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Technical Review of the Economic Development Conveyance Application for Sacramento Army Depot Activity by the City of Sacramento, CA

Volume 2 — City of Sacramento's EDC Application

William V. Cork
Samuel L. Hunter
Dennis L. McConaha
Randolph D. Norris
Gonzalo Perez
Charles G. Schroeder
Gordon L. Cohen

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William V. Cork, Samuel L. Hunter, Dennis L. McConaha, Randolph D. Norris, Gonzalo Perez, Charles G. Schroeder, and Gordon L. Cohen

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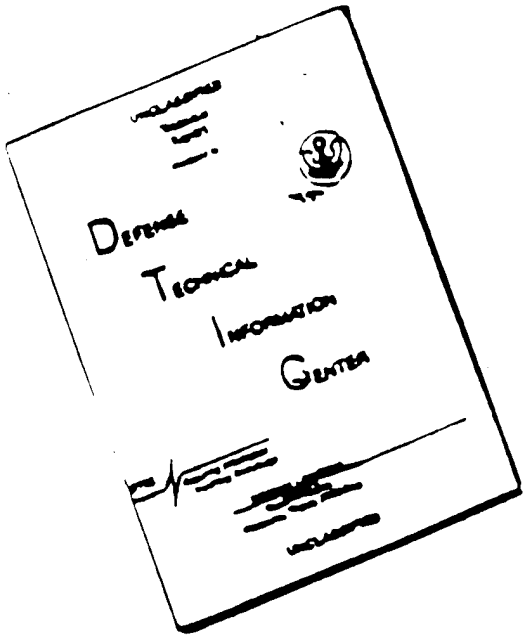

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Foreword

This study was conducted for the Base Realignment and Closure (BRAC) Office, Headquarters, U.S. Army Corps of Engineers (HQUSACE). The work was funded through the BRAC Officer in the Office of the Assistant Chief of Staff for Installation Management (ACSIM-DAIM-BO) under military interdepartmental purchase request 5DCERLB322, dated 11 January 1995. The technical monitor was Gary B. Paterson, CERE-C.

This project was managed through the Technical Assistance Center (TAC), U.S. Army Construction Engineering Research Laboratories (USACERL), and executed by personnel from TAC, the Infrastructure Laboratory (FL), and the Environmental Laboratory (EL). Gary W. Schanche is Chief, CECER-TA. William D. Goran is Chief, CECER-EL. Dr. Alan W. Moore is Acting Chief, CECER-FL. The Principal Investigators were as follows:

William V. Cork, CECER-TAP (EDC Project Coordinator, Economic Impact Analysis, Reuse and Military Disposal Plan Review, Other Federal Agency Interests and Concerns); Samuel L. Hunter, CECER-FMM (Need and Extent of Infrastructure Improvements, Layaway Cost Estimations); Dennis L. McConaha, CECER-CTC (Financial Feasibility Analysis, Industrial Market Analysis); Randolph D. Norris, CECER-ENL (Environmental Concerns); Gonzalo Perez, CECER-TAF (Economic Impact Analysis, Extent of Short-Term/Long-Term Job Creation, Extent of State and Local Investment); and Charles G. Schroeder, CECER-FFK (Real Estate Market Analysis). Gordon L. Cohen was a technical writer and managing technical editor.

Also acknowledged for their contributions are Bill E. Aley (CECER-ECE), Sandra K. Bantz (CECER-IMT), Laura S. Drasgow (CECER-TAP), Jeanne L. Jenkins (CECER-TA), James H. Johnson (CECER-FFR), Wayne J. Schmidt (CECER-FFK), Richard L. Schneider (CECER-ECE), Janet H. Spoonamore (Acting Chief, CECER-PP), Vicki L. Van Blaricum (CECER-FMC), Linda L. Wheatley (CECER-IMT), and Judy A. Zindars (CECER-TA). Considerable assistance with data acquisition was provided by Susan Krinks (CESPK-RE-MC) at Sacramento District, and Roger Staab (DoD BTFO-SADA), the DoD Base Transition Coordinator. This research was supported in part by an appointment to the Research Participation Program at USACERL by the Oak Ridge Institute for Science and Education through an interagency agreement between the U.S. Department of Energy and USACERL.

LTC David J. Rehbein is Commander and Acting Director, USACERL, and Dr. Michael J. O'Connor is Technical Director.

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Introduction

Background and Overall Recommendation

On 2 July 1993 President Clinton announced a major new policy to speed the economic recovery of communities adversely affected by military base closures or realignments. The President requested that Congress provide additional authority to expedite the reuse of closing military bases. Congress provided this new authority (commonly called the Pryor Amendment) and subsequent amendments as Title XXIX of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 1994. Collectively, these new rules are intended to facilitate the conveyance (transfer) of military real property from the Federal government to other government agencies (including state, regional, municipal) or the private-sector to the mutual benefit of all parties.

The Secretary of Defense issued an interim final rule for implementation of the property conveyance method published in the *Federal Register* (vol 59, no. 206, 26 October 1994, pp 53753–53741). This new property transfer method, called an Economic Development Conveyance (EDC), gives greater flexibility to the Department and the affected communities to negotiate the terms and conditions of the conveyance if specified criteria are met.

On 4 August 1994 the City of Sacramento, CA, acting as the Local Redevelopment Authority (LRA), filed an initial EDC application with the U.S. Army Corps of Engineers Sacramento District for conveyance of the Sacramento Army Depot Activity (SADA). An amendment to the application filed on 10 November 1994 indicated that Packard Bell Electronics, Inc., intended to lease over 1 million square feet of warehouse facilities on the depot. Subsequently, the U.S. Army Construction Engineering Research Laboratories (USACERL, Champaign, IL) was tasked by Headquarters, U.S. Army Corps of Engineers (HQUSACE) to provide a technical evaluation of the entire Sacramento EDC application package for compliance with the Department of Defense (DoD) interim rule (59 FR 206, pp 53735–53741). USACERL drafted a proposal for fulfilling the tasking, and the proposal was accepted on 19 December 1994. This report, including the appendices, comprises USACERL's findings, conclusions, and recommendations.

USACERL's overall recommendation is that Sacramento's EDC application be accepted by the Army and DoD, subject to the

clarifications and additional information requested below under "Review of Application for Completeness" and "Conclusions and Recommendations."

Objective

The objective of this study was to provide a technical review of Sacramento's EDC application in terms of:

1. Validity of the information provided by the applicant
2. Completeness of the application according to the criteria and factors specified in 59 FR 206, pp 53738–53739, the DoD interim rule.

The report on the technical review was to specify any deficiencies found in the Sacramento application, and to note how to address those deficiencies.

Tasking and Approach

Technical review of Sacramento's EDC application was executed by a multidisciplinary work group formed and managed through the USACERL Technical Assistance Center (TAC). Most of the group's work, which included site visits for data collection and coordination, was accomplished between 19 December 1994 and 17 January 1995.

Validity of the information provided on the EDC was determined following a protocol specifically developed to evaluate the eligibility of the applicant in terms of criteria specified in the Pryor Amendment. Using data provided in the EDC application and supporting documents, as well as data gathered independently by team members, USACERL evaluated the application according to the criteria and factors specified in the DoD interim final rule (59 FR 206, pp 53738–53739):

1. Adverse economic impact of closure on the region and potential for economic recovery after an EDC
2. Extent of short- and long-term job generation
3. Consistency with the overall Redevelopment Plan (i.e., the City of Sacramento's Reuse Plan)
4. Financial feasibility of the development, including market analysis and need, and the extent of proposed infrastructure and other investments
5. Extent of state and local investment and risk incurred

6. Current local and regional real estate market conditions in the affected area
7. Incorporation of other Federal agency interests and concerns, and applicability of, and conflicts with, other Federal property disposal authorities
8. Relationship to the overall Military Department disposal plan for the installation
9. Economic benefit to the Federal Government, including protection and maintenance cost savings and anticipated consideration from the transfer.

Another criterion to be reviewed under the Pryor Amendment is the proposed EDC's compliance with applicable Federal, state, and local laws and regulations. While legal review falls beyond the scope of USACERL's tasking, the application was reviewed for consistency with required environmental impact documentation.

Legal review was beyond the scope of the tasking, but USACERL's environmental quality mission and expertise enabled the review group to add value to the technical review by assessing the EDC application for consistency with required environmental impact documentation.

After evaluating the validity of the information provided in the EDC application, USACERL determined whether the application was complete in terms of the seven criteria specified in 59 FR 206 (p 53738). These criteria are listed below under "Review of Application for Completeness."

Finally, the USACERL review group compiled its findings and recommendations into this report and a supporting briefing for the sponsor. The report is published in two volumes:

- Volume 1—Executive Summary. The group's findings are summarized in the body of the report, with the detailed findings by each Principal Investigator printed in Appendices A–J.
- Volume 2—Copy of the City of Sacramento's EDC Application. The first part of Volume 2 is Sacramento's initial conveyance application, the Reuse Plan dated 4 August 1994; the second part is Sacramento's revised EDC Application, dated 10 November 1994.

Appendix A: Reuse Plan for Sacramento Army Depot Activity, 4 August 1994

Sacramento Army Depot
Reuse Commission

REUSE PLAN

FOR

SACRAMENTO ARMY DEPOT

Prepared by the

City of Sacramento

Approved June 20, 1994

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1. EXECUTIVE SUMMARY

The City of Sacramento has developed the Sacramento Army Depot Reuse Plan to enable a smooth transition from base closure to reuse of the Army Depot property. The proposed Sacramento Army Depot Reuse Plan describes the history and background of the Army Depot site, describes the reuse vision, discusses the opportunities and constraints of eht site and provides a marketing analysis and strategy. In addition the Reuse Plan identifies the demolition and public conveyance recommendations and describes the preferred land use plan as well as the development plan for the site. The following is a chapter by chapter summary of teh Reuse Plan.

CHAPTER 2-INTRODUCTION

The Sacramento Army Depot is located approximately 7 miles southeast of downtown Sacramento. The Depot occupies 485 acres of which 259 acres are developed. The property is located entirely within the limits of the City of Sacramento. The site has 76 permanent buildings with approximately 2,942,000 square feet of available industrial/warehouse and office space. The land uses surrounding the Sacramento Army Depot are mainly industrial, with commercial areas, residential neighborhoods and vacant land.

Since 1945, the Sacramento Army Depot has served as a primary depot for repair, rebuilding, and modification, storage and distribution of electronic military equipment. During the Korean and Vietnam wars, the Depot facilities were expanded to provide additional services during the war effort. The expanded depot included additional capabilities in repair and maintenance work in night vision systems, laser systems and electro-optics.

The Base Realignment and Closure Act of 1990 (BRAC II) was proposed and ratified by February of that year to close or realign 36 additional military bases. These recommendations, commonly referred to as BRAC '91, placed the Sacramento Army Depot on the closure list. As stipulated by the Act, the Sacramento Army Depot must be closed no later than July 1997 with its workload redistributed among other Depot System Command installations and the Sacramento Air Logistics Center at McClellan Air Force Base. Having ceased its maintenance mission in April 1994, the Sacramento Army Depot is ahead of schedule and is seeking to dispose of real property by the Summer of 1995.

The realignment, closure and disposal actions of the Sacramento Army Depot are geared to meet the strategies and objectives of the BRAC Commission's 1991 Report to the President. This includes taking all infrastructure, environmental and real estate actions to follow the necessary measures to meet regulatory and statutory requirements.

CHAPTER 3-REUSE VISION

On April 21, 1992, the Sacramento City Council, by resolution, created the Sacramento Army Depot Reuse Commission. The staff report accompanying the resolution specified that the primary mission of the Reuse Commission was single-fold: to increase economic development activity in Sacramento. The mission statement for the Reuse Commission, as suggested in the report, was as follows:

> To produce a reuse plan which will increase economic and employment opportunities consistent with land-use zoning for interim and long-term use

The resolution creating the Reuse Commission outlined the following primary goals for the reuse plan:

- To diversify the Sacramento economy
- To facilitate employment of displaced Sacramento Army Depot employees
- To provide employment opportunities for Sacramento's residents
- To provide jobs which increase income levels for Sacramentans
- To strengthen the local tax base for Sacramento
- To determine highest and best land use to serve the highest overall return

Additionally, the resolution specified the following secondary goals:

- To create a multipurpose plan, including public uses, that will attract high quality enterprises
- To create a quality environment with compatible uses
- To be compatible with land uses in the surrounding area
- To maximize the ability to support infrastructure and operational costs

CHAPTER 4-OPPORTUNITIES AND CONSTRAINTS

The closure of the Sacramento Army Depot offers many opportunities for the enterprising developer, as well as a range of opportunities for the real estate developer/broker/investor and investment banking community. The development of these facilities offers benefits to the local community and to the country as a whole by reducing the tax burden and sparing the taxpayer the task of funding the operation and maintenance costs of unneeded facilities. However, the reuse of military facilities may present challenges for the local community.

Opportunities presented by the closure include:

- The availability of developable land that has the potential to generate revenue for local government and create new jobs for the community or can also be put to specified uses for the benefit of the public.

- Federal funding for planning, infrastructure improvements, "dual-use" manufacturing products and processes.

- Potential to use existing buildings and equipment on-base to attract specific end users.

- Availability of a skilled labor pool.

Constraints to the redevelopment of the site include:

- The industrial zoning and appearance of the site and the surrounding area make development of non-industrial uses difficult.

- Large quantities of developed and undeveloped land are available in the Florin Perkins\Power Inn Road area. Attractive commercial/office sites are available at reasonable prices. Demand is low, competition is high.

- Many buildings on the Depot are functionally obsolete and/or out of compliance with Uniform Building Code and the Americans with Disabilities Act (ADA).

- Many roads and intersections in the area are operating or will operate at unacceptable levels of service. Light Rail service near the Depot site is not in RT's 20-year plan, and Bus service to the area is currently minimal.

- Utilities are currently geared for one end user and do not meet the standards of the City, County, or the affected utilities.

CHAPTER 5-MARKET ANALYSIS

The Market Analysis for the Sacramento region and the Power Inn/Florin Perkins Industrial Area resulted in the following findings/conclusions:

- Demand for commercial and industrial space in the Sacramento Region has declined since 1990 but is still high relative to demand statewide and nationwide. However, western states like Colorado, Arizona, Nevada, Idaho, and Utah are offering industrial tenants excellent facilities at competitive rents with lower state taxes, faster and less expensive facilities development environments, and less stringent state environmental regulations.

- Central Valley areas such as Stockton, Tracy, and Fresno have been attracting large distributors away from Sacramento with cheaper land costs and lower rents. Safeway and Transco relocated from Sacramento to Tracy at the beginning of 1993. Thrifty selected Tracy over Sacramento in its search for 350,000 square feet of warehouse space.

- At year-end 1993, the Power Inn area was indicated to have an industrial vacancy rate of 18.6 percent. This current vacancy percentage is up from 16.4 percent in 1992.

- At the projects offering space on an industrial gross basis, average rents were found to be $0.32 per square foot for warehouse space and $0.67 per square foot for office space in a 1992 survey. Composite rental rates at the surveyed industrial projects with triple net leases were $0.23 per square foot for warehouse space and $0.58 per square foot for office space.

The Power Inn area has a strong existing industrial base, and it is expected to continue to capture a major share of the Sacramento regional industrial market in the future. On the basis of recent absorption trends and the availability of land for industrial development, the demand potential for new industrial space in the Power Inn area is projected to average 900,000-1,000,000 square feet annually over the next 10 years.

An aggressive pricing structure for lease and sales should position the Army depot to capture 10% to 15% of the market in this markets (approximately 15,000 square feet per year). A capture rate of 10% to 15% is necessary to complete the development plan in a thirty year time-frame.

CHAPTER 6-MARKETING STRATEGY

The Marketing Strategy chapter discusses the industries which will be targeted for location at the Sacramento Army Depot, the competitive advantages which may be emphasized in attracting these industries, a brief discussion of the competitive disadvantages of the site, and a discussion of lease sale terms and other incentives necessary to attract targeted users.

Targeted Industries

The following industries are identified as targeted user groups for the site:

Telecommunications Industry

Food Processing Industry

High Tech Industry

Comparative Advantages of the Sacramento Region

The recent trend for San Francisco and Los Angeles area electronics firms to move out of these respective regions to areas with lower costs and better public attitudes toward business, will allow the Sacramento region the opportunity to locate several new firms to the area in the near

future. Firms in both areas have cited high labor and facility costs as the main reasons for their moves. In addition, they have listed the availability of technical workers as their primary site selection criteria when looking for new geographical regions to relocate. Land and/or facility cost is the most important site criteria when firms are looking at specific sites within geographical areas. With these factors in mind, it is important to realize how well Sacramento appears to fulfill these criteria.

To begin, it has been shown that Sacramento possesses a good labor pool in which electronic high technology companies can draw upon the technical work force they need. Both California State University at Sacramento and the University of California Davis house engineering programs in Electrical as well as Computer Science at undergraduate and graduate levels. Sierra College, possess a program that helps both small and large electronic high tech companies train and retrain their employees, as well as keep them up to date with advanced technologies.

Low union activity, low costs of unskilled, semi-skilled, and skilled labor, high productivity of the region's work force, relatively low land and living costs, and high quality of life are also criteria that these firms use when looking for new sites. In addition, the climate of the area, as well as the region's accessibility to markets, make it an attractive area in which to locate. In all, based on these criteria, Sacramento appears to be competitive with other cities in the state as well as the country, in attracting firms that desire to expand or relocate.

Market Strategy Conclusions and Implementation

Based on the market data outlined in the previous chapter, and the targeted tenants, the following strategy is recommended and incorporated in the Development Plan section:

Pricing for rents

The Market Analysis indicates a rental rate of .24 cents per month. Based on the limitations of the existing facilities compared to modern warehouse space, the highest probable market rent for the existing warehouse structures is .17 cents to .18 cents per month. In order to lease up 115,000 square feet per year, aggressive rates will have to be offered. For the purposes of this strategy, it is assumed that effective rental rates will be .12 cents per month. Escalation of rents is projected at 3% per year. This is below the current market rate escalation of 4% per year - in order to make the rents at the facility attractive to potential tenants.

Land sales

Land sales are projected at $1.50 per square feet of improved properties. This results in a land sale price of $56,250 per net acre. This land price is supported by a review of comparable sites in this area.

Targeted industries/tenants

The City Council of Sacramento has targeted the industries identified above for recruitment to the Sacramento area. Industries targeted by the City Council provide high-wages and minimal environmental impacts.

These targeted industries are the focus of recruitment efforts by the Sacramento Area Trade and Commence Organization (SACTO) and the State of California's Sacramento Area Marketing Group (SAMG). Including the Army Depot site in these marketing efforts will result in additional contacts with prospective tenants.

Special Marketing Initiatives

In addition to incorporating the Army Depot site into general marketing efforts by SACTO and SAMG, the City will initiate several specific initiatives to promote the site.

The City will establish an Industrial Development Advisory Council to guide the development of the site, provide suggestions on tenants for the project from the local market, and ensure that pricing strategies do not impact the market in the area. The Advisory Council would include 5-7 members from the local real estate community that are active in the Power Inn industrial market. In addition to providing advice to the City, members of the Advisory Council would be recruited to invest in the site through the purchase of parcels.

The City will also prepare a specific marketing program for the Army Depot site for corporations outside the City. This program will be administered by the Office of Economic Development.

Special Incentives for Development

The City will provide incentives to attract large-scale tenants that will serve as a catalyst for development of the rest of the site. Incentives would include rebates on development fees, contributions to infrastructure, and offers of reduced land prices.

The above strategies for marketing improved and unimproved sites at the Army Depot need to walk a fine line between being too aggressive and not being aggressive enough. A key ingredient to a successful program will be taking a long-term perspective. It is critical that the Army Depot property be disposed of at a pace that the Power Inn submarket and overall Sacramento industrial market can absorb without undermining values for the foreseeable future. At the same time, the City must be positioned to offer substantial incentives to prospective tenants that could provide a catalyst for future development on the site.

CHAPTER 7-BUILDING EVALUATION/DEMOLITION RECOMMENDATIONS

Buildings at the Sacramento Army Depot are an average of nearly 50 years old. Although reasonably well-maintained, the buildings are uniformly deficient in terms of compliance with modern fire safety standards, A.D.A., and current municipal building codes. The Army Depot buildings may be "grandfathered" with respect to these compliance problems. But newer buildings with which the Army Depot structures would compete do not have deficiencies nearly to the same extent.

The large warehouse structures on the site contain 263,000 square feet each or a total of 2,104,000 square feet. This square footage is 71.5% of the total enclosed building area at the Army Depot (2,942,933 s.f.). These buildings, consequently, represent the greatest potential value at the site. They are, however, severely obsolete. Their floor-to-ceiling heights are 30-35% less than modern standards. Lighting is inferior. Sprinklering is inadequate. Thus, while there is a potential user market for these structures, that market represents a small portion of the overall market for industrial warehouse space.

The following buildings are recommended to remain for the short to mid-term:

Building	Use	Square Footage
244	Warehouse	263,000
248	Warehouse	263,000
253	Warehouse	263,000
257	Warehouse	263,000
320	Maintenance	155,440
555	Research	110,221
Total		1,317,661

As is discussed in the Development Plan Chapter, some of the buildings slated for demolition may be leased, in the short-term, to provide income for the desired demolition and infrastructure improvements. Additionally buildings that have been requested through the McKinney Homeless Assistance Act would be preserved, if requests are approved, and if arrangements are not made to relocate the applicants.

CHAPTER 8-PUBLIC CONVEYANCE

The Army and City of Sacramento have received the following requests for property through the Department of Defense, Federal, State, Local, and McKinney act screening processes.

- The Department of Defense will maintain 62 acres for military uses. The Army Reserve Center will retain 39 acres, and the California National Guard will retain 23 acres. An easement will be provided to connect through traffic to Elder Creek Road.

- The U.S. Naval and Marine Corps Reserve Center will retain 17 acres for reserve units.

- California Emergency Foodlink has submitted an application to the Department of Health and Human Services for Buildings 221, 243, 244, 245, 246 and 247, and the truck scales, for food storage and distribution and a Vietnam Veteran's training program. Approximately 18 acres were requested, including the buildings, parking areas, and perimeter open areas.

- The Viet Nam Veterans of America have requested Building 140 for a homeless housing and drug and alcohol rehabilitation facility.

- The Sacramento Housing Alliance has requested Buildings 140, 149, 600, 603, and 604 for foodservice, and family housing facilities.

- Operation Santa Claus has requested Warehouse 253, for their food distribution operation.

- The CDC has requested 30 acres to construct a $260 million reception facility (2080 beds) and a minimum security prison (100 beds). The facility will consist of 203,000 one-story reception support facility, and a 285,000 sq.ft. reception facility in two 5-story towers.

- Caltrans has requested 43 acres to relocate an equipment shop, Motorized Equipment Training Academy (META), and the Kingvale Maintenance Academy.

- California State University at Sacramento has requested 3 acres that includes Building 555 for development of a Manufacturing Technology Center and an Insurance Institute.

- The City has requested 18 acres and with buildings to provide a Fire Training Facility. The City would relocate its current facility off Alhambra Boulevard.

- The CSUS Department of Anthropology and Geology has requested one half (3 bays) of Warehouse 251 for an archaeological repository, research facility and information center. This amounts to approximately 4 acres.

- The Los Rios Community College District has requested approximately 50,000 square feet of warehouse space (1 bay) on slightly less than 2 acres. This property would be used for a district-wide consolidated storage and warehousing facility.

- The State Employment Development Department has requested a negotiated sale of

100,000 square feet of warehouse space and 75,000 square feet of office space on approximately 5 acres. This property would be used as a consolidated warehouse facility, and mass mail computer operations print facility.

Department of Defense requests for property on closing military installation are given highest priority in property disposal. Therefore, the transfers to the Army, California National Guard, and Naval and Marine Reserve are not subject to the recommendations of the Community's Reuse Plan.

The McKinney Homeless Assistance Act provides homeless service providers with the opportunity to acquire space at closed military installations. Requests for property under the McKinney Act have priority over State and local requests. Final determination as to the approval or denial of McKinney Act requests will be made by September 1994. If the Federal Government approves any of the submitted applications, the City will have to evaluate the impact of these conveyances on the overall development plan. McKinney Act applicants would not be required to contribute to infrastructure improvements required on the site, and may remove the most marketable sites from the plan.

The Commission is making the following recommendations with respect to the requests for Public Conveyance:

- Support the Department of Corrections' proposed Reception Center.
- Determine by September 1994 whether Caltrans has the ability/willingness to participate in the infrastructure needed for the project.
- Determine by September 1994, in consultation with the Sacramento Housing and Redevelopment Agency, whether redevelopment financing can be used to support the infrastructure costs associated with the CSUS (Manufacturing Technology Center) and City Fire Department.
- Attempt to accommodate the other applicants through leasing arrangements.

CHAPTER 9-PREFERRED LAND USE PLAN

PURPOSE AND INTENT

The Army Depot Land Use Plan is intended to be a guiding framework which will lead the Depot from its role in protecting national security to one which serves the interest of the local community economically, culturally and environmentally. The opportunity presented at this time is significant in that the potential benefits to the City are vast, including the economic

revitalization of the local neighborhood and to the City as a whole, business development, job creation, the restoration and preservation of environmentally sensitive areas and providing public open space.

The Land Use Plan take 352 gross acres (295 net) of developable area within the 485 total acres of the Army Depot and converts it to an attractive light industrial park with approximately 3,000,000 square feet of both new and existing building area. The 295 net acres are made up of 212 acres of industrial/office development and 83 acres of open space. In addition, 54 acres of public uses are anticipated. Based on City of Sacramento General Plan Assumptions, the project will accommodate approximately 6000 employees. The Park encourages a mix of appropriate uses that provides economic diversity, facilitates employment of displaced Army Depot employees, provides employment opportunities for local residents, provides jobs for increasing income levels and provides a stronger tax base for Sacramento.

The Land Use Plan includes development standards and design guidelines that: define districts within the reuse area; specifies appropriate land uses within the development; encourages reuse of existing structures for building "recycling"; specifies design parameters of new structures; defines a continuous pedestrian circulation system that encourages walking and alternative modes of transportation; provides a strong tree and landscape concept that creates a pedestrian scaled and tree shaded environment; and, sensitively integrates natural resource areas as open space within the reuse area. In addition to the open space discussed in the land use plan, the reestablishment of a creek channel near the Old Morrison Creek alignment will be considered as part of a Master Drainage Study to be completed prior to sale of land on the site. Preliminary information provided by the City of Sacramento Utilities Department staff suggests that development of an on-site creek alignment could solve the existing drainage problems and also provide an attractive environmental enhancement.

Two restoration options have been reviewed by the City of Sacramento. These options are described below:

Option 1:Complete Diversion Option: Reestablish Morrison Creek near its historic alignment within the Army Depot Site and provide flow capacity to accommodate existing Morrison Creek flows and site runoff. This Option would abandon the use of the existing channel that is located on the southern perimeter of the site and currently contains all existing creek flows. Natural vegetation would be provided to enhance the reestablished creek.

Option 2:Runoff Only Option: Reestablish Morrison Creek near its historic alignment within the Army Depot Site and provide flow capacity to accommodate site runoff only. The existing concrete channel would remain to handle existing creek flows. Natural vegetation would be provided to enhance the reestablished creek.

Preliminary information suggests that Option 2 could provide a cost effective means of providing a solution for existing site drainage problems. The future Master Drainage Plan should include an analysis of a restored Morrison Creek alignment.

PLANS AND POLICIES

The existing General Plan land use designation for Sacramento Army Depot is Public/Quasi-Public - Miscellaneous. The majority of the lands surrounding the Depot are designated Industrial and Heavy Commercial or Warehouse. This Plan maintains the existing General Plan designation for the DoD portion of the property. The natural resource protection areas and little league field will be designated Parks, Recreation, Open Space. The remaining lands will be redesignated Industrial. The Industrial designation includes lands designated for most industrial manufacturing processes and activities.

The specific entitlement includes a General Plan Amendment of 406± acres from Public/Quasi-Public - Miscellaneous to 83.1± acres of Parks, Recreation, Open Space and 322.9± acres to Industrial.

The existing South Sacramento Community Plan designation for the site is Industrial. This designation is consistent with the proposed land use plan and will remain on the developed portion site. The Industrial Community Plan designation provides for a wide range of uses that fall within the industrial category, such as manufacturing, food processing or warehousing. The natural resource protection areas and little league field will be designated Parks and Open Space.

The specific entitlement includes a South Sacramento Community Plan Amendment of 83.1± acres from Industrial to Parks and Open Space.

Originally, the site was zoned Heavy Industrial (M-2). Upon the initiation of the Reuse Planning Process, the site was rezoned to be designated as an interim Special Planning District (SPD). The existing zoning of the site, therefore, is M-2(SPD). The Interim Special Planning District addresses allowed and Special Permit uses, as well as performance standards. The Interim Special Planning District will remain in effect until the City sells the property to a private developer. Upon sale, the Interim Special Planning District is replaced with the permanent Special Planning District and specific development guidelines included in the Land Use Plan. The proposed zoning of the site is Agriculture-Open Space (A-OS SPD) for the natural resource protection areas and little league field, and Heavy Industrial (M-2 SPD) for the remainder of the site.

The specific entitlement includes a Rezone of 83.1± acres from Heavy Industrial (M-2 SPD) to Agriculture-Open Space (A-OS SPD).

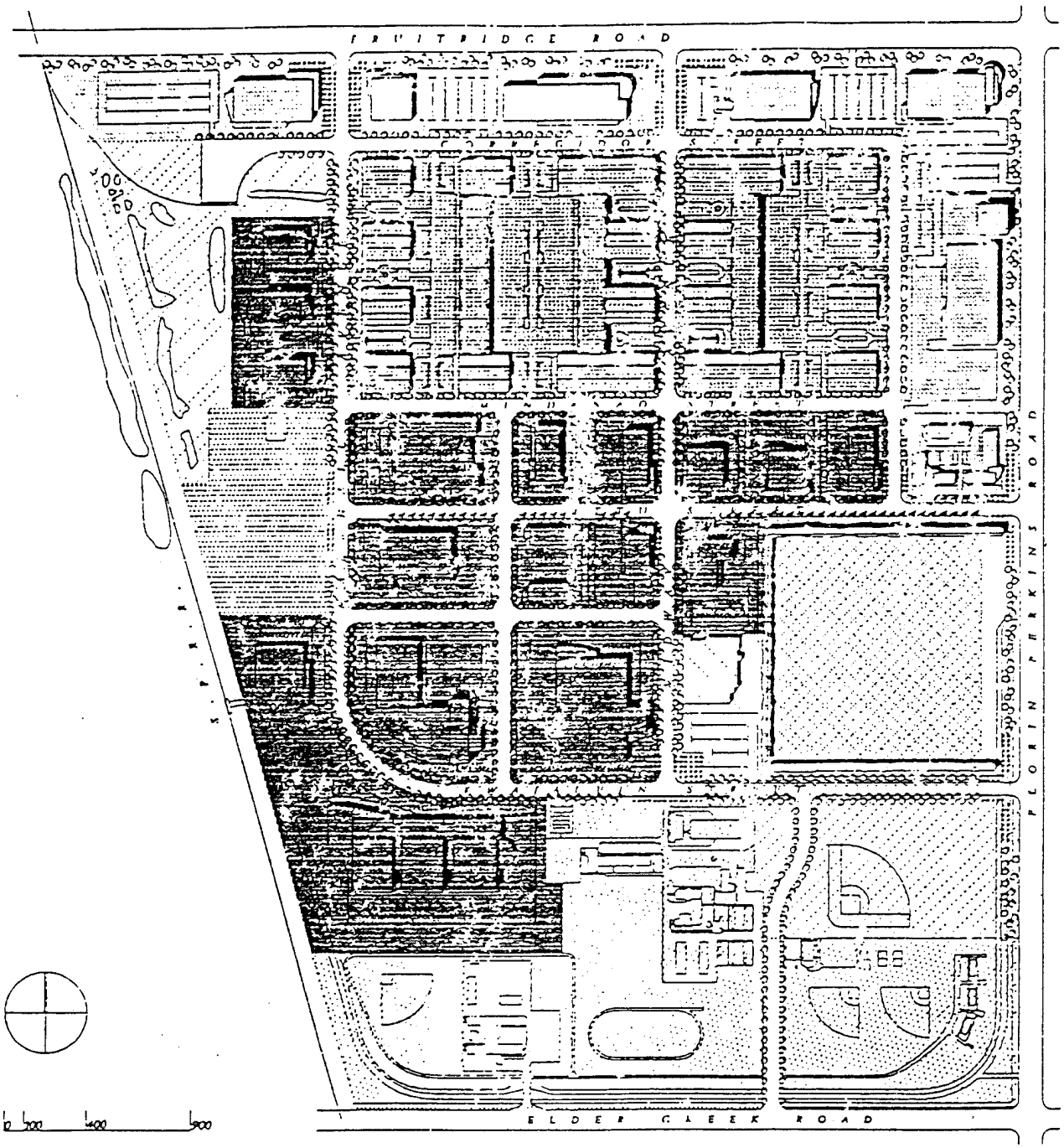
DESCRIPTION OF DISTRICTS

The Land Use Plan includes four districts (Exhibit 1.1.) that allow differentiation between areas of the Depot.

EXHIBIT 1.1.

Development Standards and Design Guidelines for Districts

Figure 2, District Areas



"A" District
"B" District
"C" District
"D" District – Environmental protection zone / open space
DOD
CSUS
Sacramento City Fire Dept
DOC

DISTRICT A

The area bordering Fruitridge Road and Florin-Perkins Road, between Attu Street and Fruitridge Road is defined as District A. The goal of this district is to encourage mixed uses along the perimeter of the development to take advantage of the high visibility and create a strong visual image and edge along Fruitridge Road and Florin-Perkins Road. The land uses within the district encourage a mix of uses including office, research and development, educational/vocations/training, retail, and other services. The emphasis is on uses that provide a distinguished image for the development which take advantage of the excellent visibility, accessibility to public transit and proximity to the local neighborhoods. District A includes 62.5 acres.

DISTRICT B

The existing warehouse are is defined as District B. The area is defined by the existing warehouses, bordered by Marshall Avenue on the west, Corregidor Street to the north, Mindanao Street to the south and Marianas Avenue to the east. As the "heart" of the project, the area will blend a significant amount of existing buildings into a functional, aesthetically pleasing and cohesive core for the remainder of the project. The adaptive reuse quality the historic visual character of the buildings and their proximity to both Fruitridge Road and Florin-Perkins Road are important consideration within this area. Land uses within District B provide an appropriate mix to allow the flexibility of uses to utilize the existing warehouse buildings. Warehouse, light industrial, manufacturing, office, and service uses are encouraged. District B includes 71.5 acres.

DISTRICT C

The remainder of the developable area, excluding public conveyance requests, is recommended as District C. The area is bounded by the Southern Pacific Railroad to the west, Corregidor Street to the north, the DoD to the South, and Marianas Avenue to the east. Land uses within this district shall be consistent with industrial-type uses, including office, industrial, manufacturing, research and development, distribution and warehousing. District C includes 78.4 acres.

DISTRICT D

The area to the west of the existing warehouses and the area to the south of the Department of Corrections site is District D. This district is an open space area protecting existing sensitive natural resources and the existing baseball field south of the Department of Corrections. It is anticipated that active and passive open space uses, pedestrian and bicycle trails and habitat mitigation will be sensitively integrated in this area. District D has a total of 83.1 acres, which includes 63.8 acres of habitat preservation, and 19.3 acres for the existing ball field.

CHAPTER 10-DEVELOPMENT PLAN

The underlying assumptions used for the developement plan are as follows:

- 79 acres will be reserved for military enclav
- 83 acres will be reserved for open space.
- 266 Net Acres will be available for the private sector or public agencies that can provide financial commitments to needed infrastructure. This includes 212 acres for private development and 54 acres for anticipated public uses.
- Land sales will generate $56,250 per net acre for site development costs.
- Rent for existing warehouse buildings will be $.12 per square foot per month (NNN).
- Target for leasing and sales is 115,000 square per year in order to fully develop the site within a 30-year period.
- Infrastructure costs projected for the site are $19.2 million.

In summary, the recommended plan requires public participation of $8.6 million to support demolition of obsolete structures and replacement of sub-standard infrastructure. It is recommended that a redevelopment area be established in this area to contribute $3.6 million and that $5.0 million be requested in federal grants to provide the balance of the funding.

The current strategy for developing the Sacramento Army Depot in a timely manner is as follows:

- The City will request title to the property under the Economic Development Conveyance provision of the Pryor Amendment Interim Final Rule.
- The City anticipates acceptance of title in May\June 1995.
- The City will enter into a Master Lease (as soon as practical) with the Army to control leasing of the site prior to accepting title.
- The Army and the City will work to lease up a sufficient amount of existing space, before May 1995, to provide the necessary cash flow to cover City expenditures for marketing (which will begin in November/December 1994) and maintenance and security (which will begin in May/June 1995).
- Once basic cash flow requirements are met, the City will actively pursue grants from the

Economic Development Administration to provide infrastructure for District A parcels.

- Concurrent with efforts to develop basic cash flow requirements, the City will establish a redevelopment area.

- After basic cash-flow is secured, and efforts are initiated to obtain public investment, the City will begin active marketing of the site to the private sector, and implementing the public sector development projects on the site.

- The focus of the City's initial effort will be directed at the local industrial development community.

- Implementation of the proposed development plan will involve a partnership with the City (Planning, Economic Development, Public Works), SHRA, and the private development community.

2. INTRODUCTION

BACKGROUND

ORIGINS OF THE SACRAMENTO ARMY DEPOT

The Sacramento Army Depot had its origins as the Sacramento Advanced Communications Zone Depot located on the old California State Fairgrounds at Stockton Boulevard and Broadway. Established on December 8, 1941, this depot was assigned to relieve congestion at the San Francisco Port of Embarkation. On April 19, 1945, the U.S. War Department gave authorization to construct a Signal Depot on Fruitridge Road with its original function being to provide services and support to Department of Defense (DoD) installations on the west coast.

During the Korean and Vietnam wars, the Signal Depot expanded its facilities to provide additional services during the war effort. The expanded depot included a $10 million maintenance shop facility, and additional capabilities in repair and maintenance work in night vision systems, laser systems and electro-optics. The most notable function of the Depot was its sole capabilities in the repair and overhaul of lasers, thermal imaging devices and image intensification equipment.

The reorganization of the U.S. Army Logistics System on August 21, 1962, led to the U.S. Army Materiel Command (AMC) having direct control over the Signal Depot, which was later renamed the Sacramento Army Depot (SAAD). On June 23, 1973, the AMC merged with the U.S. Army Supply and Maintenance Command (USAMC) to form the U.S. Army Materiel Development and Readiness Command (DARCOM). On March 31, 1977, the Sacramento Army Depot was assigned to the U.S. Army Depot System Command (DESCOM) which is presently in charge of SAAD's activities.

CLOSURE OF THE SACRAMENTO ARMY DEPOT

In the early 1960's, Defense Secretary Robert S. McNamara proposed the reduction and realignment of some military bases to streamline the defense budget. Realignment of the bases involved the shifting of personnel and mission related equipment from one base to another. While this proposal did not result in any base closures, it did create an awareness of the feasibility of base closures on Capitol Hill.

Base closure and realignment re-surfaced as an issue after the Vietnam War, which led to the formation of the Grace Commission in 1983. This panel was created to examine the closure and realignment of military based operations. The Grace Commission report facilitated future legislation to reduce military overhead and increase efficiency.

Supported by the findings of the Grace Commission, Barry Goldwater proposed legislation to Congress in 1985 to reduce excess military bases. While this proposal was not accepted, it paved

the way for Defense Secretary Frank Carlucci to establish the Base Realignment and Closure Commission in 1988. The objective of the Commission was to conduct an independent study of the domestic military base structure and to recommend installations for realignment and closure. The 1988 Commission report recommended the complete or partial closure of excess bases to reduce military overhead and increase efficiency.

The Base Closure and Realignment Act (BRAC I) was approved in October 1988 and authorized the closure of 133 military bases. These bases recommended for closure were selected by the Base Realignment and Closure Commission.

BRAC II legislation was proposed and ratified by Congress in February 1990 to realign 36 additional military bases. These recommendations, commonly referred to as BRAC '91, placed the Sacramento Army Depot on the closure list. As stipulated by the Act, Sacramento Army Depot has to be closed no later than July 1997. Army Depot workload was redistributed among other Depot System Command installations and the Sacramento Air Logistics Center at McClellan Air Force Base. Having ceased its maintenance mission in April 1994, the Sacramento Army Depot is ahead of schedule and is seeking to dispose of real property by the Summer of 1995.

SITE FEATURES

LOCATION AND SIZE

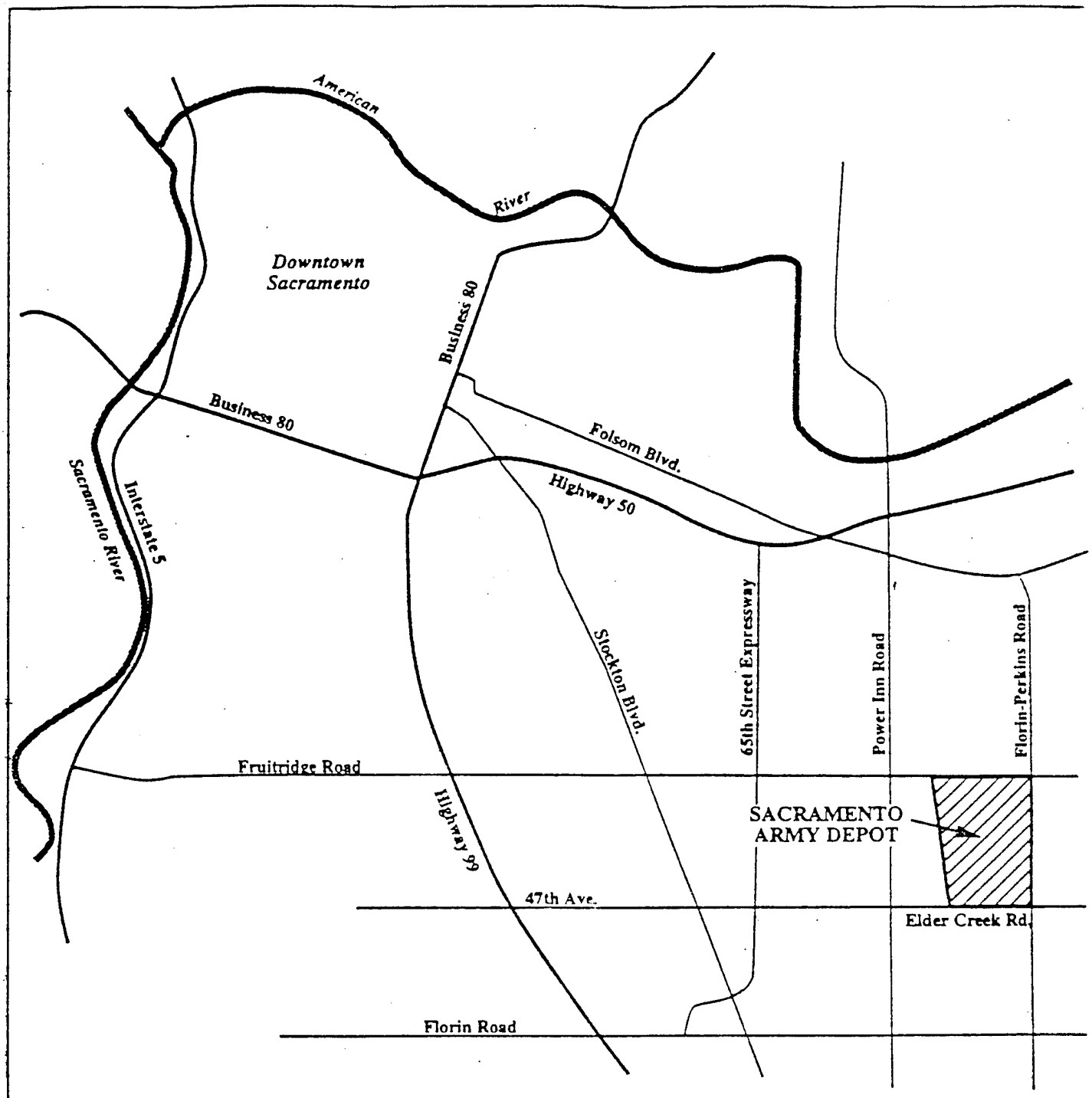
The Sacramento Army Depot is located approximately 7 miles southeast of downtown Sacramento. (See Exhibit 2.1.). The Depot occupies 485 acres of which 259 acres are developed. The site is bounded by Fruitridge Road on the north, Southern Pacific Railroad on the West, Elder Creek Road on the south and Florin Perkins Road on the east. The property is located entirely within the limits of the City of Sacramento.

BUILDINGS

The site has 76 permanent buildings with approximately 2,942,000 square feet of available industrial/warehouse and office space. (See Exhibit 2.2). The buildings are nearly 50 years old on average with the warehouses encompassing almost 71.5 percent of the total enclosed building area on the Depot. Each warehouse contains 263,000 square feet and provides a total of 2,104,000 square feet.

SURROUNDING LAND USES

The land uses surrounding the Sacramento Army Depot are mainly industrial, with commercial areas, residential neighborhoods and vacant land. Exhibit 2.3. shows land uses within a one mile radius of the center of the Depot site.



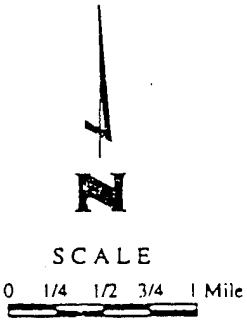


EXHIBIT 2.1.

