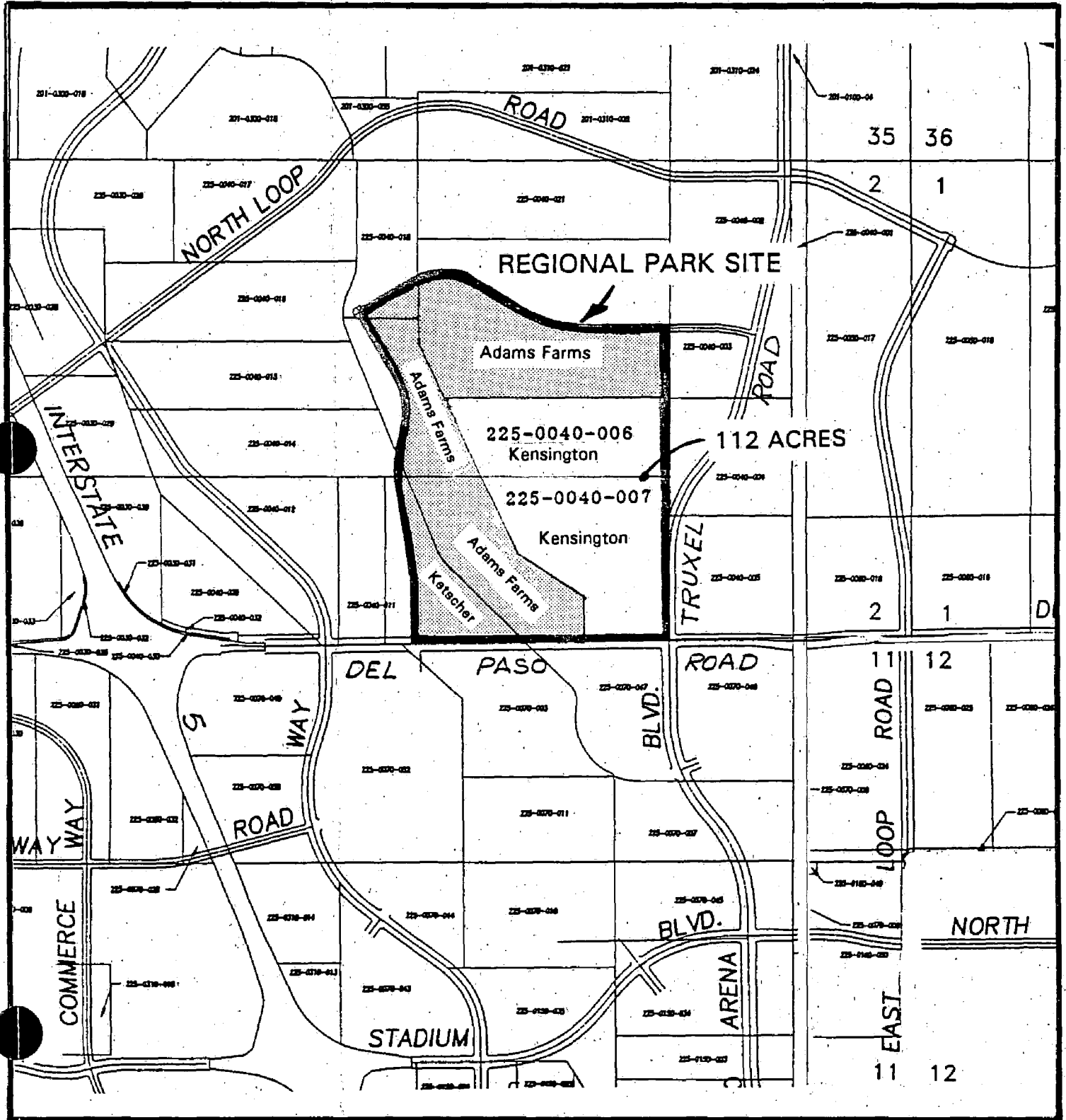
Approved:


