

RESOLUTION NO. 2001-030

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF MAY 15 2001

**MERGED DOWNTOWN PROJECT AREA:
FINDINGS OF EXEMPTION; AUTHORIZATION FOR THE TRANSFER OF CITY-
OWNED PROPERTY AT 601 CAPITOL MALL TO THE REDEVELOPMENT
AGENCY OF THE CITY OF SACRAMENTO; FINDINGS REGARDING LEASE OF
REDEVELOPMENT AGENCY PROPERTY**

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

WHEREAS, the City owns and the Agency desires to acquire certain real property ("Property") in the Project area, which Property is generally described as 601 Capitol Mall, and more particularly described in the legal description attached as Exhibit 1 of the DDA, which acquisition is a condition to the approval of the actions set out in this resolution; and

WHEREAS, the Agency and Lot A Partners, LLC ("Developer") desire to enter into a Disposition and Development Agreement ("DDA"), a copy of which accompanies this resolution and is on file with the Agency Clerk, which DDA would convey a fee interest in a portion of the Property and a leasehold interest in the remainder of the Property, as more specifically described in the DDA, and which would require the improvements within the Property, as further described in the DDA (collectively, "Project"), which activity is not an action of the City and which action is subject to full and separate review under the California Environmental Quality Act (Public Resources Code Sections 21000 *et seq.*).

BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO:

Section 1. The actions contained in this resolution are exempt from review under the California Environmental Quality Act, pursuant to Public Resources Code Section 21080 (b) (1), 21083.3, and the City Manager, is authorized and directed to file a Notice of Exemption.

Section 2. The City Manager is authorized to convey all of the City's rights, title and interests in the Property, to the extent to be transferred under the DDA to the Redevelopment Agency of the City of Sacramento, provided that the DDA has been fully executed.

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Section 3. The statements and findings of the 33433 Report are true and correct and are hereby adopted. The Project will assist in the elimination of blight as provided in the 33433 Report.

Section 3. The Project is consistent with the goals and objectives of the Redevelopment Plan and the Implementation Plan, as stated in the DDA.

Section 4. The consideration given for the interest conveyed under the DDA is not less than the fair reuse value at the use and with the covenants, conditions, restrictions, and necessary development costs authorized by the DDA and conveyance documents.

Heather Fargy
CHAIR

ATTEST:

Therese A. Burrows
SECRETARY

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Report Regarding the Disposition of Property Acquired Directly or Indirectly with Tax Increment Funds (Health & Safety Code Section 33433)

I. Agreement

A copy of the Purchase and Sale or Lease Agreement ("Agreement") disposing of an interest in Agency real property is attached to this Report.

II. Summary of Terms of Disposition

AGENCY'S COST OF ACQUIRING THE LAND	
Purchase Price (or Lease Payments Payable During Agreement) *	-0-
Commissions	
Closing Costs	
Relocation Costs	
Land Clearance Costs	
Financing Costs	
Improvement Costs (e.g. utilities or foundations added)	
Other Costs	
TOTAL	-0-

* City of Sacramento acquired possession of the property in approximately 1951, no purchase price can be identified.

ESTIMATED VALUE OF INTEREST CONVEYED	
Value of the property determined at its highest and best use under the redevelopment plan	\$4,180,000

ESTIMATED REUSE VALUE OF INTEREST CONVEYED	
Value of property determined with consideration of the restrictions and development costs imposed by the Agreement	(\$2,658,000)

VALUE RECEIVED ON DISPOSITION	
The purchase price or the total of the lease payments due to the Agency under the Agreement	\$1

III. Explanation of Disposition for Less than Full Value

Disposition of this property for less than full value is due to the following restrictions for developing the site:

- Use of the property will be restricted, by a recorded Regulatory Agreement, for development a high-rise office building, ground level retail space, and public parking, with ancillary uses and prohibiting certain tenants and activities on the property

The estimated lease value is based upon an annual net operating income of \$503,000. Consequently, the warranted investment on this lease income is estimated at \$4,298,000. Thus producing a negative residual land value of \$2,658,000, which is predicated on the initial investment of \$6,956,000.

IV. Elimination of Blight

The property consists primarily of surface parking lot in various states of deterioration. As such, the property, in its current condition, represents a major blighting influence in the area. Completion of the proposed project will eliminate physical blight by restoring the property to a productive use.

The proposed project described in the Agreement will result in the elimination of the following blighting influences: impairment of economically viable uses; incompatible uses; depreciated or stagnant property values; and low rents and underutilized property.

The project is listed in the adopted Implementation Plan for the Merged Downtown Sacramento Redevelopment Project Area. It furthers the redevelopment of the Project Area as well as the goals of the Implementation Plan in the following respects:

- improvement of visual and aesthetic appearance of downtown;
- retention of existing businesses;
- attraction of new businesses;
- improvement and upgrading of appearance and safety of downtown area sidewalks and alleys;
- development of off-street parking to support the need of shoppers, visitors, residents in the surrounding areas.

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