BRAC CLOSURE PLAN
LOCATION MAP
SACRAMENTO ARMY DEPOT
SACRAMENTO, CALIFORNIA

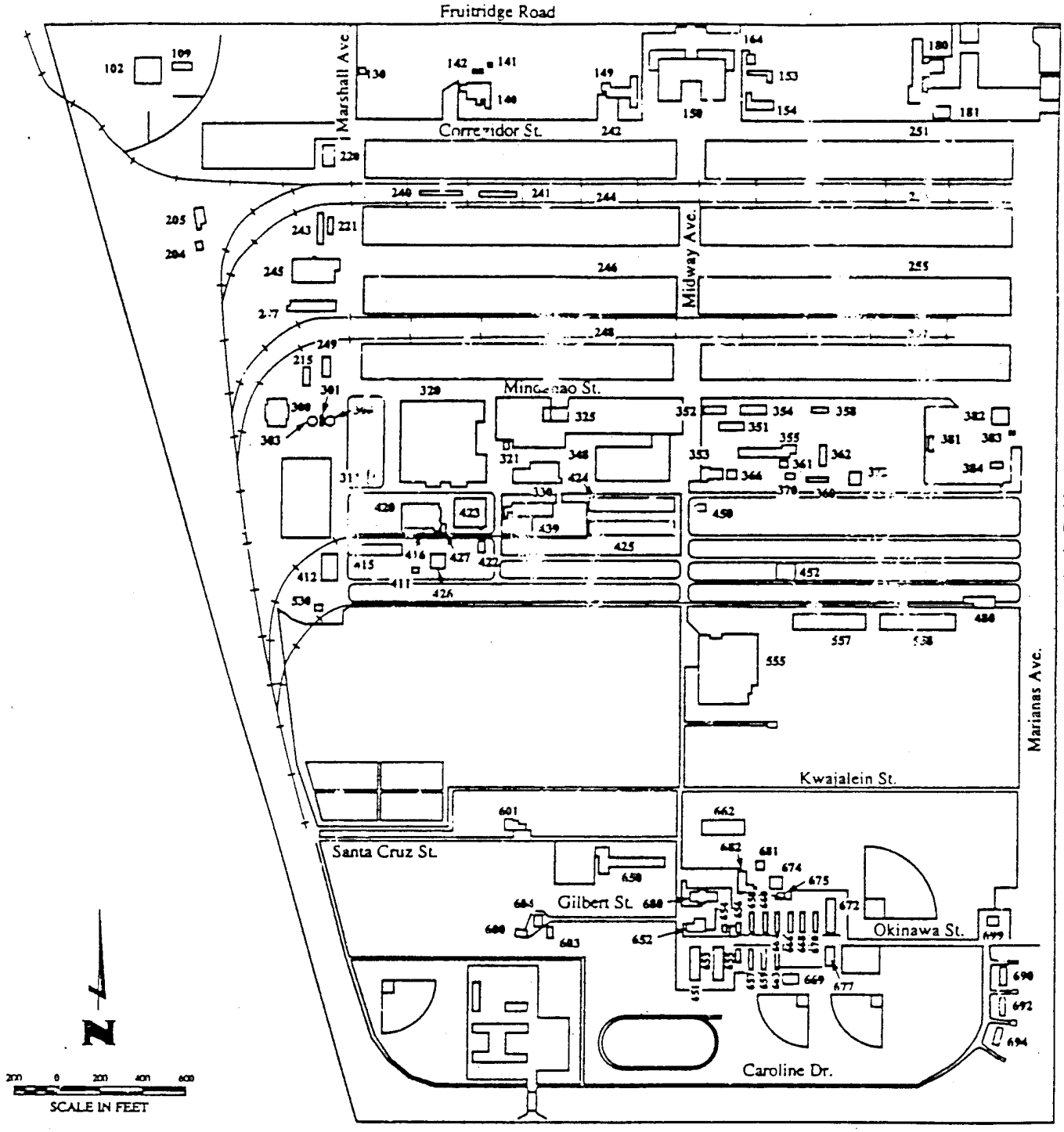
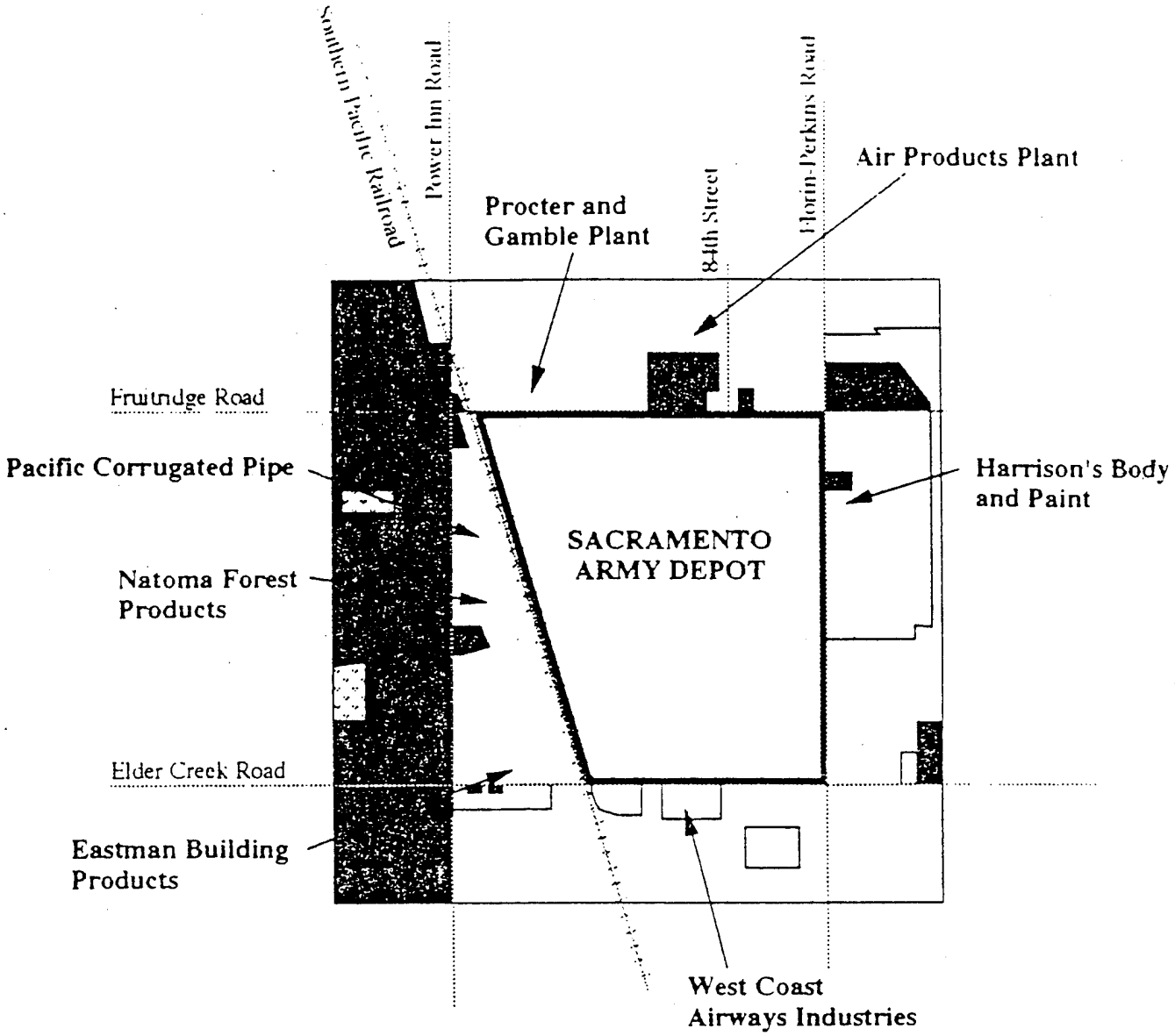


EXHIBIT 2.2.

BRAC CLOSURE PLAN
SITE MAP
SACRAMENTO ARMY DEPOT
SACRAMENTO, CALIFORNIA



LEGEND

- Industrial
- Commercial
- Homes
- School
- Park
- Vacant

N

SCALE

0 1/2 1 Mile

1" = 2,000'

EXHIBIT 2.3.

BRAC CLOSURE PLAN
SURROUNDING LAND USES
SACRAMENTO ARMY DEPOT
SACRAMENTO, CALIFORNIA

Major industrial facilities in the area include:

Procter & Gamble, Air Products, Harrison's Body and Paint, West Coast Airways, Eastman Building Products, Pacific Corrugated Pipe, Natoma Forest Products. These are also shown in Exhibit 2.3.

ACCESS TO THE PROJECT SITE

The site has access less than 2 miles to the north, to the east-west Highway 50, the light rail stations (Power Inn and College Greens) and major surface arterials represented by Folsom Boulevard, Jackson Road, Power Inn Road/Howe Avenue and Florin Perkins Road. Highway 50 interconnects with Business 80/State Highway 99 and Interstate 5 to the west.

REUSE PROCESS

ROLE OF THE REUSE COMMISSION

After reaching the decision to close a military base, the Federal Government relies on local communities to formulate a reuse plan for the property. This assumption is based on the philosophy that local communities are better equipped to understand the local economy and help mitigate the economic impacts of a base closure. The City of Sacramento was designated as the key local government agency responsible to the Federal Government for the reuse of the Sacramento Army Depot. Because the Sacramento Army Depot is located entirely within the limits of the City of Sacramento, the City also has jurisdiction over land use regulations.

To accomplish a smooth transition from base closure to reuse of the property, the City of Sacramento established a Reuse Commission to act as a focal point for community adjustment activities related to reuse and for Federal Government interaction with the community. The Commission can also assist in policy formulation on reuse efforts guiding the development of the reuse plan that is to be eventually approved by the City Council.

The Reuse Commission consists of an eleven member panel seeking to "produce a reuse plan which will increase economic and employment opportunities consistent with land use zoning for interim and long-term use." The primary mission of this Commission is to attract businesses to the site that will use present workforce and facilities.

The Reuse Commission membership is listed below:

1. Mayor - Chair of the Commission
2. City Council Representative, District 6 - Vice Chair
3. County Board of Supervisors Representative, District 5
4. Federal Representative, Congressional District 3
5. Metropolitan Chamber of Commerce

6. Private Industry Council of Sacramento
7. Environmental Council of Sacramento (ECOS)
8. Sacramento Association of Realtors
9. Florin-Perkins/Power Inn Business Association Representative
10. Sacramento Central Labor Council
11. Neighborhood Representative

and Ex-officio members:

1. Army Depot Representative
2. Corps of Engineers Representative
3. Office of Economic Adjustment (Office of the Secretary of Defense)
4. City Planning Commission Representative.

REQUIRED STEPS FOR CLOSURE AND DISPOSAL OF THE DEPOT

Infrastructure and Environment: Documentation and Procedures

The realignment, closure and disposal actions of the Sacramento Army Depot are geared to meet the objectives of the BRAC Commission's 1991 Report to the President. This includes taking all infrastructure, environmental and real estate actions to follow the necessary measures to meet regulatory and statutory requirements.

Infrastructure Adjustments:

The infrastructure of the Sacramento Army Depot was originally built to meet Federal standards. During the closure and reuse process, studies were conducted to determine the whether the capacity of existing infrastructure was sufficient to meet the needs of the preferred reuse alternative, the necessary sizing of infrastructure to accommodate development in the undeveloped areas of the base and the cost of these infrastructure improvements. The following infrastructure was evaluated: electrical, gas, water, sanitary sewer, storm water sewer, communications, roads, traffic signals, street lights and railroads. The scope of work for this study did not include physical inspection to determine the condition of the infrastructure, nor an estimate of the cost to bring the infrastructure up to applicable City, County, or utility standards. These conditions studies are currently being initiated by the Army Corps of Engineers. The Army is required to dispose of the base infrastructure as a part of the property disposal process. The City is willing to assume ownership of the infrastructure as part of the Economic Development Conveyance, if this transfer can be negotiated.

Environmental Cleanup:

The Army Depot is currently listed on the National Priorities List (NPL) as a Superfund site. Current law requires the entire facility to be investigated, cleaned and a Record of Decision

(ROD) signed prior to the disposal of any contaminated parcel of land. Uncontaminated parcels can be disposed of prior to the Comprehensive Environmental response, Compensation and Liability Act (CERCLA, 1980) ROD being signed, but not before the EIS ROD signature. The signed ROD, which incorporates public comments, allows for unrestricted use of the property. This environmental investigation process also requires the preparation of an Environmental Baseline Survey (EBS) and a Finding of Suitability for Transfer (FOST) document to assess environmental condition of the parcel.

The Sacramento Army Depot is currently involved in site cleanups of areas requiring remediation and was the first DoD western installation to sign a Federal Facility Agreement (FFA) (December 1988). The FFA is a memorandum of understanding between the Sacramento Army Depot, the Environmental Protection Agency (EPA) and state regulatory agencies that identifies contamination sites and develops strategies for cleanup remedy selection. The remediation program is operated under the requirements of the CERCLA as amended by the Superfund Amendments and Reauthorization Act (SARA, 1986) and the Resource Conservation and Recovery Act (RCRA). The Army's goal is that the Depot site will be the first DoD installation to be de-listed from the NPL in 1996, and to sign the final basewide EIS ROD by the October 1994, which will facilitate the property disposal process.

The Depot is in the process of remediating contaminated areas as required by the FFA. The location of the 11 remediattion areas are presented in Exhibit 2.4.

* The Groundwater Treatment project is a proposed amendment to the South Post Groundwater Treatment Plant ROD to install and operate additional extraction wells offsite.

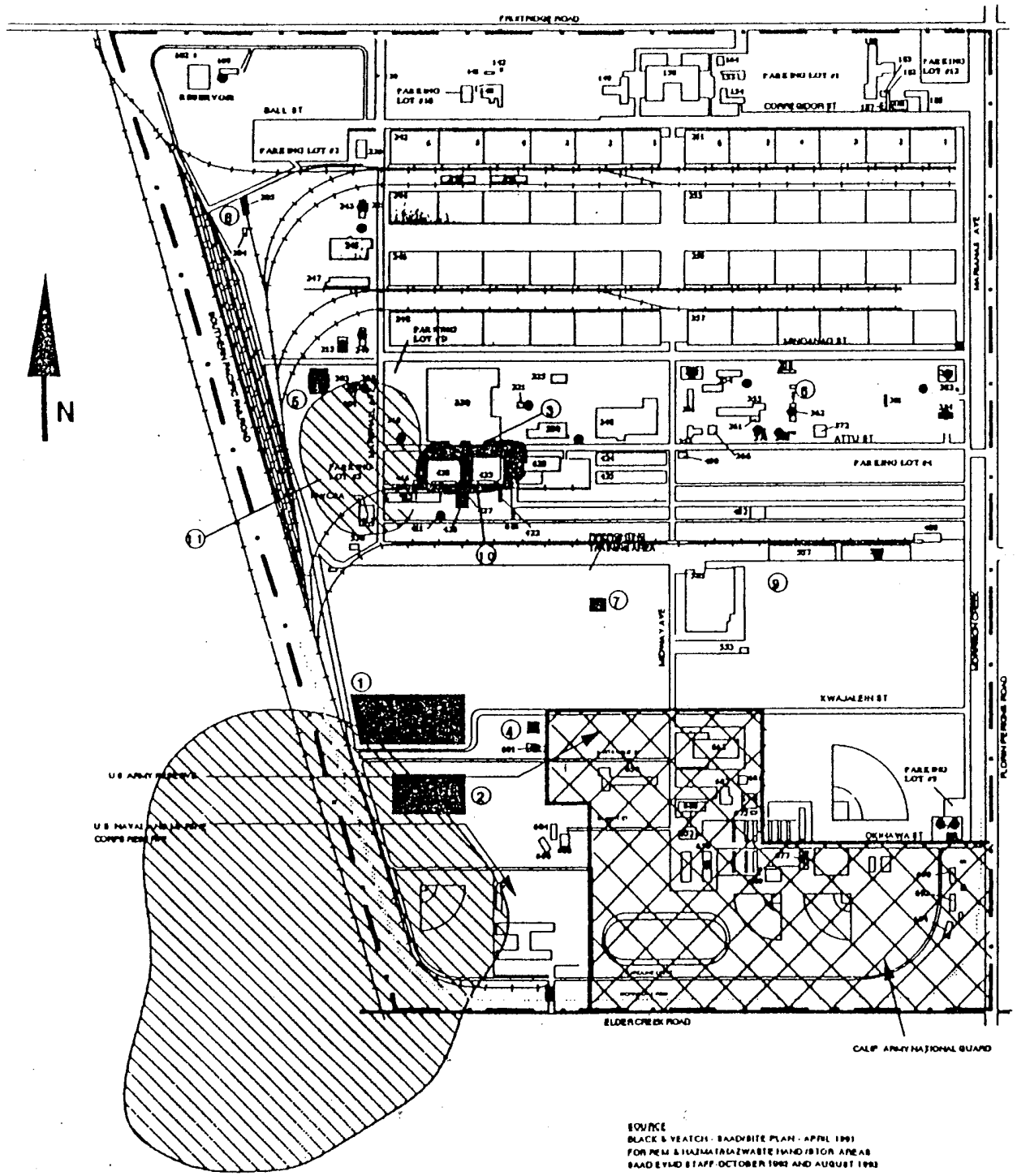
Real Estate Disposal Process

The disposal process for Army BRAC properties is governed by the 1990 Base Closure Act, the amended Federal Property and Administrative Services Act of 1949 and federal property management regulations. Under BRAC legislation, the Department of Defense is retaining approximately 50 acres and an additional 12 acres that was considered an economic remnant. This additional piece of land is constrained by Morrison Creek and was determined by the Army and local authorities to be unsuitable for a separate transfer to the local community or any other entity. The deduction of 62 acres from the total acreage leaves the Army with 423 acres, or 88 percent of the original land for disposal. In addition, the Navy has requested a 17-acre site, bringing the total land area retained by the DoD to 79 acres.

There are five steps in the base real estate disposal process.

Step one:

Real property not required by the Army is screened with other DoD departments. If no military requirement exists for the property, it is determined to be excess property.



SOURCE
BLACK & VEATCH - BRAC SITE PLAN - APRIL 1993
FOR REM & HAZMAT/HAZWASTE HANDLING/STOR AREAS
BRAC ENVMD STAFF - OCTOBER 1992 AND AUGUST 1993

REMEDIATION ACTION AREAS.

1. OXIDATION LAGOONS AND DRAINAGE DITCHES
2. BURN PITS
3. TANK #2
4. GROUNDWATER TREATMENT PLANT-BLDG 606
5. OLD BURN PITS (BUILDING 300)
6. PESTICIDE MIX AREA
7. BATTERY DISPOSAL WELL
8. LOCOMOTIVE REPAIR BLDG 205
9. CONTRACTOR SPOILS AREA
10. FREON 113
11. PARKING LOT 3

EXPLANATION

- HAZMAT/HAZWASTE HANDLING/STORAGE AREA
- UNDERGROUND STORAGE TANK LOCATIONS (UST)
- REMEDIATION AREA
- TCE GROUNDWATER CONTAMINATION WITH CONCENTRATION GREATER THAN 5ppb
- FREON 113

0 600 1200
SCALE IN FEET

EXHIBIT 2.4.

BRAC CLOSURE PLAN
REMEDIATION & HAZMAT/HAZWASTE
HANDLING/STORAGE AREAS
SACRAMENTO ARMY DEPOT
SACRAMENTO, CALIFORNIA

Step two:

The excess property is offered to other federal agencies. Unclaimed property is determined to be surplus property.

Step three:

Surplus property is screened for homeless assistance pursuant to the McKinney Act. The property is reported to the Department of Housing and Urban Development (HUD) for a determination of the suitability for homeless assistance purposes. The determination is published on a quarterly basis in the Federal Register and applications of interest are evaluated by the Department of Health and Human Services (HHS).

Step four:

The remainder of the property is offered to state and local agencies/entities. This can take place through a negotiated conveyance to the local redevelopment agency, public benefit conveyance, or through the new economic development conveyance vehicle.

Step five:

Property is offered for sale to the general public.

The economic development conveyance regulation is based on President Clinton's Five-Part Plan "A Program to Revitalize Base Closure Communities", (July 2, 1993). The President recognized that past federal laws required full market value for bases that were being used for job creating economic development, while transferring property for free for specific public uses (i.e., health and education). This led to the interim final rule, based on the Pryor Amendment, which enables the DoD to transfer large areas of the property for free or at a discount for economic development purposes to the local redevelopment authority (the City of Sacramento) if community development plans meet the criteria for creating jobs and economic viability. The interim final rule contains a requirement that before an economic development conveyance can occur, the disposal agent must solicit expressions of interest for the property, to determine if a ready market exists for sale under the rapid job creation concept. Since the Sacramento Army Depot is a BRAC 91 installation, however, the community has the opportunity to apply for a waiver of this requirement. The City of Sacramento is proposing to do this in its economic development conveyance application.

If the military property cannot be sold due to the absence of a ready market, the property will become available for public benefit or economic development purposes. Upon pursuing the economic development conveyance request, the applicant has to abide by the recoupment provision whereby future profits from a base sale or lease should be shared between the Department of Defense and the local Redevelopment Authority to offset the maintenance and marketing costs of less desirable parcels on the Depot.

It should be noted that the public benefit conveyance takes precedence over the economic development conveyance unless it can be determined that the latter is more appropriate and of

greater significance in creating economic and employment opportunities in the Sacramento area.

A comprehensive list of documentation required by federal, state and local agencies for the closure and reuse of the Depot is presented in Table 2.1.

Table 2.1. Document Requirement List for Closure and Disposal of the Sacramento Army Depot.

DOCUMENT TITLE	CRITERIA	PURPOSE
Department of Army:		
CERFA Report	DoD Policy	Plan. Envir. Safe Closure
EIS Baseline Studies	AR200-1	Current Env. Conditions
NEPA: Disposal/Reuse/EIS	NEPA	Envir. Based Decision Doc.
Conformity Statement	Clean Air Act	
Biological Assessment	Endangered Species Act	
Section 7 Consultation	Endangered Species Act	Coord. with Fish & Wildlife
404(R) Exemption Cert.	Clean Water Act	
Section 106 Compliance	Arch.&Hist. Pres. Act	Preserve historic sites
Wetland Preservation	Wetland Pres.-EO	
Disposal/Reuse ROD	NEPA	EIS Record of Decision
Army Materiel Command:		
Nat. Resource Mgt Plan	NEPA	Nat. Resources Mgt Plan
Hist. Resources Mgt Plan	Nat. Hist. Pres. Act	Hist. Resources Mgt Plan
Clean Air Compl. Plan	Clean Air Act	Clean Air Compl. Plan
Sacramento Army Depot:		
Facts and Figures	Sacramento Army Depot	Basic Installation Info.
Closure/Disposal Sched.	Sacramento Army Depot	Approximate Sch. of Actions
Asbestos Investigation	Toxics Sub. Control Act	ID bldgs with asbestos
RCRA Part B	RCRA	Haz Waste Generator Reg't
SAAD HWCSA Clos. Plan	RCRA	Haz Waste Stor Fac Closure
SAAD Mitigation Plan	RCRA	SAAD-wide mitigation
Environmental Baseline Survey	DoD Policy	Document baseline conditions prior to reuse
Interim Use:	Fed Prop Mgt Regulations	Identify unused property
Reports of Avail. (ROA)	Fed Prop Mgt Regulations	Record of envir. consider.
Reports of Avail. (REC)		
City of Sacramento:		

DOCUMENT TITLE	CRITERIA	PURPOSE
Economic Impact of SAAD	Off. of Planning and Dev	ID benefits to Community
Reuse Infrastruct. Study	OEA\Army	Reuse exist'g Infrast.
Traffic Study	OEA\Army	Future Traffic and Access
Financing Study	OEA\Army	Finance Reuse Changes
City Reuse Plan	CEQA	Possible Facility Reuses
Envir. Impact Report	CEQA	Envir. Impacts of Reuse
Sacramento County:		
Remove UST's	CA RWQCB UST Regs	RWQCB Requirements
Closure Sewer Permits		Terminate Sewer Permit
Sac. Metro Air Quality Management:		
Closure Air Permits	Air Qual. Mgt Regs	AQHD Requirement
Auth. to contruct	Air Qual. Mgt Regs	Air Cleanup of Contam. Soil
COE Environmental Branch		

DOCUMENT TITLE	CRITERIA	PURPOSE
Fed Facility Agreement	EPA	Sch. of Agreed IRP dates
S. Post Groundwater ROD	CERCLA/SARA	S Post Record of Decision
Final Basewide ROD	CERCLA/SARA	Final Record of Decision
Environmental Baseline Survey	DoD Policy/CERCLA	Determine no health risk prior to transfer
Find. of Suit. for Transfer(FOST)	DoD Requirement	Fin. of Suit. for Transfer
Tank #2		
Prel. Assessment (PA)	CERCLA/SARA	Identify possible problem
Site Investigation (SI)	CERCLA/SARA	Field Investigation
Remedial Investigation (RI)	CERCLA/SARA	Detailed Investigation
Feasibility Study (FS)	CERCLA/SARA	Public Involvement
Remedial Design (RD)	CERCLA/SARA	Design the Cleanup
Oxidation Lagoons		
Prel. Assessment (PA)	CERCLA/SARA	Identify possible problem
Site Investigation (SI)	CERCLA/SARA	Field Investigation
Remedial Investigation (RI)	CERCLA/SARA	Detailed Investigation
Feasibility Study (FS)	CERCLA/SARA	Public Involvement
Remedial Design (RD)	CERCLA/SARA	Design the Cleanup
Burn Pits		
Prel. Assessment (PA)	CERCLA/SARA	Identify possible problem
Site Investigation (SI)	CERCLA/SARA	Field Investigation
Remedial Investigation (RI)	CERCLA/SARA	Detailed Investigation
Feasibility Study (FS)	CERCLA/SARA	Public Involvement
Remedial Design (RD)	CERCLA/SARA	Design the Cleanup
Battery Well, Fire Training Area, Pesticide Mix Area		
Remedial Investigation (RI)	CERCLA/SARA	Detailed Investigation
Feasibility Study (FS)	CERCLA/SARA	Public Involvement
Remedial Design (RD)	CERCLA/SARA	Design the Cleanup
Bldg. 300 Burn Pit		
Remedial Investigation (RI)	CERCLA/SARA	Detailed Investigation
Feasibility Study (FS)	CERCLA/SARA	Public Involvement
Remedial Design (RD)	CERCLA/SARA	Design the Cleanup
COE Real Estate		

DOCUMENT TITLE	CRITERIA	PURPOSE
Screening		
Dod Screening	Fed Prop Mgt Regs	ID who wants property
Fed. Agency Screening	Fed Prop Mgt Regs	ID who wants property
McKinney Act Screening	Fed Prop Mgt Regs	ID who wants property
State/Local Screening and Economic Development	Fed Prop Mgt Regs	ID who wants property for public benefit conveyance/sale
Conveyance and public disposal		
Disposal		
Concept Plan	Fed Prop Mgt Regs	Prelim. Disposal Plan
Site Map for Parcelization	Fed Prop Mgt Regs	Parcel. & Accel. Disposal
Legal Descr. and Appraisal	Fed Prop Mgt Regs	ID Area and Value
Disposal Plan	Fed Prop Mgt Regs	Disposal/Reuse Master Plan
Disposal/Transfer Doc.	Fed Prop Mgt Regs	Title, Deed, and others
Interim Use		
Outgrant Document	Fed Prop Mgt Regs	Interim Use Lease/Permit

3. REUSE VISION

On April 21, 1992 the Sacramento City Council, by resolution, created the Sacramento Army Depot Reuse Commission. The staff report accompanying the resolution specified that the primary mission of the Reuse Commission was single-fold: to increase economic development activity in Sacramento. The mission statement for the Reuse Commission, as suggested in the report, was as follows:

> To produce a reuse plan which will increase economic and employment opportunities consistent with land-use zoning for interim and long-term use

The resolution creating the Reuse Commission outlined the following primary goals for the reuse plan:

- To diversify the Sacramento economy
- To facilitate employment of displaced Sacramento Army Depot employees
- To provide employment opportunities for Sacramento's residents
- To provide jobs which increase income levels for Sacramentans
- To strengthen the local tax base for Sacramento
- To determine highest and best land use to serve the highest overall return

Additionally the resolution specified the following secondary goals:

- To create a multipurpose plan, including public uses, that will attract high quality enterprises
- To create a quality environment with compatible uses
- To be compatible with land uses in the surrounding area
- To maximize the ability to support infrastructure and operational costs

In January of 1993, the Reuse Commission adopted a more specific set of goals and objectives for the reuse plan. These goals and objectives have been amended slightly since their original adoption. They are summarized below:

Goal A: Promote the re-use, revitalization, and diversification of the Army Depot with special emphasis on industrial development.

Objective 1: Develop a land-use plan for the Army Depot with Industrial uses by June 1994.

Goal B: Promote and maintain employment opportunities, particularly for the underemployed, those in need of obtaining a new skill, and the economically disadvantaged.

Objective 1: Use the Enterprise Zone incentives to encourage employers to implement local hiring practices to employ the economically disadvantaged and underemployed people from the surrounding South Sacramento area.

Objective 2: The City's Child Care Coordinator shall assess employer/employee child care needs and establish facilities and programs to meet the needs of the employees.

Goal C: Use the Army Depot to expand the local industrial base through diversification and increased manufacturing activities.

Objective 1: Attract businesses involved with recycling that will do business in the Recycling-Market Development Zone in which the Army Depot is located.

Objective 2: Use the Enterprise Zone incentives to encourage manufacturers to locate at the Army Depot.

Goal D: Create a safe, efficient transportation network throughout the Army Depot for the movement of people and goods and integrate it with the existing street system outside the Army Depot to facilitate multimodal movement.

Objective 1: Design, construct, and maintain a street system which provides safe and efficient movement of people and goods.

Objective 2: Develop a parking standard range of 1:1,100 to 1:500 square feet to support the encouragement of alternative modes of transportation.

Objective 3: Upgrade existing streets and create additional street connections to the Army Depot site in order to facilitate the movement of the automobile and to support other modes of transportation.

Goal E: Make a special effort to maximize alternatives to the single occupant gasoline driven vehicle.

Objective 1: Encourage and support programs that increase vehicle occupancy.

Objective 2: Require developers and employers to form a Transportation Management Association which would provide Transportation Management Plans detailing provisions for alternative transportation modes that will decrease the demand of the street system within and leading to the Army Depot.

Goal F: Promote transit to the Army Depot location to support the employment base.

Objective 1: Institute a formal land-use/transit coordination review process with Regional Transit with the purpose of bringing light rail to the Army Depot.

Objective 2: Until light rail transit is available to the Army Depot site, work with Regional Transit to provide "feeder buses" to the site from the existing light rail stations.

Goal G: Provide the necessary infrastructure to support an industrial re-use of the Army Depot.

Objective 1: Provide and upgrade sewer, water and utility lines where needed in the expanded use of the Army Depot.

Objective 2: Develop plans for extension of sewer, water, and utility lines to areas where such infrastructure is lacking.

Objective 3: Work with new property owners to develop financing arrangements in order to provide infrastructure improvements.

Goal H: Achieve economy and efficiency in the provision of services and facilities.

Objective 1: Coordinate with utilities and other service providers when meeting the infrastructure needs for the extension of the infrastructure at the Army Depot.

Objective 2: Explore ways to use energy-saving measures and principles such as co-generation in designing new public facilities used in the production of energy within the Army Depot.

Goal I: Protect and enhance the physical features and settings that are unique.

Objective 1: The establishment and preservation of diverse kinds of habitat should be encouraged rather than the uniform landscape environment.

The Reuse Plan was developed to be consistent with the Reuse Commission policies and the applicable General Plan and Community Plan policies.

The following sections identify the existing City of Sacramento General Plan, and South Sacramento Community Plan Goals and Policies which are applicable to the intended reuse of the Sacramento Army Depot:

GENERAL PLAN GOALS AND POLICIES FROM THE COMMERCE AND INDUSTRY LAND-USE ELEMENT

OVERALL GOALS

Goal A: Promote the re-use and revitalization of existing developed areas, with special emphasis on commercial and industrial districts.

Goal B: Promote new employment opportunities, particularly for the underemployed and economically disadvantaged.

Goal C: Promote economic vitality and diversification of the local economy.

SPECIFIC GOALS, POLICIES, ACTIONS

Heavy Commercial Warehouse/Industrial Areas

Goal A: Maintain and strengthen Sacramento's role as a major west coast warehousing/distribution center.

Policy 1: Provide adequate land for expansion of existing facilities and opportunities for new warehousing/distribution activities.

Policy 2: Assist private interests to maintain and strengthen the competitive advantages of Sacramento's warehousing/distribution industry.

Industrial/Manufacturing Areas

Goal A: Continue to identify and attempt to minimize potential adverse impacts from increased industrial development.

Policy 1: Allow industrial development only in those areas where potential impacts can be expected to be minimized.

Economic Development and Employment Opportunities

Goal A: Expand local industrial base through diversification and increased manufacturing activities.

Policy 1: Develop an industrial development strategy for the City that would identify: the City's industrial market segment; City actions available to diversify the local economic base; and ways to effectively compete with other industrial lands in the metropolitan area.

Goal B: Provide expanded employment opportunities for City residents, particularly the unemployed and economically disadvantaged.

Policy 1: Strongly encourage major employers to incorporate local hiring preferences.

Policy 2: Provide public support to expand job placement and training services.

Policy 3: The City shall study methods for encouraging major employers to incorporate child care facilities and/or programs to help attract and maintain a productive work force.

Policy 4: Consider giving assistance to industrial projects that promote employee training or are located in communities with high unemployment problems.

SOUTH SACRAMENTO COMMUNITY PLAN - GOALS AND POLICIES

GOALS

▸ Encourage new businesses and industries to locate in the Florin Perkins Industrial Area and in the Luther Drive area, particularly those which are labor intensive and which provide job opportunities for local residents.

▸ Improve the appearance of South Sacramento's industrial areas, particularly through the continued requirement of landscaped setbacks and fences to screen outdoor uses.

▸ Ensure that industrial uses are designated for areas where they will have minimal adverse impacts on other types of land uses.

▸ Ensure that industrial uses will have a minimal adverse impact on the environment.

POLICIES AND IMPLEMENTATION MEASURES

▸ Industrial developments should be as attractive as possible. All industrially zoned land should be placed within the M-1S or M-2S zones. Landscaping and fencing or screening of storage, junk yards or other outside industrial uses should continue to be required and maintained.

Continue to enforce existing setback requirements that require the landscaping, screening and fencing of industrial activities.

Encourage the use of planned unit developments for large scale industrial development of 20 acres or more.

▸ Ensure that industrial uses are located in areas where they will impose few or no adverse impacts on other uses.

Concentrate new industrial uses in the Florin Perkins area or the Luther Drive area for light industrial uses.

▸ Remove obstacles to industrial development throughout the community, in particular, poor traffic access from freeways and visual blight.

Continue to include road improvements for the Florin Perkins area in the City's capital improvements program.

Enforce code violations in the Florin Perkins industrial area.

▸ Ensure that industrial uses will have minimal adverse impacts on the environment.

Monitor gas drilling operations through the CEQA process.

Prepare mitigation measures for impacts which cannot be avoided in all industrial areas.

4. OPPORTUNITIES AND CONSTRAINTS

Closure of a military facility presents both opportunities and constraints for the affected community. Staff research indicates that reuse of defense facilities generally has a positive impact on a community. Reviewing 25 years of military base reuse, a survey compiled by the Office of Economic Adjustment, Department of Defense, revealed the following:

- Communities nationwide have secured civilian reuse of 100 former bases during the twenty-five years from 1961 to 1986.
- New jobs created (138,138 including 127,889 from new plants and businesses) more than replaced the loss of 93,424 Department of Defense civilian jobs at the 100 bases.
- Twelve four-year colleges and 33 post-secondary vocational-technical schools or community colleges with 53,744 students have been established on the former bases.
- Educational uses have been established at a total of fifty-seven former bases with 7,864 high school vocational-technical students and 8,110 vocational trainees.
- Industrial and office parks are located at 75 former bases.
- Forty-two former Department of Defense facilities are being used as municipal or general aviation airports.

Based on the above listed findings, it can be concluded that communities can recover effectively from base closures. Rather than create a crisis, adjustment can provide long-term opportunities. The closure of the Sacramento Army Depot offers many opportunities for developers, real estate brokers/investors and investment banking companies. The development of military facilities offers benefits to the local community and to the country as a whole by reducing the tax burden and sparing the taxpayer the task of funding the operation and maintenance costs of unneeded facilities.

The reuse of military facilities may present some constraints for the local community. The following section discusses the opportunities and constraints associated with reuse of the Sacramento Army Depot site. Also discussed are the challenges raised by environmental and toxic remediation issues associated with the reuse of the site.

OPPORTUNITIES

- The closure of the Sacramento Army Depot will make 406 gross acres of land available

for non-Department of Defense (DoD) uses in an infill area of Sacramento. This land has the potential to generate development which will result in income for the community in the form of property taxes and developer fees. This development has the potential to create new jobs for the community.

- Funding for Planning Activities at the site is available through the Department of Defense, Office of Economic Adjustment (OEA). The City has already received $199,000 in grants from OEA for completion of an Environmental Impact Report, an Infrastructure and Financing Study, and a Transportation Study, as well as for the funding of one full-time and one part-time position assisting the reuse effort.

- Funding for on-site physical (i.e., infrastructure) improvements is available through the Department of Commerce, Economic Development Administration.

- Funding is available for "dual-use" manufacturing products and processes to be developed on-site. This funding is available through the Department of Defense, Technology Reinvestment Program, and the Department of Commerce Advanced Technology Program.

- The Public Benefit Conveyance process associated with base closure allows for no cost acquisition of land and facilities by state and local agencies for specified purposes. The Department of Corrections has applied for land to construct a facility which will bring a substantial number of permanent jobs, construction jobs, and secondary jobs to the surrounding area. The City of Sacramento Fire Department has requested space for a fire training facility which will allow them to expand their operations. Also, California State University has applied for conveyance of Land and Building space to develop a Manufacturing Technology Center and an Insurance Institute. These facilities will provide training and technical assistance and may act as a catalyst for future development at the Depot.

- Operable infrastructure is intact on the developed portion of the base which could be used on an interim basis while leasing of existing facilities takes place.

- Some equipment or "personal property" which currently exists on the site is being reserved for reuse and could be attractive to specific end users (i.e. paint booths, sandblasting facilities, bead blasting facilities, clean rooms).

- Depot workers who were recently displaced and have not relocated or found other permanent employment may provide a skilled labor pool, particularly for dual use technologies.

- The site is in a State Enterprise Zone and a Recycling Market Development Zone, which provides incentives such as Sales Tax credits, Employer Hiring Credit, and Business Expense Deduction, Net Operating Loss Deduction, Net Interest Deduction for Lenders,

State Procurement Contract Preference, access to the Enterprise Zone Employment System and SETA funding for required training, Fast Track Permitting, and Location Assistance.

- The existing buildings on site are, overall, in good structural condition, as per Building Division study.

CONSTRAINTS

- The Army Depot site and surrounding area is largely industrial in zoning, function, and appearance. This fact limits the appropriate uses for the site. For example, housing or destination retail would not be appropriate for the site.

- The Army Depot site is zoned industrial and designated as industrial in the South Sacramento Community Plan. A Rezone and or Plan Amendment to a different use would be difficult to justify.

- In the current market, large quantities of developed and undeveloped land are available. Attractive commercial/office sites are available at reasonable prices. Demand is low, competition is high.

- Many buildings on the Depot are functionally obsolete, with inadequate clear heights in the warehouses, and inadequate truck maneuvering space between warehouses. As stated above, most buildings are in good structural condition, but numerous plumbing and electrical violations exist. Virtually none of the buildings meet the requirements of the Americans with Disabilities Act. Many of the smaller structures on the site are configured to be non-conducive to reuse.

- Light Rail or high-frequency bus service near the Depot site along the California Traction Railroad right-of-way is reflected in Regional Transit's (RT) long range Transit Master Plan. However, development of this corridor for transit purposes is beyond the 20-year transit planning timeframe. Bus service to the area is currently minimal, with one bus line providing 30 minute interval service on Power Inn Road, with two daily stops at the Depot itself. RT is presently considering a new bus rout to seerve the Army Depot site. This new route would operate with 30 minute frequencies along Florin-Perkins, Fruitridge, and Power Inn Roads and Folsom Boulevard in a clockwise direction, linking the Army Depot site to both the Power Inn and College Greens light rail stations. If this new route is approved by the RT Board of Directors, revenue service will commence in September 1994.

- Utilities are currently geared for one end user, and are owned by the federal government. Therefore utilities do not, or may not, meet standards for privately owned multiple parcels. It is feasible that a private entity could take over control of infrastructure, at

least in the short term, but this is not likely. Conditions studies for all utilities will be performed prior to transfer of these utilities to appropriate entities.

- Cost of extending water systems to the 11 parcels specified in the Development Plan is estimated to be $1,126,875.00. The City will assume control of the existing water systems, for interim use, until necessary improvements can be funded.

- Cost of extending sewer systems to the 11 parcels specified in the Development Plan is estimated to be $1,403,000.00. The City will assume control of the sewer systems, for interim use, until necessary improvements can be funded.

- Cost of extending storm drainage systems to the 11 parcels specified in the Development Plan is estimated to be $1,511,362.50. The City will assume control of the storm drainage systems, for interim use, until necessary improvements can be funded.

- Cost of extending electrical systems to the 11 parcels specified in the Development Plan is estimated to be $1,875,000.00. The City will assume control of the electrical systems, for interim use, until necessary improvements can be funded.

- Cost of extending natural gas systems to the 11 parcels specified in the Development Plan is estimated to be $1,187,500.00. The City will assume control of the natural gas systems, for interim use, until necessary improvements can be funded.

- The estimated cost for constructing new underground communications systems is estimated at $600,000 to $900,000. The City will assume control of the communications systems, for interim use, until necessary improvements can be funded.

- A street lighting system would cost about $450,000-$550,000.

- Traffic signals cost approximately $125,000 to $175,000 and at least two will be necessary.

- The total cost of infrastructure upgrades, including an allowance for interior parcel expenditures, is estimated to be $19,229,760, or $1.62 per net square foot.

- There are four applicants for Property under the McKinney Act, these applicants are requesting developed property, which could be used for private development and yield property taxes and developers fees. These applicants will not be required to pay a fair share for infrastructure improvements. The financial burden on the remainder of the property will therefore be increased.

- Several additional applicants for public conveyance have expressed interest in the site. These include Caltrans, Los Rios Community College District and California State University, Sacramento Archaeology and Anthropology Department. These applicants

propose few new jobs for the area, and would increase the financial burden for infrastructure improvements to the rest of the site, as described above for the McKinney Act applicants.

Traffic volumes in both directions along Highway 50 between Power Inn Road/Howe Avenue and Watt Avenue average 134,000 vehicles per day. Among the surface streets, the heaviest traffic was reported in the vicinity of Power Inn Road and Folsom Boulevard. Daily traffic counts average 25,200 on Power Inn Road to the south of Folsom Boulevard and 35,000 on Folsom Boulevard east of Power Inn Road. Comparatively, travel on Florin Perkins Road averages 18,250 vehicles daily. Concerning the Power Inn Road/Folsom Boulevard intersection, it should be noted that the proposed grade separation at this location is expected to alleviate potential traffic congestion problems in the future.

RT's light rail system, which started operation in 1988, includes 18 miles of track traversing the Sacramento area in a V-shaped route from downtown Sacramento. One extension follows Interstate 80 through North Sacramento and the other extends along Highway 50 towards Rancho Cordova. Average weekday LRT ridership in terms of boardings is approximately 24,000 passengers. The number of boardings at the Power Inn and College Greens Stations averages 438 and 555 per day, respectively. The most significant near-term improvement program is for the completion of double-track construction along both routes within the next two to three years. Longer range plans (1966 and beyond) call for extending the northern line to Antelope Road and expansion of the southern line paralleling Highway 50 an additional nine miles to Hazel Avenue.

ENVIRONMENTAL CONSTRAINTS

In addition to the infrastructure concerns discussed above, several other environmental issues will need to be addressed as part of development of the site.

TRAFFIC

The Draft Environmental Impact Report prepared for the Reuse Plan cites many off-site road segments and intersections in the study area which will operate below Level of Service C either currently, or at General Plan Buildout. Operation below Level of Service (LOS) C is considered a significant impact. Some of these impacts may be "overridden" by the Sacramento City Council, with a determination that mitigation is infeasible, due to insufficient funding or inadequate right of way. For those impacts that are not overridden, the City's department of Public Works will determine the share of responsibility that the project has for these impacts, and landowners will be assessed a share of the cost of these improvements.

AIR QUALITY

The Sacramento Area is considered a Non-attainment Area in terms of Federal and State Ambient Air Quality standards. As a result, the Federal Government cannot transfer property

to the local community until it is determined that the Community's Reuse Plan meets "Conformity" regulations. Essentially this amounts to a no net increase in air emissions as determined by EPA. The Army Corps of Engineers has determined a maximum employment number of 6,000 which will meet conformity for the proposed industrial use. The City's proposed land use plan has designated sufficient open space to keep employment levels at or below this cap.

