

# MEETING MINUTES

## Army Depot Redevelopment Advisory Committee (RAC)

**January 30, 2008**

*George Sim Community Center, Multi-Purpose Room  
6207 Logan Street, Sacramento, CA 95824*

All items listed are heard and acted upon by the Army Depot Redevelopment Advisory Committee unless otherwise noted.

### Call to Order – 5:30 p.m.

#### **Roll Call**

Present: Hubbard, Lien, O'Brien, Pinkston, Slider, Toney, Vourakis

Absent: Lenau, Stein

Staff: Camp, Sussman, Yniguez

#### Discussion / Action Reports

Staff reports include oral presentations and those recommending receive and file.

#### **1. Approval of Minutes for October 25, 2007 and November 29, 2007**

The meeting minutes for October 25, 2007 were approved by a unanimous vote on a motion by Mr. Vourakis, seconded by Mr. Pinkston. The meeting minutes for November 29, 2007 were approved by a unanimous vote on a motion by Mr. Lien, seconded by Ms. Toney.

#### **2. Owner Participation Agreement with U.S. National Leasing LLC for Improvements at Depot Park**

RAC Members requested a receive and file recommendation for this project. Mr. Gregory I. Ptucha, Management Analyst for the Agency, presented an overview of the project. Seattle-based U.S. National Leasing, LLC (Developer), operates the City-owned Depot Park under an Industrial Development Lease and Option to Purchase Agreement. In January 2006, the City Council approved a \$1 million Settlement Agreement and a Master Project Agreement with the Developer to provide funds for projects at Depot Park. The Developer previously expended almost \$546,000 in 2006 under the Settlement Agreement for replacement of clerestory window frames and glazing at four Depot Park buildings (reviewed by ADRAC at its meeting of April 27, 2006). The new frames and double-insulated glazing abated leakage problems, increased natural daylight for tenants and diminished the need for artificial lighting. The Developer proposes to use the remaining \$454,200 from the Settlement Agreement to remove asbestos and replace additional deteriorated clerestory windows at Depot Park. The Developer would supplement those funds with approximately \$266,000 in private funds to complete the project, which is estimated to cost \$720,000.

#### **3. George Sim Community Center Expansion Project**

Mr. Dave Morgan, Project Manager for the George Sim Community Center Expansion Project (Project) distributed a project schedule and introduced Dave Shatz, architect, Ms. Diane Walker Smith, Art in Public Places (APP) consultant and Brown Construction.

The architect showed a model display of the Projects Phase's I and II and described the Phase IV improvements which have been recently added after the Agency acquired the property and dedicated it to the City for addition to the Project. He provided an update of the improvements made in each phase. Ms. Smith described the artist selection process, displayed an example of the glass art that will be on the center and the overall mural theme. She shared RAC Members Pinkston and Slider were on the artist selection committee. Mr. Morgan distributed the Project budget. The current budget for Phase 1 is \$7,945,000. The budget for Phases I and II combined is estimated to be \$11,215,000. The budget for Phases I, II and III combined is \$17,900,000. The budget for Phase IV is \$300,000. The construction cost for Phases III and IV will increase after site work for Phases I and II is complete.

Staff shared the fact that the City normally phases projects, and anticipated a funding gap for construction of Phase III. A \$50,000,000 State park grant will accept applications soon that may be able to fund a portion of Phase III. Project readiness is a factor in the allocation of grant funds in June 2009.

#### **4. 2008 Army Depot Redevelopment Project Area Budget**

The 2008 Army Depot Redevelopment Project Area Budget (budget) was distributed to RAC Members. Ms. Yniguez stated the budget will be updated on a regular basis and will be presented to the RAC at least twice a year (January and July). The budget depicts 80% of the Tax Increment (T.I.) for infrastructure, economic development and community facilities (non-housing funds) which can be spent anywhere in the Army Depot Redevelopment Area, and 20% of the T.I. which is designated for low/moderate housing funds, and their sources. She clarified the 2008 T.I. estimate was adopted last year, but is an estimate and can change. At the request of Chairman Lien, Ms. Yniguez clarified that the 20% T.I. funds, which are designated for housing, are now aggregated with funds from other redevelopment areas into one funding pot. As a result, other redevelopment areas can request funding for affordable housing projects from this pot for projects which are outside of the specific redevelopment project area where the funds were generated. The City Council adopted this policy because some areas were not generating enough T.I. for a project. The 20% T.I. funds remaining in the budget were accumulated prior to the aggregation policy and are available for housing projects in the Army Depot Redevelopment Project Area (AD RDA) only.