Melvin H. Johnson
Director of Public Works

Contact Person:
Gary Alm, 449-8732

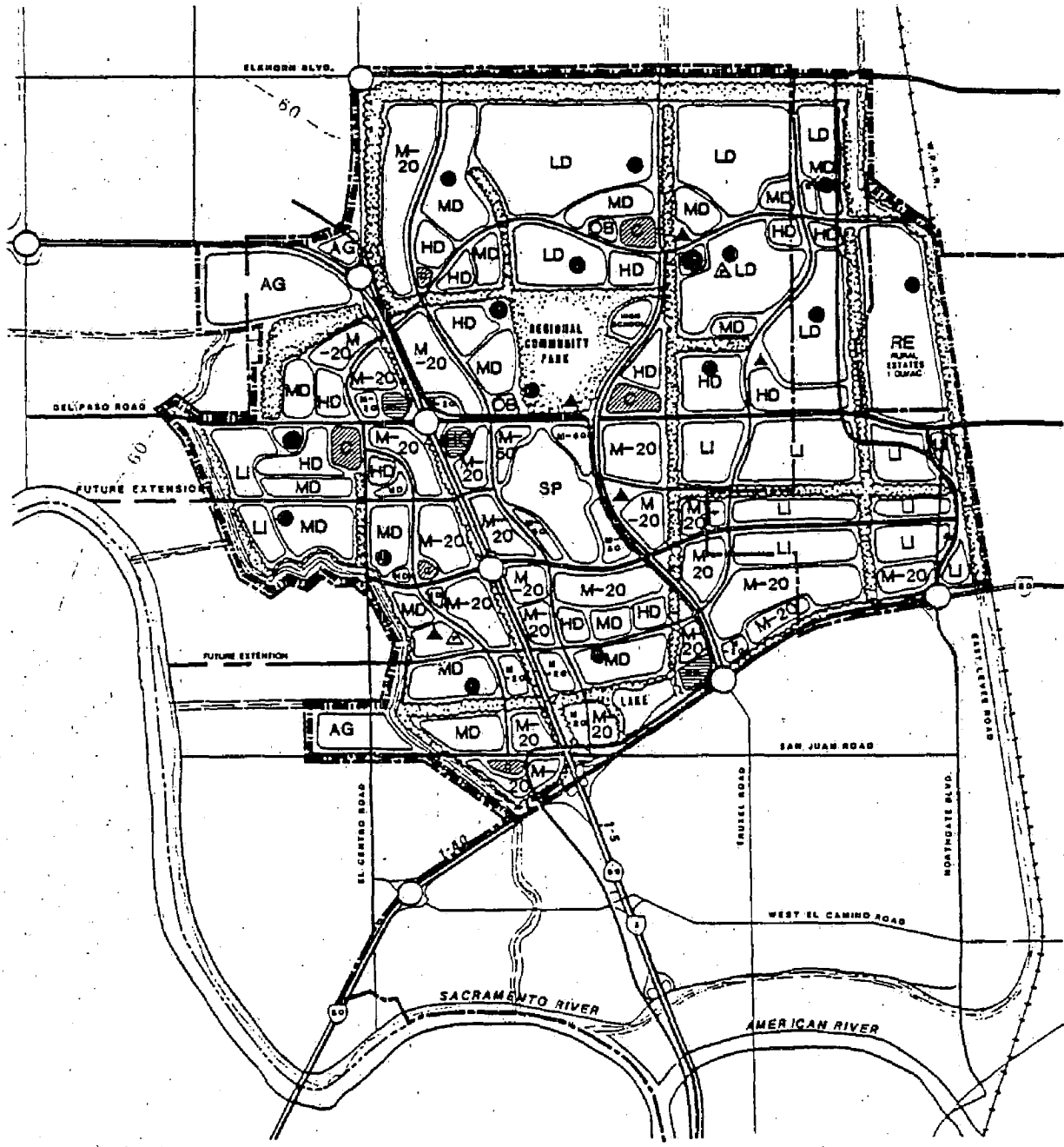
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EXHIBIT A



 Park property covered by development agreements or owned by developers with pending development agreements with the City (130 acres).

NORTH NATOMAS COMMUNITY



ADOPTED COMMUNITY PLAN

HD	HIGH DENSITY RESIDENTIAL (1200/AC)	HIGHWAY COMMERCIAL	OB	OFFICE/BUSINESS	AG	AGRICULTURE
MD	MEDIUM DENSITY RESIDENTIAL (12 BU/AC)	M-20	MANUFACTURING/RESEARCH/DEVELOPMENT (20% OFFICE)	SP		ELEMENTARY SCHOOL JUNIOR HIGH SCHOOL
LD	LOW DENSITY RESIDENTIAL (7 BU/AC)	M-50	MANUFACTURING/RESEARCH/DEVELOPMENT (50% OFFICE)			CIVIC/PUBLIC USE (LIBRARY, FIRE STATION, MEDICAL CENTERS)
	COMMUNITY/NEIGHBORHOOD COMMERCIAL	LI	LIGHT INDUSTRIAL			4-LANE DIVIDED MAJOR ROAD
						6-LANE DIVIDED MAJOR ROAD
						6-LANE DIVIDED PARKWAY

COMMUNITY PLAN STUDY AREA BOUNDARY CITY OF SACRAMENTO CITY LIMITS SACRAMENTO COUNTY BOUNDARY AT METRO BLVD SAN JUAN BRIDGE