BIOLOGY

In order to transfer property to the local community or to private ownership, the Reuse Plan must satisfy the requirements of the US Fish and Wildlife service for protection of endangered species and wetland habitat. The Sacramento Army Depot is home to the Burrowing Owl which is a California Species of Special Concern, and the Fairy Shrimp, which is a federally proposed Endangered Species. There are also vernal pools on the depot site which must be protected or mitigated. In response to these concerns, the Reuse Plan is proposing a 63.8 acre area which will be designated open space and will be reserved for protection of these natural resources. Guidelines for protection of this area will be included in the Special Planning district for the site, and will be included in a Memorandum of Understanding between the Army Corps of Engineers and the City of Sacramento.

DRAINAGE/HYDROLOGY

The Sacramento Army Depot site drains into Morrison Creek, which empties into Beach Lake. Preliminary studies have shown that there are drainage and flood control issues involved in any planned redevelopment of the Army Depot site, particularly to the extent that this development increases impervious surfaces on the site. These problems are summarized below:

1. Inadequate carrying capacity of receiving stream (downstream flooding on Morrison Creek),

2. Inadequate storage capacity of receiving water body (flooding at Beach-Stone Lakes),

3. Sub-standard drainage infrastructure (possible flooding on lowland areas within the Depot site), and

4. Pollution of storm water runoff (pollutants washed from the Depot site into Morrison Creek).

The solutions to these problems will require the improvement, enlargement or replacement of the Depot's existing drainage system and the construction of new storm water management facilities.

Drainage improvements will required prior to approval of new development on the Army Depot. Studies completed to date have indicated that mitigation measures will be required to minimize drainage and water quality impacts from future site development. Necessary mitigation measures could include parcel by parcel detention facilities or developer participation in a mitigation fund for a comprehensive Army Depot site detention facility.

Following Reuse Plan approval, but prior to any deed transfer of land, the sale or transfer of infrastructure to appropriate utilities must occur. The City would likely assume ownership of the site drainage infrastructure. As a condition of the City accepting this transfer, a Drainage Master Plan will be required for the site. This Master Plan will include recommendations for site drainage solutions.

RESTORATION OF MORRISON CREEK

One solution to existing site drainage problems is the restoration of Morrison Creek within the Army Depot site. Preliminary information provided by the City of Sacramento Utilities Department staff suggests that development of an on-site creek alignment could solve the existing drainage problems and also provide an attractive environmental enhancement.

Two restoration options have been reviewed by the City of Sacramento. These options are described below:

Option 1: Complete Diversion Option: Reestablish Morrison Creek near its historic alignment within the Army Depot Site and provide flow capacity to accommodate existing Morrison Creek flows and site runoff. This Option would abandon the use of the existing channel that is located on the southern perimeter of the site and currently contains all existing creek flows. Natural vegetation would be provided to enhance the reestablished creek.

Option 2: Runoff Only Option: Reestablish Morrison Creek near its historic alignment within the Army Depot Site and provide flow capacity to accommodate site runoff only. The existing concrete channel would remain to handle existing creek flows. Natural vegetation would be provided to enhance the reestablished creek.

Preliminary information suggests that Option 2 could provide a cost effective means of providing a solution for existing site drainage problems. The future comprehensive Army Depot Drainage Plan should include an analysis of a restored Morrison Creek alignment.

TOXICS

The toxic cleanup effort being undertaken by the Army, in coordination with State and Federal EPA, as well as the Sacramento Regional Water Quality Control Board, will leave the site free

of any health hazard toxic contamination. All remediation will be underway and remediations property is projected to be disposable by May 1995. All remediation should be complete by 1996. The one exception to this is the cleanup of groundwater contamination, scheduled for completion in 2001. Until groundwater cleanup is completed, the groundwater treatment facility located at building 601 will not be available for disposal. Also, easements will need to be granted for numerous groundwater testing wells until remediation is complete. Finally deed restrictions will be placed on two remediation areas; the South Post Burn Pits, and the Oxidation Lagoons (See Exhibit 2.4).

5. MARKET ANALYSIS

The Power Inn area has a strong existing industrial base, and it is expected to continue to capture a major share of the Sacramento regional industrial market in the future. On the basis of recent absorption trends and the availability of land for industrial development, the demand potential for new industrial space in the Power Inn area is projected to average 900,000-1,000,000 square feet annually over the next 10 years.

Based on the total projected demand for the Power Inn sub market, the estimated sales/leasing potential for space at the Sacramento Army Depot is 115,000 sq. ft. per year. This figure is used for projections in the Development Plan.

Throughout the post World War II era, the California economy has sustained virtually unimpeded growth. The state continued this track record of growth right through the 1980s. But in the 1990s, this remarkable 45-year expansion ended. For the first time in recent memory, unemployment rates exceeded the national averages and housing, the seemingly unstoppable engine of wealth creation in the state, actually lost value precipitously in many areas. Instead of leading the nation out of economic decline, California and the rest of the west coast remain mired in recession, while most of the nation is into the third year of expansion.

The economic problems elsewhere in the state and the western region also beset the Sacramento region. After two decades of very strong growth, the local economy went into a recession in 1990 that it has yet to shake off. From 1975 to 1990, area population increased at an average annual rate of over 3 percent. Since then, population increases have averaged under 1.5 percent for the four-county region.

Unlike the coastal urban areas, however, Sacramento never lost its image as an attractive place to do business. This region enjoys the same sunny climate as the rest of the state, but housing costs are relatively low, the possibility of earthquakes is remote, the work force is well-educated, and traffic congestion is limited. Thus, the Sacramento area is poised for growth once the rest of the state returns to economic health. In the next four years, population is projected to increase in the Sacramento region at a 2.5 percent rate, almost as fast as in the booming 1980s.

It is especially noteworthy that historical population expansion in the Sacramento area can be attributed mostly to in-migration rather than natural increase. Overall, it is estimated that net migration accounted for 75 percent of the area's population growth in the past several years. Much of this in-migration resulted from increasing job opportunities and the fact that Sacramento's housing continued to be more affordable than other major population centers in California. Statistics on home sales compiled by the Sacramento Association of Realtors showed a median home price of $137,000 as of mid-1994. Comparatively, the median selling prices of homes in the State of California and the San Francisco Bay Area are $200,000 and $265,000,

respectively.

Growth in Sacramento County was responsible for nearly 70 percent of the four-county Metropolitan area's population increase over the past decade. The final count from the 1990 Census indicated a total population of 1,041,219 for Sacramento County. The population of the City of Sacramento in 1990 was shown to be 369,365, or 35.5 percent of Sacramento County's total population.

As of the 1990 Census date, the total population for the five-mile radius around the Army Depot site was 310,119. The corresponding figure in terms of households was 123,277. The population growth rate in the subject area was 19.7 percent.

Regional employment growth patterns are extremely important with respect to assessing the market potentials for new commercial and industrial space. Over the past decade, Metropolitan Sacramento's employment base recorded impressive growth, climbing from 427,000 in 1980 to 638,300 in 1990. Between 1985 and 1990, total employment grew by an average of 27,120 jobs annually compared to 15,140 jobs annually in the preceding five-year period.

Of particular interest, despite weakness in the statewide and national economies, employment growth in Metropolitan Sacramento continued at a relatively strong pace from 1989 through 1990. Overall employment was shown to have increased by 27,600 during 1990 versus 29,000 in 1989. However, the effect of the economic downturn on employment levels in Sacramento became more clearly evident from the trend data for 1991. Between December, 1990 and December, 1991, the number of jobs in Metropolitan Sacramento declined by 5,700.

Support for private sector commercial office space is generated by job growth traceable principally to expansion in the two major categories of finance: insurance and real estate; and services employment. Within the Sacramento Metropolitan Statistical Area (MSA), the number of jobs in these categories as of 1990 totaled 183,400, or 28.7 percent of the area's employment base. This equates to a ratio of 123.8 office-related jobs per 1,000 population. Comparatively, the statewide ratio is 145.1 office-related jobs per 1,000 population.

Demand for industrial space is mostly associated with firms engaged in manufacturing and warehousing/distribution activities. The manufacturing sector of Sacramento's employment base includes 45,600 workers, representing only 7.1 percent of all jobs, in contrast to 16.0 percent for the State of California. An encouraging sign, however, is that manufacturing employment in Metropolitan Sacramento has been growing more rapidly than total employment since 1980.

Warehousing/distribution jobs are included within the wholesale trade employment category and the trucking and warehousing subsector of the transportation employment category. In 1990, the Sacramento Metropolitan Area had 29,000 wholesale trade jobs and 9,800 trucking and warehousing jobs. Like manufacturing, growth in jobs related to warehousing/distribution was shown to be more rapid than the rate indicated for the overall employment base.

Government employment, accounting for almost 30 percent of all jobs, is still the leading source of employment in the Sacramento area. Historically, it has provided a stabilizing influence to the region's economy. In numerical terms, public sector employment represented a total of 185,000 jobs in 1990. By jurisdiction, this total was comprised of 30,000 Federal jobs, 85,100 State jobs and 69,900 local (County and City) jobs.

SUMMARY OF CONCLUSIONS

- Demand for commercial and industrial space has declined but is still high relative to demand statewide and nationwide. However, western states like Colorado, Arizona, Nevada, Idaho, and Utah are offering industrial tenants excellent facilities at competitive rents with lower state taxes, faster and less expensive facilities development environments, and less stringent state environmental regulations.

- Also, Central Valley areas such as Stockton, Tracy, and Fresno have been attracting large distributors away from Sacramento with cheaper land costs and lower rents. Safeway and Transco relocated from Sacramento to Tracy at the beginning of 1993. Thrifty selected Tracy over Sacramento in its search for 350,000 square feet of warehouse space.

- During the recession, the competition picked up between the Sacramento Industrial market and other areas. This heightened competition has shown no indication of slackening which will keep pressure on individual rent levels and land values.

INDUSTRIAL MARKET ANALYSIS

This section addresses the potential for industrial development in the market area of the Army Depot site. In order to determine the nature and depth of demand for industrial space, analyses were made of overall vacancy and absorption trends in the Sacramento Metropolitan Area, characteristics of the local area's industrial base and current market conditions. For analytical purposes, the primary competitive industrial market area of the Army Depot site is considered to be represented by the Power Inn area which is generally bounded by Highway 99 on the west, Bradshaw Road on the east, Highway 50 on the north and Gerber Road on the south.

OVERALL INDUSTRIAL MARKET TRENDS

Data concerning existing industrial space inventories, vacancy rates and leasing activity by major submarket areas within Metropolitan Sacramento as of the year-end 1993, are presented in Table 5.1. Overall absorption and vacancy trends for the Power Inn area and the Sacramento area as a whole during the 1985-1991 period are shown in Table 5.2. The Sacramento Metropolitan Area currently comprises an industrial base of 100 million square feet. At the end of 1993, the

inventory of available industrial space was reported to total 12.9 million square feet, reflecting an areawide vacancy factor of 12.9 percent. By building type, vacancy rates were 12.8 percent for warehouse or standard industrial space and 13.7 percent for high-tech/flex space. The latter refers to space that is suitable as either industrial or office space. These figures are illustrated on Tables 5.3 and 5.4.

Table 5.1.
Sacramento MSA 1993 Year-End Industrial Market
Total Market Building Summary

Area	# of Bldgs	Total Sq.Ft.	Total Market Vacant Space	% Vacancy Year-End 93	% Vacant Year-End 92	% Change from Year-End 92
Power Inn	522	15,812,905	2,947,688	18.6%	16.4%	2.2%
West Sacramento	332	13,249,171	1,210,013	9.1%	9.9%	-0.8%
Sunrise/Rancho Cordova	568	16,365,303	2,364,805	14.5%	14.7%	-0.2%
Richards Boulevard	107	4,829,588	843,185	17.5%	16.4%	1.1%
Downtown	199	6,312,087	279,800	4.4%	4.9%	-0.5%
Yolo County/Woodland	120	8,569,130	608,264	7.1%	12.1%	-5.0%
Northgate/Natomas	196	7,701,598	1,435,197	18.6%	20.4%	-1.8%
Tribute Road	253	5,487,259	690,197	12.6%	8.9%	3.7%
Roseville/Rocklin	76	3,183,917	335,790	10.5%	11.2%	-0.7%
McClellan/N Highlands	171	5,789,112	867,257	15.0%	15.4%	-0.4%
South Sacramento	278	8,335,282	779,473	9.4%	10.7%	-1.3%
Placer County	73	3,576,028	527,073	14.7%	12.7%	2.0%
El Dorado County	31	779,398	0	0.0%	8.3%	-8.3%
Total	2,926	99,990,778	12,888,742	12.9%	13.3%	-0.4%

Statistical summary includes industrial buildings with 4,000 or more square feet of net rentable space.
Leasing activity on the following pages is calculated for deals of 4,000 square feet or more.
Owner/User sales are calculated into the Leasing Activity.

Source: CB Commercial and Udewitz Associates

Table 5.2
Trends in Industrial Space Absorption and Vacancy Rates
Power Inn Area and Sacramento Metropolitan Area
1985-1991

Year	Overall Industrial Space			Year-End Vacancy Rate	
	Sacramento Area Total (sq.ft.)	Power Inn Area (sq.ft.)	Percent Metro Area Total	Sacramento Area Total	Power Inn Area
1985	4,473,000	1,373,200	30.7%	10.0%	13.3
1986	5,420,000	1,262,900	23.3	12.2	10.8
1987	5,100,000	1,030,200	20.2	10.2	15.0
1988	8,410,000	1,555,500	18.5	9.3	12.5
1989	6,643,000	1,073,700	16.2	10.1	19.2
1990	6,670,000	718,100	10.8	9.6	16.1
1991	5,587,000	1,195,700	21.4	10.6	12.3

Source: CB Commercial and Udewitz Associates

Table 5.3

Sacramento MSA 1993 Year-End Industrial Market

Warehouse Market Building Summary

Area	# of Bldgs	Total Sq.Ft.	Warehouse Total Vacant	Vacancy Year-End 93	% Vacant Year-End 92	% Change from Year-End 92
Power Inn	505	15,440,583	2,884,248	18.7%	15.9%	2.8%
West Sacramento	319	12,979,204	1,148,045	8.8%	9.9%	-1.1%
Sunrise/Rancho Cordova	416	12,245,440	1,903,885	15.5%	14.9%	0.6%
Richards Boulevard	106	4,728,588	843,185	17.8%	16.5%	1.3%
Downtown	196	6,268,887	277,800	4.4%	5.5%	-1.1%
Yolo County/Woodland	116	8,487,539	608,264	7.2%	12.2%	-5.0%
Northgate/Natomas	146	6,651,170	1,316,610	19.8%	19.3%	0.0%
Tribute Road	231	5,124,401	668,890	13.1%	8.4%	4.7%
Roseville/Rocklin	46	2,318,074	133,088	5.7%	7.5%	-1.8%
McClellan/N Highlands	155	5,379,221	722,546	13.4%	15.0%	-1.6%
South Sacramento	269	7,861,236	692,089	8.8%	10.0%	-1.2%
Placer County	70	3,427,528	510,453	14.9%	12.4%	2.5%
El Dorado County	13	437,356	0	0.0%	2.3%	0.0%
Total	2,588	91,349,227	11,709,103	12.8%	12.9%	-0.1%

Warehouse/manufacturing buildings include distribution and manufacturing facilities with less than 25% office built out.
Statistical summary includes industrial warehouse/mfg buildings with 4,000 or more square feet of net rentable space.
Leasing activity is calculated for deals of 4,000 square feet or more.
Owner/User sales are included.

Source: CB Commercial and Udewitz Associates

Table 5.4
Sacramento MSA 1993 Year-End Industrial Market
Flex Market Building Summary

Area	# of Bldgs	Total Sq.Ft.	Flex Total Vacant	Vacancy Year-End 93	% Vacant Year-End 92	% Change from Year-End 92
Power Inn	17	372,322	63,440	17.0%	43.2%	-26.2%
West Sacramento	13	269,967	61,968	23.0%	9.3%	13.7%
Sunrise/Rancho Cordova	152	4,119,863	460,920	11.2%	14.2%	-3.0%
Richards Boulevard	1	101,000	0	0.0%	6.8%	-6.8%
Downtown	3	43,200	2,000	4.6%	5.6%	-1.0%
Yolo County/Woodland	4	81,591	0	0.0%	0.0%	0.0%
Northgate/Natomas	50	1,050,428	118,987	11.3%	25.4%	-14.1%
Tributary Road	22	362,858	21,307	5.9%	13.7%	-7.8%
Roseville/Rocklin	30	865,843	202,702	23.4%	22.1%	1.3%
McClellan/N Highlands	16	409,891	144,711	35.3%	22.2%	13.1%
South Sacramento	9	474,046	87,384	18.4%	21.2%	-2.8
Placer County	3	148,500	16,620	11.2%	20.4%	-9.0%
El Dorado County	18	342,042	0	0.0%	16.3%	-16.3%
Total	338	8,641,551	1,179,639	13.7%	23.6%	-9.9%

Flex buildings may be leased for office or warehouse/distribution use.
Statistical summary includes flex buildings with 4,000 or more square feet of net rentable space.
Leasing activity is calculated for deals of 4,000 square feet or more.
Owner/User sales are included.

Source: CB Commercial and Udewitz Associates

From 1985 through 1991, overall or gross absorption of industrial space in the Sacramento Metropolitan Area is estimated to have averaged 6.0 million square feet annually. On a year-to-year basis, net absorption rates generally matched new industrial construction levels, resulting in the overall vacancy factor remaining within the 9-13 percent range. Industrial absorption in 1991 amounted to 5.6 million square feet versus 6.7 million square feet in 1990. According to statistics compiled by Grubb & Ellis, warehousing/distribution type product accounted for 70 percent of the total industrial absorption during 1991. Industrial business parks with smaller bays and a higher ratio of office space represented 20 percent, whereas the balance of 10 percent was absorbed by high-tech/flex buildings. Also of interest, about 25 percent of the 1991 absorption total was contained in four large industrial projects. These included Intel's two-phase development of 320,000 square feet in Folsom, Raley's 300,000 square foot warehouse in North Natomas, Mazda's new 250,000 square-foot building in Woodland and the U.S. Postal Service's 572,000 square-foot facility in West Sacramento.

The Power Inn area has one of the largest concentrations of industrial space in the Sacramento Metropolitan Area. It currently contains 15.8 million square feet of industrial space, or 15.8 percent of the total inventory in Sacramento. Power Inn has also been among the leading industrial submarkets in terms of new construction activity and overall absorption rates since the mid-1980s. Between 1985 and 1990, a total of 7.2 million square feet of new industrial space were added to the area's inventory. In 1993, 400,000 square feet were added, continuing the 1990s trend of decline from recent years. In 1992, developers constructed about 475,000 square feet and in 1991 about 500,000 square feet.

In the first quarter of 1994, the supply of available industrial space in the Power Inn area totaled 2.9 million square feet, indicating a vacancy rate of 18.6 percent. This current vacancy percentage is up from 16.4 percent in 1992. During the 1985-1991 period, the Power Inn area witnessed an average industrial absorption rate of 1.17 million square feet per year. This represents nearly 20 percent of the industrial space absorbed within the entire Sacramento market area. In 1991, industrial absorption amounted to 1,195,700 square feet, up considerably from the absorption level of 718,000 square feet experienced during 1990.

Due to the expectations of continued tight lending policies by financial institutions, the near-term outlook is for limited volumes of new industrial development in both the Power Inn area and the overall Sacramento market area. With fewer new products on the market, it would seem reasonable to anticipate at least some further declines in industrial vacancy rates over the next year or so. Based upon the rather substantial reserve of undeveloped industrial land available in the Power Inn area, the longer range prospects are for the subject marketplace to remain as one of the most active industrial development areas in the future. On the demand side, the principal advantages of the Power Inn area are its close-in location, excellent access to the regional transportation system and Enterprize Zone benefits. As in the past, primary support can be expected from major users of warehousing/distribution space.

SURVEY OF COMPETITIVE INDUSTRIAL PROJECTS

This portion of the chapter presents the field research findings with regard to the characteristics of selected competitive industrial developments within the Power Inn industrial market area. The survey data includes 10 speculative multitenant industrial projects. The surveyed industrial projects include 69 buildings containing a total of 1,861,245 square feet. All consist of concrete tilt-up or block construction and are relatively new, having been built between 1980 and 1992. Seven of the projects feature standard industrial buildings with 10-20 percent office allocations oriented towards warehousing/distribution space uses whereas the other three projects are industrial business parks designed for tenants requiring higher ratios of office space.

Minimum industrial unit sizes at the surveyed projects range from 1,500 to 9,000 square feet. Standard industrial features are warehouse lighting, three-phase power, painted walls, rest rooms and ground level loading with roll-up doors, and the majority have ceiling clearance heights of at least 18 feet. Five of the projects also have some buildings with dock-high or depressed dock loading. Office buildouts are provided by tenant improvement allowances, per work letter specifications or on a turn-key basis. At the four projects offering tenant improvement allowances, the dollar amounts range from $22.00 to $25.00 per square foot.

Lease rates at five of the surveyed industrial projects are quoted on a triple net basis. Building space in the other five projects is being leased on an industrial gross basis which means that tenants are responsible for paying utilities and janitorial services. Minimum lease terms range from one to five years. Escalations are mostly at a fixed rate of 4.0 to 5.0 percent or based on capped annual Consumer Price Index (CPI) changes.

Industrial gross rents were found to average $0.32 per square foot for warehouse space and $0.57 per square foot for office space. The average common area maintenance (CAM) charge for projects with industrial gross rents was indicated to be $0.032 per square foot. Composite rental rates at the industrial developments with triple net leases are $0.23 per square foot for warehouse space and $0.58 per square foot for office space. On the average, their triple net charges amount to $0.048 per square foot.

The results of the industrial park survey clearly illustrate highly competitive market conditions prevailing for multitenant space in the subject marketplace. The combined vacancy rate for the 10 surveyed industrial projects is 24.3 percent. At least in part, the fact that this percentage is higher than the vacancy rate of the percentage reported for the overall Power Inn area industrial market can be attributed to the orientation of the survey towards newer projects including several still in their initial lease-up periods.

The largest individual industrial complex covered by the survey is the Oates Industrial Park with an overall building area of 750,000 square feet on a 150-acre site. The 17 industrial buildings within this industrial park are located along the entire length of Rovana Circle. The buildings have ceiling clearance heights of 18 to 26 feet and are designated for 10 percent office buildouts. Current rents are $0.18-$0.25 triple net for warehouse space and $0.55 triple net for office

space. Since opening in 1987, the Oates Industrial Park has leased 600,000 square feet of industrial space, reflecting an average absorption rate of 120,000 square feet annually. Unit sizes range up from 4,000 square feet, and most of the space is occupied by smaller tenants. The three most significant space users presently located at the project are a pipe and supply company with 40,000 square feet, McKesson with 35,000 square feet and a moving and storage company with 30,000 square feet.

Power Inn Commerce Center, located at the corner of Power Inn Road and Barry Avenue, is the next largest of the surveyed industrial developments. This project by Jackson Properties is comprised of seven buildings encompassing a total of 278,953 square feet. It initially entered the market in 1986 and was constructed in three phases of 99,532 square feet, 63,205 square feet and 116,216 square feet. The individual buildings range in size from 14,000 to 58,100 square feet. Existing industrial unit sizes range from 6,300 to 19,600 square feet. Warehouse space features include ground level roll-up doors and depressed dock loading, sprinklers, ceiling clearance of 18 feet and ample power. About 10 percent of the overall building area is allocated to office space. Quoted lease rates are $0.22 triple net for warehouse space and $0.65 triple net for office buildout portions. The monthly triple net charge is $0.055 per square foot. At the present time, Power Inn Commerce Center has a vacancy rate of 23 percent. Examples of major tenants currently occupying space at the project are Gleason Industries with 19,600 square feet, Backscratchers with 14,240 square feet and Bonanza Nut & Bolt with 10,000 square feet.

Among the three surveyed industrial business parks with high percentages of office usage, the newest and most attractive project is Jackson Business Park located to the west of the Army Depot site at 14th Avenue and Business Drive. This project consists of eight buildings representing a combined total of 122,102 square feet. Building sizes range from 6,396 to 29,838 square feet, and the minimum unit size is 1,500 square feet. Ceiling clearance for warehouse space in all buildings is 18 feet. Office space allocations vary between 25 percent and 75 percent. Industrial gross rents for warehouse space and office space are $0.35 to $0.75 per square foot, respectively. The Common Area Maintenance (CAM) charge is $0.035 per square foot per month. Tenant improvement allowances for office space average $24.00 per square foot. As of the survey date, the amount of space available for lease at Jackson Business Park was reported to total 14,226 square feet, indicating a vacancy rate of 11.7 percent. The largest single tenant at this project is the State of California Department of Forestry which occupies 25,358 square feet. A sampling of other tenants includes NMC Homecare Division, Koelzer Engineering Services, Tile By Design, Testing Engineers Inc., Mediq, Camp Fire, Centurion Courier Services, DS Detective Systems, Space Rehab, Optioncare and Patio Showrooms.

INDUSTRIAL LAND PRICING CHARACTERISTICS

Another market factor of interest is the cost of vacant land for industrial development. The survey consisted of pricing information obtained for five current listings and four recent sales of industrial sites located within the Power Inn industrial submarket area. All of the parcels are zoned M-1 or M-2. Three of the industrial properties listed for sale consist of 7.0 to 12.7 acres

of land with prime locations in the subject market area. Their asking prices are $2.50-$3.25 per square foot plus $0.50 per square foot for bonds. The two other listings represent large industrial parcels containing 18 acres and 20 acres. The 18-acre site is located off of South Watt Avenue and 43rd Street with frontage on Hedge Avenue only. The site is currently available for an asking price of $0.96 per square foot. The 20-acre site, situated on the east side of Florin Perkins Road north of Elder Creek Road, is listed for $2.25 per square foot. This property was once in escrow at $1.90 per square foot.

Three of the four land sales in the Power Inn area involved large industrially zoned parcels ranging in size from 10 to 30 acres. These properties were reported to have sold for prices of between $1.00 and $1.35 per square foot. The remaining comparable land sale is for a 0.94-acre industrial site on the south side of Elder Creek Road at Power Inn Road. This much smaller parcel commanded a sales price of $2.93 per square foot.

SUMMARY OF FINDINGS

General

- The Sacramento Metropolitan Area currently comprises an industrial base of 100 million square feet. The vacancy rate climbed from 10.9 percent in 1991 to 13.3 percent at year-end in 1992. During 1993, the market experienced a decrease in vacancy of .4 percent to 12.9 percent by year-end.

- From 1985 through 1991, overall absorption of industrial space in Metropolitan Sacramento is estimated to have averaged about 6.0 million square feet annually. On a year-to-year basis, net absorption generally matched new industrial construction levels, resulting in the vacancy rate remaining within the range of about 9.0 to 12.0 percent.

- Sacramento's industrial absorption rate amounted to 5.6 million square feet in 1991 versus 6.7 million square feet in 1992. Standard warehousing/distribution-type product accounted for 70 percent of the total industrial absorption during 1991.

Power Inn Area

- The Army Depot site is located within the Power Inn area industrial submarket of the Sacramento region. This submarket currently contains 15.8 million square feet of industrial space. Since the mid-1980s, Power Inn has been among the leading industrial submarkets of new construction activity and overall absorption rates.

- During the 1985-1991 period, the Power Inn area witnessed an average industrial absorption rate of 1.17 million square feet. This represents almost 20 percent of the industrial space absorbed within the entire Sacramento market area. In 1993, while

leasing activity was 1.2 million square feet, net absorption was actually 20,000 square feet. This was due chiefly to the departure of Safeway's 450,000 square foot distribution warehouse to Tracy.

- At year-end 1993, the Power Inn area was indicated to have an industrial vacancy rate of 18.6 percent. This current vacancy percentage is up from 16.4 percent in 1992.

- At the projects offering space on an industrial gross basis, average rents were found to be $0.32 per square foot for warehouse space and $0.67 per square foot for office space in a 1992 survey. Composite rental rates at the surveyed industrial projects with triple net leases were $0.23 per square foot for warehouse space and $0.58 per square foot for office space.

- The largest individual industrial complex covered by the survey is the Oates Industrial Park containing 750,000 square feet of industrial space in 17 buildings. Unit sizes range up from 4,000 square feet, and the typical office buildout is 10 percent. Since initially opening in 1987, the Oates Industrial Park has leased 600,000 square feet, reflecting an average absorption rate of 120,000 square feet annually.

- The newest and most attractive industrial business park product is represented by Jackson Business Park situated to the west of the Army Depot site on 14th Avenue. This project consists of eight buildings with a total of 122,102 square feet. Office space allocations vary between 25 percent and 75 percent. Industrial gross rents for warehouse space and office space are $0.35 and $0.75 per square foot, respectively.

- Land sales have stagnated, causing industrial land and building sales prices and rental rates in many areas to decrease or level off at prices and rates that the market experienced in the late 1980s.

- The industrial market area of the Army Depot site is characterized by a number of major companies occupying space in free-standing industrial buildings. The 11 largest such facilities were identified in the course of the field research. In all, they contain a rather massive 3.9 million square feet of industrial space.

MARKET POTENTIAL CONCLUSIONS

The Power Inn area has a strong existing industrial base, and it is expected to continue to capture a major share of the Sacramento regional industrial market in the future. On the basis of recent absorption trends and the availability of land for industrial development, the demand potential for new industrial space in the Power Inn area is projected to average 900,000-1,000,000 square feet annually over the next 10 years.

An aggressive pricing structure for leases and sales should position the Army depot to capture

10% to 15% of the market in this markets (approximately 115,000 square feet per year). A capture rate of 10% to 15% is necessary to complete the development plan in a thirty year time-frame.

The next chapter on Market Strategy identifies:

- Specific industries that would be desirable tenants for the site, and
- Pricing strategies for lease and sales that will capture a sufficient volume of users to implement the reuse plan

The pricing strategy is based one the comparative industrial rents identified in this chapter. Land values were calculated using a residual land value analysis.

6. MARKETING STRATEGY

OVERVIEW

As part of the Base Closure and Realignment Act of 1990, the Sacramento Army Depot was scheduled for closure in the spring of 1994, with transferral from Federal ownership by the fall of 1997. As a result, the Sacramento City Council established the Sacramento Army Depot Reuse Commission to oversee the reuse and disposal process of the Army Depot. The mission statement of the Reuse Commission is: "To increase economic and employment opportunities consistent with land-use zoning from interim to long-term use at the Army Depot." A primary goal of this mission statement is the attraction of business that can utilize the existing work force and facilities at the Army Depot.

The Army Depot is approximately 485 acres (259 acres of developed and 226 acres of undeveloped land) located in South Sacramento within the Florin Perkins industrial area. The Army Depot has 76 permanent buildings with approximately 2,890,000 square feet of available space.

This chapter discusses the industries which will be targeted for location at the Sacramento Army Depot, the competitive advantages which may be emphasized in attracting these industries, a brief discussion of the competitive disadvantages of the site, and a discussion of lease sale terms and other incentives necessary to attract targeted users.

TARGETED USER GROUPS

TELECOMMUNICATIONS INDUSTRY

In the near future, the majority of cities in the United States will be linked to each other and the world by the telecommunications highway. Currently in the United States the telecommunications industry serves more than 88 million households and 30 million businesses nationwide. The revenues for this industry were expected to exceed $184 billion in 1993.

The Sacramento MSA has also seen growth in the telecommunications industry. The number of establishments in the area has fluctuated between 98 and 163, increasing steadily since 1986. Between 1980 and 1990, trends in annual payroll have been steadily increasing, while reaching a high in 1990 with an annual payroll of $323,795,000. Employment growth in the telecommunications industry has followed a similar pattern as the annual payroll growth, also reaching a high in 1990 with 9,783 employees. These statistics show that the Sacramento MSA has a solid foundation to compete and survive in a telecommunications-dominated world.

FOOD PROCESSING INDUSTRY

Employment growth in the food processing industry in Sacramento has fluctuated between 7500 to 9,500 during the 1980s. However payroll increases have continued to grow by nearly 5 percent per year. Within the Sacramento MSA there are an estimated seventy-plus operating firms in the food processing industry, of which the majority employ between 50 to 250 workers. Overall, the state is seeing a continued growth pattern in all categories that has resulted in the employment of over 164,000 employees in this industry and creating over a four billion dollar payroll.

The outcome of this positive growth is due to the fact that the food and beverage industry has become the nation's largest manufacturing sector. In the U.S. in 1992, there were shipments of more than $377 billion. For the first time since at least 1978, there was a trade surplus in processed food and beverages — an estimated $22.2 billion in exports. Total U.S. food and beverage export grew 23 percent during the 1990-1992 period. For example, the export of condensed and evaporated milk almost tripled, canned and frozen specialties export rose 75 percent, bakery products exports rose by 65 percent, candy by 48 percent, and beverages by 23 percent. It is forecasted for 1993 that the dollar value of shipments is expected to rise 1.5 percent, up slightly from a 1.4 percent increase than in 1992.

The reality of why the Sacramento MSA has profited from this industry is that California has been the nation's largest agricultural producer for over forty years and the Sacramento Valley is the center of the state's agribusiness economy.

HIGH TECH INDUSTRY

For the first time in recent history, the attractiveness of the State of California is beginning to decline. Business leaders once viewed California as one of the best places on earth in which to do business. The State's Pacific Ocean location, countless sunny days, beautiful landscapes, and skilled labor force have in the past contributed to the State's ability to attract some of the worlds largest companies, thus making the economy of the State of California the fourth largest economy in the world behind the entire United States, Japan, and Germany. Recently however the above factors have meant little to a growing number of companies, because they cannot afford to do business in the state. High tax rates and workers compensation payments, along with skyrocketing land and labor costs have caused many companies, especially high tech firms, to choose other states, such as Nevada, Oregon, and Arizona, over California, when looking for a western base in which to market and manufacture their products. In a survey of firms located in the San Francisco and Los Angeles area (the traditional population and business centers of California), 43 and 36 percent, respectively, were planning to expand or relocate out of these areas. Fifty percent of the Bay Area firms were planning to relocate out of State, while 70 percent of the Los Angeles firms were planning to do the same. Research found, however, that many of the firms planning to stay in California will move to the Central Valley between Chico

and Fresno, leaving Sacramento in the northern half of this 300-mile span. As stated earlier out-of-state firms, wanting a California branch and/or base, were no longer considering the San Francisco and Los Angeles areas for places in which to locate. Instead they are looking to the Central Valley. According to a Lou Harris poll conducted in October 1990, the Sacramento region was the second best place in the nation in which to do business, and thus may be the location in which many of the migrating firms will locate.

COMPARATIVE ADVANTAGES OF THE SACRAMENTO REGION

This section identifies the comparative advantages the Sacramento region possesses concerning the region's future capability of attracting targeted industries. In addition, the section discusses, based on specified site selection criteria, whether the Sacramento region is, and will be, competitive in attracting such firms in the future.

EDUCATIONAL FACILITIES

The most important criteria, as identified by the surveys conducted by Location Management Services and Entrepreneurship, Theory and Practice, that firms use when deciding the geographical/metro areas in which to locate, is the availability of skilled and technical workers. Robert C. McIntire, the Director of Development, Design and Construction for Apple Computer Inc, recently confirmed this claim at a symposium presented by the California State University Real Estate and Land Use Institute, and the Sacramento Area Trade and Commerce Organization in May 1992. The event was titled: Economic Update and Real Estate Symposium: How to Increase the Sacramento Region's Competitive Edge. When asked how important the availability of skilled labor is in making his site selection decisions, and how the Sacramento region ranks in comparison to other cities and regions in the country as it relates to this factor, McIntire responded by commenting that the availability of skilled labor was very important to Apple's site selection decisions, and that the Sacramento region ranks very well against its competitors. He also said that the opportunity for employees to get additional training at local educational institutions was also an important criteria. The Engineering Departments and Computer Science Departments at both the University of California (UC), Davis and the California State University (CSU), Sacramento, along with the Center for Applied Competitive Technologies at Sierra College, help to make the availability of skilled and technical workers one of the region's best attributes in attracting firms to the area.

There are over 2,400 students enrolled in educational programs related to high technological electronics at both the UC Davis and CSU Sacramento campuses.

Sierra College is one of eight community colleges in California to be designated a Center for Applied Competitive Technologies (CACT) by the Chancellor's Office of the California Community Colleges. These eight regional centers promote economic development through demonstrations, technology transfer and continuous process improvement. The goal is to

enhance the manufacturing sector's ability to compete in a world economy.

In addition to the CACT program, Sierra College also has three other economic development programs. The first is the Contract Education Program. The program provides on-site customized training or retraining for company employees in such areas as management, technical training, personal development, and communications. The second is the Small Business Development Center. The center provides one-on-one business counseling to small business clients in such areas as management, marketing, and finance. The Small Business Innovation and Research Assistance Center is the third additional economic development program besides CACT. This center provides small businesses with proposal preparation for high technology research and development contracts available through the Federal government. These contracts include feasibility studies, product development, and commercialization assistance.

The programs at Sierra College help larger electronic high technology companies as well. To use these services, the College, through the Contract Education Program, will train and retrain employees who are displaced, or who are moving to the area for the first time. The company must simply tell Sierra College what they want, and the school will attempt to implement the appropriate curriculum. In addition, Sierra College also provides inexpensive skilled and technical labor to these companies, as well as technology transfer teams of college staff and industry experts to help them incorporate advanced technologies.

The Los Rios Community College District offers a solid curriculum of general courses in manufacturing related fields. The programs are presently offered at one or more of the three district campuses in electronics technology; engineering technology; computer science; general technology; metals industry technology; and aeronautics. The District has been aggressive in moving to better meet the education and training needs of area businesses, through the Small Business Development Center. The Los Rios Training Source is attempting to meet employers' special training needs, and the colleges' Program Advisory Committees are playing a stronger role in representing the area's business needs.

Additionally, California State University has applied to the US Army for a Public Benefit Conveyance to establish the Sacramento Manufacturing Technology Center and the California Insurance Institute. The Manufacturing Technology Center will operate in partnership with the City of Sacramento in the following areas: 1) Manufacturing education and training, 2) Manufacturing Business Incubator, 3) Manufacturing Deployment Services and 4) Manufacturing Technology Clearinghouse. The California Insurance Institute would provide education, training, and research programs for students majoring in insurance, as well as continuing education programs for insurance professionals requiring training to satisfy licensing and certification requirements. A library dedicated to the insurance industry would also be housed within the institute.

TRANSPORTATION

In December 1991, World Trade Magazine honored Sacramento as the eighth best place in North

America for international companies. Factors such as local ports, airports, railways, and trucking contributes to their ranking.

Port

The Port of Sacramento, as the most inland, deep-water port in California, offers access to shipping from the Pacific Ocean and a free trade zone to companies using their facilities. A recent agreement has opened the Port to containerized barge service with the San Francisco Bay Area.

Air

The Sacramento Metropolitan Airport, although not international, books connecting flights for passenger and freight to most large cities in North America, thus allowing companies another outlet to transport goods to other markets. The Sacramento Executive Airport serves a more limited general aviation role for the area, and the former Mather Air Force Base is planned for development as a general aviation facility.

Rail

Acting as a major intersection for interstate (Southern Pacific Railroad) and intrastate (Union Pacific Railroad) transportation, the Sacramento area permits firms to move large quantities of goods to major cities throughout California and the United States. The two railroads allow local access to a network of rail lines.

Trucking

The complex grid of highways that traverse the Sacramento area enable different industries to transport goods via trucking. Interstate highways I-80 (running east-west across the U.S.) and I-5 (running north-south through the west coast states) offer excellent access to markets throughout the United States. Sacramento is continuing to grow as a distribution and warehouse center for many firms in the area.

Proximity to Bay Area

Sacramento's close proximity to the San Francisco Bay Area acts as an attribute for international companies. Although Sacramento offers numerous amenities of transportation, occasionally regional facilities may not be sufficient to meet a company's needs. Therefore, the San Francisco Bay Area's more comprehensive international accessibility would meet all transportation needs.

CLIMATE

California is probably best known for its attractive climate. With the exception of the most northern part of the state, California gets sun more than 250 days a year. The State possesses many diverse climates, from the snow-capped mountains of the Sierra, to the desserts of Mojave, to the coast of Santa Cruz or Malibu, to the Central Valley. The Sacramento region's climate is typical of the weather found in the Valley. Hot summers, and mild winters best describes the area. During the summer months, the average high temperature is about 90 degrees, while the

average low is about 60 degrees. During the winter, average high temperatures are about 60 degrees, while the average lows are about 45 degrees. These temperatures would appear to make Sacramento nearly perfect. however, thick tule fog during the winter months makes the region a little less attractive. The fog can cause slow moving traffic, and has even been known to close local airports. However, with or without the fog, Sacramento is very competitive with other regions when considering climate, and the region can thus consider climate to be a strong attribute when considering site selection.

LABOR

In October 1990 Fortune Magazine claimed that Sacramento possessed the fourth best labor market in the United States. This was based upon the Sacramento region's strong work ethic, and the low cost of labor relative to other major markets in the state.

Employee Absenteeism and Work Ethic

Employee turnover rates, as discussed in the ETP report, have recently become a site selection criteria because of the fact that employees are switching companies more often now than ever before. This creates a vulnerable situation for companies due to the amount of time and money spent on training employees. While it is difficult to specifically assess the employee turnover rates in the Sacramento MSA, it can be assumed that the phenomena also occurs here. David Spaur, Director of the Office of Economic Development for Placer County, mentioned that many large companies are reluctant to locate to Placer County, Roseville specifically, because they do not want to compete with Hewlett-Packard Co. or NEC Electronics for employees. However, industry and location wide, most of the turnovers tend to occur with Research and Development (R&D) employees and/or corporate headquarter employees, not the type of manufacturing employees found predominantly in the region. Thus, it would appear that this criteria does not decrease Sacramento's competitiveness, but it is unknown whether it could be considered a strong attribute.

Labor productivity is ranked in the top five in importance according to the Entrepreneurship, Theory and Practice report discussed earlier. The productivity of local workers appears to fair quite well comparatively, and in its own right.

Employers interviewed in recent location studies rated worker quality/productivity as excellent in Sacramento. (Labor quality is defined as a combination of background, skills, and attitudes as they relate to the work that the company performs. Labor productivity is a measure of employee output in the production of the company's product or service.) Particular references were made to the largest metropolitan areas of the state. Often cited were "rural" and "midwestern-like" work ethics.

If this factor can be exploited in marketing efforts by the region, more firms may begin to seriously consider the region in their final site selection decisions.

Employee Union Activity, and Cost

Low union activity within an area is also an important criteria in site selection decisions. Companies are very reluctant to move into areas where they may encounter labor disputes, strikes, or worker walk offs. Such activity causes bad publicity, and destroys the efficiency and productivity of plants. In Sacramento, the criteria can be considered an attribute.

Union election data analyzed by Fantus, an economic consulting firm, showed a low level of union organizing activity in the manufacturing sector in the four-county Sacramento Metropolitan Area over the past ten-year period, especially for firms employing more than 25 employees. Employers interviewed in project field work rated labor-management relations as very good to excellent.

Sacramento's low level of activity gives the region a competitive edge to recruit both large and small companies who are considering building a new plant in a new location.

Cost of Unskilled, Semi-skilled, and Skilled Labor

The cost of labor is now becoming one of the top five criteria that site selection managers use when selecting sites. The United States has become known for its high labor costs, thus causing the nation to lose thousands of jobs as companies move large manufacturing facilities out of the country where lower labor costs are available. By doing so, companies can significantly reduce operating costs, while increasing profits. California has not escaped high labor costs. In fact, many experts believe that the State leads the country in increasing labor costs. Sacramento, on the other hand, fairs relatively well in costs of unskilled and semi-skilled labor, and can be considered to be competitive with other California cities when discussing costs of skilled labor.

Wage levels for unskilled and semi-skilled labor in the Sacramento area are considerably lower (8 to 10 percent average) than those of the largest metropolitan areas of the State and the west coast. Unskilled and semi-skilled wage levels compare favorably with other communities in the inland portions of the State. Employers interviewed rated these wage rates as a major asset for locating in the community.

Costs for skilled manufacturing labor are generally equal to those of the largest metropolitan areas of the State and the west coast, reflecting the lower base of manufacturing labor found in the Sacramento area and growing demand for the existing labor pool. Wage levels for skilled labor in Sacramento are on average slightly higher than those paid in other inland communities of the state.

Since high technology electronics firms recruit mainly skilled laborers, the region's competitiveness in recruiting such firms, based on labor costs, is equal to other west coast cities and metropolitan areas.

SITES

Cost of sites is a key concern for nearly all companies. According to the 1991-1992 Sacramento Economic, Employment and Development Analysis prepared by the City of Sacramento's Office of Economic Development, Real Estate prices in the Sacramento area compare extremely favorably with those of the larger metropolitan areas of the State. The sale price for an improved 10-acre site in the Sacramento region is on the average 65-70 percent less costly than those in the State's other large metropolitan markets. Although electronics high technology firms generally require sites much larger than ten acres, this example is fairly typical of most sites in the Sacramento region.

Site selection facilitators also consider room for expansion on the same site as an important criteria when selecting a site. This is a sign of the rapid expansion that many electronics firms experience. For example, Intel Corporation in Folsom is currently considering a $1 billion dollar expansion to their current facility to help meet the demand for their products. NEC electronics recently completed an expansion of their facility, at a cost of nearly $500 million dollars. The City of Sacramento, as well as other areas of the Metropolitan area, possesses sites in which the capability for expansion would allow the firms to grow and expand. The North Natomas area of Sacramento has over 1,300 acres of land currently zoned for high tech development. In El Dorado Hills, there is an area off of La Trobe Road that is zoned for the development of facilities that electronics firms would need to build. This area is rural but has the infrastructure (sewer, water, and electricity) that electronics firms desire. The Highway 65 Corridor offers opportunities, yet not all infrastructure services are available.