Mr. Pinkston requested the total funds in the aggregated 20% T.I. pot be addressed in the budget material, including a break out of the AD RDA's portion. Ms. Slider asked what the incentives are for the City Council to select the AD RDA over the other redevelopment project areas for the aggregated 20% T.I. funds. Ms. Yniguez replied the AD RDA does not currently have a housing project but there is a need. The Agency is now fully staffed and development of housing projects is being addressed. Staff is looking at how to improve the residential neighborhoods through rehabilitation, infill development and development of a larger housing project. Staff will provide an update on the housing improvement strategy at the February ADRAC meeting.

Mr. Pinkston expressed disappointment at the project driven process of allocating funds and would like to see a more equitable process, giving the redevelopment project area more say on how their 20% T.I. funds are spent. Mr. Lien shared that the AD RDA can ensure it gets its share of the 20% T.I. housing funding by coming forth with a project.

Ms. Slider shared the fact that there are homes on her street that could be torn down and rebuilt. Mr. Lien noted that the ADRAC objected to the aggregation policy when it was originally proposed. He suggested that ADRAC members continue to discuss their concerns with the councilmember.

Ms. Yniguez stated that the concept of selling a second round of bonds next year is on hold because of the financing complications resulting from turmoil in the sub-prime market. She went on to state that the Agency can't assume it can bond for the next few years for additional redevelopment funds. Chairman Lien requested that future budgets include administration, debt service and pass through agreement costs.

RAC Members expressed their interest in funding all four Phases of the George Sim Community Center Expansion Project (Expansion Project). Chairman Lien discussed the importance of Phase III to the community, the additional cost that will be incurred if Phase III is delayed, the uncertain nature of when additional funding might become available and the lack of other projects which are ready to be funded. He then proposed funding Phase III in addition to Phases I, II and IV, due to the readiness of the project and the fact that sufficient T.I. funds are available. Ms. Yniguez discussed the fact that the Agency implements projects to add tax increment and jobs to the area. She further indicated that allocating all remaining funds to the Expansion Project will not increase T.I. in the future. She also reminded the RAC of the targeted spending amounts adopted in 2006 for the Bond funds, which included 30% (\$3M) for infrastructure, 30% (\$3M) for housing, 30% (\$3M) for economic development and 10% (\$1M) for community facilities/parks. Some of the targeted park funds have already been spent with the acquisition of 6243 Logan Street for Sim Park. Staff will present a break down of the funds spent thus far and their percentages by category at the next RAC meeting. Chairman Lien pointed out that the RAC objected to the targeted spending amounts adopted in 2006 and only agreed to adopt them when the RAC members were assured by staff that they did not have to be followed.

Chairman Lien reiterated his interest in funding all four Phases of the George Sim Community Center Expansion Project due to the availability of funds today and the ongoing accumulation of tax increment dollars which will be available as other projects reached a point where they are ready for funding. He went on to point out that Phase III is ready for development and that building the project now will cost significantly less than at some unknown time in the future. Additionally, the AD RDA will be accruing Tax Increment each year for use on other projects. Chairman Lien further expressed optimism in relation to the AD RDA's ability to bond in the future.

Ms. Yniguez stated that staff will bring a formal funding request for Phases I, II and IV at the next RAC meeting and the Agency and the RAC will have additional time to decide whether to fund Phase III. Mr. Vourakis requested staff provide timelines for all projects in future material. Chairman Lien closed the discussion by sharing the fact that the RAC had waited a long time for projects to reach a point where they can be funded and believes the best way to help the community is to fund the entire Sim Center Project.

## **5. Redevelopment Updates for the Sacramento Army Depot Redevelopment Area**

No comments were received on this item.

**Public Comments - Matters Not on the Agenda**

7. No public comments were received.

**Committee Comments-Ideas, Questions, and Announcements**

8. No Committee comments were received.

**Adjournment**

The meeting was adjourned at 7:30 pm by a unanimous vote on a motion Mr. Vourakis which was seconded by Ms. Slider.