According to Al Gilanini, the Executive Director of the Sacramento Area Commerce and Trade Organization (SACTO), there is a good diversity of site locations in the Sacramento Metropolitan Area, however, there are some limiting factors in the area as it relates to site selection criteria. He stated that besides North Natomas and the La Trobe Road areas there is not enough land permitted and "ready to roll." Companies are reluctant to go through the entitlement process, i.e. they want environmental clearance, and infrastructure to the property and proper zoning before they select a site, and thus the region's competitive edge is lessened as a result. In addition, there are very few "spec" sites in the area, thus, most or all companies who decide to locate in the region must construct "build to suit facilities." When the Sacramento region competes against another city or region for an electronics firm, this fact may negatively contribute to the area's chance in recruiting the firm.

The availability of housing in close proximity for employees is also considered important by many of the site selection facilitators and/or CEO's surveyed. Fortunately, the planners and developers in the six county region have done an excellent job in assuring that this has occurred. Roseville is a perfect example of housing, especially affordable housing, located near the Hewlett-Packard and NEC sites. Forty-five percent of the people who work at these sites, and other sites in the County of Placer, live in the City of Roseville. Stanford Ranch has helped the area tremendously in providing both semi-affordable and affordable housing The North Natomas area of the City of Sacramento is within 15 minutes of any part of the city, and 25 minutes from the most far-reaching suburbs in the region. In all, this factor is a strong attribute for the Sacramento region, and one that site selection developers will notice when analyzing the

area.

Closely related to the proximity of housing, are the costs of housing, and the commute times for employees. These firms are always concerned about their relative competitiveness in recruiting college graduates from throughout the nation. In order to enhance their attractiveness to potential employees, it helps them to be located in an area in which it is pleasant to live. Part of this "pleasantness" involves the amount that people must pay for homes, and the amount of time they must spend in their cars to get to work. A report by the Sacramento Association of Realtors found the median priced house in Sacramento was $130,000 in February 1991. The median priced Bay area home in Palo Alto was $462,00 and $244,000 in San Jose. This price differential is one of the main factors that contributes to Sacramento attributes. Commuting times are also much better than the Bay Area, but, according to Gianini, it is an attribute that the area is in jeopardy of losing. Gianini stated that firms constantly ask him why the area is not going to look like the Bay Area within fifteen years. He stated that he tells these firms that the Bay Area has a lot of "choke points," like the Bay and mountain passes, that create major congestion problems. The Sacramento region of course has rivers which are difficult to build over, however, it has a lot of room to develop spatially, which in turn can keep housing costs down, and with the use of the light rail system, which is ahead of its time, the area can also keep commuting times down. However, this will all change when more people move to the area, as it is unknown whether local resources for capital improvements will be able to keep up with a population explosion. In all, housing costs and commute times are still considered, for the time being, an attribute in the Sacramento region's competitiveness in locating firms.

COST OF LIVING

Another criteria of site selection developers is the cost of living in the areas in which they are considering. The Sacramento area is considerably less expensive to live in relation to the largest metropolitan areas of the State. Measured in terms of an "all items" index of living costs (which includes costs of groceries, housing, utilities, health care, transportation, and miscellaneous goods and services), the Sacramento area is on average 10-15 percent less expensive to live in than the other larger metropolitan areas in the State. In addition, the area's cost of living is competitive with other communities in the Central Valley. "Numerous employers cited the Sacramento area's less expensive living and housing costs as major recruiting/relocation points."

QUALITY OF LIFE

Recruiting needs for firms require that the quality of life in the area of the site must be high. Measured in terms of cultural amenities and recreational opportunities, the Sacramento area generally receives high ratings. While the community lags behind the larger metropolitan areas of the State in cultural amenities, it offers wide and expanding recreation opportunities both indoor and outdoor. "Employers generally ranked the area's overall quality of life as very good, and cited this as a recruiting relocation asset."

SUMMARY

The recent trend for San Francisco and Los Angeles area electronics firms to move out of these respective regions to areas with lower costs and better public attitudes toward business, will allow the Sacramento region the opportunity to locate several new firms to the area in the near future. Over forty percent of Bay Area firms are planning to relocate and/or expand in different areas, while thirty-six percent of the L.A. firms are planning the same. Firms in both areas have cited high labor and facility costs as the main reasons for their moves. In addition, they have listed the availability of technical workers as their primary site selection criteria when looking for new geographical regions in which to locate. Land and/or facility cost is the most important site criteria when firms are looking at specific sites within geographical areas. With these factors in mind, it is important to realize how well Sacramento appears to fulfill these criteria.

To begin, it has been shown that Sacramento possesses a good labor pool in which electronic high technology companies can draw upon the technical work force they need. Both California State University at Sacramento and the University of California Davis house engineering programs in Electrical as well as Computer Science at undergraduate and graduate levels. Sierra College possesses a program that helps both small and large electronic high tech companies train and retrain their employees, as well as keep them up to date with advanced technologies. Low union activity, low costs of unskilled, semi-skilled, and skilled labor, high productivity of the region's work force, relatively low land and living costs, and high quality of life are also criteria that these firms use when looking for new sites. In addition, the climate of the area, as well as the region's accessibility to markets, make it an attractive area in which to locate. In all, based on these criteria, Sacramento appears to be competitive with other cities in the State as well as the country, in attracting firms that desire to expand or relocate.

LOCAL HIGH TECH MARKETPLACE

Given the future significance of the high technology industry, it is extremely important for the local area to attract firms to the area that will have a positive effect on the local economies. The future for Apple Computer looks very bright; additionally, Intel's new flash memory should bring capital and employment to the Sacramento region. The following examines future implications of these new developments.

APPLE

Recently, a rumor began that Apple was considering relocating its manufacturing plant in Fremont, California to the Sacramento region. Such a bold move on Apple's part would be surprising, however, the area would welcome the move with "open arms." As mentioned above, Apple's importance in the near future cannot be emphasized enough. The Apple Technology Group (ATG) is on the cutting edge of technology; new innovations would mean a new production line - potentially in the Sacramento area. It would be extremely beneficial for the Sacramento MSA to aggressively pursue any relocation of Apple to the region. Not only would

the construction of such a site create new jobs, but the plant itself, once on-line, would produce additional employment. Hence, Apple could hold the future technology, and a movement of an Apple facility to the area would be the best news since Hewlett-Packard announced its plans to locate in Roseville in 1979.

INTEL

As mentioned earlier, Intel new flash memory innovation is a promising area of future growth. Since the Flash Memory Operation of Intel is headquartered at Folsom, the Sacramento region should benefit from the new innovations that will be produced from flash memory. Intel's newest flash-memory product is the FlashFile card, announced in April of this year; the new devices will mainly be used in lap-top computers and pen-based computer. The development of the FlashFile card combined with the increasing market for lap-tops and pen-based computers will increase sales for Intel and benefit the region as a whole.

Given the fact that Intel's expansion could have such an enormous impact on the local economy, the viability of such high tech companies should become apparent to leaders, public and private within the Sacramento region and guide them towards a successful path of economic growth.

LEASE/SALE TERMS AND OTHER INCENTIVES NECESSARY TO ATTRACT TARGETED USERS

The highest and best use for the Army Depot site is a mix of industrial warehouse, light manufacturing, and distribution facilities, with ancillary or support office uses. Primarily office uses are not recommended, given the inferior access, visibility, identity, and compatibility of adjacent land uses compared to alternative locations.

The industrial market in Sacramento has experienced considerable softening during the recession of the late 1980s and early 1990s. As reported earlier, rents have declined 5-10 percent per year over the last three years. The Power Inn submarket has not been immune from this softening. Rents for industrial space have weakened because there is a large inventory of vacant existing space and plentiful land for future industrial development. Consequently, putting the Army Depot site on the market in this economic environment will place considerable additional pressure on an already weak market.

To compete successfully in this climate, the property will have to be marketed aggressively. Land and existing space must be offered at very competitive pricing levels. However, the Army Depot site cannot be placed on the market at fire sale prices as this will roil the Power Inn submarket, perhaps impairing its desirability for years to come. Rent levels and lot sale prices should be priced within 75-90 percent of market rates for the Power Inn area to assure the preservation of an orderly market.

In addition to an aggressive price structure, the City should also be in a position to offer rebates on development fees, subsidize infrastructure costs, and provide favorable financing for land

purchases in order to attract highly desirable tenants. Such incentives should only be used if they result in the balance of the site becoming more attractive and valuable for future tenants. The significant amount of infrastructure for this site cannot be financed if every transaction carries significant subsidies. The majority of the site must be developed without providing incentives in order to finance the basic infrastructure for the site.

MARKET STRATEGY CONCLUSIONS AND IMPLEMENTATION

Based on the market data outlined in the previous chapter, and the targeted tenants, the following strategy is recommended and incorporated in the Development Plan section:

Pricing for rents

The Market Analysis indicates a rental rate of .24 cents per month. Based on the limitations of the existing facilities compared to modern warehouse space, the highest probable market rent for the existing warehouse structures is .17 cents to .18 cents per month. In order to lease up 115,000 square feet per year, aggressive rates will have to be offered. For the purposes of this strategy, it is assumed that effective rental rates will be .17 cents per month. Escalation of rents is projected at 3% per year. This is below the current market rate escalation of 4% per year - in order to make the rents at the facility attractive to potential tenants.

Land sales

Land sales are projected at $1.50 per square feet of improved properties. This results in a land sale price of $56,250 per net acre. This land price is supported by a review of comparable sites in this area.

Targeted industries/tenants

The City Council of Sacramento has targeted the industries identified above for recruitment to the Sacramento area. Industries targeted by the City Council provide high-wages and minimal environmental impacts.

These targeted industries are the focus of recruitment efforts by the Sacramento Area Trade and Commence Organization (SACTO) and the State of California's Sacramento Area Marketing Group (SAMG). Including the Army Depot site in these marketing efforts will result in additional contacts with prospective tenants.

Special Marketing Initiatives

In addition to incorporating the Army Depot site into general marketing efforts by SACTO and SAMG, the City will initiate several specific initiatives to promote the site.

The City will establish an Industrial Development Advisory Council to guide the development of the site, provide suggestions on tenants for the project from the local market, and ensure that pricing strategies do not impact the market in the area. The Advisory Council would include 5-7 members from the local real estate community that are active in the Power Inn industrial market. In addition to providing advice to the City, members of the Advisory Council would be recruited to invest in the site through the purchase of parcels.

The City will also prepare a specific marketing program for the Army Depot site for corporations outside the City. This program will be administered by the Office of Economic Development.

Special Incentives for Development

The City will provide incentives to attract large-scale tenants that will serve as a catalyst for development of the rest of the site. Incentives would include rebates on development fees, contributions to infrastructure, and offers of reduced land prices.

The above strategies for marketing improved and unimproved sites at the Army Depot need to walk a fine line between being too aggressive and not being aggressive enough. A key ingredient to a successful program will be taking a long-term perspective. It is critical that the Army Depot property be disposed of at a pace that the Power Inn submarket and overall Sacramento industrial market can absorb without undermining values for the foreseeable future. At the same time, the City must be positioned to offer substantial incentives to prospective tenants that could provide a catalyst for future development on the site.

7. BUILDING EVALUATION/DEMOLITION RECOMMENDATIONS

The 485 acre Army Depot site has 76 permanent buildings with approximately 2,942 square feet of available industrial/warehouse and office space. Buildings are an average of nearly 50 years old. Although reasonably well-maintained, the buildings are uniformly deficient in terms of compliance with modern fire safety standards, the Americans with Disabilities Act (ADA), and current municipal building codes. The Army Depot buildings may be "grandfathered" with respect to these compliance problems. But newer buildings with which the Army Depot structures would compete do not have deficiencies nearly to the same extent.

The large warehouse structures (Buildings #242, 244, 246, 248, 251, 253, 255, and 257) contain 263,000 square feet each or a total of 2,104,000 square feet. See Exhibit 2.2. This square footage is 71.5 percent of the total enclosed building area at the Army Depot (2,942,933 s.f.). These warehouse buildings represent the greatest potential value at the site. They are, however, severely obsolete. Their floor-to-ceiling heights are 30-35 percent less than modern standards. Lighting is inferior. Sprinklering is inadequate. Thus, while there is a potential user market for these structures, that market represents a small portion of the overall market for industrial warehouse space.

The industrial market can be broadly categorized into three segments:

1. Very large occupancies 80,000 square feet or more
2. Large occupancies 40,000-80,000 square feet
3. Small occupancies 40,000 square feet or less

The large warehouses will not be competitive for the large and very large occupancies. These users can realize greater savings from utilization of new, state-of-the-art facilities than they can from potential rent savings from an outmoded facility. Thus, the Army Depot warehouses will be left to compete for the smallest and most price-sensitive segment of the industrial market.

In order to make the Depot site marketable, buildings need to be demolished or upgraded. The following buildings are recommended to be maintained for interim use prior to demolition. All other buildings are recommended for demolition as soon as funds are available.

Buildings to Retain on an Interim Basis

- Building #320, a maintenance facility, and Building #555, a research facility, total 155,440 and 110,211 square feet, respectively. Building #320 will compete for the same tenants as the long warehouse structures north of Mindanao Street. It, too, is obsolete. The interior of the building contains a number of unusable, partitioned office areas. These enclosures must be demolished to make the structure even minimally marketable. Building 555 is recommended for public conveyance to CSUS.

- Buildings #246, 248, 251, 253, and 255 are too close together for adequate vehicular access and loading. The distance between the buildings is only 105 feet. In order to provide adequate maneuvering room between the structures, either every other one should be removed, or selected bays should be demolished in such a way as to render maneuvering room adequate.

- Buildings #242 and 251 create a visual block on the northern end of the property. Their removal will open up the site visually.

- Ideally, buildings #246 and 255 should also be removed although a McKinney act application has been submitted for buildings #244, 246, and #247.

- The buildings north of Corregidor Street are an undesirable visual barrier. Fruitridge Road, upon which they front, is the front door to the project. These structures should be removed.

In summary, the following buildings are recommended to remain for the short to mid-term (up to 20 years). This recommendation represents one of the building configuration options as explained in the Land Use Plan Chapter:

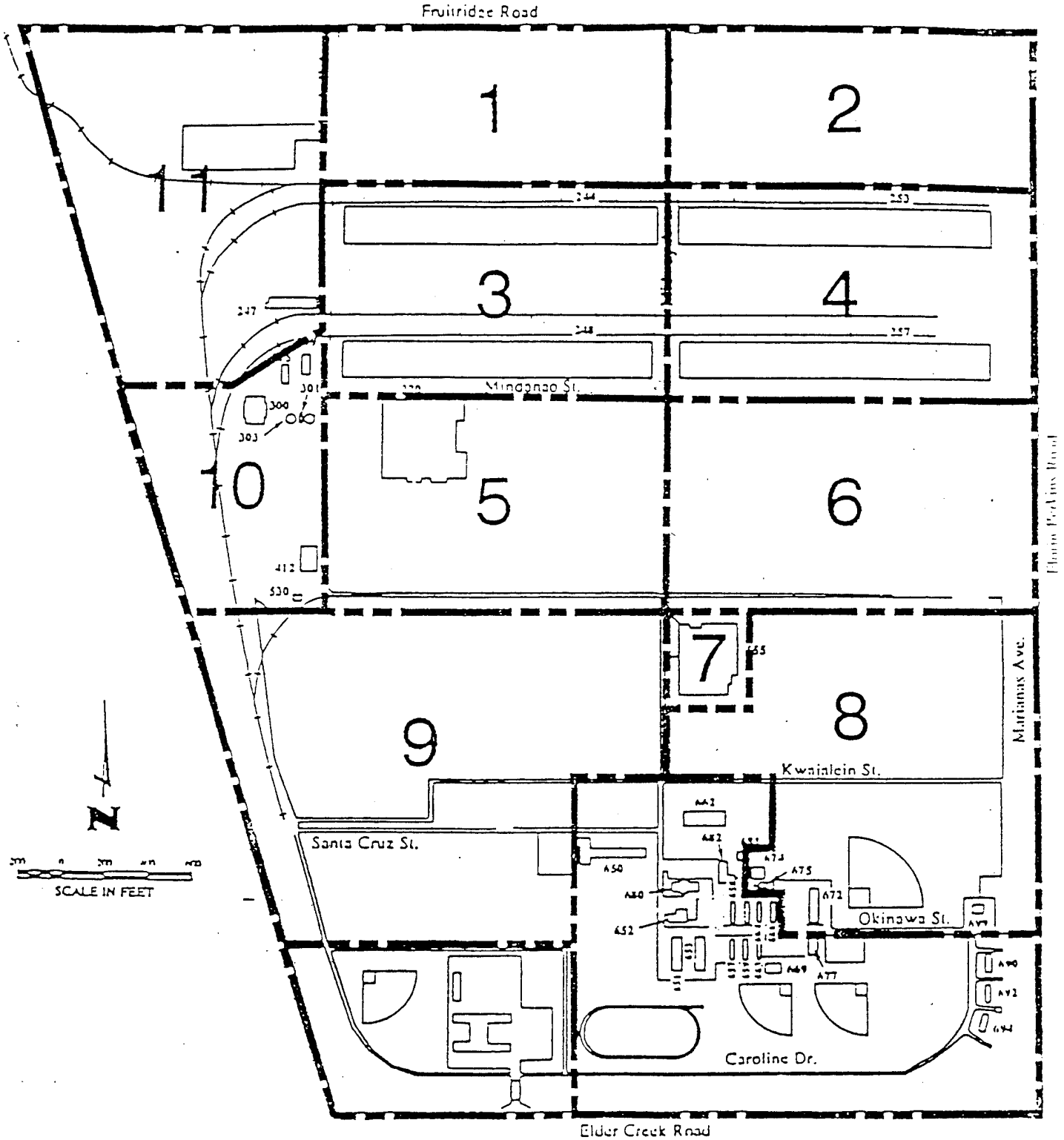
BUILDING	USE	SQUARE FOOTAGE
244	Warehouse	263,000
247	Warehouse	263,000
252	Warehouse	263,000
247	Warehouse	263,000
320	Maintenance	155,440
555	Research	110,221
	TOTAL	1,317,661

All other buildings are recommended to be demolished as soon as funds are available:

Exhibit 7.1. depicts the result of the suggested demolition. As stated above this illustration is only one of the options given in the Recommended Land Use Plan. This recommendation does not take into consideration the possibility that property will be granted under the McKinney Homeless Assistance Act. These factors will alter the configuration of the remaining warehouse buildings. Possible scenarios which consider these factors will be presented in the Land Use and Development Plan chapters.

EXHIBIT 7.1.

Preliminary Demolition Recommendations



As will be discussed in the Development Plan Chapter, some of the buildings slated for demolition may be leased, in the short term, to provide income for the desired demolition and infrastructure improvements.

Personal Property Disposal

In order to support reuse of closing military facilities, local communities have the opportunity to aquire "personal" property which is located on the facility and which is not determined to be essential to the mission of the Department of Defense. Personal property is defined as equipment essential to the value of real property. The City of Sacramento has requested that the following personal property items be retained to facilitate reuse of Depot facilities:

All workstation equipment (to include but not limited to):

New (post 1985) Modular Furniture
(all modules in Building 150)
New (post 1985) Administrative Furniture, including
- file cabinets
- conference furniture
- desk chairs
- bookshelves

Office Equipment, including
- typewriters
- phones
- copy machines
- blueprint copier (Bldg 351)
- fax machines
- adding machines
- expendable items
- bulletin boards

Wall AC Units

All Gazebos

Security Systems(where applicable)

All restaurant equipment in Building 149

All kitchen and bar equipment in Building 140

All possible equipment associated with the Printed Circuit Board Repair Facility in Warehouse 8-5.

CAD CAM equipment

All ramps to docks on warehouses

All factory manufactured ESD benches

All cabinet shop equipment in Building 320

All welding equipment in Building 320

All equipment essential to the operation of beadblasting facility in Building 423
All equipment essential to the operation of sandblasting facility in Building 420

All equipment essential to the operation of all paint booth facilities (8-5, 320, 420, 555, 361)

All lifts within buildings

All compressed air, water, and electric distribution systems within buildings

All wood working, sheet metal and welding equipment in Carpenter Shop (Bldg 355)

All Audio-visual equipment in working condition

Leaving large storage racks in all warehouses is acceptable

Free weights, Stairmaster, Lifecycle, treadmill, and rower in Building 672

Weights, Scale, Nautilus, and Cybex in buildings 668 and 670

Radio Frequency isolation booth in Building 555.

Specifically, the City has requested that designated office space within all Buildings remain furnished with the above requested workstation items. Also, the ESD benches have been requested to furnish building 555. Workstation equipment currently in non-office warehouse areas has been specifically cleared for screening.

Building Surveys

Surveys of all existing buildings on the site were completed by the Building Division, Fire Department, and various other agencies on building code compliance, fire codes, hazardous material storage facilities, and historical significance. The entire surveys are available from the City of Sacramento. Below is a summary of the findings of these reviews:

Building Division Review

The City of Sacramento Building Division staff surveyed seventy-two structures located at the Sacramento Army Depot for potential reuse. For each building surveyed, a description summary was prepared indicating potential for various uses and a list of building deficiencies. This report is not intended to limit any use which could be made to conform to the Uniform Codes and applicable Zoning Ordinances.

The buildings are generally in good condition and appear to be well maintained. The survey team did not attempt to identify every minor deficiency since many of the deficiencies will be corrected by on-going maintenance or eliminated by future changes of use. The buildings generally do not comply with the requirements of the Americans with Disabilities Act (ADA). However, most buildings could be made to comply with the accessibility requirements when remodeled for reuse. The report did not attempt to identify asbestos or toxic contamination of any building or site. Information on abatement of friable asbestos and detailed construction plans for most buildings are maintained by the Facilities Engineering Office of the Sacramento Army Depot.

Fire Department Review

On July 20, 1993 a partial tour of the Army Depot was made to identify fire service related deficiencies. The following information was provided:

Water for fire protection and access for equipment were reviewed. The water supply is looped through the site from the northwest side on Fruitridge Road where a 30-inch main is tapped with an 18-inch supply line. Florin Perkins Road on the east side of the site has a 16-inch main tapped with a 10-inch supply. Back flow prevention is located at both places.

The interior water supply is gridded with ten- and twelve-inch mains and hydrants. Hydrant locations and intervals appear to be adequate. The hydrants are of various types, some dry- and some wet-barrel type. As they are damaged or replaced they should be placed with a City standard type hydrant. Any hydrant that does not have a thread type matching the Fire Department's must be replaced now. None were noted during the tour.

Many of the fire sprinkler systems have the control valve and fire department connection located in vaults below ground. Where it is practical these should be located above ground to meet City standards. Those remaining underground will be identified so they can be located in the event of an emergency.

The backflow prevention devices on the water supply system reduce the pressure to below what the fire sprinkler systems were calculated to. The addition of a fire pump may be necessary to bring the static pressure up to a satisfactory level.

Access to the buildings on site appears to be adequate. All of the buildings are surrounded by paving or concrete. If landscaping is added at a later date, the review shall include the Fire Department. Access to the site from public streets is too limited for the size of the area.

Existing access must be widened and additional ones may be required.

The buildings although old, appeared to be in good condition. Most were type III construction but type V and type II also existed. Many contained illegal construction such as unsprinklered spray booth or offices without legal exiting. Some contained high piled storage but lacked roof vents and curtain boards required by the fire code. One building contained a plating shop. This building should not be accepted from the Army until all of the contents and contaminated materials are removed. The other buildings could be converted to civilian use but the conditions not conforming to building or fire code must be corrected or removed.

Potential concerns include the reuse of buildings containing asbestos or lead-based paint, or which may have been contaminated with other hazardous materials. Such buildings/facilities will be identified in the Environmental Baseline Study (EBS) prior to disposal. Demolition or reuse of such facilities would be consistent with the EBS findings which would be disclosed prior to disposal. Demolition activities could release asbestos into the environment; building debris generated during demolition could be classified as hazardous waste and need to be disposed of in an appropriate landfill.

Assessment of Historical Significance

Section 106 of the National Historic Preservation Act (NHPA) of 1966 (as amended) requires that federal agencies take into account the effects of their undertakings on properties eligible for nomination to the National Register of Historic Places. Disposal and reuse of Sacramento Army Depot is an undertaking that could leave the ownership and control of the federal government and thereby lose the protection of the NHPA and its implementing regulations. There are no identified archaeological sites or traditional cultural properties at the Depot that closure and reuse might affect. Buildings constructed at military facilities, however, sometimes have historical or architectural significance that renders them eligible for National Register nomination and protection under the NHPA.

The Depot's architecture was surveyed and assessed in 1983 as part of a nationwide evaluation of cultural resources at the U.S. Army Material and Readiness Command (DARCOM, now the U.S. Army Material Command) installations (Building Technology Incorporated 1983). The study found none of the Depot's buildings eligible for National Register nomination as historic architecture. The survey looked at 114 buildings constructed between 1945 and 1979 for military use and 2 structures that pre-date Army use. The study also resulted in completion of Historic American Building Survey (Level IV) documentation for 30 representative structures.

Because of the length of time that has passed since the 1983 evaluation, the California Office of Historic Preservation suggested a reevaluation to determine whether standards and criteria for National Register nomination for military structures have changed since the evaluation was conducted, and to develop historic contextual material for the Depot in order to establish whether any of the structures have historical significance due to a close association with persons important in history or with important historical events.

The Corps of Engineers conducted a reevaluation of the Depot architecture and developed a historic context for Depot buildings in 1993 (ACOE 1993). This study concluded that none of the Depot structures is eligible for National Register nomination. The California Office of Historic Preservation concurred with this assessment on September 17, 1993.

8. PUBLIC CONVEYANCE

OVERVIEW

The disposal process for Army BRAC properties is governed by the 1990 Base Closure Act, the amended Federal Property and Administrative Services Act of 1949 and federal property management regulations.

There are five steps in the base real estate disposal process.

Step one:

Real property not required by the Army is screened with other DoD departments. If no military requirement exists for the property, it is determined to be excess property.

Step two:

The excess property is offered to other federal agencies. Unclaimed property is determined to be surplus property.

Step three:

Surplus property is screened for homeless assistance pursuant to the McKinney Act. The property is reported to the Department of Housing and Urban Development (HUD) for a determination of the suitability for homeless assistance purposes. The determination is published on a quarterly basis in the Federal Register and applications of interest are evaluated by the Department of Health and Human Services (HHS).

Step four:

The remainder of the property is offered to state and local agencies/entities. This can take place through a negotiated conveyance to the local redevelopment agency, public benefit conveyance (for specified uses), or, if there is not a ready market for fair market value sale of the property, through the new economic development conveyance vehicle.

Step five:

Property is offered for sale to the general public.

It is the intent of the Army Depot Reuse Commission to be focused on producing a plan which will increase economic and employment opportunities consistent with land-use zoning for interim and long-term use. Public Conveyance should be compatible with the mission and goals of the Reuse Commission.

The Army and City of Sacramento have received the following requests for property through the Department of Defense, Federal, State and Local, and McKinney act screening processes. Table 8-1 illustrates these requests.

FEDERAL

RESERVE ENCLAVE

The Department of Defense will maintain 62 acres for military uses. The Army Reserve Center will retain 39 acres, and the California National Guard will retain 23 acres. An easement will be provided to connect through traffic to Elder Creek Road.

US NAVY

The U.S. Naval and Marine Corps Reserve Center will retain 17 acres for reserve units.

USDA - FOREST SERVICE

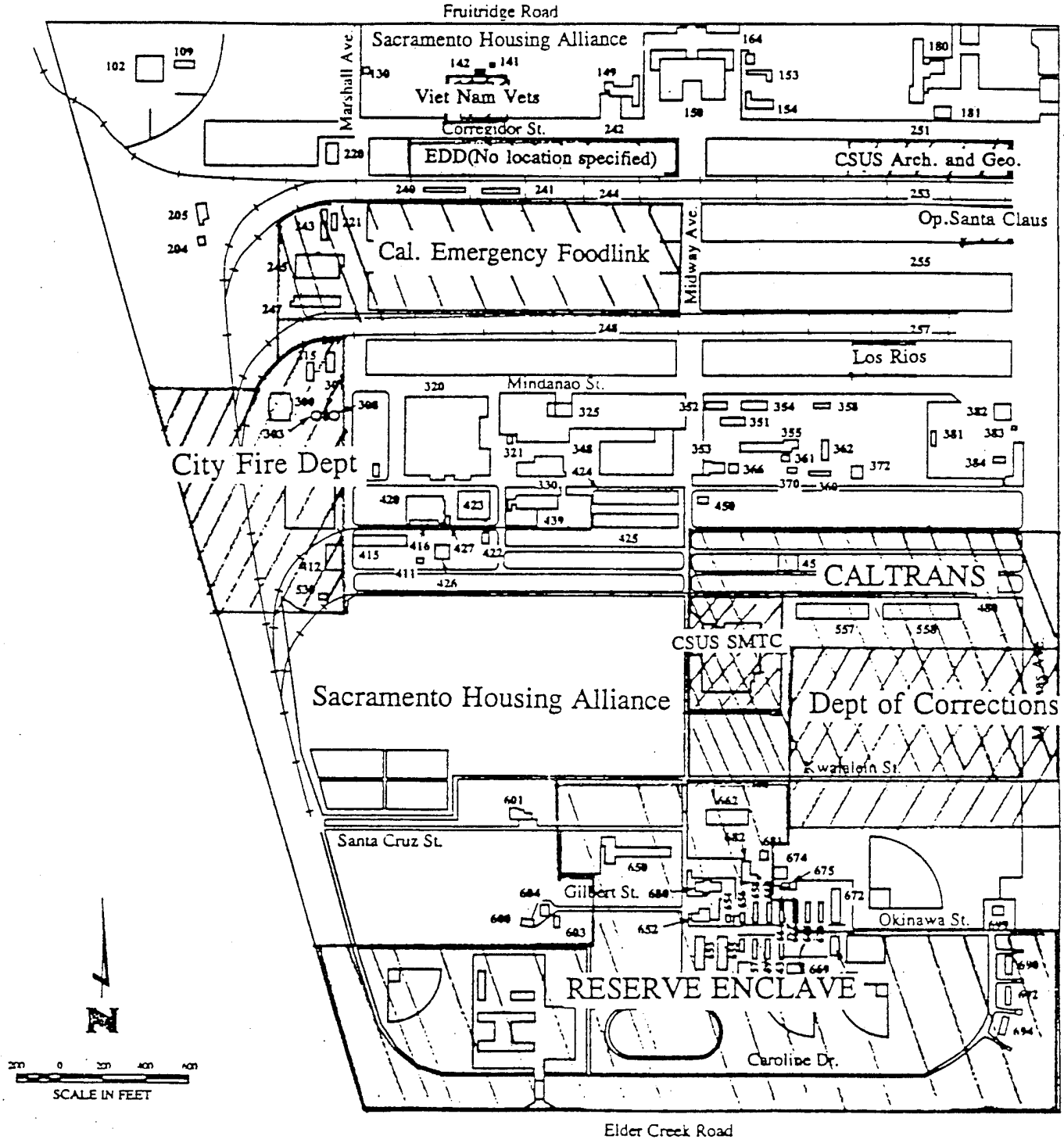
The Forest Service requested 27.2 acres to use the existing office and ancillary buildings on Fruitridge Road. They were considering a relocation of their regional headquarters from San Francisco to Sacramento, as one of several options. However, the Forest Service has selected Mare Island as their preferred location.

MCKINNEY ACT SCREENING

CALIFORNIA EMERGENCY FOODLINK

California Emergency Foodlink has submitted an application to the Department of Health and Human Services for Buildings 221, 243, 244, 245, 246 and 247, and the truck scales, for food storage and distribution and a Vietnam Veteran's training program. Approximately 18 acres were requested, including the buildings, parking areas, and perimeter open areas. All McKinney Act transfers are contingent upon review and approval of the application by Health and Human Services.

EXHIBIT 8.1.
Requests for Property Transfer



VIET NAM VETERANS

The Viet Nam Veterans of America have requested Building 140 for a homeless housing and drug and alcohol rehabilitation facility.

SACRAMENTO HOUSING ALLIANCE

The Sacramento Housing Alliance has requested Buildings 140, 149, 600, 603, and 604. For food service, and family housing facilities.

OPERATION SANTA CLAUS

Operation Santa Claus has requested Warehouse 253, for their food distribution operation.

STATE AND LOCAL SCREENING

STATE DEPARTMENT OF CORRECTIONS

The CDC has requested 30 acres to construct a $260 million reception facility (2080 beds) and a minimum security prison (100 beds). The facility will consist of 203,000 one-story reception support facility, and a 285,000 square foot reception facility in two five-story towers.

CALTRANS

Caltrans has requested 43 acres to relocate equipment shop, Motorized Equipment Training Academy (META), and the Kingvale Maintenance Academy. The Department would be leaving a 12 acre facility at 34th and Stockton Boulevard.

CSUS

California State University at Sacramento has requested 3 acres that includes Building 555 for development of a Manufacturing Technology Center and an Insurance Institute.

CITY OF SACRAMENTO FIRE DEPARTMENT

The City has requested 18 acres and with buildings to provide a Fire Training Facility. The City would relocate its current facility off Alhambra Boulevard.

CSUS DEPARTMENT OF GEOLOGY AND ANTHROPOLOGY

The CSUS Department of Anthropology and Geology has requested one half (3 bays) of Warehouse 251 for an archaeological repository, research facility and information center. This amounts to approximately 4 acres.

LOS RIOS COMMUNITY COLLEGE DISTRICT

The Los Rios Community College District has applied has requested approximately 50,000 square feet of warehouse space (1 bay) on slightly less than 2 acres. This property would be used for a district-wide consolidated storage and warehousing facility.

STATE EMPLOYMENT DEVELOPMENT DEPARTMENT

The State Employment Development Department has requested a negotiated sale of 100,000 square feet of warehouse space and 75,000 square feet of office space on approximately 5 acres. This property would be used as a consolidated warehouse facility, and mass mail computer operations print facility.

PRINCIPLES FOR RECOMMENDING PUBLIC CONVEYANCES

- The Army Depot site represents a difficult challenge for development by the private sector for the following reasons:
  - The site is in a location that suffers from traffic congestion and is distant from both Highway 50 and Highway 99.
  - The entire site is designed for one use and lacks basic infrastructure (roads and bridges) to serve multiple tenants.
  - The site has significant problems with deteriorating infrastructure, building code deficiencies and ADA compliance
  - There is ample vacant industrial land in the immediate vicinity that is less encumbered.
- Successful development of the site is dependant on the investment of significant funds in the renovation or replacement of failing infrastructure, and demolition or renovation of existing buildings into compliance with local building codes and ADA requirements.
- Successful development of the site is dependant on dedicating virtually all land sale proceeds into basic infrastructure for the site.
- To assist with the revitalization of neighborhoods adjacent to the Army Depot, the City

and County of Sacramento propose to establish a redevelopment project encompassing the entire site.

SPECIFIC PUBLIC CONVEYANCE GUIDELINES

- Uses by the public agency should be compatible with private uses anticipated in adjacent areas.

- To be consistent with the goals and objectives of the Reuse Commission, the establishment of public uses on the site should create jobs and/or provide the capacity to expand or enhance existing public programs.

- To be consistent with the goals for development of the site, Public conveyance of the property on the site should include some form of contribution by the recipient toward the infrastructure and local services that are needed to support the site.

APPLICATION OF PRINCIPLES AND GUIDELINES

Planning staff have evaluated each public conveyance request to ensure consistency with proposed uses on adjacent property.

In addition, the Office of Economic Development has made an assessment of the "fair share" level of financial participation for each agency in the infrastructure financing plan.

Determining the appropriate financial participation of each agency is accomplished by reviewing two factors:

1. The level of development impact fees that would be collected on a private project

2. The amount of property tax that would be captured by a private project if a redevelopment project area was established.

Due to the significant infrastructure requirements of the Army Depot site and the minimal land values in the area, it is critical that as much land as possible be devoted to uses that carry a fair share of the required infrastructure improvements. If any portion of the 485-acre site is conveyed without participation in fees or taxes, the financial burden for the site will have to be shifted to the remaining parcels or paid for by a public subsidy.

The estimated participation levels in the financing plan are based on the probable land-use designation for the requested site and the projected fees and taxes that would be collected for each acres of land from a private user.

In the case of the Corrections facility proposal, the land requested on Florin Perkins Road could likely receive entitlements for office use. Based on this use on 30 acres, preliminary projections indicate a need to collect development fees of up to $8.0 million. In addition, property taxes collected over a thirty-year period would have a present value of $10.3 million.

As another example, the property available for a Caltrans Maintenance Yard would likely be designated for industrial use. Based on this use on 50 acres, preliminary projections indicate a need to collect development fees of up to $5.3 million. Property taxes collected over a thirty-year period would have a present value of $3.45 million.

Agencies requesting land could participate in the financing by:

- Payment of impact fees or property taxes in a lump-sum amount.
- Payment of fees or taxes over an extended period.
- Transfer real estate assets of similar value to the City or Redevelopment Agency
- Purchase the property from the Army or the City — with the land sale proceed dedicated to the infrastructure improvements.
- Reimbursement agreements with the City or SHRA for local services provided to the Agency.
- Reimbursement agreements with the City or SHRA for capital improvements that mitigate impacts of agency operations.

The method of financial participation will vary from agency to agency depending on various legal restrictions placed on different agency funding sources.

Below is a summary of these opportunity costs associated with each proposal:

Land Use	Acres	Impact Fees (Millions)	Present Value of Tax Increment (Millions)	Total
Office				
Corrections	30	$8.0	$10.4	$18.4
Subtotal	30	$8.0	$10.4	$18.4
Industrial				
Army Enclave	79	$0.0	$0.0	$0.0
Caltrans	50	$5.3	$3.5	$8.8
City Fire	18	$1.9	$1.2	$3.1
CSUS	2	$0.2	$0.1	$0.3

Subtotal	149	$7.4	$4.7	$12.2
TOTAL	179	$15.4	$15.2	$30.6

MARKETABILITY OF REMAINDER OF SITE

The only conveyance that could detract from the marketability of the site is the Corrections Reception facility. This location severely restricts the potential for development on the western portion of the undeveloped property. Therefore, it is recommended that this parcel be offered to Caltrans for the maintenance yard. Caltrans will have access to the site from Fruitridge.

The Corrections facility will not have any significant impact on the development of the northern portion of the site.

RECOMMENDATIONS

The Army and the City should:

- Determine by September 1994 whether Caltrans has the ability/willingness to participate in the infrastructure needed for the project.
- Determine by September 1994, in consultation with the Sacramento Housing and Redevelopment Agency, whether redevelopment financing can be used to support the infrastructure costs associated with the CSUS (Manufacturing Technology Center) and City Fire Department.
- Attempt to accommodate the other applicants through leasing arrangements.

Specific business terms for approval of the public conveyance to State Corrections is addressed in the financing section of this report.

The McKinney Homeless Assistance Act provides homeless service providers with the opportunity to acquire space at closed military installations - typically at no cost. Additionally, receivers of property under this act are not required to contribute to sitewide infrastructure improvement costs. Therefore, transfer of property under this Act will increase the financial burden for infrastructure improvements to the rest of the site. Requests for property under the McKinney Act have priority over State and local requests. There are no regulations that limit the amount of space that may be requested by an agency.

As previously discussed, California Emergency Foodlink has requested 18 acres of land on the Sacramento Army Depot site. Since it is not possible at this time to determine the amount of acreage that would be removed from the financing plan under the McKinney Act, the preferred

development plan does not include the commitment of any property to homeless providers. However, staff has prepared a separate analysis on the financial impacts of losing approximately 40 acres for this purpose in the Development Plan Chapter.

CHAPTER 9. PREFERRED LAND USE PLAN

PURPOSE AND INTENT

The Army Depot Land Use Plan is intended to be a guiding framework which will lead the Depot from its role in protecting national security to one which serves the interest of the local community economically, culturally and environmentally. The opportunity presented at this time is significant in that the potential benefits to the City are vast, including the economic revitalization of the local neighborhood and to the City as a whole, business development, job creation, the restoration and preservation of environmentally sensitive areas and providing public open space.

The Land Use Plan provides development requirements and guidelines for 295 net acres (not accounting for McKinney Act screening) of developable area within the 485 total gross acres of the Army Depot and converts it to an attractive light industrial park with approximately 2,750,000 square feet of both new and existing building area. This does not include the areas currently under consideration for transfers to Federal, State, and Local agencies. The park encourages a mix of appropriate uses that provides economic diversity, facilitates employment of displaced Army Depot employees, provides employment opportunities for local residents, provides jobs for increasing income levels and provides a stronger tax base for Sacramento.

The Land Use Plan includes development standards and design guidelines that:

- define districts within the reuse area;
- specify appropriate land uses within the development;
- encourage reuse of existing structures for building "recycling";
- specify design parameters of new structures;
- define a continuous pedestrian circulation system that encourages walking and alternative modes of transportation;
- provide a strong tree and landscape concept that creates a pedestrian-scaled and tree-shaded environment; and
- sensitively integrate natural resource areas as open space within the reuse area.

PLANS AND POLICIES

GENERAL PLAN LAND USE DESIGNATION

The existing General Plan land use designation for Sacramento Army Depot is Public/Quasi-Public - Miscellaneous. The majority of the lands surrounding the Depot are designated Industrial and Heavy Commercial or Warehouse. This Plan maintains the existing General Plan designation for the DoD portion of the property. The natural resource protection areas and little league field will be designated Parks, Recreation, Open Space. The remaining lands will be

redesignated Industrial. The Industrial designation includes lands designated for most industrial manufacturing processes and activities.

The specific entitlement includes a General Plan Amendment of 406± acres from Public/Quasi-Public - Miscellaneous to 83.1± acres of Parks, Recreation, Open Space and 322.9± acres to Industrial (See General Plan Designations, Exhibit 9.1.).

SOUTH SACRAMENTO COMMUNITY PLAN LAND USE DESIGNATION

The existing South Sacramento Community Plan designation for the site is Industrial. This designation is consistent with the proposed land use plan and will remain on the developed portion site. The Industrial Community Plan designation provides for a wide range of uses that fall within the industrial category, such as manufacturing, food processing or warehousing. The natural resource protection areas and little league field will be designated Parks and Open Space.

The specific entitlement includes a South Sacramento Community Plan Amendment of 83.1± acres from Industrial to Parks and Open Space (See South Sacramento Community Plan Designations, Exhibit 9.2.).

ZONING

Originally, the site was zoned Heavy Industrial (M-2). Upon the initiation of the Reuse Planning Process, the site was rezoned to be designated as an interim Special Planning District (SPD). The existing zoning of the site, therefore, is M-2(SPD). The Interim Special Planning District addresses allowed and Special Permit uses, as well as performance standards. The Interim Special Planning District will remain in effect until the City sells the property to a private developer. Upon sale, the Interim Special Planning District is replaced with the permanent Special Planning District and specific development guidelines included in the Land Use Plan. The proposed zoning of the site is Agriculture-Open Space (A-OS SPD) for the natural resource protection areas and little league field, and Heavy Industrial (M-2 SPD) for the remainder of the site.

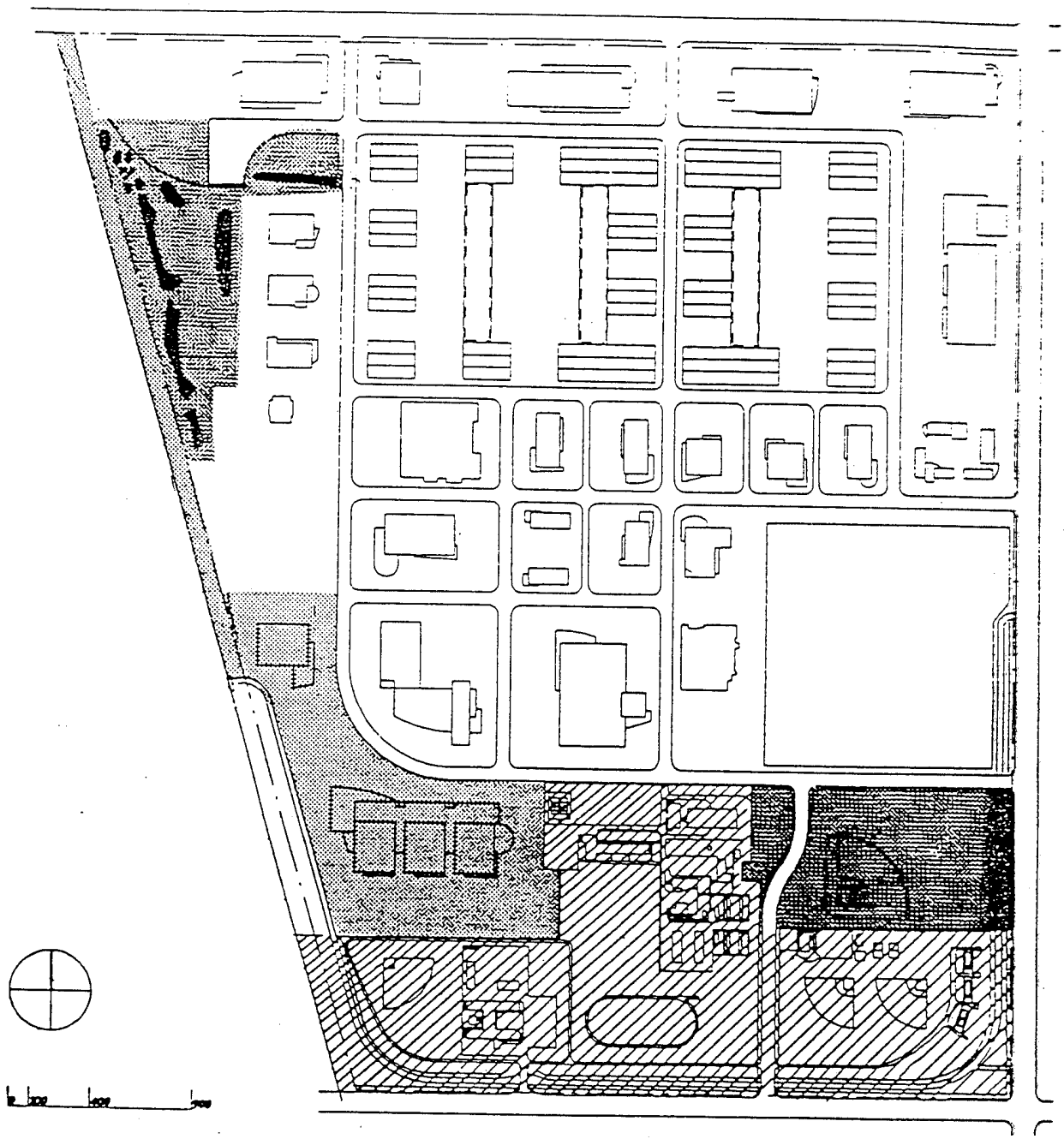
The specific entitlement includes a Rezone of 83.1± acres from Heavy Industrial (M-2 SPD) to Agriculture-Open Space (A-OS SPD) (See Zoning, Exhibit 9.3.).

ASSUMPTIONS

MARKETING ANALYSIS AND STRATEGY/FINANCING

The City of Sacramento, as a master developer of the site, intends to lease space in an as is condition. This will raise capital which, along with EDA Grants, future land sales and Redevelopment income, will provide funding for site improvements which will render large parcels ready for sale. The Marketing Analysis and Strategy is discussed in Chapters 5 and 6. The Financing Plan is discussed in Chapter 11.

EXHIBIT 9.1. GENERAL PLAN DESIGNATIONS

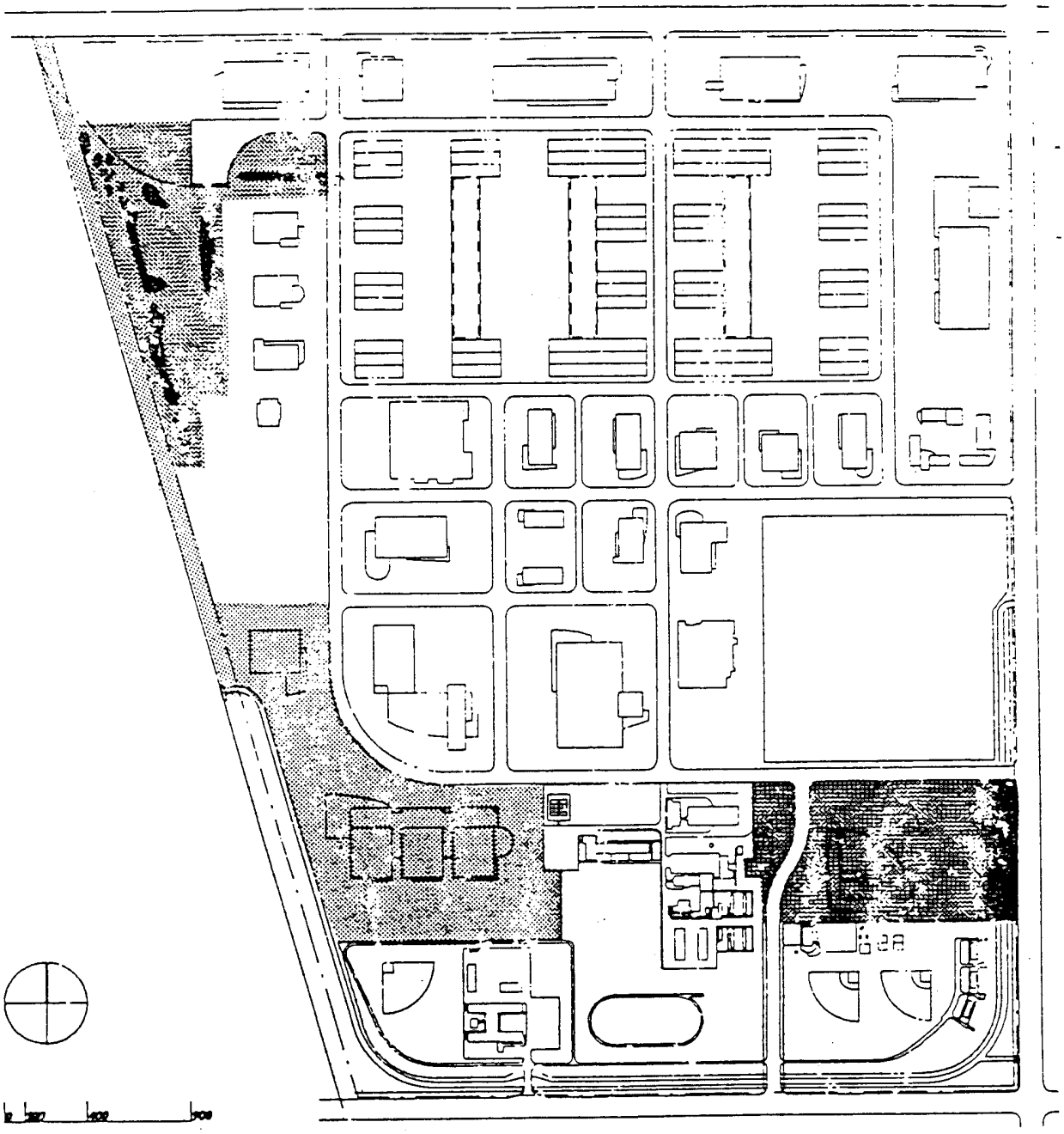


Public/Quasi- Public - Miscellaneous

Parks, Recreation, Open Space

Industrial

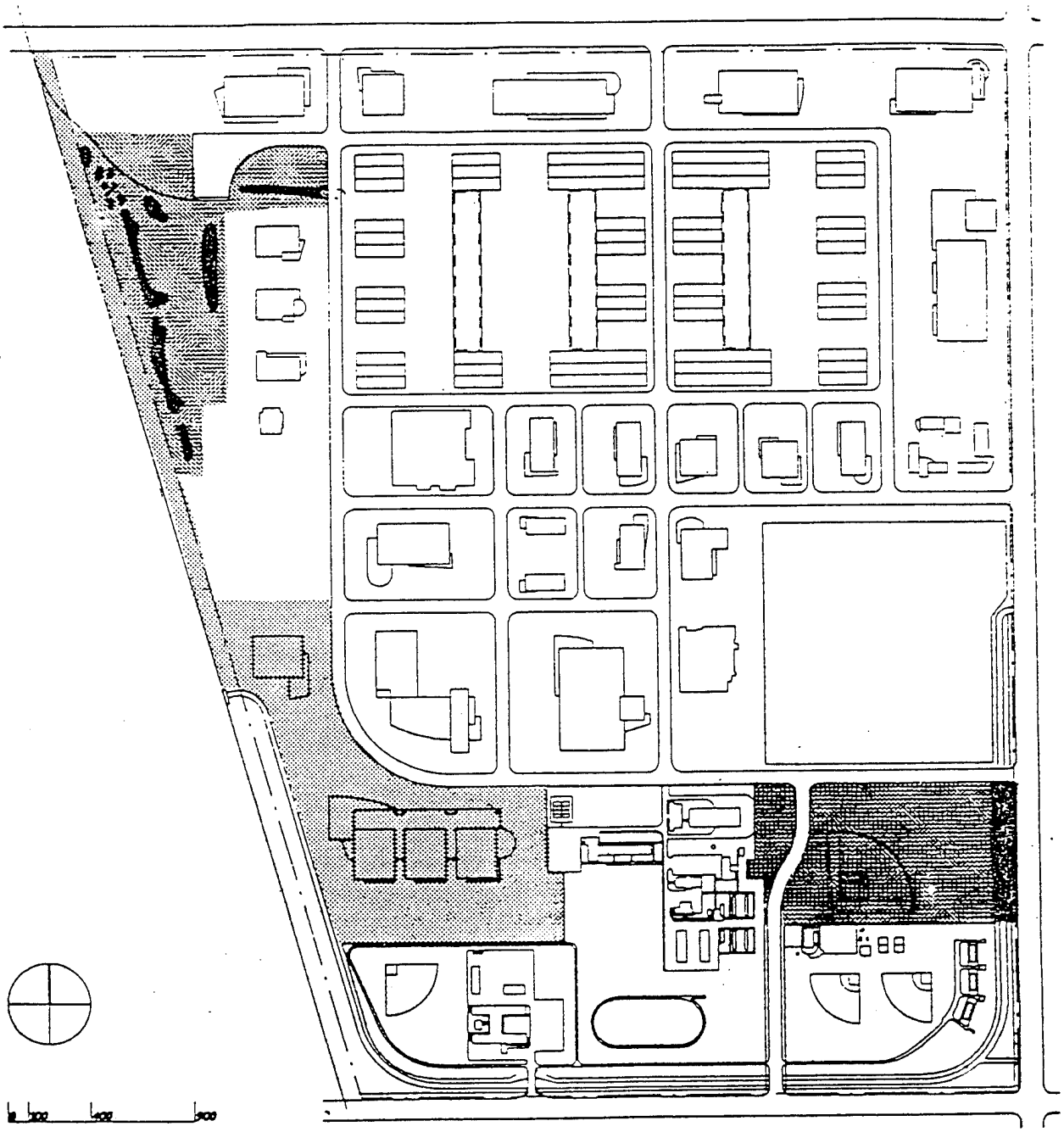
EXHIBIT 9.2. SOUTH SACRAMENTO COMMUNITY PLAN DESIGNATIONS



Parks and Open Space

Industrial

EXHIBIT 9.3. ZONING DESIGNATIONS



Agriculture-Open Space (A-OS SPD)

Heavy Industrial (M-2 SPD)

BUILDING RETENTION/DEMOLITION

The City of Sacramento will lease in an as is condition on an interim basis. Upon sale of the property to private interests, all buildings will be demolished except for select warehouse structures, Building 555, and Building 320. Specific building retention and demolition recommendations are discussed in Chapter 7.

PUBLIC CONVEYANCE/MCKINNEY ACT REQUESTS

The City of Sacramento is recommending approval of the public conveyance requests to the Department of Corrections, CSUS, and the City Fire Department. Other applications have been received, but are not being recommended for approval. In addition, four McKinney Act applications have been received. These include:

- California Emergency Foodlink with a request for Buildings 221, 243, 244, 245, 246 and 247;
- Operation Santa Claus with a request for Building 253;
- Vietnam Veterans with a request for Building 140; and
- The Sacramento Housing Alliance with a request for Building 149, Building 140, Building 600,603, and 604.

McKinney Act applications take precedence over the goals of the community. Although the applications are not recommended in the Land Use Plan, their existence cannot be ignored. Since the application from the California Emergency Foodlink appears likely to receive approval, a map (Exhibit 9.4.) has been included to depict the changes this would have on the preferred land use plan. Chapter 8 discusses the specifics regarding public conveyance requests.

PHASING, PARCELIZATION AND INFRASTRUCTURE

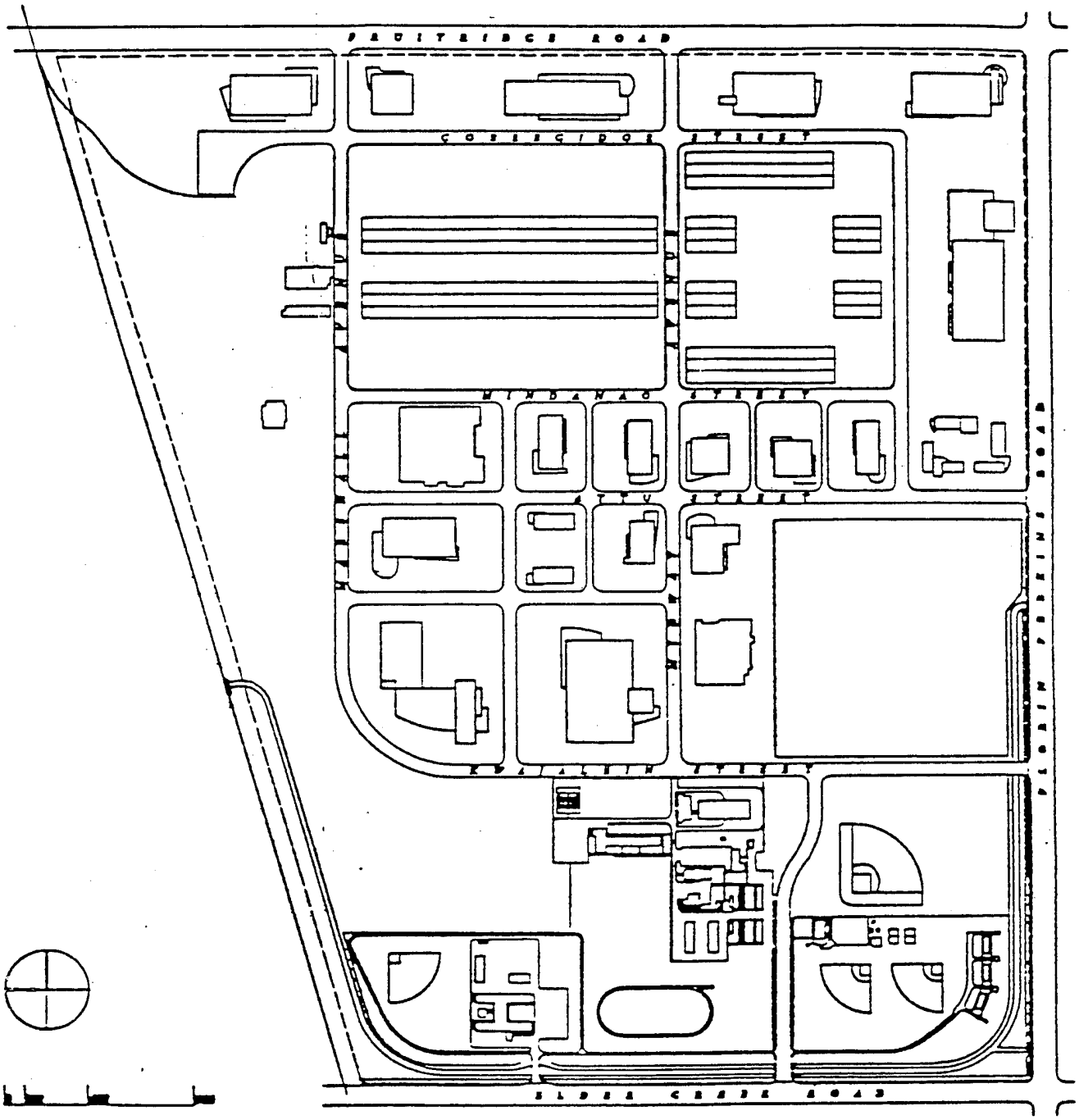
In the Phasing, Parcelization and Infrastructure Chapter, Chapter 10, a proposed plan is advanced to parcelize the site, to make the necessary improvements to facilitate the development of parcels in the order proposed, and to finance these improvements through interim leasing, EDA Grants, future land sales, and Redevelopment income.

IMPLEMENTATION

The following outlines the steps the City of Sacramento will complete prior to the sale of property to a private developer:

1. Adoption of the Reuse Plan.
2. Reuse Plan is approved or modified by the Department of Army.
3. City applies for Economic Development Conveyance (July 1994).
4. City begins an active role in leasing existing facilities (November 1994).
5. Upon approval of an Economic Development Conveyance, and the EIS ROD the City

EXHIBIT 9.4. FOODLINK McKINNEY ACT APPLICATION



will take control of the property (June 1995).

6. When funds permit, the City will make investments necessary to prepare site for development in the order listed in the Phasing Plan.
   a. trunkline infrastructure to serve the perimeter of proposed parcels
   b. demolition.
7. Upon sale, and prior to development, the SPD Development Guidelines become effective.

Once the property is sold to a private developer, the developer must complete the following steps:

1. Submit an application for a Parcel Map and Special Permit, as required by the SPD Guidelines, and any other necessary entitlements.
2. Once the application for Parcel Map and Special Permit is received, the City of Sacramento will conduct an environmental review and prepare the necessary document as required by CEQA.
3. The Parcel Map requires review by the Subdivision Review Committee.
4. The City Planning Commission must review and approve the Parcel Map and Special Permit.
5. The Parcel Map must be recorded, with all conditions of approval satisfied.
6. Any new structures or modifications of existing structures require a Building Permit. The Building Permit will ensure compliance with all Special Permit Conditions of approval.

INTERNAL CIRCULATION

The street system is designed to create a hierarchy of streets within the reuse area. The system designates primary roadways, secondary collectors and local roadways (Exhibit 9.5.). The streets and their respective categories are listed below:

Primary Roadways	Secondary Collectors
Marshall Avenue	Mindanao Street
Midway Avenue	Corregidor Street
Kwajalein Street	Marianas Street
Attu Street	Intermediate east-west and north-south streets

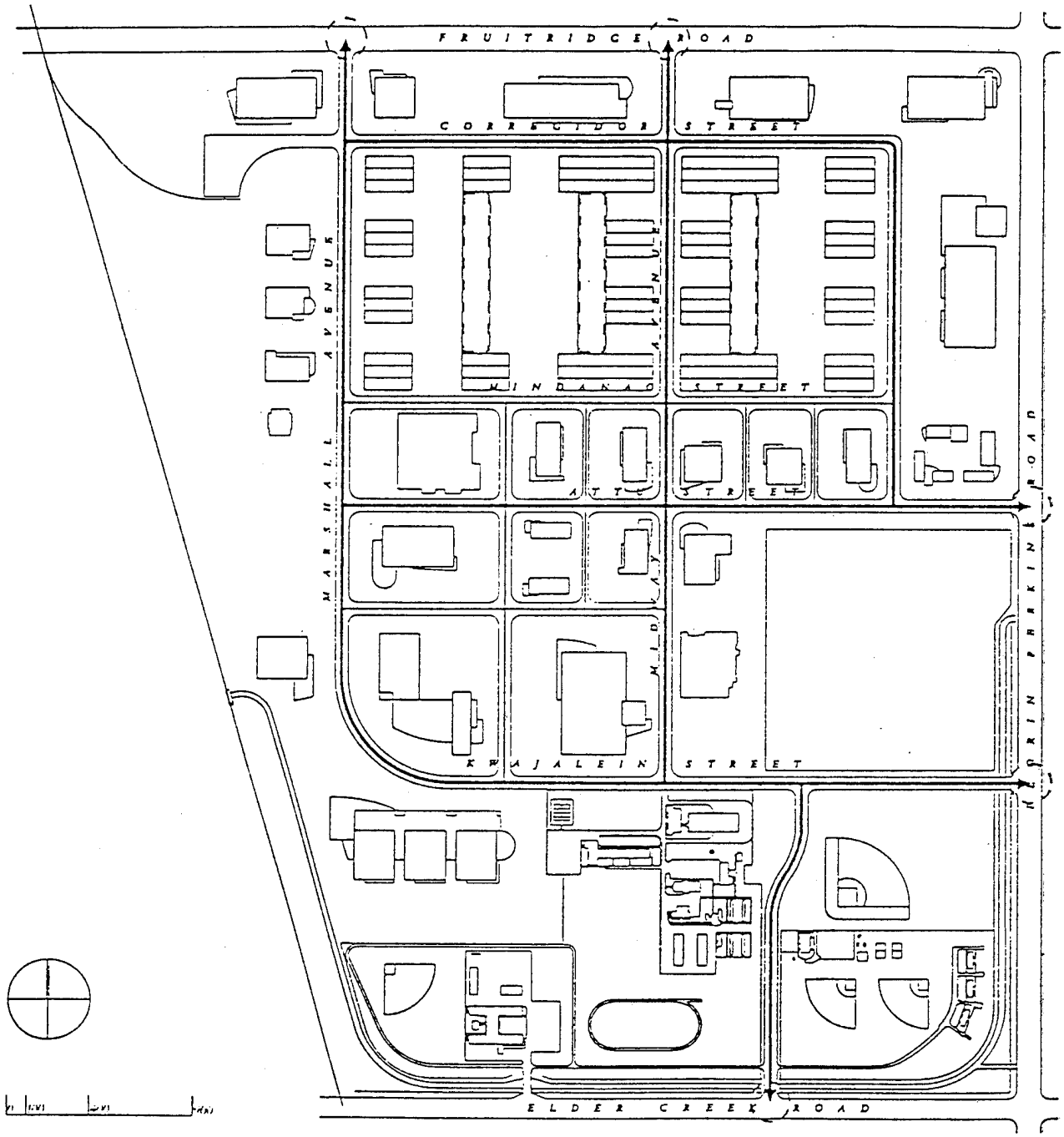
The Primary Roadway (Exhibit 9.6.) and Secondary Collector (Exhibit 9.7.) street right-of-ways are in accordance with the City of Sacramento's street design standards. The cross sections include a six foot wide Class II bike lane on each side of the street, elimination of on-street parking, and detached sidewalks. Local roadways have right-of-ways and cross sections which are in accordance with City of Sacramento street design standards, including attached sidewalks and on-street parking.

The street design standards and guidelines are established to create a strong street system,

EXHIBIT 9.5. STREETS

Design Standards and Guidelines for Streets

Figure 27. Streets



"Primary Roadway"

"Secondary Collector"

"Local Roadway"

Signal

"Community Rail Spur"

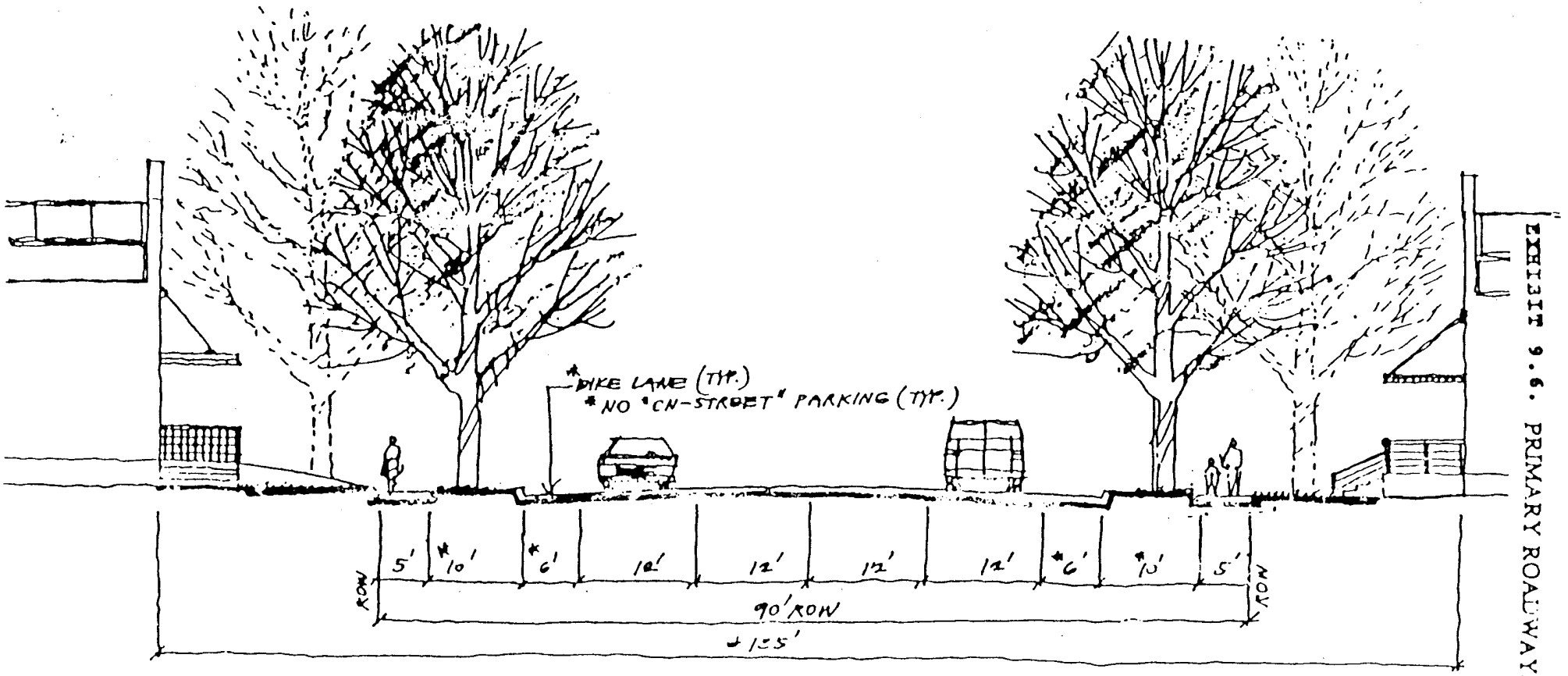


EXHIBIT 9.6. PRIMARY ROADWAYS

ARMY DEPOT LAND USE PLAN

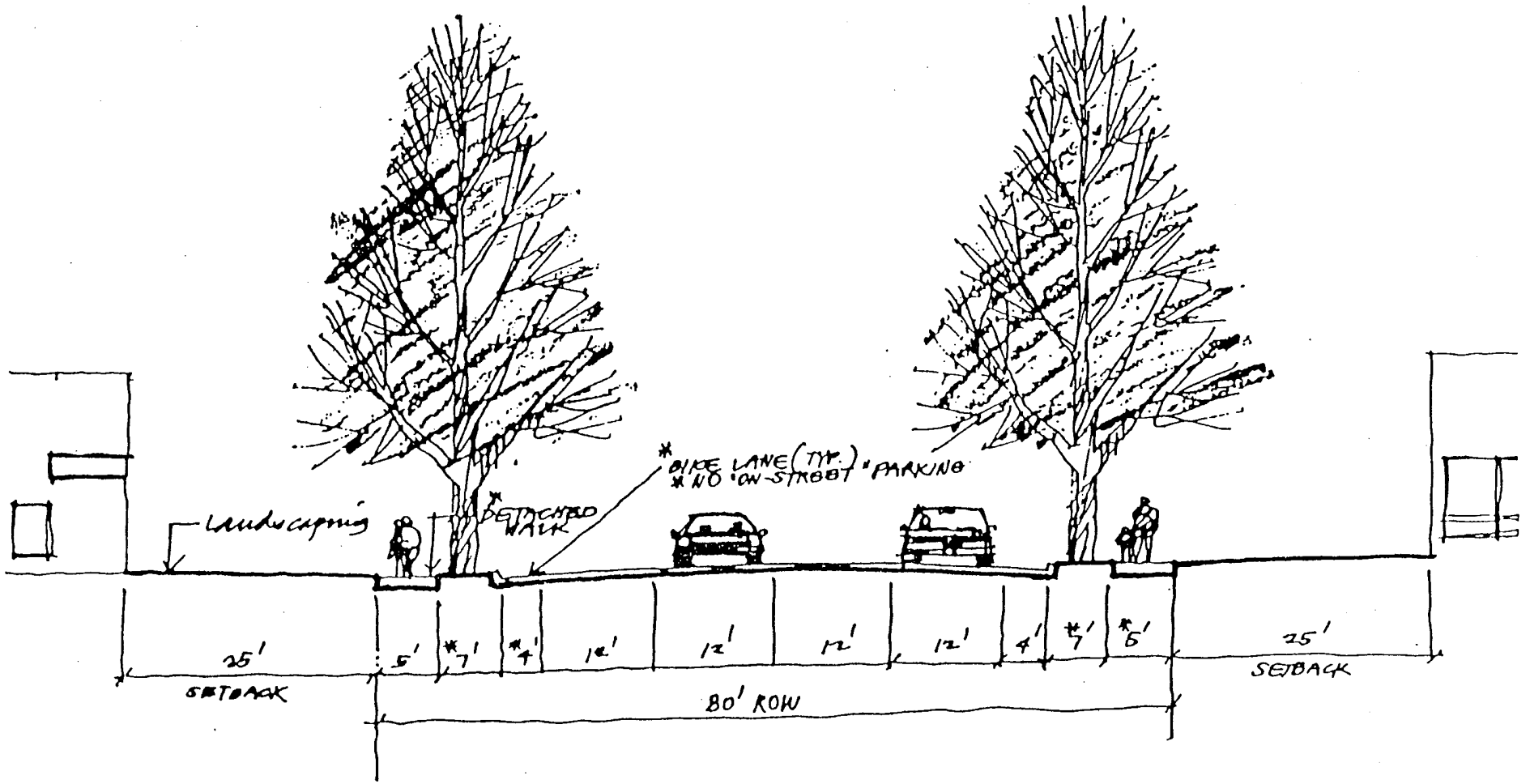
PROPOSED PRIMARY ROADWAYS

* REVISIONS TO CITY STANDARD STREET SECTION

90' ROW @ MIDWAY AVE. (EXISTING WAREHOUSES)

1"=10' 26 APRIL 94 VA

NOTE: THE LAYOUT OF THIS 90' ROW WOULD APPLY TO ALL 90' ROW'S WITHIN THE ARMY DEPOT. THE CONFIG BETWEEN THE ROW LINE AND THE BUILDING/PARKING/ETC. CHANGES DEPENDENT UPON THE "DISTRICT" CONDITIONS.



ARMY DEPOT LAND USE PLAN

PROPOSED SECONDARY COLLECTORS
+ REVISIONS TO CITY STANDARD STREET SECTION

80' ROW @ N-S SECONDARY COLLECTORS
1½ 10' 25 APRIL 94 LPA

EXHIBIT 9.7. SECONDARY ROADWAYS

providing a cohesive, visually interesting and unified image with a sense of identity, distinction and quality. The landscaping shall provide tree-shaded pedestrian corridors, establish a pedestrian-scale for the development and encourage water conservation through the selection of landscape materials and practices.

1. SIDEWALKS AND BIKE PATHS

The sidewalks (Exhibit 9.8.) are in accordance with the City design standards of streets. The primary roadways include five foot detached walks, ten feet behind the curb line on both sides of the street. The secondary collectors include five foot detached walks on both sides of the street, seven feet behind the curb line. The local roadways include a five foot attached walk on both sides of the street.

The bike paths (Exhibit 9.9.) on primary roadways and secondary collectors are on-street and six feet wide. On-street parking has been eliminated to accommodate the bike paths.

2. STREET TREES AND LANDSCAPING

The street trees and landscaping (Exhibit 9.10.) shall establish a strong visual and physical framework for the development, recalling the quality urban environments that were established years ago in Sacramento through the creation of strong street tree plantings.

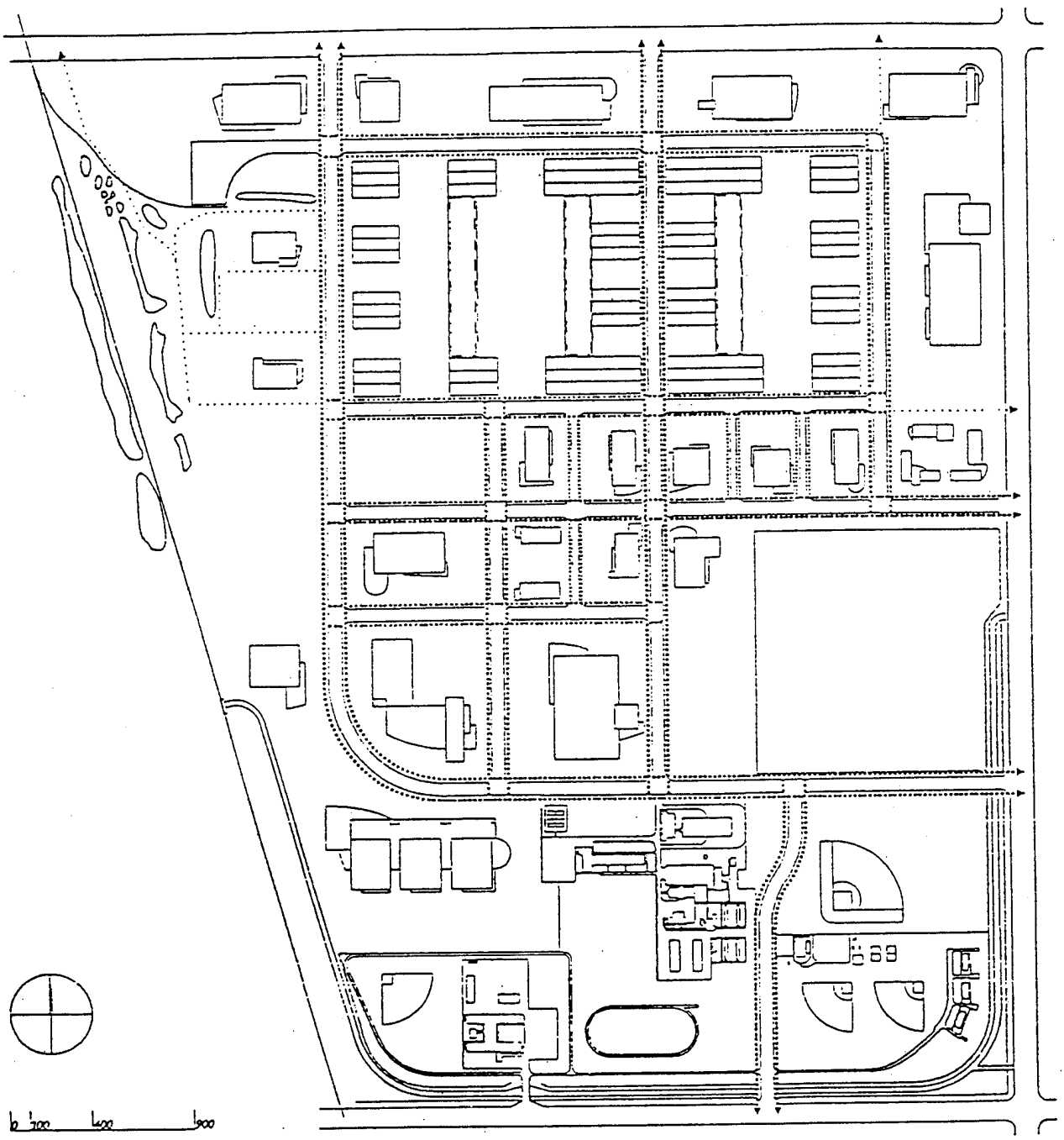
The major signalized entries into the project at Marshall Avenue, Midway Avenue, Attu Street, and Kwajalein Street shall be considered important areas for landscape treatments. This should be accomplished through the use of walls, and orchard-like planting of flowering accent trees of a singular species at each entry. The trees include:

Eastern Redbud	Cercis canadensis
Crape Myrtle	Lagerstroemia indica
Beverly Crabapple	Malus 'Beverly'
Indian Summer Crabapple	Malus 'Indian Summer'
Pink Princess Crabapple	Malus 'Pink Princess'
Robinson Crabapple	Malus 'Robinson'
Sargent's Crabapple	Malus 'Sargentii'
Aristocrat Pear	Pyrus calleryana 'Aristocrat'
Capital Pear	Pyrus calleryana 'Capital'
Chanticleer Pear	Pyrus calleryana 'Chanticleer'
Redspire Pear	Pyrus calleryana 'Redspire'

The landscape treatment along Fruitridge Road and Florin-Perkins Road shall consist of informal tree plantings to screen parking areas and ornamental trees to frame views of buildings and pedestrian walkways to buildings. Shrub plantings shall be in large masses to create a unified composition and to complement the scale of the architectural

EXHIBIT 9.8. SIDEWALKS

Figure 28. Sidewalks



"Primary Roadway" detached walkway

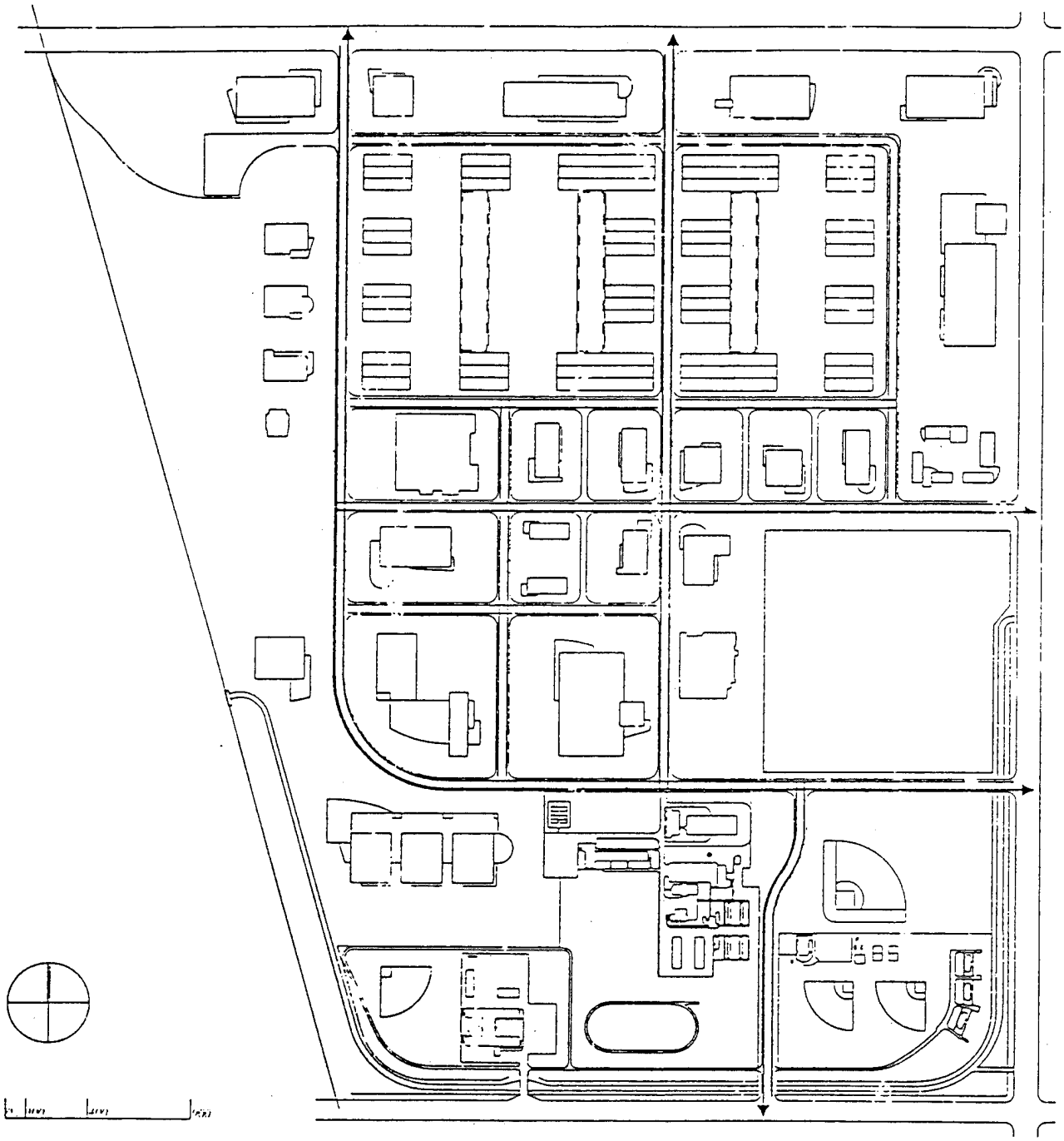
"Secondary Collector" detached walkway

"Local Roadway" attached walkway

Walkway connection to street

EXHIBIT 9-9. BIKE PATHS

Figure 29. Bike Paths



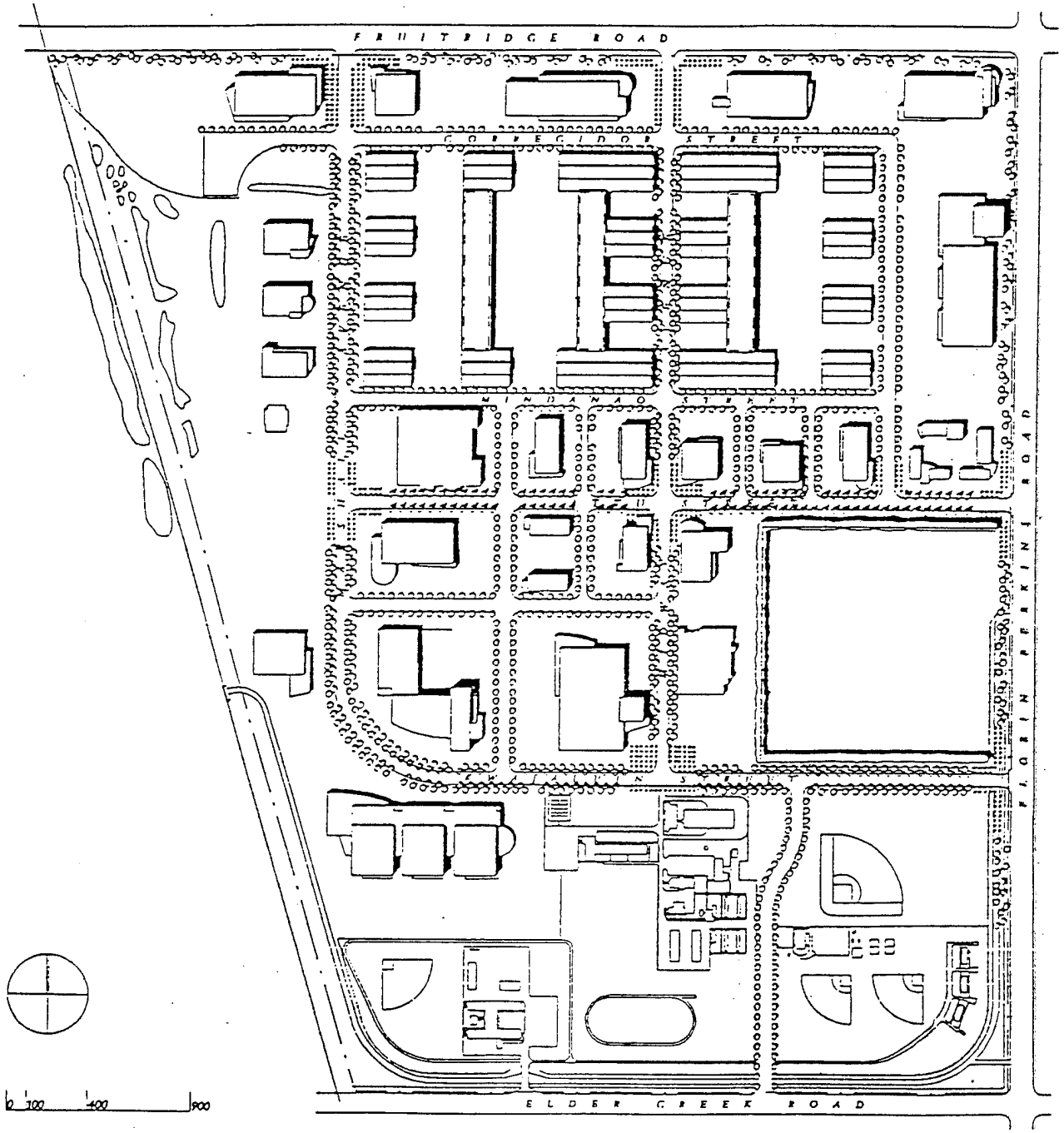
"Primary Roadway"

"Secondary Roadway"

EXHIBIT 9.10. STREET TREES AND LANDSCAPING

Design Standards and Guidelines for Streets

Figure 30. Street Trees and Landscaping



Fruitridge Rd and Florin Perkins Rd

Marshall Ave and Kwajalein St

Midway Ave

Azu St

"Secondary Collectors" and "Local Roads"

Intersection /Entry

Evergreen buffer

treatments in this area. Plantings shall be used to screen parking areas and create interest at pedestrian areas.

The Marshall Avenue, Midway Avenue and Kwajalein Street tree planting shall express grand boulevards and shall be planted with formal rows of trees in a triangular pattern at fifty feet on center. Midway Avenue, in particular, shall be planted with a deciduous tree with brilliant orange red fall color to highlight the importance of this central axis. The trees along Marshall Avenue and Kwajalein Street shall be London Plane 'Yarwood' (Platanus acerifolia 'Yarwood'). The trees along Midway Avenue shall be Red Maple (Acer rubrum 'Autumn Blaze').

The Attu Street tree plantings shall be designed as a landscape feature, allowing the use of columnar-type trees to provide a "hedgerow" aesthetic within the reuse area. Formal rows of trees in a single row configuration shall be planted thirty-five feet on center with a singular tree species. The trees shall be one of the following:

Columnar Norway Maple	Acer platanoides 'Columnar'
Pyramidal European Hornbeam	Carpinus betulus 'Fastigiata'
Pyramidal Tulip Tree	Liriodendron tulipfera 'Fastigiata'
Fastigiate English Oak	Quercus robur 'Fastigiata'

The secondary collectors consisting of Mindanao Street, Corregidor Street and other intermediate east-west and north-south streets shall each express a smaller scale street character and will be planted with medium height trees at thirty-five feet on center. Each street shall be planted with a singular species of tree. These include:

Redmond Linden	Tilia americana 'Redmond'
Chancellor Linden	Tilia cordata 'Chancellor'
Glenleven Linden	Tilia cordata 'Glenleven'
Greenspire Linden	Tilia cordata 'Greenspire'
Olympic Linden	Tilia cordata 'Olympic'

The minor east-west or north-south streets shall express a more utilitarian landscape treatment because these areas are service and loading area entries. Therefore, informal screening type plantings shall be encouraged with such tree types as the following:

Bronze Loquat	Eriobotrya japonica
Mayten Tree	Maytenus boaria
Evergreen Pear	Pyrus kawakami
Coast Redwood	Sequoia sempervirens 'Soquel'

3. COMMUNITY FREIGHT RAIL SPUR

The land use plan also allows for the development of a community freight rail spur at the

northwest corner of the site. The community rail spur could be developed for the businesses on an as-needed basis.

4. REGIONAL TRANSIT BUS TURNAROUND FACILITY

Regional Transit has requested that a bus turnaround facility be provided at the Army Depot site. An ongoing bus turnaround facility will allow RT greater routing and schedule flexibility in providing bus service to the Army Depot site. The bus turnaround location should be developed with RT's input and should be directly accessed from Fruitridge Road (probably in the vicinity of Marshall and Midway Avenues). The bus turnaround facility should be constructed in accordance with RT's design standards.

DESCRIPTION OF DISTRICTS

The Land Use Plan proposes four districts (Exhibit 9.11.) that allow differentiation between areas of the Depot.

DISTRICT A

The area bordering Fruitridge Road and Florin-Perkins Road, between Attu Street and Fruitridge Road is defined as District A (Exhibit 9.12.). The goal of this district is to encourage mixed uses along the perimeter of the development to take advantage of the high visibility and create a strong visual image and edge along Fruitridge Road and Florin-Perkins Road. The land uses within the district encourage a mix of uses including office, research and development, educational/vocations/training, retail, and other services. The emphasis is on uses that provide a distinguished image for the development which take advantage of the excellent visibility, accessibility to public transit and proximity to the local neighborhoods. District A includes 62.5 acres.

DISTRICT B

The existing warehouse are is defined as District B (Exhibit 9.13.). The area is defined by the existing warehouses, bordered by Marshall Avenue on the west, Corregidor Street to the north, Mindanao Street to the south and Marianas Avenue to the east. As the "heart" of the project, the area will blend a significant amount of existing buildings into a functional, aesthetically pleasing and cohesive core for the remainder of the project. The adaptive reuse quality the historic visual character of the buildings and their proximity to both Fruitridge Road and Florin-Perkins Road are important consideration within this area. Land uses within District B provide an appropriate mix to allow the flexibility of uses to utilize the existing warehouse buildings. Warehouse, light industrial, manufacturing, office, and service uses are encouraged. District B includes 71.5 acres.

EXHIBIT 9.12. DISTRICT AREAS

Development Standards and Design Guidelines for Districts

Figure 2. District Areas

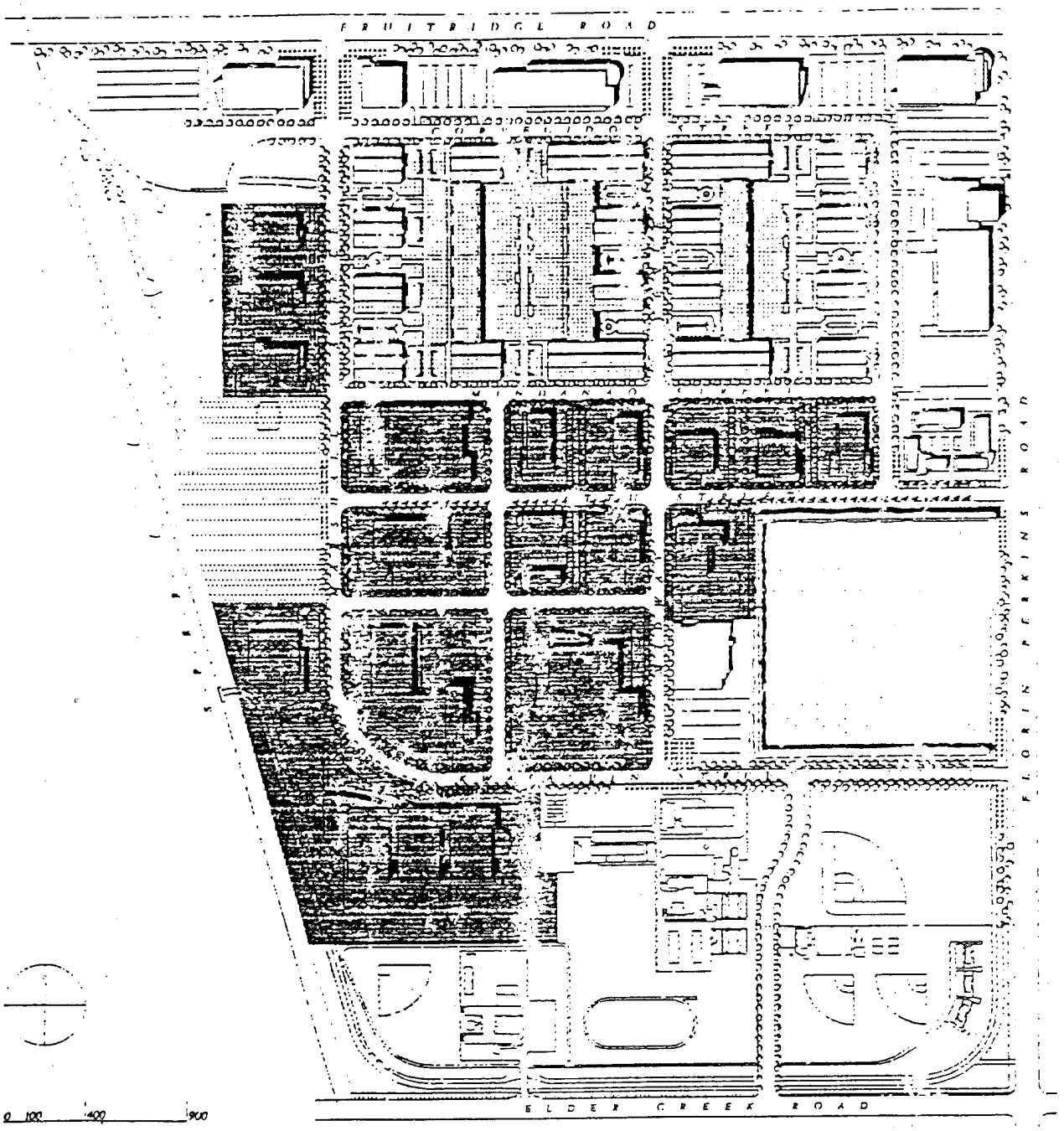


EXHIBIT 9.12. DISTRICT A

District "A"

Figure 3. District "A" Area Plan

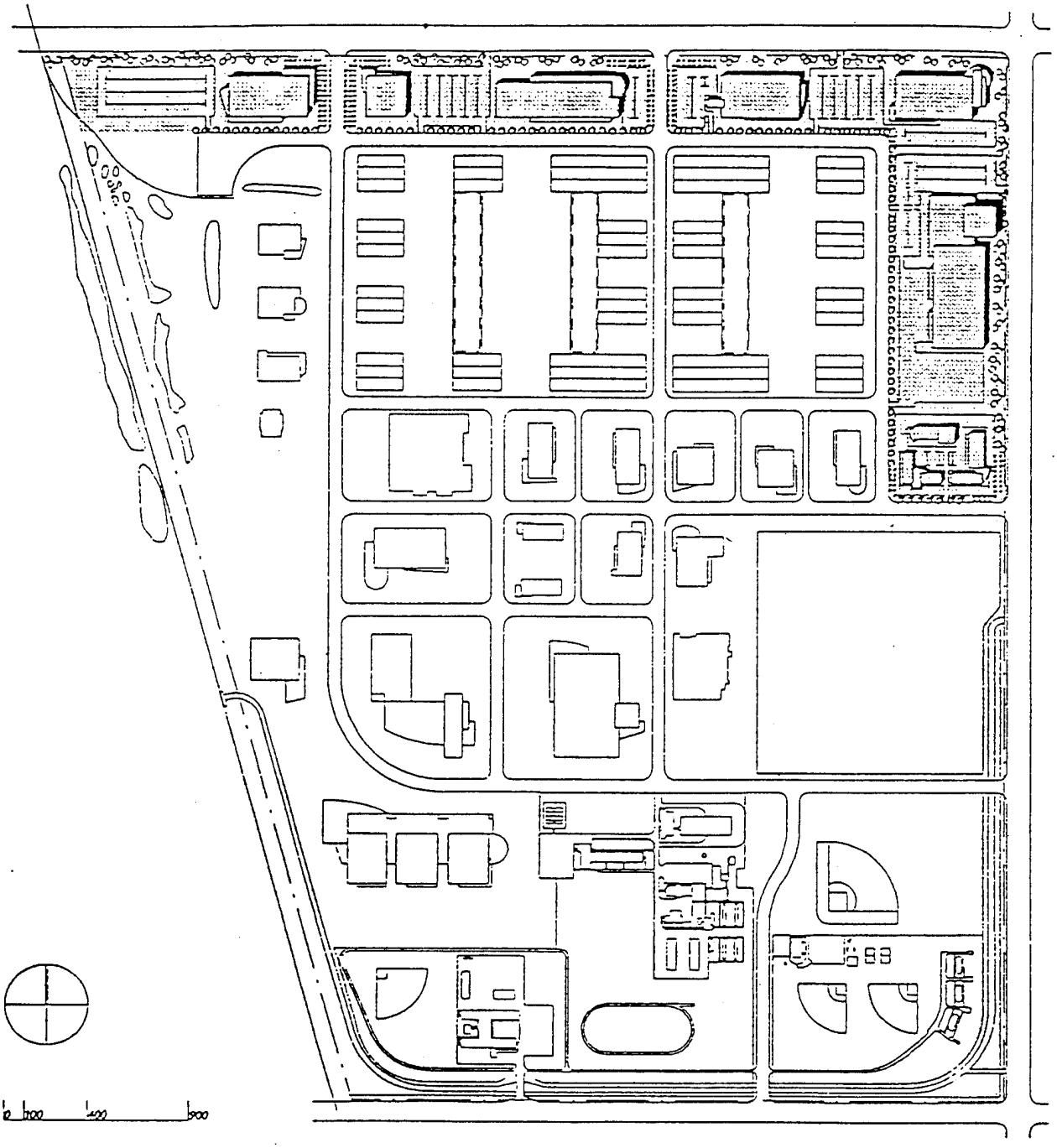
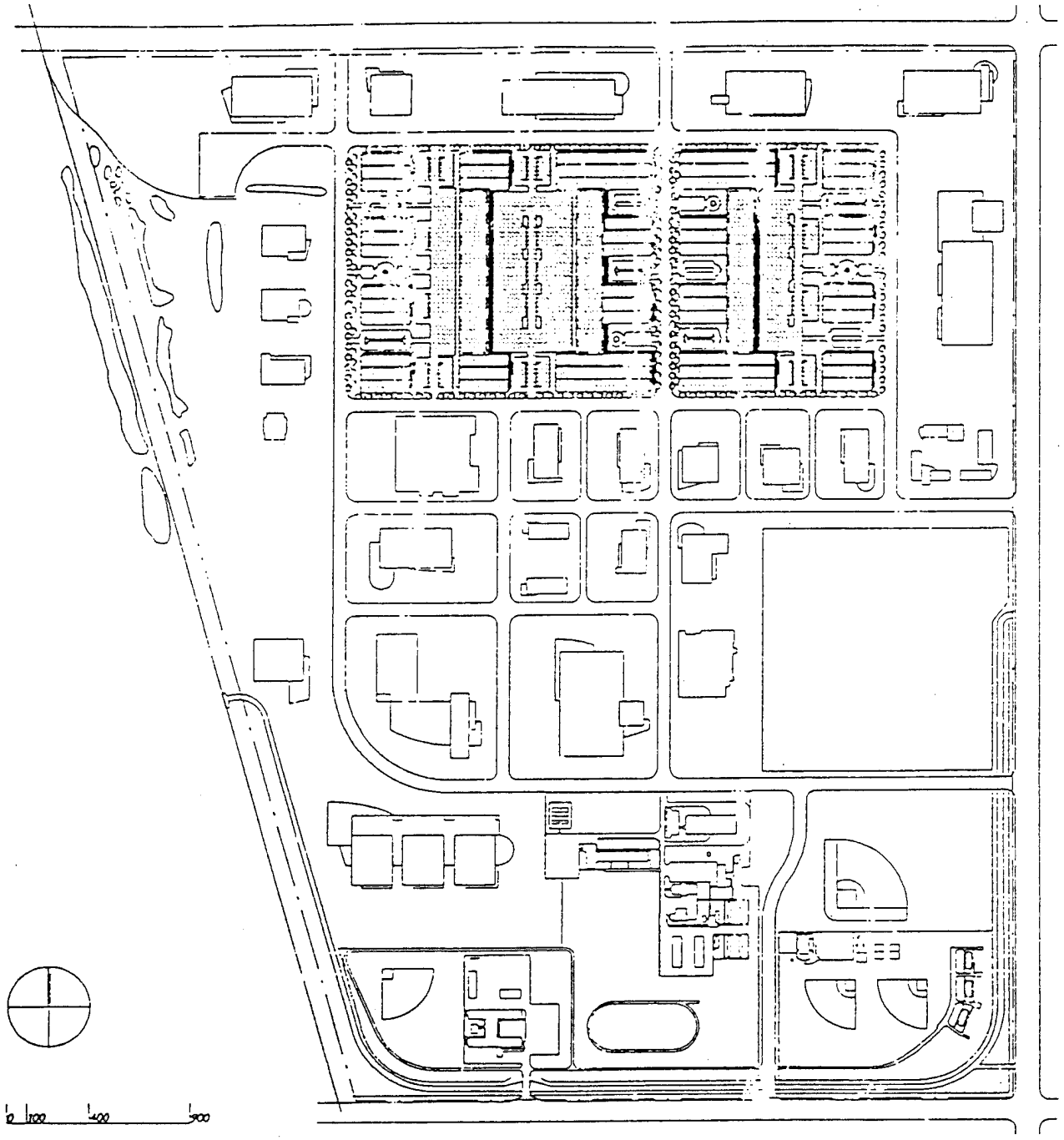


EXHIBIT 9.13. DISTRICT B

District "B"

Figure 9. District "B" Area Plan



DISTRICT C

The remainder of the developable area, excluding public conveyance requests, is recommended as District C (Exhibit 9.14.). The area is bounded by the Southern Pacific Railroad to the west, Corregidor Street to the north, the DoD to the South, and Marianas Avenue to the east. Land uses within this district shall be consistent with industrial-type uses, including office, industrial, manufacturing, research and development, distribution and warehousing. District C includes 78.4 acres.

DISTRICT D

The area to the west of the existing warehouses and the area to the south of the Department of Corrections site is District D (Exhibit 9.15.). This district is an open space area protecting existing sensitive natural resources and the existing baseball field south of the Department of Corrections. It is anticipated that active and passive open space uses, pedestrian and bicycle trails and habitat mitigation will be sensitively integrated in this area. District D has a total of 83.1 acres, which includes 63.8 acres of habitat preservation, and 19.3 acres for the existing ball field.

SPECIAL PLANNING DISTRICT GUIDELINES

DISTRICT A (Exhibit 9.16.)

1. Goal

To encourage mixed uses along the perimeter of the development to take advantage of the high visibility and to create a strong visual image and edge along Fruitridge Road and Florin-Perkins Road. Since this district is high visibility, the building setbacks and landscape setbacks exceed the requirements outlined in other districts. It is important that this perimeter maintain the highest quality development standards to create the strong visual image.

2. Phasing

The land use plan calls for the removal of the existing Post HQ building. This provides easier access to the existing warehouses, establishes a strong visual access down Midway Avenue and provides direct pedestrian access to Fruitridge Road from Midway Avenue. A first phase alternative is to allow an interim use to occupy the building until demolition and infrastructure improvements become feasible (Exhibit 9.17.). Upon sale of the property by the City of Sacramento to a private developer, however, the Post HQ building will be demolished.

EXHIBIT 9.14. DISTRICT C

District "C"

Figure 17. District "C" Area Plan

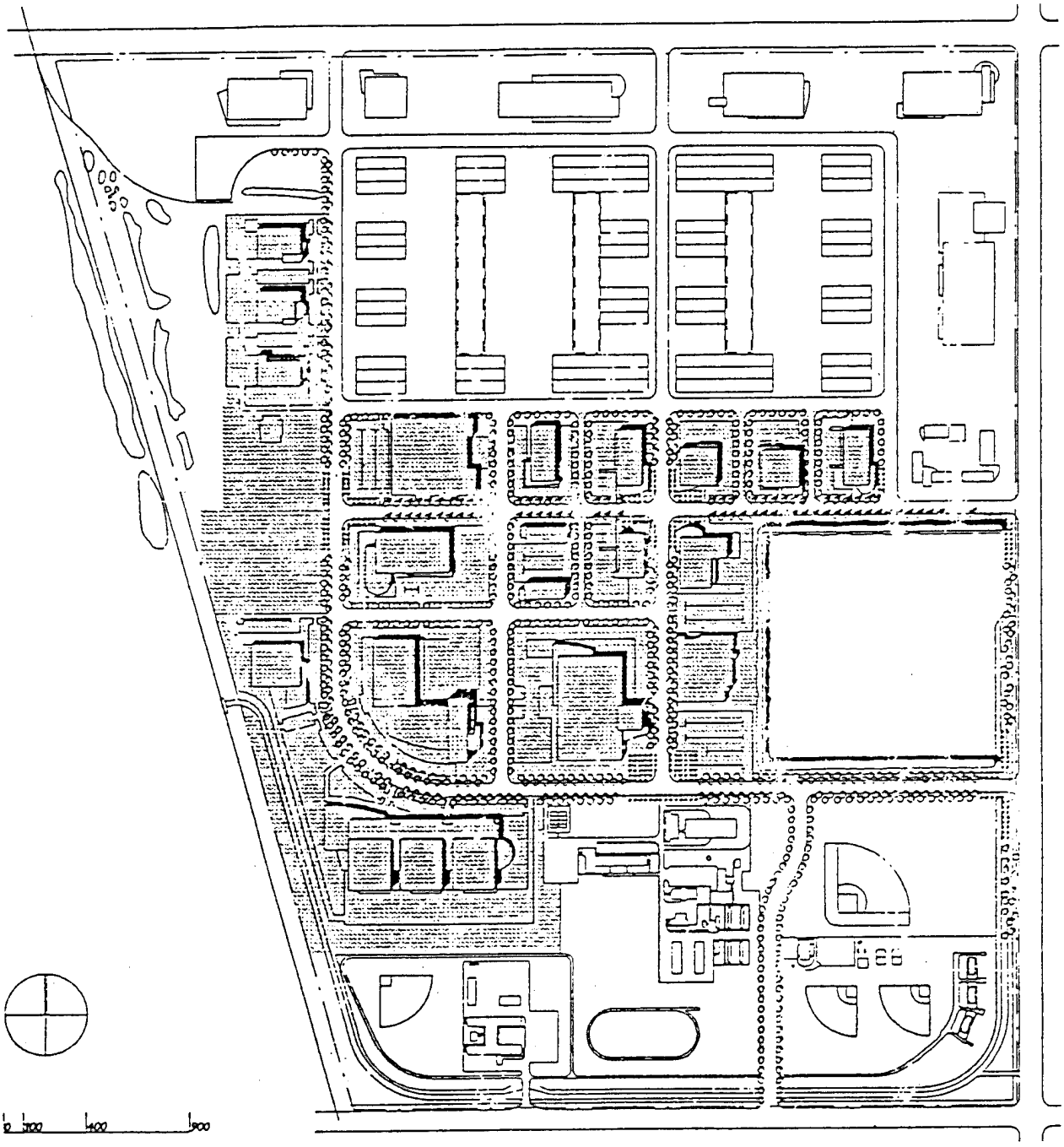
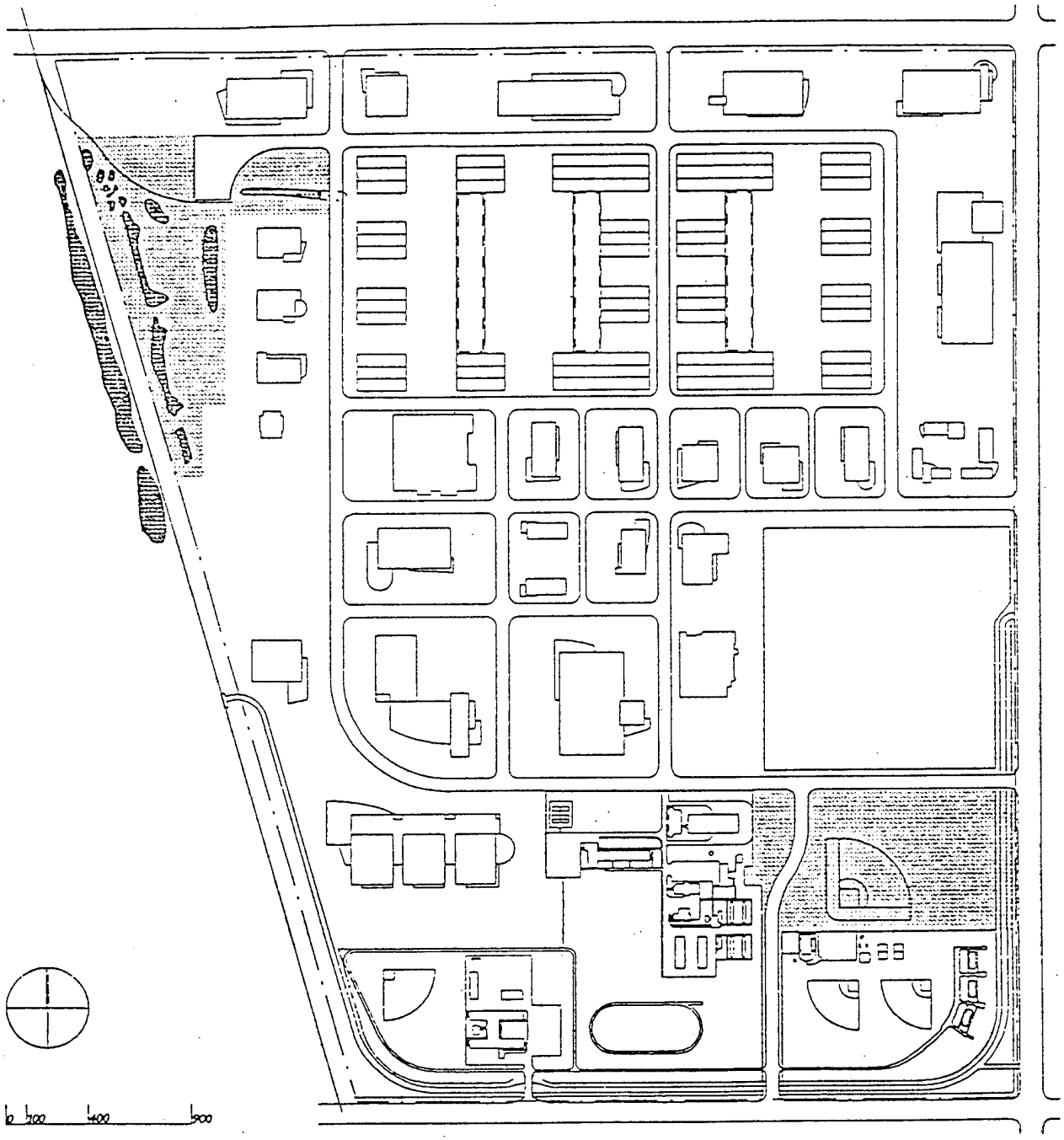


EXHIBIT 9-15. DISTRICT D

District "D"

Figure 20. District "D" Area Plan



Wetland–like and Fairy Shrimp Habitat

EXHIBIT 9.16. DISTRICT A

District "A"

Figure 3. District "A" Area Plan

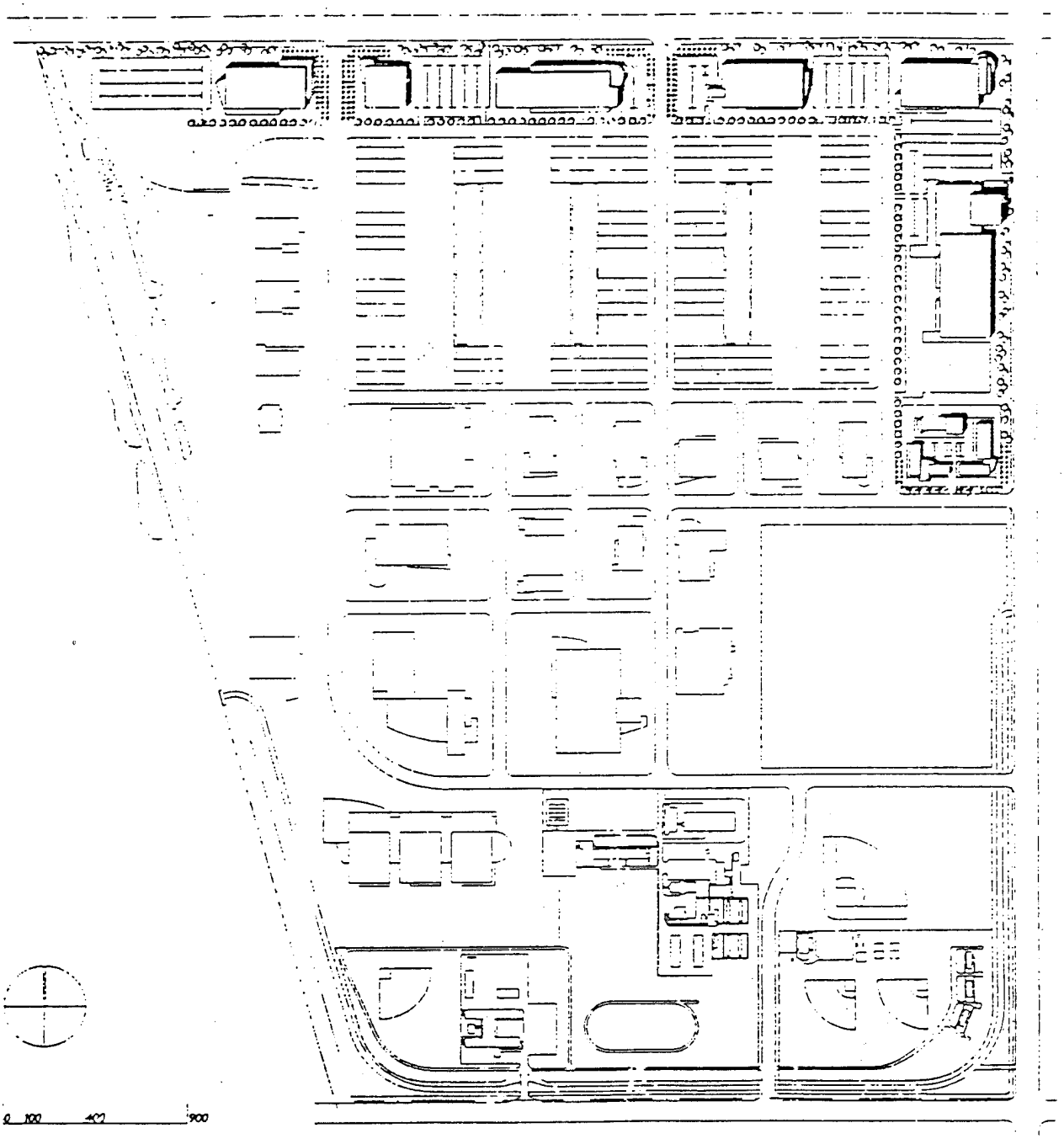
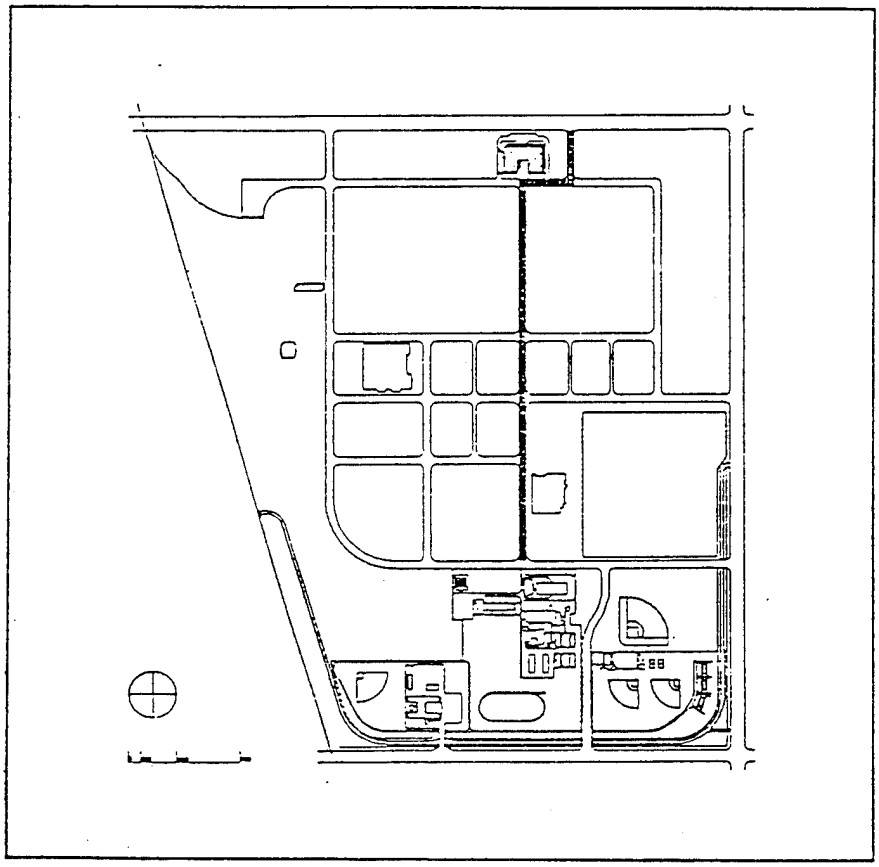


EXHIBIT 9.17. PRESERVATION OF POST HQ BUILDING

District "A"

Figure 4. Preservation of Post HQ Building



3. Allowed/Prohibited Uses

All new development after purchase of the property by a private interest, shall require Special Permit approval by the Planning Commission. The Planning Commission will review the uses to be sure they are consistent with the goals of the Reuse Plan, and will review for compliance with the Development Standards and Guidelines. The Development Standards have requirements which must (shall) be included as part of the development proposal, as well as requirements which are encouraged (should) be part of the proposal. The "shall" requirements must be incorporated into development plans, while the "should" guidelines will be reviewed on a site by site basis during the Special Permit process.

4. Height and Area Requirements

a. Height

Buildings shall not exceed 70 feet in height. If a mechanical penthouse is provided, an additional 10 feet shall be permitted.

b. Development Intensity

The intensity of uses shall not exceed a floor area ratio (FAR) of 24 percent for all structures. The FAR is defined as gross square footage of all buildings on a parcel divided by the net square footage of the parcel.

c. Setbacks

Buildings and structures shall be setback at least 15 feet from all rear and side property lines.

Buildings and structures shall be setback from the right-of-way the following distances:

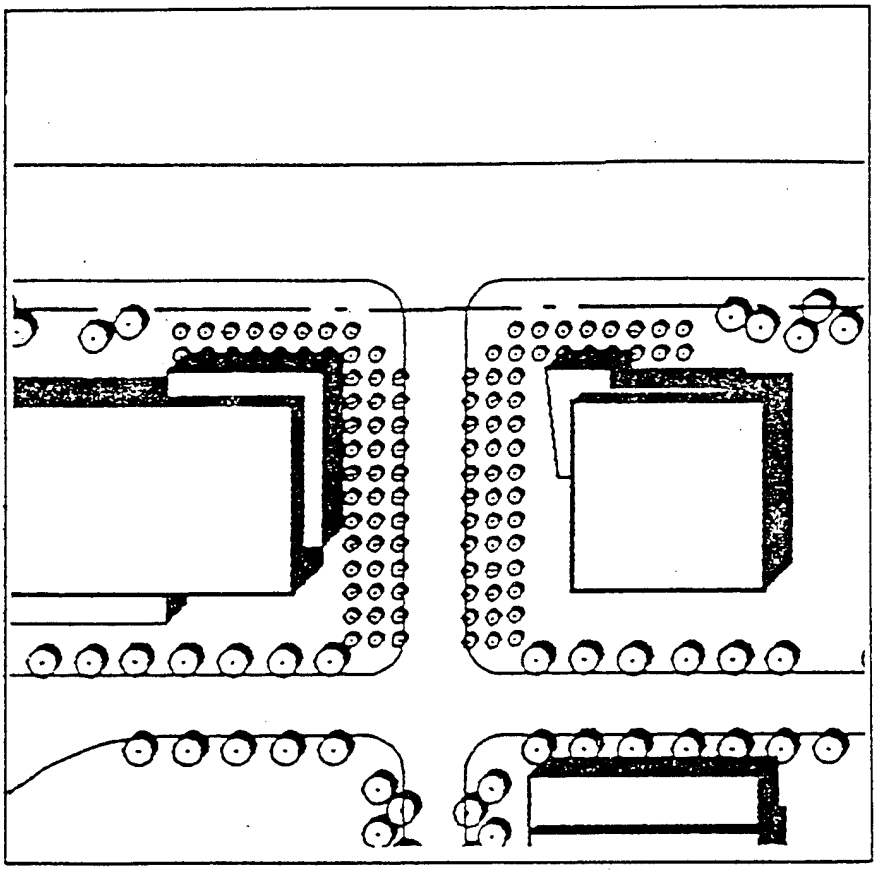
Fruitridge Road	100' building/50' landscape
Florin-Perkins Road	100' building/50' landscape
Marshall Avenue	25' building/25' landscape
Kwajalein Street	25' building/25' landscape
Midway Avenue	existing warehouse setbacks
Attu Street	25' building/25' landscape
Secondary Collectors	25' building/25' landscape

Office and administrative components of buildings may encroach into the setback area of Fruitridge Road and Florin-Perkins Road no more than 30 feet, along no more than 25 percent of the total building length (See Exhibit 9.18. for example

EXHIBIT 9.18. FRUITRIDGE ROAD SETBACKS

District "A"

Figure 6. Fruitridge Road Setback



of the setback along Fruitridge Road).

5. Parking Standards

Parking ratios shall be in accordance with the City of Sacramento Zoning Ordinance. Manufacturing and warehousing, for example, shall be parked at not less than 1 space per 1,000 square feet gross floor area and not more than 1 space per 500 square feet gross floor area. The office areas shall be parked at not less than 1 space per 400 square feet gross floor area and not more than 1 space for each 275 square feet gross floor area. Retail uses shall be parked at a minimum of one space per 250 square feet gross floor area.

Carpool and vanpool parking is encouraged near the building entries. Parking areas should also be located between buildings if possible, to allow shared access to parking areas.

6. Landscaping/Open Space

Twenty percent of the net parcel area shall be landscaped, and shall be in accordance with the City of Sacramento's Water Conservation Ordinance. Landscape setbacks may be included as part of the open space requirements.

Landscaping within the parking lots shall be in conformance with City standards and shall be shaded 50 percent in fifteen years from the installation of the parking lot. Trees in the parking lot are encouraged to be the same type to maintain a sense of continuity. The trees, however, should not be the same type as the adjacent street tree planting.

Parking areas adjoining the street should be screened by the placement of a hedge, not exceeding 36 inches in height, adjacent to the parking area.

7. Building Orientation

Buildings shall be located and oriented so that their entrances are visible from the major streets on which they face, either Fruitridge Road or Florin-Perkins Road. Active, People-oriented functions, such as administrative offices, cafeterias and child care facilities should face the street to the maximum extent possible.

"Main axes" shall be created along Marshall Avenue and Midway Avenue. Buildings that front on Marshall Avenue or Midway Avenue shall have their entries face the same avenues.

8. Lighting

Lighting within the parking areas shall be in conformance with City standards for lighting

of parking lots. All parking lot, access drive and internal vehicular circulation areas shall be illuminated.

9. Loading and Service Areas

Loading and service areas should be oriented away from the major streets and neighborhood-oriented services and retail. Truck and vehicle storage yards shall be screened from adjoining properties and public right-of-ways with a minimum six foot high solid fence or wall. The fence or wall cannot be located within the landscape setback area. To soften the appearance of the wall, landscaping treatments in the landscape setback area should be utilized.

To the extent feasible, outdoor storage of materials should be minimized. Materials stored outdoors shall be screened on all sides by a minimum six foot high solid fence or wall. Under no circumstances should materials which emit odors, fumes or otherwise cause a nuisance to neighboring properties be stored outdoors.

Trash enclosures shall have minimum six foot walls constructed of solid masonry material with a finish designed of the same materials and colors as the adjacent buildings. The trash enclosure shall have decorative solid heavy gauge metal gates and be designed with cane bolts to secure the gates when in the open and closed positions. The perimeter of the trash enclosures shall be planted with landscaping. The size of the enclosure shall be adequate to accommodate the City's Recycling Ordinance.

Trash collection areas should be designed to ensure that refuse and refuse containers are not visible from streets and entry drives. Refuse collection vehicles should have clear and convenient access to there areas. Trash enclosures shall not be permitted within any setback areas.

All mechanical and electrical equipment shall be hidden from the view of the public, and shall be as inaudible as possible along public thoroughfares. All electrical wiring shall be underground or within the framing of the building. No conduit or wiring shall be exposed on the face of the building.

10. Building Design

a. Building Facades

Building facades visible from Fruitridge Road, Florin-Perkins Road, Marshall Avenue and Midway Avenue are encouraged to have active frontages consisting of entrances, outdoor seating and windows. Plazas and pedestrian connections to the major streets are encouraged to create an active and safe pedestrian-oriented atmosphere.

Buildings which create the appearance of a collection of elements that vary in size, shape and material finish are preferred over buildings which are a single large mass. Buildings that have walls that are off-set and profiles which step are preferred over long flat uninterrupted wall planes. Interesting roof forms on smaller building elements are encouraged to contrast the flat roofs of large warehouse manufacturing buildings. (See Exhibit 9.19. for examples of building facade alternatives).

b. Fenestration

Office space, laboratories, employee areas and other smaller scale uses should be articulated as individual elements and should have a large percentage of its facade be windows. These elements should be oriented toward the primary street exposure and to the corner if applicable. Window openings are encouraged on all facades to create pattern and provide accent.

Architectural features such as skylights, canopies, awnings, sunscreens, scuppers and downspouts should be treated as design opportunities to add detail, color, material, and ornament to the facade of the buildings. The architectural treatment of buildings within this area should be a higher level of design and finish due to the prominent street exposure of each site. Building massing should be developed to create interesting compositions and scale defining elements such as windows, canopies and sunscreens should be used extensively.

Security bars on windows and doors of commercial buildings are not allowed.

c. Building Materials

A combination of facade, finishes, and patterns is preferred over the use of a single treatment. Acceptable materials include formed concrete, concrete block, metal and glass curtain wall, and plaster. Exposed roofs should be made of metal.

DISTRICT B (Exhibit 9.20.)

1. Goal

The development area defined as District B consists of the existing warehouse structures. This District currently contains eight warehouses each with approximately 263,000 square feet or a total of 2,104,000 square feet. This currently totals over 70 percent of the Army Depot's enclosed building area.

The warehouses were constructed to standards that make them less desirable in the present market for similar space. These deficiencies include the following: exit doors

EXHIBIT 9.19. EXAMPLES OF BUILDING FACADE ALTERNATIVES

Figure 19 Building Facade Alternatives

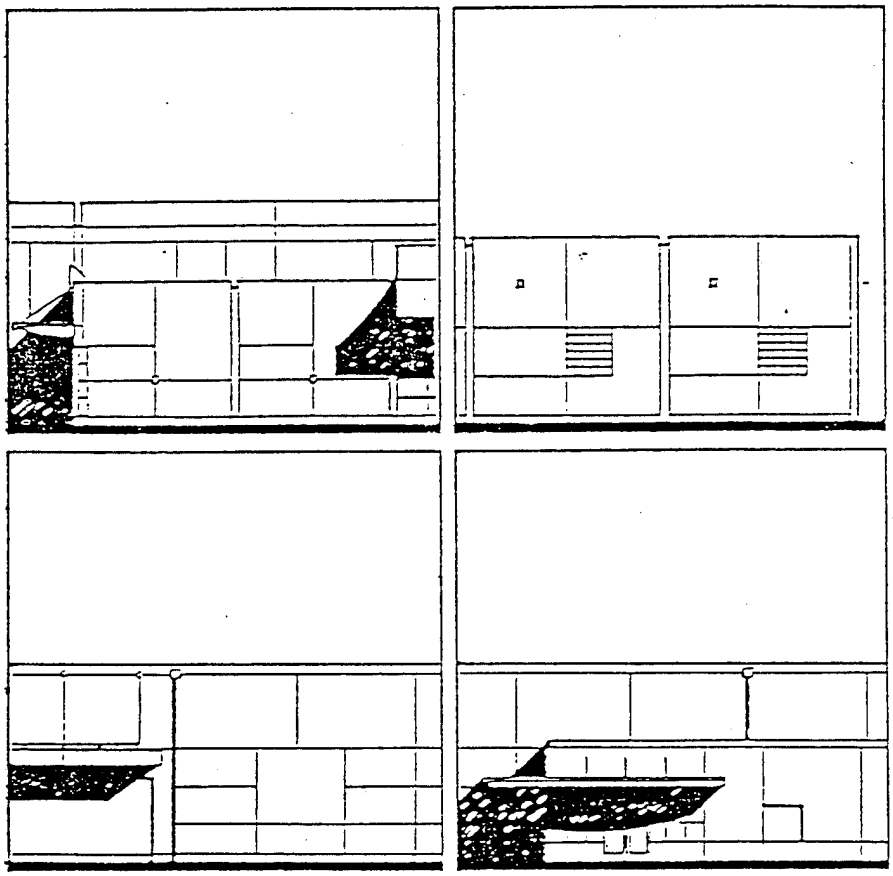
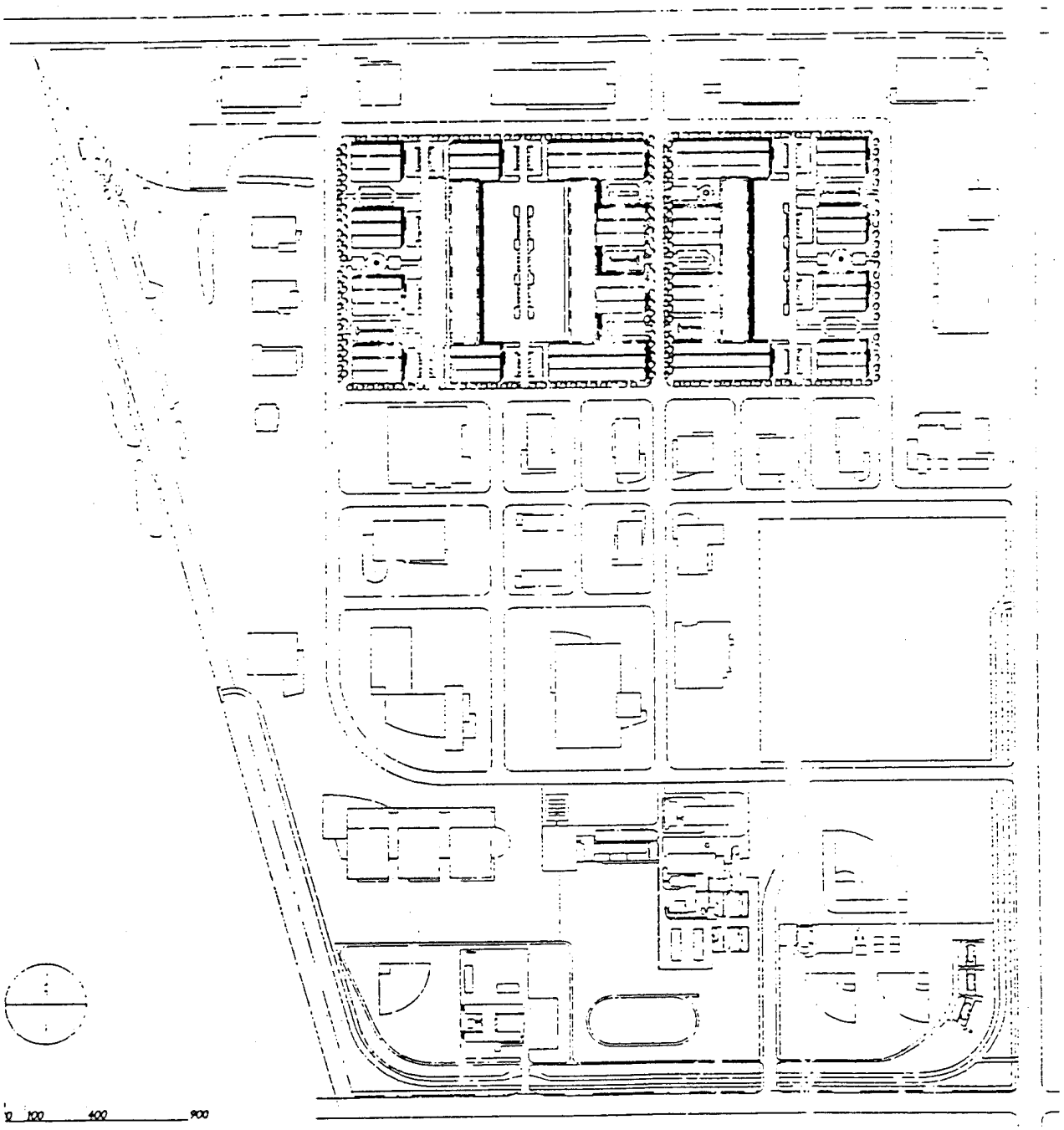


EXHIBIT 9.20. DISTRICT B

District "B"

Figure 9. District "B" Area Plan



have inadequate width, corridors are not rated, exterior stairs from second level are unsafe, inadequate exit signage, poor ventilation in some offices, low floor to ceiling heights, poor lighting, inadequate sprinklering, inadequate maneuvering room between the structures for large truck service and inadequate ADA accessibility.

The warehouses do include features that provide positive opportunities for future development. These features include their value as an existing building resource, natural daylighting, metal frame structural system, dock height floor and interesting architectural esthetics. The buildings have been well maintained and are in generally good conditions.

The proposed concept for District B would ultimately remove approximately half of the existing warehouse space and introduce new buildings, parking and truck access to create a functional, aesthetically pleasing development area.

2. Phasing

There have been four alternatives explored for the demolition and reuse of the existing warehouse structures (Exhibits 9.21 and 9.22.). Two options identify retention of a portion of the warehouses, supplemented by new construction. The other two options selectively demolish the warehouse structures, identifying no new construction. Since the City of Sacramento will be implementing demolition, the City will choose the alternative prior to the sale of the property to a private developer. As previously mentioned, approval of the California Emergency Foodlink Application will alter the recommended warehouse configurations (As shown in Figure 9-14).

3. Allowed/Prohibited Uses

All new development after purchase of the property by a private interest, shall require Special Permit approval by the Planning Commission. The Planning Commission will review the uses to be sure they are consistent with the goals of the Reuse Plan, and will review for compliance with the Development Standards and Guidelines. The Development Standards have requirements which must (shall) be included as part of the development proposal, as well as requirements which are encouraged (should) be part of the proposal. The "shall" requirements must be incorporated into development plans, while the "should" guidelines will be reviewed on a site by site basis during the Special Permit process.

4. Height and Area Requirements

a. Height

Buildings shall not exceed 70 feet in height. If a mechanical penthouse is provided, an additional 10 feet shall be permitted.

EXHIBIT 9.21. DEVELOPMENT ALTERNATIVE FOR WAREHOUSES

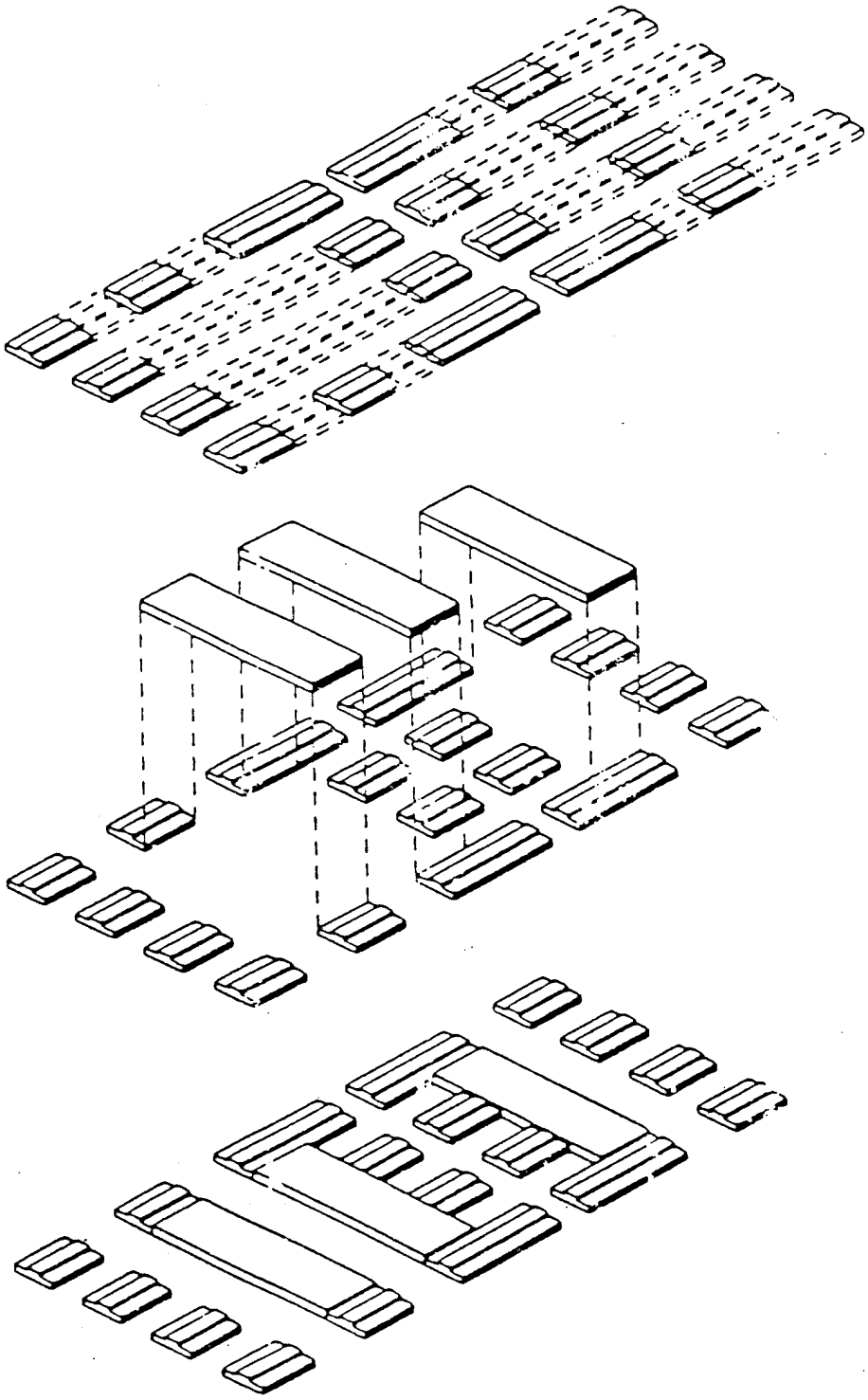
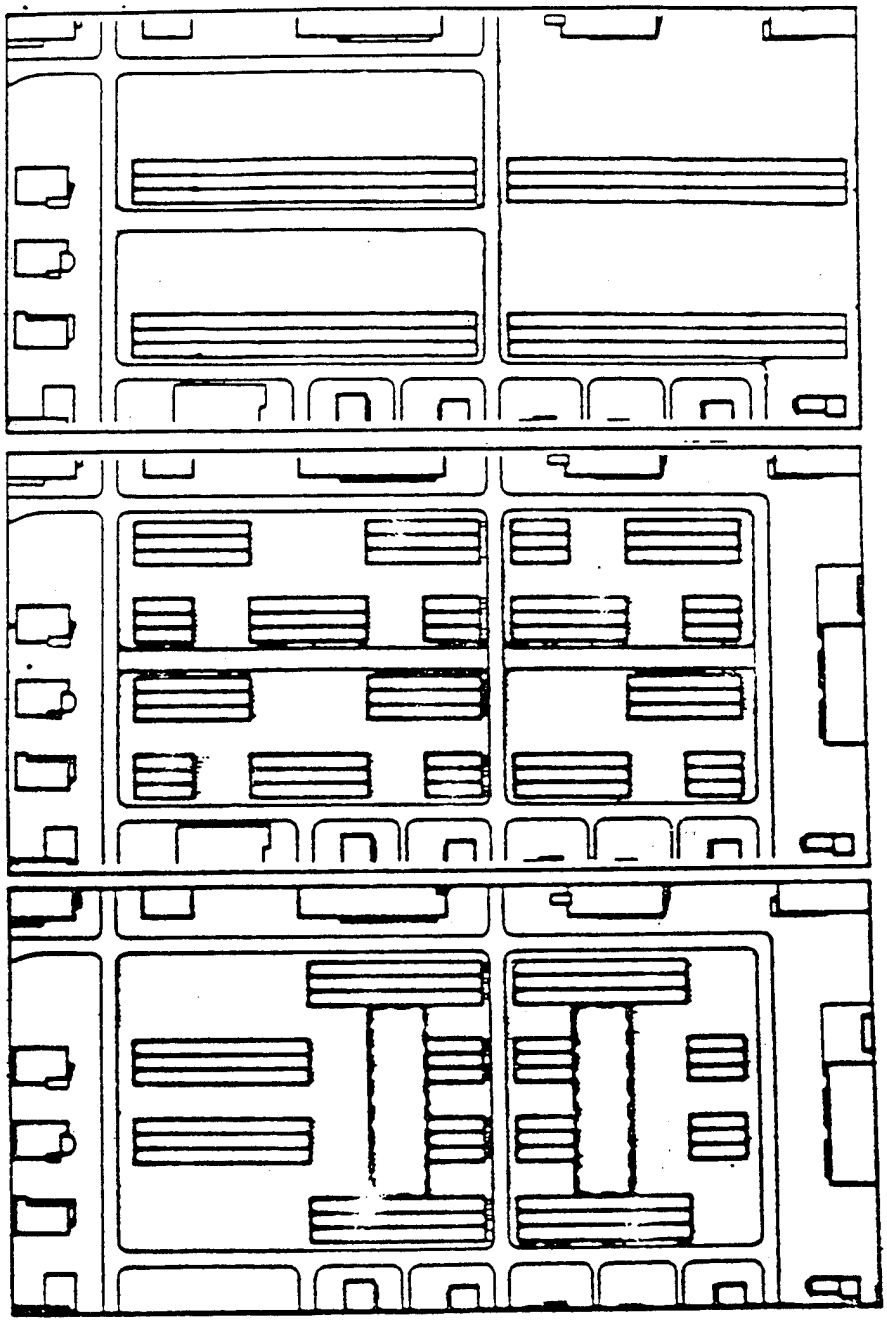


EXHIBIT 9.22. DEVELOPMENT ALTERNATIVES FOR WAREHOUSES



b. Development Intensity

The intensity of uses shall not exceed a floor area ratio (FAR) of 40 percent for all structures. The FAR is defined as gross square footage of all buildings on a parcel divided by the net square footage of the parcel. Reuse of the existing warehouse buildings is encouraged without creating significant impacts to the overall development.

c. Setbacks

The setbacks shall respect the existing buildings and their relationship with the proposed right-of-ways. Along Midway Avenue, Marshall Avenue, Mindanao Street, Corregidor Street, and Marianas Street, new buildings and structures shall be setback from the right-of-way a distance equal to the existing building bulk planes. A bulk plane is defined as the location of a building wall or walls in relation to the adjacent property line. The landscape setbacks shall equal the building setbacks.

Buildings and structures shall be setback at least 15 feet from all rear and side property lines.

5. Parking Standards

Parking ratios shall be in accordance with the City of Sacramento Zoning Ordinance. Manufacturing and warehousing, for example, shall be parked at not less than 1 space per 1,000 square feet gross floor area and not more than 1 space per 500 square feet gross floor area. The office areas shall be parked at not less than 1 space per 400 square feet gross floor area and not more than 1 space for each 275 square feet gross floor area. Retail uses shall be parked at a minimum of one space per 250 square feet gross floor area.

Carpool and vanpool parking is encouraged near the building entries. Parking areas should also be located between buildings if possible, to allow shared access to parking areas.

6. Landscaping/Open Space

Twenty percent of the net parcel area shall be landscaped, and shall be in accordance with the City of Sacramento's Water Conservation Ordinance. Landscape setbacks may be included as part of the open space requirements.

Landscaping within the parking lots shall be in conformance with City standards and shall be shaded 50 percent in fifteen years from the installation of the parking lot. Trees in the parking lot are encouraged to be the same type to maintain a sense of continuity.

The trees, however, should not be the same type as the adjacent street tree planting.

Parking areas adjoining the street should be screened by the placement of a hedge, not exceeding 36 inches in height, adjacent to the parking area.

7. Building Orientation

Buildings shall be located and oriented so that their entrances are visible from the streets on which they front. People-oriented functions, such as administrative offices, cafeterias and child care facilities should face the street to the maximum extent possible.

A "main axes" shall be created along Midway Avenue. Building entries shall be encouraged along the Midway Avenue frontage.

8. Lighting

Lighting within the parking areas shall be in conformance with City standards for lighting of parking lots. All parking lot, access drive and internal vehicular circulation areas shall be illuminated.

9. Loading and Service Areas

Loading and service areas should be oriented away from the major streets and neighborhood-oriented services and retail. Truck and vehicle storage yards shall be screened from adjoining properties and public right-of-ways with a minimum six foot high solid fence or wall. The fence or wall cannot be located within the landscape setback area. To soften the appearance of the wall, landscaping treatments in the landscape setback area should be utilized.

To the extent feasible, outdoor storage of materials should be minimized. Materials stored outdoors shall be screened on all sides by a minimum six foot high solid fence or wall. Under no circumstances should materials which emit odors, fumes or otherwise cause a nuisance to neighboring properties be stored outdoors.

Trash enclosures shall have minimum six foot walls constructed of solid masonry material with a finish designed of the same materials and colors as the adjacent buildings. The trash enclosure shall have decorative solid heavy gauge metal gates and be designed with cane bolts to secure the gates when in the open and closed positions. The perimeter of the trash enclosures shall be planted with landscaping. The size of the enclosure shall be adequate to accommodate the City's Recycling Ordinance.

Trash collection areas should be designed to ensure that refuse and refuse containers are not visible from streets and entry drives. Refuse collection vehicles should have clear and convenient access to there areas. Trash enclosures shall not be permitted within any

setback areas.

All mechanical and electrical equipment shall be hidden from the view of the public, and shall be as inaudible as possible along public thoroughfares. All electrical wiring shall be underground or within the framing of the building. No conduit or wiring shall be exposed on the face of the building.

10. Building Design

a. Building Facades

The design approach to the reuse of the warehouses encourages leaving in tact existing architectural features and details where feasible and within current building codes. Modifications to the buildings to bring them into compliance with current building and ADA regulations should be done in ways which respect and are consistent with the architectural character of the warehouses. Additionally, it is encouraged that alterations be made to the warehouses which improve their suitability for potential tenants in ways that continue and extend the industrial vocabulary of the warehouses.

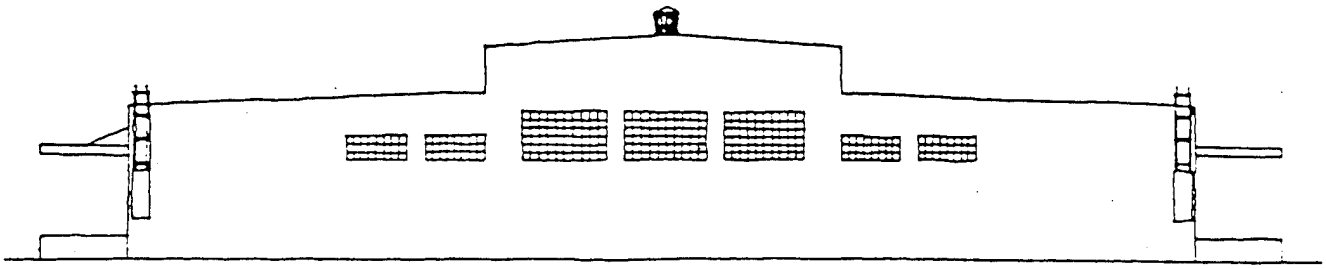
New warehouse structure built within the warehouse district should be designed no as replicas of the existing warehouse structures but a contemporary structures which complement the historical buildings. The new buildings should carry across important horizontal datum lines from the existing buildings and attempt to continue the rhythm and proportions in plan and elevation to create a unified image.

The careful use of certain elements such as the use of a similar structural module, the shape and size of openings and their placement and the window and door types will help to maintain a consistent look and feel with the existing warehouses. The new structures should maintain the raised loading dock/floor elevation of the existing buildings and the continuous metal overhangs suspended by cables. (See Exhibits 9.23., 9.24. 9.25. and 9.26. for examples of warehouse alterations).

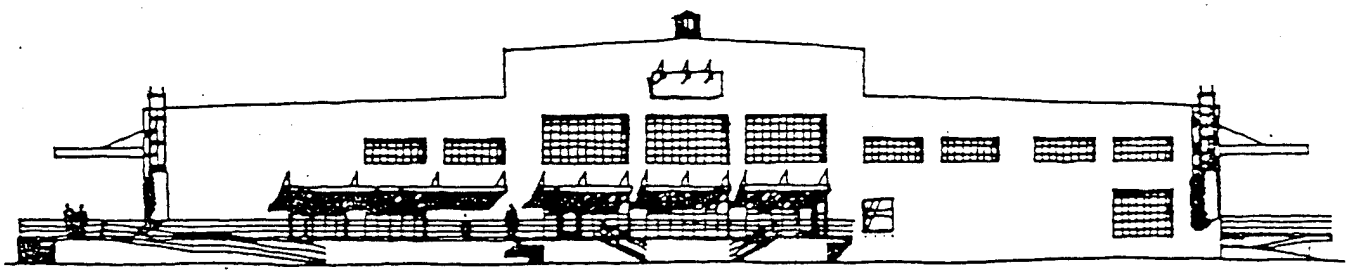
b. Fenestration

New openings should be made in walls to make entries and to bring in additional light and ventilation. These new openings should be similar in size and shape to the existing openings and placed in locations which follow the horizontal and vertical module established by the existing doors and windows. The new doors and windows should be similar in character and proportion to the existing industrial metal sash.

EXHIBIT 9.23. EXISTING AND PROPOSED WAREHOUSE ELEVATIONS

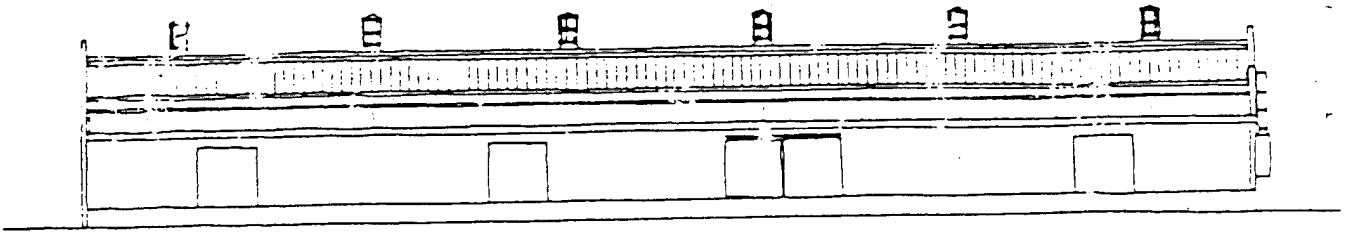


Existing Warehouse Elevations

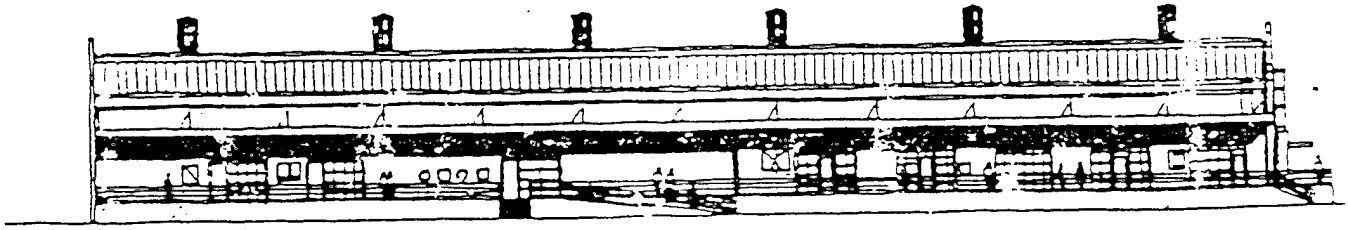


Possible Warehouse Alterations

EXHIBIT 9.24. EXISTING AND PROPOSED WAREHOUSE ELEVATIONS



Existing Warehouse Elevation

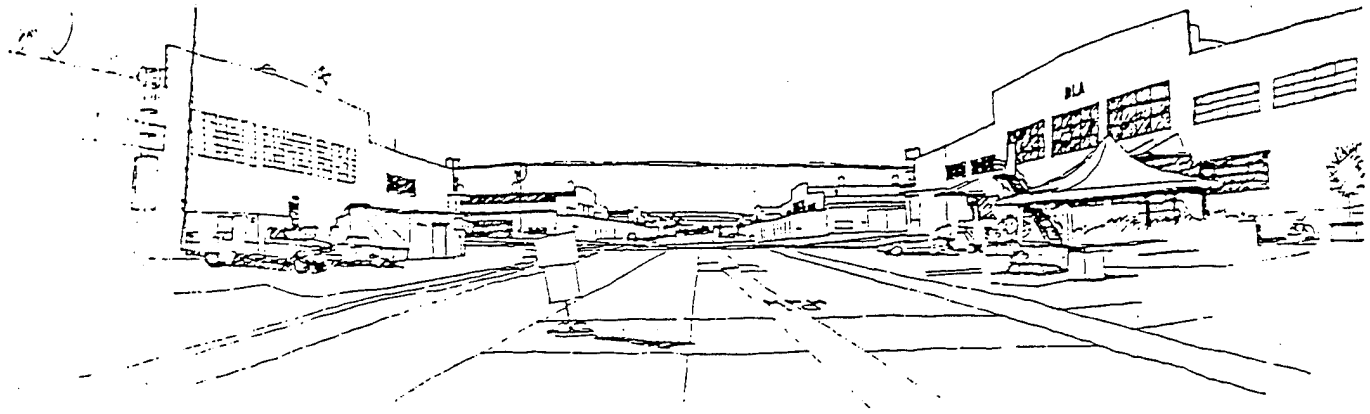


Possible Warehouse Alternative

EXHIBIT 9.25. EXISTING AND PROPOSED VIEW OF MIDWAY AVENUE

District "B"

Figure 15. Present and Proposed Development of Midway Avenue



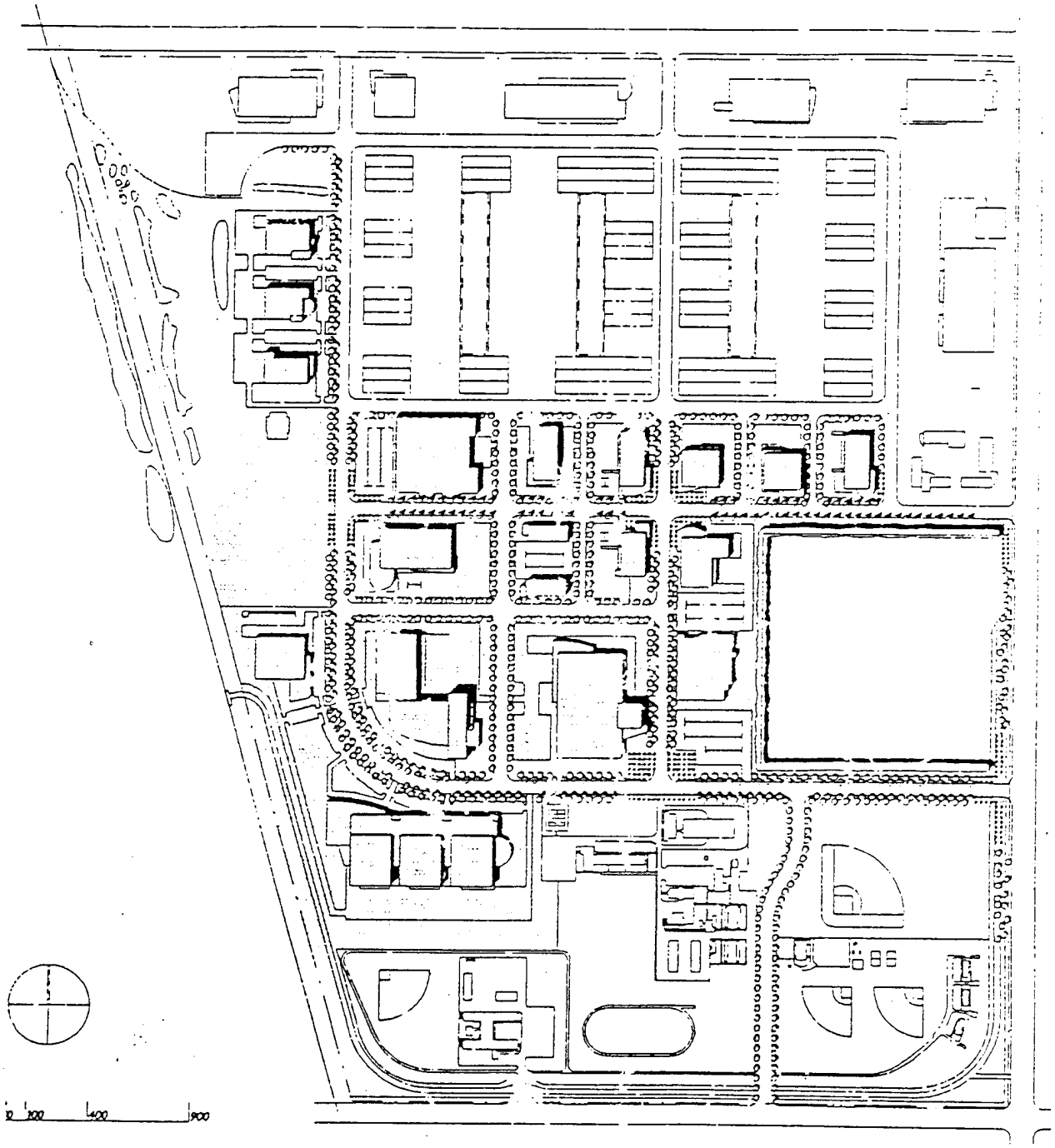
Present View of Midway Avenue Looking South

Proposed Development of Midway Avenue Looking South

EXHIBIT 9.27. DISTRICT C

District "C"

Figure 17. District "C" Area Plan



c. Setbacks

Buildings and structures shall be setback at least 15 feet from all rear and side property lines.

Buildings and structures shall be setback from the right-of-way the following distances:

Marshall Avenue	25' building/25' landscape
Kwajalein Street	25' building/25' landscape
Midway Avenue	existing warehouse setbacks
Attu Street	25' building/25' landscape
Secondary Collectors	25' building/25' landscape

4. Parking Standards

Parking ratios shall be in accordance with the City of Sacramento Zoning Ordinance. Manufacturing and warehousing, for example, shall be parked at not less than 1 space per 1,000 square feet gross floor area and not more than 1 space per 500 square feet gross floor area. The office areas shall be parked at not less than 1 space per 400 square feet gross floor area and not more than 1 space for each 275 square feet gross floor area. Retail uses shall be parked at a minimum of one space per 250 square feet gross floor area.

Carpool and vanpool parking is encouraged near the building entries. Parking areas should also be located between buildings if possible, to allow shared access to parking areas.

5. Landscaping/Open Space

Twenty percent of the net parcel area shall be landscaped, and shall be in accordance with the City of Sacramento's Water Conservation Ordinance. Landscape setbacks may be included as part of the open space requirements.

Landscaping within the parking lots shall be in conformance with City standards and shall be shaded 50 percent in fifteen years from the installation of the parking lot. Trees in the parking lot are encouraged to be the same type to maintain a sense of continuity. The trees, however, should not be the same type as the adjacent street tree planting.

Parking areas adjoining the street should be screened by the placement of a hedge, not exceeding 36 inches in height, adjacent to the parking area.

6. Building Orientation

In most cases, buildings should be located and oriented so that their entrances are visible from the streets on which they front. Active, people-oriented functions, such as administrative offices, cafeterias and child care facilities should face the street to the maximum extent possible.

A "main axes" shall be created along Midway Avenue, Marshall Avenue and Kwajalein Street. Building entries shall be encouraged along these frontages.

7. Lighting

Lighting within the parking areas shall be in conformance with City standards for lighting of parking lots. All parking lot, access drive and internal vehicular circulation areas shall be illuminated.

8. Loading and Service Areas

Loading and service areas should be oriented away from the major streets and neighborhood-oriented services and retail. Truck and vehicle storage yards shall be screened from adjoining properties and public right-of-ways with a minimum six foot high solid fence or wall. The fence or wall cannot be located within the landscape setback area. To soften the appearance of the wall, landscaping treatments in the landscape setback area should be utilized.

To the extent feasible, outdoor storage of materials should be minimized. Materials stored outdoors shall be screened on all sides by a minimum six foot high solid fence or wall. Under no circumstances should materials which emit odors, fumes or otherwise cause a nuisance to neighboring properties be stored outdoors.

Trash enclosures shall have minimum six foot walls constructed of solid masonry material with a finish designed of the same materials and colors as the adjacent buildings. The trash enclosure shall have decorative solid heavy gauge metal gates and be designed with cane bolts to secure the gates when in the open and closed positions. The perimeter of the trash enclosures shall be planted with landscaping. The size of the enclosure shall be adequate to accommodate the City's Recycling Ordinance.

Trash collection areas should be designed to ensure that refuse and refuse containers are not visible from streets and entry drives. Refuse collection vehicles should have clear and convenient access to there areas. Trash enclosures shall not be permitted within any setback areas.

All mechanical and electrical equipment shall be hidden from the view of the public, and shall be as inaudible as possible along public thoroughfares. All electrical wiring shall be underground or within the framing of the building. No conduit or wiring shall be exposed on the face of the building.

9. Building Design

a. Building Facades

Building facades visible from Marshall Avenue, Kwajalein Street, Midway Avenue and Attu Street are encouraged to have active frontages consisting of entrances, outdoor seating and windows. Plazas and pedestrian connections to the major streets are encouraged to create an active and safe pedestrian-oriented atmosphere.

Buildings which create the appearance of a collection of elements that vary in size, shape and material finish are preferred over buildings which are a single large mass. Buildings that have walls that are off-set and profiles which step are preferred over long flat uninterrupted wall planes. Interesting roof forms on smaller building elements are encouraged to contrast the flat roofs of large warehouse/manufacturing buildings. (See Exhibit 9.28. for building facade alternatives).

b. Fenestration

Office space, laboratories, employee areas and other smaller scale uses should be articulated as individual elements and should have a large percentage of its facade be windows. These elements should be oriented toward the primary street exposure and to the corner if applicable. Window openings are encouraged on all facades to create pattern and provide accent.

Architectural features such as skylights, canopies, awnings, sunscreens, scuppers and downspouts should be treated as design opportunities to add detail, color, material, and ornament to the facade of the buildings.

Security bars on windows and doors of commercial buildings are not allowed.

c. Building Materials

A combination of facade, finishes, and patterns is preferred over the use of a single treatment. Acceptable materials include formed concrete, concrete block, metal and glass curtain wall, and plaster. Exposed roofs should be made of metal.

DISTRICT D (Exhibit 9.29.)

1. Goal

This area includes the baseball field are to the south of the Department of Corrections

EXHIBIT 9.28. BUILDING FACADE ALTERNATIVES

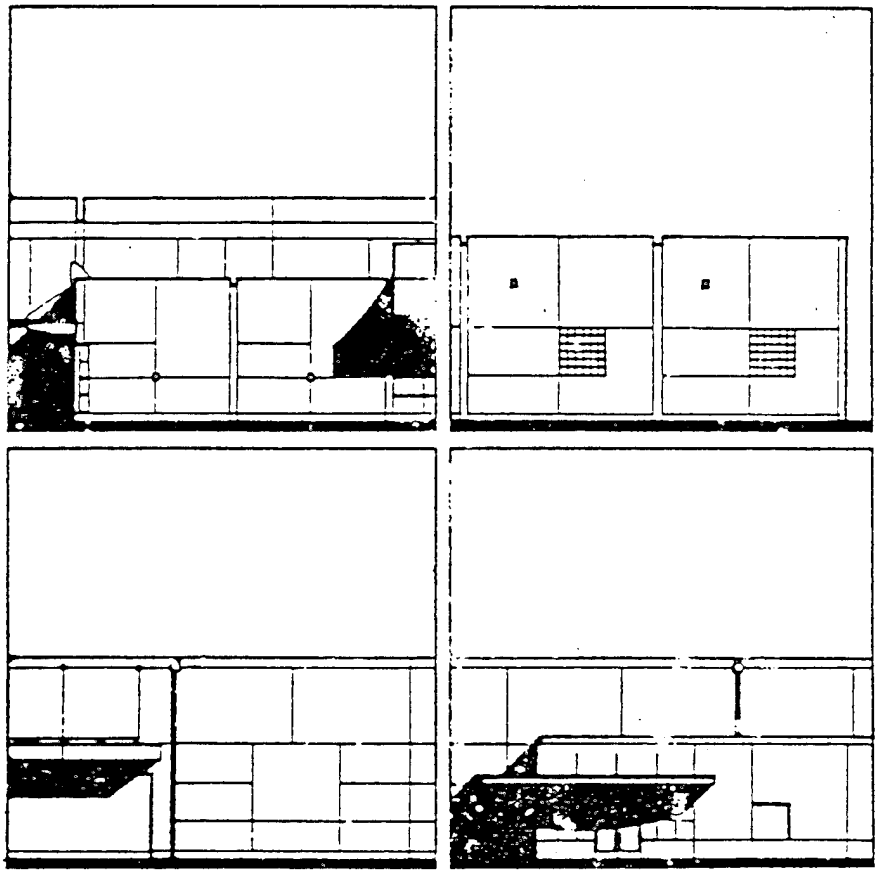
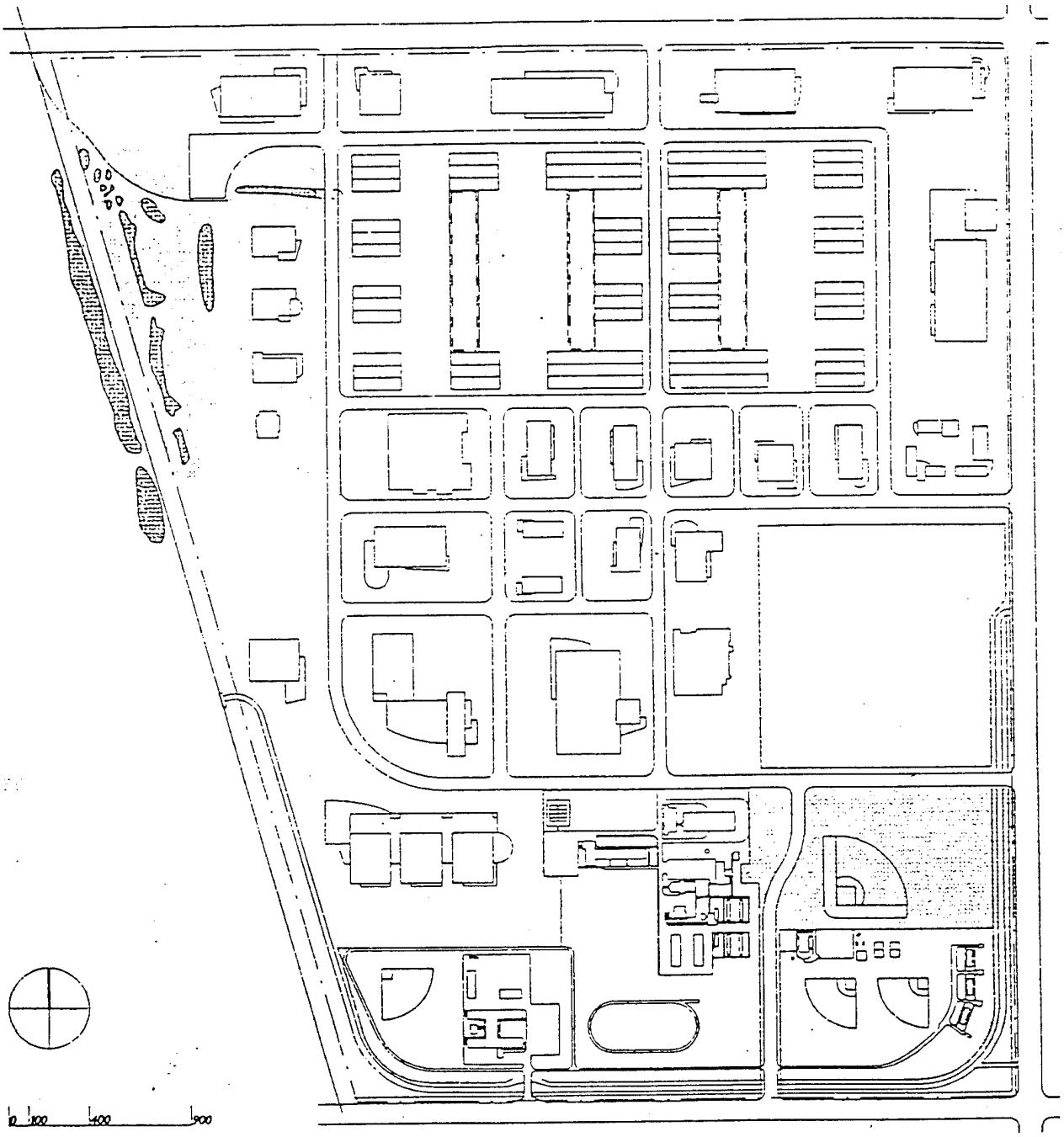


EXHIBIT 9.29. DISTRICT D

District "D"

Figure 20. District "D" Area Plan



Wetland–like and Fairy Shrimp Habitat

and the area on the west side of the Army Depot which is designated as an open space and natural resource protection area. It is anticipated that active and passive open space uses, pedestrian and bicycle trails and habitat mitigation will be sensitively integrated in this area. The habitat preservation areas and the little league field have the same zoning designation of Agriculture-Open Space (A-OS SPD). The development of the two areas, however, is different. The habitat preservation areas will have no structures, and only minor ancillary uses. The little league field will contain active recreation uses.

2. Protection of Natural Resources

This area on the west side of the Army Depot contains pools that are to be protected as habitat for the proposed endangered fairy shrimp in conformance with governmental policies. The total area of habitat protection is 63.8 acres. It should be noted that this recommendation, as stated in the Biological Data Report - Fairy Shrimp, dated April 1, 1994 by Ebasco Environmental Services, Inc., may change when the USFWS makes a determination of endangered status. In accordance with the same document, the following guidelines shall be implemented:

a. Place a "snow fence" barrier around the two designated pools, at a distance of at least 10 feet from the high water mark to protect the area from vehicle traffic or other disturbance.

b. Place signage at each pool to inform maintenance and other personnel of the nature of the protection desired, the signage should include words to the effect of "Endangered Species Habitat" and a telephone to contact for more information.

c. Mosquito abatement applied to the pools should consist only of Bacillus thuringensis or similar materials that will not endanger fairy shrimp.

d. The drainage into the pools shall be protected to prevent the introduction of fish or contaminants into the pools.

e. The drainage characteristics of the pools shall be protected to preserve the evaporative qualities rather than introduce drainage or flow.

The open space area also contains wetland-like areas that are seasonal depressions, but lack hydric soils and other characteristics of jurisdictional wetlands. These areas should be defined by a post and cable system, signed and identified for the education of all visitors.

The enjoyment of this area by all will be ensured by making these areas "public". Educational information and signage is encouraged for people to understand the special habitat, plant and animal life that inhabit these areas.

3. Allowed/Prohibited Uses

In the habitat preservation areas, the accessory uses that are customarily incident to any of the approved uses shall be permitted in discrete open space areas. These include picnic structures, benches, and the like. Under no circumstances shall any building or structure, except those necessary for public accommodation or maintenance, be permitted.

The uses within the little league open space area are active recreation uses and any accessory structures necessary for public accommodation or maintenance.

4. Landscaping

The open space area on the west of the Army Depot shall remain naturalized, non-irrigated grass. Disturbed areas shall be seeded to match the existing grass type. Trees may be planted along the Southern Pacific Railroad boundary for visual buffering. Broadleaf evergreen drought-tolerant screen trees such as Russian Olive are encouraged. Drip irrigation to the trees is encourage rather than spray irrigation.

SIGN GUIDELINES

Signage shall be consistent with current City Zoning Ordinance requirements, City Sign Ordinance requirements and the following guidelines:

1. Tenant Identification Signs - Attached

The sign criteria for the tenants are designed to aid in eliminating excessive and confusing displays, and to enhance the appearance of the development.

Generally, tenant identification should be placed over the front entrance and alongside the entrance doors. Overhead signs shall be well organized, consisted in material, size and fabrication techniques. Color and typestyle may vary if each coordinate well with the building.

Internally illuminated signs with plastic faces are not recommended as they appear unrefined.

One attached sign for each occupancy shall be allowed. The sign shall be located on the building fascia, awning or storefront. The size of the sign shall be per the Sign Ordinance, three square feet of sign area for each front lineal foot of building occupancy.

2. Detached Signs

Detached signs shall be of a monument type. No pole signs will be allowed. Monument

signs shall not exceed 12 feet in height. The size of the sign shall be per the Sign Ordinance, one square foot of sign area for each lineal foot of street frontage. There shall be only one detached sign allowed per parcel.

3. Building Address Signs

The function of these signs are to identify the building address for visitors and the fire department. Signs are typically located over the primary building entrance or on the building facade oriented toward the primary vehicular roadway.

Signs should be either painted acrylic o metal letters such as anodized aluminum, brass, bronze or stainless steel. Metal and painted finishes should be compatible with architectural finishes and other building mounted signs. Illumination should be ambient; internal illumination is not necessary.

One sign per building is recommended.

4. Operational Information Signs

These signs, located on glass entry doors generally provide information regarding the establishments, for example its hours of operation.

The signage may be vinyl or silkscreened individual letters. The color and typestyle should be consistent with those selected for other building mounted signs.

5. General Construction Guidelines

Signage should meet all construction requirements of the State of California and the City of Sacramento.

All exterior signs shall be secured by concealed fasteners, stainless steel or nickel or cadmium plated. Furthermore, all raceways, transformers, electrode boxes, switches, wiring, conduit and access hatches shall be concealed. All exterior signs exposed to weather shall be mounted at least three-quarters inches from the building to permit proper dirt and water drainage.

No sign illumination shall cast a glare which will be visible from any nearby window, street or drive. If signs are illuminated internally or by backlighting, the color and intensity of such lighting shall appear as an integral part of the overall architecture and site design concept. Internally illuminated letters shall be of pan channel construction.

No formed plastic, laminated plastic or foam letters shall be used. Individual applied letters should be of a color and thickness which avoids shadow distortions. All bronze or brass used on signage must have a protective coating or must be polished on a regular

maintenance schedule. Clear protective coating subject to deterioration must be removed and reapplied, as needed.

6. Prohibited Signs

No flashing, moving, inflatable, or audible signs shall be permitted. No signs shall be permitted on canopy roofs or building roofs. No sign of any portion thereof may project above the building or top of the wall upon which it is mounted. No exposed bulb signs shall be permitted. No off-site signage shall be allowed. No billboards, electronic sign boards, or advertising signs changed on a regular basis shall be allowed.

10. DEVELOPMENT PLAN

In the preceding chapters, market information and strategies for the site have been detailed, along with recommendations on building demolition and guidelines for public conveyances. This chapter builds on these previous recommendations to provide a comprehensive development plan for the Sacramento Army Depot, referred to in this chapter as the Industrial Center.

This chapter provides information on phasing, financing, infrastructure, and methods to subdivide the property into multiple parcels. The final section of the chapter provides a specific recommendations on a preferred development plan. In addition, several financial projections are provided to identify the impacts of changing the recommended plan.

The underlying assumptions in this section are as follows:

- 79 acres will be reserved for military enclave.
- 83 acres will be reserved for open space.
- 266 Net Acres will be available for the private sector or public agencies that can provide financial commitments to needed infrastructure. This includes 212 acres for private development and 54 acres for anticipated public uses.
- Land sales will generate $56,250 per net acre for site development costs.
- Rent for existing buildings will be $.12 per square foot per month (NNN).
- Target for leasing and sales is 115,000 square per year in order to fully develop the site within a thirty-year period.
- Infrastructure costs projected for the site are $19.2 million.

In summary, the recommended plan requires public participation of $8.6 million to support demolition of obsolete structures and replacement of sub-standard infrastructure. It is recommended that a redevelopment area be established in this area to contribute $3.6 million, and that $5.0 million be requested in federal grants to provide the balance of the funding.

A. PHASING - 30 YEAR BUILD-OUT

The long-term objective for the site is to remove all existing structures (except for building 555, and possibly some warehouse bays retained to preserve the character of Midway Avenue) and replace them with more efficient and employee-intensive developments. Replacement of the existing buildings will take no more than 30 years based on the objective to create jobs on the property as quickly as possible.

Initially, it is recommended that the equivalent of four existing warehouse buildings be retained for leasing. The specific warehouses that are retained are identified in the Building Evaluation/Demolition Recommendations Chapter. The specific buildings are subject to change depending on the prospective needs of public and private tenants for this lease space. An outside planning and design firm has developed specific options for retaining various configurations warehouse space. This is discussed in more detail in the Land Use Plan Chapter.

In general terms, the phasing plan is based on three elements:

- Short-term development (3 to 6 years) of the frontage on Fruitridge Road for flex-space or warehouses. This property has the highest value since it has the highest visibility and best proximity to major streets.

- Rental of existing buildings in the short- and mid-term to the agencies that requested public conveyances and to the low-end of the private industrial market.

- Redevelopment of property with existing facilities and development of vacant property in the mid- to long-term with support of public investment from tax-increment revenues.

There are no plans to change the use of existing buildings to provide space for manufacturing activities. Retrofitting existing buildings for current building codes would be prohibitive given the minimal rents that can be achieved in these obsolete structures.

The building inventory projected for the site over the next thirty years is shown in Exhibit 10.1.

EXHIBIT 10.1. PROJECTED BUILDING INVENTORY

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
BUILDING INVENTORY	1	2	3	4	5	6	7	8	9	10
USABLE SQUARE FOOTAGE	1,207,440	1,207,440	1,207,440	1,207,440	1,207,440	1,207,440	1,207,440	1,207,440	1,207,440	681,440
UNUSABLE SQUARE FOOTAG	1,308,498	698,785	172,785	0	0	0	0	0	0	0
NEW CONSTRUCTION	0	0	0	252,425	252,425	252,425	532,897	532,897	532,897	888,161
TOTAL	2,605,938	1,906,225	1,380,225	1,459,865	1,459,865	1,459,865	1,740,337	1,740,337	1,740,337	1,569,601

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
BUILDING INVENTORY	11	12	13	14	15	16	17	18	19	20
USABLE SQUARE FOOTAGE	681,440	681,440	155,440	155,440	0	0	0	0	0	0
UNUSABLE SQUARE FOOTAG	0	0	0	0	0	0	0	0	0	0
NEW CONSTRUCTION	888,161	888,161	1,280,822	1,280,822	1,654,785	1,654,785	2,066,143	2,066,143	2,066,143	2,066,143
TOTAL	1,569,601	1,569,601	1,436,262	1,436,262	1,654,785	1,654,785	2,066,143	2,066,143	2,066,143	2,066,143

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
BUILDING INVENTORY	21	22	23	24	25	26	27	28	29	30
USABLE SQUARE FOOTAGE	0	0	0	0	0	0	0	0	0	0
UNUSABLE SQUARE FOOTAG	0	0	0	0	0	0	0	0	0	0
NEW CONSTRUCTION	2,673,833	2,673,833	2,673,833	2,673,833	3,103,890	3,103,890	3,103,890	3,103,890	3,103,890	3,103,890
TOTAL	2,673,833	2,673,833	2,673,833	2,673,833	3,103,890	3,103,890	3,103,890	3,103,890	3,103,890	3,103,890

B. FINANCING

This section identifies the various elements that comprise the financial portion of the development strategy. The first two parts address how public conveyances and McKinney Act conveyances will impact or contribute to financial requirement of the site. The third part details the various revenues and expenditures that are associated with each financial entity associated with this project (Trust fund, Redevelopment Area, and the Industrial Center).

1. PUBLIC CONVEYANCES - OPPORTUNITY COSTS

In Public Conveyance chapter it is recommended that all public agencies receiving conveyances make financial commitments to fund a portion of the demolition of existing buildings, construction of adequate infrastructure for the site, and any on- or off-site environmental mitigation. Participation in these costs can be achieved through payment of impact fees, purchase of land, payment of in-lieu property taxes, or construction of infrastructure to serve the site.

There are four groups of public conveyance requests that are currently before the Corp of Engineers:

- State Department of Corrections
- City of Sacramento Fire Department & CSUS Training Facilities
- Ca. Trans Training Facility
- All other agencies

The financial participation for each of these groups is outlined below:

State Department of Corrections

At the March 21, 1994 meeting of the Reuse Commission specific business terms were adopted for participation by the State Department of Corrections - in order to support the public conveyance of 30 acres for an inmate reception facility.

In-lieu of direct participation for the construction of on-site infrastructure, the State has tentatively agreed to fund:

$7.52 million in off-site infrastructure
$2.0 million for a local government impact fee
$300,000 for greenbelt improvements
$100,000 per year starting in 1999 for fire protection services
$2.9 million for on-site infrastructure

These contributions approximate the funding that would have been received by a private development on the same site. In addition the City is pledging 75% of the new DMV In-lieu

fees that will be generated from the inmate population at the site starting in 1999.

Participation by the State Department of Corrections in the off-site infrastructure will support the project in two ways:

a. Off-site mitigation measures for subsequent projects will already be completed and will not have to be carried as part of the development costs for the project (estimated at $4.5 million).

b. The City can supplant State funds designated for transportation improvements with local funds -thereby freeing up State funds for redevelopment programs and services in the communities impacted by the closure of the Army Depot. This financing approach will in-turn free-up future tax-increment funds to be used on the Army Depot site for investment in infrastructure.

   It will be the objective of the City to supplant all of the mitigation funding committed by the State Department of Corrections. This in-turn will allow the City to commit $1.0 million per year for redevelopment programs in the area impacted by the closure of the Army Depot.

The preferred development plan includes these assumptions.

City of Sacramento Fire Department & CSUS Training Facilities

The opportunity costs associated with the public conveyance request from the City Fire Department for a Training Facility and CSUS for a technology and insurance institute total $3.6 million. It is recommended that the City commit a portion of the tax increment from a redevelopment area that equals this amount. It is estimated that 29% of the cashflow for a thirty year period from a redevelopment area would be required to provide this level of investment.

The preferred development plan includes this assumption.

CalTrans Training Facility

Caltrans has requested 40 to 50 acres for the construction of a maintenance training facility. It is possible to place this use on the undeveloped property at the south end of the project. No public subsidies for this use are recommended and Caltrans should be asked to provide the financial resources to cover all opportunity costs associated with this project.

The preferred development plan does not include construction of this project on the site.

All other public conveyance requests

Several agencies requested use of warehouse space (as discussed in the Public Conveyance

Chapter). It is recommended that these agencies be considered for interim leases in the buildings that will remain on the site.

2. MCKINNEY ACT PROVISIONS FOR PROVIDERS OF HOMELESS SERVICES

Federal Law provides homeless service providers with the opportunity to acquire space at closed military installations - typically at no cost. There are no regulations that prohibit the amount of space that may be requested by an agency.

At the current time, the U.S. Army has entered into an interim lease with California Emergency Food Link, a distributor of food products for homeless shelters. This agency has submitted a request to the U.S. Department of Health Services under the provisions of the McKinney act to acquire buildings 221 243, 244, 245, 246 and 247. Operation Santa Claus has requested Building 253, the Vietnam Veterans have requested Building 140 and the Sacramento Housing Alliance has requested Buildings 140, 149, 600, 603, and 604.

If a homeless provider acquires property under the McKinney Act, it is anticipated that they will not participate in a fair-share allocation of the site development costs at the Depot as would a private development. Since it is not possible at this time to determine the amount of acreage that would be removed from the financing plan under the McKinney Act, the preferred development plan does not include the commitment of any property to homeless providers. However, staff has prepared a separate analysis on the financial impacts of losing approximately 40 acres for this purposes in the final section of this chapter.

3. FINANCIAL COMPONENTS & CASHFLOW ELEMENTS

There are three potential funding sources for the Industrial Center project - the trust fund that will be established with funding associated with the public conveyance to State Corrections, tax-increment from a new redevelopment area, and the cashflow from the development of the Industrial Center property. Below is a listing of the types of resources and expenditures associated with each of these three funding sources:

Trust Fund (to mitigate impacts of the Inmate Reception Facility)

Resources

> **DMV In-lieu fees** - the State provides local governments with revenues associated with various DMV fees based on the resident population of the local community. Inmates that occupy the reception facility will be counted as part of the resident population of the City. Therefore, the City will likely receive an increase in payments from the State. Corrections officials estimate this increase in revenues will be approximately $100,000 per year. City staff recommends allocating $75,000 per year of this projected revenue to support the trust fund.

Fire Services Contribution - the State will reimburse the City for fire protection services offered by the City to the proposed project. Since the City has a fire station immediately across from the site, no additional expenditures are anticipated to provide this site with service. Therefore, the revenue from this payment is recommended to be placed in the trust on an annual basis.

State Mitigation Reimbursement - The development of the Reception facility will create several environmental impacts for the surrounding area. These impacts will likely involve traffic circulation. The State has agreed to provide the City with a lump-sum of $7.5 million to mitigate these impacts. The City must reimburse the State if this payment exceeds a fair-share allocation to be determined by an infrastructure plan for the site. It is the intent of the City to place this mitigation funding in the trust fund and use other existing City resources to actually fund the mitigation projects. This frees-up the State funding to be used for redevelopment programs.

State Impact Fee for Local Government - The State has a policy of providing a lump-sum payment to the County in which a new facility is located. This fee has been calculated at $2.0 million for this facility. City staff recommends that this fee be directed to the Sacramento Housing and Redevelopment Agency for placement in the trust fund.

Greenbelt improvements - State law allows for landscaping improvements associated with reception facilities to be constructed off-site and then be dedicated to the local government. The State can fund improvements to local parks under this provision of State law. The Department of Corrections has committed $300,000 for this purpose.

Interest Earnings - interest earned on the unspent balance in the trust fund will be retained by the trust.

Expenditures

Redevelopment Programs - the trust fund will be established with the objective of providing $1.0 million per year in funding for local services that support the area in the immediate vicinity of the reception facility. The Sacramento Housing and Redevelopment Agency will administer the programs funded by the Trust.

Redevelopment Area

Resources

Tax increment - redevelopment law allows a local agency to receive approximately 63% of the property tax generated by new development within the boundaries of a redevelopment area (not including the 20% setaside for housing). For the purposes of this analysis, it is assumed that only the tax increment generated from the Sacramento

Army Depot will be considered for investment in required demolition or infrastructure.

In-lieu property tax/Possessing interest tax on rental space - it is anticipated that the Army or the City may manage the lease of the existing warehouse space. Since properties used by the government would not be on the regular tax role - it is recommended that a property tax be collected as part of the rent and be dedicated to the redevelopment area. For private uses, possessing interest tax would be collected and directed toward the redevelopment area.

Interest earnings - interest earned on the unspent balance in the redevelopment areas will be retained for future use in the redevelopment area.

Expenditures

Redevelopment Programs - cashflow from the redevelopment area will be available for infrastructure improvements, demolition, and land write-downs to attract targeted industries.

Transfers to Industrial Center - a percentage of the tax-increment can be allocated to activities that support the overall development of the site - for any type of development. It is recommended that the City commit a portion of the tax increment flow (29%) from this redevelopment area to support the infrastructure costs associated with parcel conveyed to the City Fire Department and CSUS. This transfer will have a present value over a thirty-year period of $3.6 million.

Industrial Center

Resources

Rent from remaining buildings - it is assumed that existing warehouses on the site can be leased at 12 cents per square foot per month. The preferred development plan assumes that 115,000 square feet a year of existing space will leased each year.

Land sales - after the site is cleared of obsolete buildings and tenants are located for existing space, it is assumed that land sales can be made to private developers. Land sale projections are predicated on the absorption of 115,000 square feet a year for both leased space and new construction.

EDA Grants - given the soft industrial market, availability of large tracts of vacant land immediately adjacent to the site, and the heavy costs associated with demolition and infrastructure for the site, it is anticipated that some federal financial assistance will be required to fully-develop the site in a thirty-year time-frame. The preferred development plan identifies a need for $5 million in federal assistance from the Economic Development Administration.

Redevelopment Funding - a percentage of the tax-increment from the redevelopment area can be allocated to support the overall development of the site - for any type of development. See explanation above under the expenditure category for the redevelopment area.

Interest Earnings - is projected that all lease and land sale revenues associated with this project will have to be recirculated into the project over the entire thirty years projected for build-out. During periods where there is surplus cash available, these funds would be invested with the interest earnings remaining with the project.

Expenditures

Removal of obsolete buildings - virtually all of the buildings on the site are obsolete and require substantial investment to comply with local codes and ADA requirements. Initially, only those buildings (about half) that detract from the marketability of the site or need to be cleared for employee parking will be removed over a three to six year period.

Demolition of Usable structures - in time, is anticipated that virtually all of the existing buildings on the site will to demolished to accommodate more intense and modern development (except as noted above).

Infrastructure - this accounts for all costs associated with bringing roads and utilities to the sites. Included is water, sewer, drainage, gas, and electric service.

Common Area Maintenance - during the time the existing buildings are being rented, the Army or other entity will incur costs for security and maintenance of common areas. The Army has characterized this effort as the "caretaker force."

Sales and lease commissions - it is assumed that the private sector will be involved with the disposition of property and the lease-up of existing buildings. The disposing agency will pay commissions, or the land values and rental rates received by the disposing agency will be reduced to reflect compensation for private brokers.

Regional Impacts - a project of this magnitude will have various impacts on the community surrounding the area. Typically the City has collected impact fees on projects of this scale (South Natomas, North Natomas, Railyards, Richards Boulevard) to provide for a range of facilities - including police substations, transportation projects, and cultural facilities. The regional impact fee for this project will likely include funding for a portion of a police substation in East Sacramento and a contribution to the Power Inn Folsom Boulevard Grade Separation.

If the Corrections conveyance is implemented under the business terms approved by the Reuse Commission - then no regional impact fees will be assessed to any of the remaining

parcels.

The financing plan illustrated above is contingent upon establishment of a Redevelopment Area on the site, and on the receipt of $5 million in grants from the Economic Development Administration (EDA). If the Redevelopment Area is not established, or if EDA grants are less than anticipated, phasing of the project will be delayed until sufficient revenue is raised from leasing of the property to pay for necessary demolition and infrastructure improvements. Borrowing funds for development of the property is unlikely due to the challenging nature of the site, and of the market.

C. INFRASTRUCTURE & PARCELIZATION

INFRASTRUCTURE REQUIRED TO SUPPORT THE PREFERRED LAND-USE ALTERNATIVE

WATER SERVICE

Off-Site System Capacity

The existing off-site water system consists of the City of Sacramento's transmission mains located adjacent to the site on Fruitridge Road, Florin Perkins Road and Elder Creek Road. The existing water transmission main sizes in the roadways consist of the following:

Fruitridge Road	30-inch diameter
Florin Perkins Road	24-inch diameter
Elder Creek Road	24-inch diameter

The existing off-site water system is adequate to serve the preferred alternative per City staff and no upgrading of the water transmission system will be required. Potential users with high water demands will need to analyze the off-site water system on a case-by-case basis.

On-Site System Requirements

The on-site water distribution system will need to be extended to serve the southerly undeveloped area of the Army Depot site. The new water distribution system will be installed within the proposed roadway right-of-way, per the City of Sacramento design standards requiring the placement of water mains in streets. All new streets will require the installation of 12-inch water mains to serve all adjacent properties.

The three alternative land uses studied (all higher intensity than the preferred alternative) — were all found to require the same water distribution system to be installed. Any identified high water demand users will require a more in-depth, site specific water analysis. The current City of Sacramento's water design standards do not specify the different water demands based on commercial and industrial land uses. Using the City's design criteria the preferred alternative will require installing 12, 16, and 20-inch diameter water mains as specified in Wildan's

"Infrastructure Report for the Phased Development of the Sacramento Army Depot". This report also estimates the cost to install the new water main, valves and fire hydrants. The number of required valves and fire hydrants has been estimated using the City's design criteria. The valve location criteria requires no more than 1500 feet spacing and placement in a patten such that the valves at no more than three separate locations need to be closed to shut down and isolate the section of water main. Double pumper fire hydrants have been based on the length of 12-inch water main to be placed and at the design criteria maximum spacing of 300 feet along the proposed new streets.

The Army Depot staff has indicated the existing system is in good condition and there are no known major repair requirements. The actual condition of the water system within the Sacramento Army Depot will need to be confirmed by field testing and visual inspection. This is particularly the case since it is assumed the City of Sacramento will eventually take over ownership and maintenance of the existing water system until needed improvements can be made. City staff has indicated the field evaluation will need to include:

1. Excavation and exposure of each of the different sizes of existing water mains at several locations throughout the Army Depot to verify pipe sizes, type of material, depth of earth cover, etc.

2. The cutting and removal of short lengths of water main pipe at several locations throughout the existing water system will need to be done in order to assess the need for any rehabilitation work.

3. Opening and closing of all gate valves throughout the existing water system to assess their operation, as well as excavating and exposing several randomly selected gate valves to determine their condition.

4. An inventory of the number, type, age, and condition of all fire hydrants, including gate valves, branch leads, etc. located throughout the existing on-site water system will need to be taken.

5. Hydrant flow tests will need to be conducted to determine the Hazen-Williams "C' value for selected reaches of existing on site water mains.

6. The size, depth, material, type of existing water services, the determination of whether the domestic and fire services are separate or combined, and their method of connection to the water mains will need to be ascertained.

In addition to the above, existing water service locations, sizes and pipe material will need to be identified. Depending on the size of the parcels, square footage of building space and the user's water demand, additional, upgraded or new water services may be required.

The Willdan Report estimates that construction costs for the water distribution system necessary

for phased development will run approximately $1,1286,875.

The construction costs can vary widely, depending on such factors as, but not limited to the following:

1. Existing users are connected to the system and require a continuous water supply during construction.
2. Available space and access to remove and replace the existing water system is limited.
3. The number of other utilities requiring reconstruction or relocation and necessary coordination.
4. The size of each construction phase.
5. Type and quantity of pavement replacement.
6. Number of utility conflicts, etc.

SEWER SERVICE

Off-Site System Capacity

The existing off site sewer service is provided by an existing 15-inch diameter sewer outfall pipeline. Sacramento County Water Division's staff has determined the existing flow capacity of the outfall to be 2.68 mgd with the pipe flowing full at a pipe slope of 0.0041 ft/ft. The on-site groundwater extraction and treatment plant currently discharges approximately 12 to 15 million gallons per month, which equates to 0.40 to 0.50 mgd.

Using the County of Sacramento's wastewater design standards for commercial/industrial land uses of 1250 gallons average per acre per day and 1200 gallons per acre per day for inflow and infiltration (I&I), the discharge is 1.874 mgd peak flow from the proposed 231 acres of developed land

In summary, the existing outfall pipe capacity is adequate to serve the proposed developed area.

On-Site Sewer System

The on-site sewage collection system will need to be extended to serve the southerly undeveloped area of the Army Depot site. The new sewage collection system will be installed within the proposed roadway right-of-way per the County of Sacramento design standards requiring the placement of sewer pipelines in public streets or public utility easements. All new sewer mains will serve the adjacent properties.

The three alternative land uses studied (all more intensive than the preferred alternative) all required the same sewage collection system to be installed. The current County of Sacramento's sewer design standards do not specify different sewer discharges based on commercial and industrial land uses. Using the County's design criteria, Willdan's "Infrastructure Report for the Phased Development of the Sacramento Army Depot" indicates the location of the required sewage collection system and cost to install the new sanitary sewer collection system and maintenance holes. Without a detailed analysis of the pipe depth using current County Pipe

slope criteria, a sewage lift station has been assumed to be required and included in the sanitary sewer cost to serve development. If the existing sanitary sewer system is required to be removed and replaced, the new pipe slopes will result in a higher capacity lift station being required. The number of required maintenance holes has been estimated using the County's design criteria for maintenance hole placement. The criteria requires maintenance holes at 400 feet maximum spacing along the proposed pipeline. The construction costs does include maintenance holes required for the connection of a sewer service and lateral of the same size.

The County of Sacramento's sanitary sewer design standards are the same for areas zoned commercial and industrial. Any potential users with a magnitude or type of discharge detrimental to the pubic system will require a more in-depth, site-specific sanitary sewer analysis.

The Willdan Report estimates that construction costs for the sewer collection system necessary for phased development will run approximately 1,403,000.

The construction costs can vary widely, depending on such factors as, but not limited to, the following:

1. Existing users are connected to the system and require service during construction.
2. Available space and access to remove and replace the existing sewer system is limited.
3. The number of other utilities requiring reconstruction or relocation and necessary coordination.
4. The size of each construction phase.
5. Type and quantity of pavement replacement.
6. Number of utility conflicts, etc.

STORM WATER SERVICE

Off-Site System Capacity

The existing off-site storm water discharge facility is provided by Morrison Creek, located along the southeast, south and southwest perimeter of the Sacramento Army Depot site. Morrison Creek has been improved to contain the 100-year design storm within its channel banks. The storm water graphics include the 10-year and 100-year water surface elevation at the two pipe discharge locations into Morrison Creek.

In summary, the existing capacity of Morrison Creek is adequate to serve the proposed developed area, although, downstream, Morrison Creek has inadequate capacity to accommodate peak flow.

On-Site Storm Water System

The on-site storm water collection system will need to be extended to serve the southerly undeveloped area of the Army Depot site. The new storm water collection system will be installed within the proposed roadway right-of-way or public utility easements per the City of

Sacramento's design standards requiring the placement of storm water pipelines in public streets or public utility easements. All new storm water pipelines will serve the proposed 406 acres of new land uses only. No off-site storm water, including the flow from the U.S. Navy and Marine Corps Reserve Center, Army Reserve Enclave and California National Guard properties will be collected by the on-site storm water system.

The current draft of the City of Sacramento's storm water design standards uses the Modified Rational Method (Q = CIA) and does not specify different storm water discharges based on commercial and industrial acreage. The three alternative land uses studied (all more intensive than the preferred alternative required the same storm water collection system to be installed. The amount of runoff will vary depending on the site specific quantities of impervious surfaces and landscaped and/or open space.

The design assumptions agreed to by City staff for the commercial and industrial land, uses a Runoff Coefficient of 0.9. The rainfall intensity-duration curve is assumed to match the Gerber Road gage (DWR #AOO-3387-34) and uses a straight line interpretation between each given storm duration. Using the City's draft storm water design criteria Willdan's "Infrastructure Report for the Phased Development of the Sacramento Army Depot" indicates the location and size of the required storm water collection system and cost to install the new storm water collection system and maintenance holes. The number of required maintenance holes has been estimated using the City's design criteria for maintenance hole placement. The criteria requires maintenance holes at 400 feet maximum spacing along the proposed pipeline. The Willdan Report estimates construction costs for the storm water collection system to run $1,511,363.

1. Existing users are connected to the system and require service during construction.

2. Available space and access to remove and replace the existing drainage system is limited.

3. The number of other utilities requiring reconstruction or relocation and necessary coordination.

4. The size of each construction phase.

5. Type and quantity of pavement replacement.

6. Number of utility conflicts, etc.

COMMERCIAL RAIL SERVICES

Existing System

Commercial rail service is provided by the Southern Pacific Railroad which has a large classification yard in Sacramento. A branch line running to Stockton passes along the western border of the SAAD. Since the SAAD is located in a large industrial area, SP is frequently

operating in and around the immediate vicinity. If switch engines and road locomotives are available, boxcars could be supplied with a minimum of difficulty. Both SAAD personnel and SP officials agree that pickup from and delivery to SAAD could be done twice daily if needed.

Renovation of the first bays of Warehouses 5 and 7 to suit the earlier needs of the 11th Signal Brigade led to removal of track in the area between these buildings.

System Requirements

As pointed out in the MTMC's 1982 installation outloading capability study, significant deterioration of depot track has occurred since it was laid out in 1946. More specifically, the MTMC study stated that the existing facilities were below Federal Railroad Administration (FRA) Class II safety standards, and that the trackage probably could not bear up under sustained heavy usage.

The improvements identified in the MTMC study include replacing all ties, realigning the track, and replacing pavement where required. The cost of these upgrades in current dollars is approximately $1,800,000. These improvements have been recommended regardless of any reconfiguration of the track to accommodate new land use. The land-use alternatives studied would not require any such reconfiguration.

ELECTRIC SERVICE

Off-Site System Capacity

Although the existing off-site system has adequate capacity to serve the preferred land-use alternative, it will be necessary to construct additional off-site facilities to configure the on-site distribution to SMUD standards. A loop feeder may be considered if increased capacity and improved reliability of service is required to serve the proposed land uses.

On-Site Electric System

To accommodate the alternative land-use alternatives studied, a new on-site electric system will be required. The proposed system will be constructed in an underground joint-trench configuration together with communications, cable service and natural gas. The system backbone essentially was found to be identical for the three alternative land uses studied (all more intensive than the preferred alternative). The following elements are proposed:

Primary Distribution: A new underground primary distribution system which meets SMUD standards is proposed to be constructed along the public streets. The primary distribution system will include main primary and local loop conduits and feeders, primary switching cubicles and pull boxes. The cost for the distribution system is estimated at $1,875,000.

Building Services: As the project develops, building services will be required. The building services include the primary feeder to the subdivided properties, transformers and secondary services to the individual buildings. At this time it is unknown what the cost of the building services will be. The cost for building services normally is included in the budget for the

building construction and is not part of the infrastructure cost. However, to establish electric service to the proposed alternative, the cost of building services must be considered as part of the total development cost. The intensity of the electric load will determine the capacity and number of transformers required.

City Standards

Infrastructure conditions studies are currently being initiated for on site facilities. The results of these studies will give an indication of the remaining life of the facilities and the potential expenses which will be involved when the City takes over the caretaker role for the site.

Infrastructure Phasing Plan

Exhibit 10.2. and Exhibit 10.3. below describe the various elements of the 11 phases planned for this project. Exhibit 10.4. provides a map of the phases.

Exhibit 10.2. outlines the square footage of the:

- Facilities in each phase that are usable and will remain on the site in the short- to mid-term (USABLE).
- Facilities in each phase that are obsolete or that need to be removed for parking or to improve circulation (REMOVE).
- New Gross Building Area (GBA) that can be built on each phase once existing facilities are removed.

Exhibit 10.4. outlines the phasing of the project and the cost of infrastructure associated with each parcel.

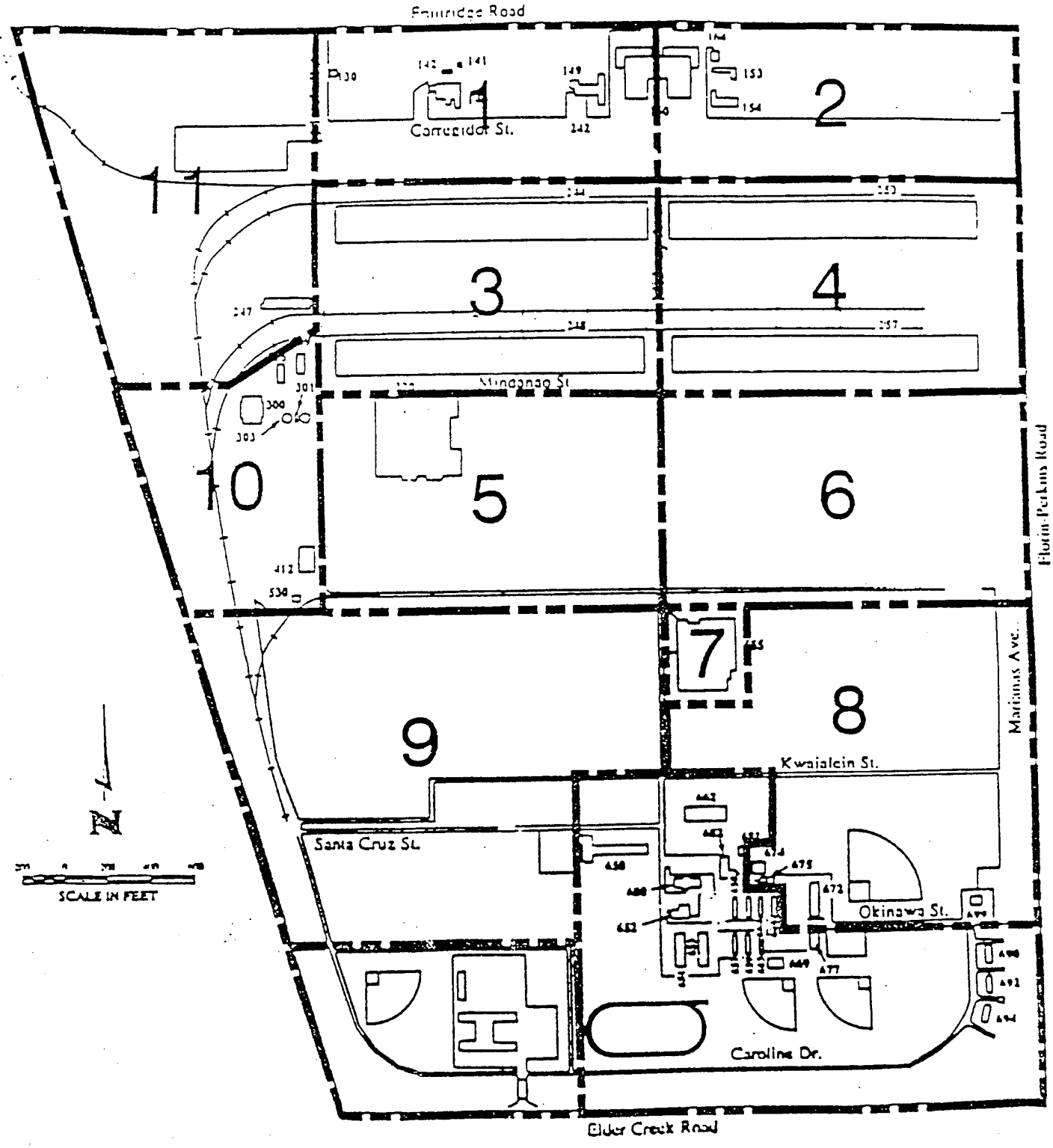
EXHIBIT 10.2. PROJECTED BUILDING SQUARE FOOTAGE

PHASE	DESCRIPTION	GROSS ACRES	NET ACRES	EXISTING FACILITIES		
				USABLE	REMOVE	NEW GBA
1	Fruitridge East	27	22.95	0	340,308	252,425
2	Fruitridge West	30	25.50	0	359,405	280,472
3	Mindanoa NW	38	32.30	526,000	263,000	355,264
4	Mindanoa NE	42	35.70	526,000	263,000	392,661
5	Mindanoa SW	40	34.00	155,440	126,585	373,963
6	Mindanoa SE	44	37.40	0	25,000	411,359
7	Hi-tech Fac	5	4.25	110,211	0	46,745
8	Corrections	50	42.50	0	0	467,453
9	Vacant - SW	65	55.25	0	0	607,689
10	City Fire	20	17.00	28,600	0	186,981
11	Vacant NW	46	39.10	19,000	21,200	430,057
12		0	0.00	0	0	0
TOTAL		407	345.95	1,365,251	1,398,498	3,805,069

EXHIBIT 10.3. PROJECT PHASING AND INFRASTRUCTURE COSTS

	PHASING (YEARS FROM NOW)			INFRASTRUCTURE						
PHASE	REMOVE	DEMO	NEW CNST	Water	Sewer	Drainage	Pro...ital	Gas and Elct	Other	[illegible]
1	1	n/a	3	$146,875	$1,095,500	$661,663	2548,080	$203,163	1331,250	$2,968,511
2	1	n/a	6	$0	$134,000	$159,938	$853,400	$225,737	$556,125	$1,731,200
3	2	10	9	$401,375	$0	$0	$827,640	$285,934	$331,250	$1,846,199
4	2	13	12	$0	$0	$0	$914,760	$316,032	$556,125	$1,785,917
5	3	15	14	$124,250	$58,250	$0	$871,200	$300,983	$340,625	$1,695,308
6	3	17	16	$0	$85,750	$0	$958,320	$331,081	$728,562	$2,103,713
7	3	n/a	18	$186,750	$0	$390,783	$108,900	$37,623	$0	$724,035
8	3	n/a	n/a	$0	$29,500	$45,625	$1,069,000	$378,229	2415,625	$1,955,979
9	3	n/a	20	$287,625	$0	$0	$1,415,700	$489,097	$0	$2,172,422
10	3	n/a	22	$0	$0	$131,250	$435,600	$150,491	$0	$717,341
11	3	n/a	24	$0	$0	$182,125	$1,003,880	$346,130	$0	$1,530,135
12	n/a	n/a	n/a	$0	$0	$0	$0	$0		$0
TOTAL				$1,126,875	$1,403,000	$1,511,363	$8,864,460	$3,062,500	$3,251,562	$19,220,760

EXHIBIT 10.4. PROPOSED PHASES FOR INFRASTRUCTURE IMPROVEMENTS



D. CASHFLOW PROJECTIONS

The analyses in this section take the financial assumptions and infrastructure phasing plans and combine them with the development objectives for the site (build-out in thirty years) to establish projected cash-flows for the three entities: Trust Account, Redevelopment Area, and the Industrial Center Project.

Part 1 of this section provides a recommended approach along with cashflow projections for:

- Each entity without any financial contributions from one entity to the other.
- The Industrial Center Project with a subsidy from the Redevelopment Area (SHRA)
- The Industrial Center Project with a subsidy from the SHRA and U.S. Government

The preferred approach is to third scenario where the City and U.S. Government provide a subsidy to the project.

Part 2 of this section provides projections for the following scenario:

- A homeless provider is given 40 acres at no - or virtually no cost

1. RECOMMENDED APPROACH

It is recommended that both the City - through its redevelopment authority - and the U.S. Government - possibly through the Economic Development Administration - invest in the industrial center property in order to accomplish complete build-out of the site over thirty years.

Without a subsidy from both the City and the U.S. Government, the land sale and lease revenues will not be sufficient to cover the infrastructure and carrying costs for the site.
Without any public investment the project has a negative cash position of $29.4 million (nominal value). The discounted value of the cashflow over this period is negative $14.7 million.
Without any public investment provided to the Industrial Center project, the Trust Fund has a positive cash position of $49.4 million (nominal value). The discounted value of the cashflow over this period is $14.7 million. With an annual expenditure of $1.0 million, the Trust fund has a negative cash position of $5.9 million (nominal value). Without any public investment provided to the Industrial Center project there is a positive cash position of $43.5 million (nominal value). The discounted value of the cashflow over this period is $17.3 million.

The revenue from this cashflow can be used to:

- Support infrastructure costs associated with the project
- Write down land values for end-users in targeted industries
- Reimburse the State Department of Corrections for expenditures above a fair-share allocation.
- Reimburse the Economic Development Administration for any loans that may be secured for demolition and infrastructure.
- Serve as a contingency in the event there are changes in redevelopment laws

Exhibit 10.5. illustrates the ending cashflow for the Industrial Center project for the end of each period over a thirty year period on a cumulative basis with a commitment of 29% of all tax increment generated by the Redevelopment Authority and with a lump-sum investment of $5.0 million from the U.S. Government for the initial demolition and infrastructure work required on the site.

With this public investment the project has a positive cash position of $17.5 million (nominal value). The discounted value of the cashflow over this period is approximately $4.2.

EXHIBIT 10.5. Industrial Center Project Cash Flow

Beginning Fund Balance	$0	$2,617,831	$1,014,425	($2,599,722)	($1,204,585)	($887,288)	($2,368,575)	($75,883)	$941,373	($2,091,543)
Resources	1	2	3	4	5	6	7	8	9	10
Rent	151,800	312,708	483,131	[illegible]	[illegible]	1,055,267	1,269,[illegible]	1,493,[illegible]	1,730,661	1,173,645
Land Sales	0	0	0	1,410,642	0	0	1,712,719	0	0	2,370,610
EDA/Army Grants	5,000,000	0	0	0	0	0	0	0	0	0
Redevelopment Funding	4,402	9,256	14,593	42,396	50,173	58,605	96,017	107,656	120,171	151,751
City Wide Fees	0	0	0	0	0	0	0	0	0	0
Interest Earnings	0	157,070	60,865	(155,963)	(72,275)	(53,237)	(142,115)	(4,553)	56,482	(125,493)
Other										
Miscellaneous										
Total Resources	$5,156,202	$479,034	$558,592	$1,960,559	$632,159	$1,061,235	$2,935,421	$1,596,662	$1,907,314	$3,570,515
Expenditures										
Remove Obsolete Structures	2,099,139	1,625,540	549,923	0	0	0	0	0	0	0
Demolish Usable Structures	0	0	0	0	0	0	0	0	1,998,563	0
Infrastructure	0	0	3,147,171	0	0	2,006,935	0	0	2,338,709	0
Common Area Maintenance	434,678	447,719	461,150	474,985	489,234	503,911	519,029	534,600	550,638	320,085
Sales Commissions	0	0	0	70,532	0	0	85,636	0	0	118,530
Leasing Commissions	4,554	9,331	14,494	19,905	25,628	31,676	38,064	44,807	51,920	35,209
Regional Impacts	0	0	0	0	0	0	0	0	0	0
Miscellaneous										
Total Expenditures	$2,538,371	$2,082,440	$4,173,739	$565,422	$514,862	$2,542,522	$642,729	$579,406	$4,940,230	$473,825
Ending Fund Balance	$2,617,831	$1,014,425	($2,599,722)	($1,204,585)	($887,288)	($2,368,575)	($75,883)	$941,373	($2,091,543)	$1,005,147

EXHIBIT 10.5. Industrial Center Project Cash Flow(cont.)

Beginning Fund Balance	$1,005,147	$2,069,521	($1,427,674)	$1,616,551	($1,032,688)	$1,931,324	($2,059,690)	$1,402,729	$1,887,816	$2,425,093
Resources	11	12	13	14	15	16	17	18	19	20
Rent	1,208,854	1,245,119	292,539	301,315	0	0	0	0	0	0
Land Sales	0	0	2,863,106	0	2,892,828	0	3,375,901	0	0	0
EDA/Army Grants	0	0	0	0	0	0	0	0	0	0
Redevelopment Funding	161,164	171,046	205,956	218,092	277,787	293,974	378,894	400,923	424,009	448,196
City Wide Fees	0	0	0	0	0	0	0	0	0	0
Interest Earnings	60,309	124,171	(85,660)	96,993	(61,961)	115,879	(123,581)	84,164	113,269	145,506
Other										
Miscellaneous										
Total Resources	$1,430,327	$1,540,336	$3,275,940	$616,400	$3,108,653	$409,853	$3,631,214	$485,087	$537,278	$593,703
Expenditures										
Remove Obsolete Structures	0	0	0	0	0	0	0	0	0	0
Demolish Usable Structures	0	2,184,321	0	684,807	0	0	0	0	0	0
Infrastructure	0	2,476,279	0	2,469,617	0	4,400,867	0	0	0	5,067,217
Common Area Maintenance	329,637	339,578	79,783	82,177	0	0	0	0	0	0
Sales Commissions	0	0	143,155	0	144,641	0	168,795	0	0	0
Leasing Commissions	36,266	37,354	8,776	9,039	0	0	0	0	0	0
Regional Impacts	0	0	0	0	0	0	0	0	0	0
Miscellaneous										
Total Expenditures	$365,953	$5,037,532	$231,715	$3,265,640	$144,641	$4,400,867	$168,795	$0	$0	$5,067,217
Ending Fund Balance	$2,069,521	($1,427,674)	$1,616,551	($1,032,688)	$1,931,324	($2,059,690)	$1,402,729	$1,887,816	$2,425,093	($2,048,421)

EXHIBIT 10.5. Industrial Center Project Cash Flow(cont.)

Beginning Fund Balance	($2,048,421)	$3,756,921	$4,612,383	$5,555,009	$3,571,881	$8,881,725	$10,310,616	$11,875,299	$13,586,291	$15,454,847
Resources	21	22	23	24	25	26	27	28	29	30
Rent	0	0	0	0	0	0	0	0	0	0
Land Sales	5,613,055	0	0	0	4,470,877	0	0	0	0	0
EDA/Army Grants	0	0	0	0	0	0	0	0	0	0
Redevelopment Funding	595,844	630,047	665,883	703,426	848,199	895,968	946,046	998,474	1,053,378	1,110,860
City-Wide Fees	0	0	0	0	0	0	0	0	0	0
Interest Earnings	(122,905)	225,415	276,743	333,301	214,313	532,903	618,637	712,518	815,177	927,291
Other										
Miscellaneous										
Total Resources	$6,085,994	$855,462	$942,626	$1,036,726	$5,533,389	$1,428,891	$1,564,683	$1,710,992	$1,868,556	$2,038,160
Expenditures										
Remove Obsolete Structures	0	0	0	0	0	0	0	0	0	0
Demolish Usable Structures	0	0	0	0	0	0	0	0	0	0
Infrastructure	0	0	0	3,019,854	0	0	0	0	0	0
Common Area Maintenance	0	0	0	0	0	0	0	0	0	0
Sales Commissions	280,653	0	0	0	223,544	0	0	0	0	0
Leasing Commissions	0	0	0	0	0	0	0	0	0	0
Regional Impacts	0	0	0	0	0	0	0	0	0	0
Miscellaneous										
Total Expenditures	$280,653	$0	$0	$3,019,854	$223,544	$0	$0	$0	$0	$0
Ending Fund Balance	$3,756,921	$4,612,383	$5,555,009	$3,571,881	$8,881,725	$10,310,616	$11,875,299	$13,586,291	$15,454,847	$17,493,007

2. IMPACTS OF CHANGES TO THE PREFERRED DEVELOPMENT PLAN

Conveyance under the McKinney Act

If the Army or SHRA convey 40 acres to homeless providers at no cost, the following impacts will occur:

- Approximately $2.5 million would be lost for the infrastructure financing. This amount will have to be spread to other users.
- Acreage will be lost for development that could have supported 100 to 300 employees more than what would be used by a homeless provider.
- The project will produce less tax growth (see page 10-26)

Scenarios with Changes in Real Property Appreciation

The Development Plan in this chapter assumes the appreciation of real estate at 3% per year during a 30 year period. If property were to appreciate at 2% per year, for example, the availability of tax increment revenues would be reduced. In order to pursue a goal of building out the site in 30 years, additional subsidies would be required for the project. These subsidies could come from the Economic Development Administration or the tax increment from the redevelopment project. If additional subsidies were not available, the City would have to extend the time frame for development of the site from 30 to 35-40 years.

E. SUMMARY OF INVESTMENTS

Successful development of the Army Depot will require the active participation of the City, U.S. Government and the U.S Army. Below is a summary of the role for each:

CITY: $3.6 MILLION

- Invest 29% of all redevelopment fund proceeds ($3.6 Million)
- Provide public subsidy to uses that may attract new development to the site (CSUS Manufacturing Technology Institute and the California Insurance Institute).
- Provide active uses for site - Fire Training and CSUS Institutes

ECONOMIC DEVELOPMENT ADMINISTRATION: $5.0 MILLION

- Contribute to infrastructure development ($5.0 Million).

U.S. ARMY

- Expedite Economic Development Conveyance to the City
- Receive a share of net profits during the first fifteen years of the project.
- Army will leave site free of toxics.

F. NECESSARY IMPLEMENTATION MEASURES FOR DEVELOPMENT PLAN

In order to insure success of the City's Reuse Plan, several implementation steps will need to be taken in the near future. The following section outlines these steps, and the proposed timeframes for these actions.

- Develop terms and conditions for the proposed Economic Development Conveyance that can be supported by the Army (June 1994).
- Prepare an application of Economic Development Conveyance that can be submitted to the City Council (July 1994).
- Evaluate benefit of on-site infrastructure work by Corrections on the rest of the site (July 1994).
- Track Authorizing Legislation for Corrections Facility (June-August 1994)
- Initiate discussions with public agencies that will either receive land or rent existing facilities (August 1994)
- Identify roles and responsibilities for various staff and agencies in the operation and management of the Facility when it is turned over to the City (August 1994).
- Draft agreements with State Department of Corrections for the Reception Facility (June-August 1994)
- Identify levels of maintenance, security, insurance, and marketing for property (August 1994).
- Draft Master Lease terms and Conditions for the period between approval of the Economic Development Conveyance (Estimated October 1994) and transfer of title (estimated May 1995)
- Initiate marketing of the site to private sector (November-December 1994). The focus of the City's initial effort will be directed at the local industrial development community.
- Work with the Army to lease up a sufficient amount of existing space, before May 1995,

to provide the necessary cash flow to cover City expenditures for marketing (which will begin in November/December 1994) and maintenance and security (which will begin in May/June 1995).

- Concurrent with efforts to develop basic cash flow requirements, establish a redevelopment area. This will involve requesting OEA Grant funding for a Redevelopment Survey.

- Request OEA funding for a drainage study leading to a conceptual overall site concept for drainage (See Opportunities and Constraints Chapter for Details).

- Once basic cash flow requirements are met, the City will actively pursue grants from the Economic Development Administration to provide infrastructure for District A parcels.

- Work with Public Works and STA on providing $7.52 million worth of infrastructure by 1999 (July-May 1995)

- After basic cash-flow is secured, and efforts are initiated to obtain public investment, the City will begin implementing the public sector development projects on the site.

- Accept title to the property in May\June 1995.

- Establish a Redevelopment Area which includes the Army Depot site (July 1995).

- Implementation of the proposed development plan will involve a partnership with the City (Planning, Economic Development, Public Works), SHRA, and the private development community.

Appendix B: City of Sacramento Revised EDC Application, 10 November 1994

CITY OF SACRAMENTO
CALIFORNIA

OFFICE OF THE CITY MANAGER
OFFICE OF ECONOMIC DEVELOPMENT

915 I STREET, #301
SACRAMENTO, CA
95814

916-264-7223
FAX: 264-8161

November 10, 1994

Susan Krinks
US Army Corps of Engineers
Attn: CESPK-RE-MC
1325 J Street
Sacramento CA 95814

Subject: Revised Economic Development Conveyance Application - Sacramento Army Depot

The City of Sacramento is pleased to submit this revised Economic Development Conveyance application for the Sacramento Army Depot. This application has been revised from our August 4, 1994 submittal in accordance with the new DoD guidelines.

Previously we had requested you deny all public benefit conveyance requests. This is no longer an issue. In order to accommodate the City's reuse efforts, four public agencies have formally rescinded their requests. The fifth has modified its request for a building compatible with the City's plan.

We had also requested modification of McKinney applications. This, too, is no longer an issue. Two applications were denied. One, which is compatible with the City's plan, was approved. A fourth was approved, however the City has agreed to finance their relocation to an alternative site so as to not impact the reuse of the base.

We have enjoyed working with your Department on this landmark base conversion.

Sincerely,

Bill Farley
Economic Development Manager

cc: Mayor Joe Serna, Jr.
Councilmember Darrell Steinberg
Bill Edgar, City Manager
Robert Thomas, Deputy City Manager

1. PROJECT OVERVIEW

A. General Description of the Property Requested

The Sacramento Army Depot is located approximately seven miles southeast of downtown Sacramento. The Depot occupies 485 acres. The site is located within the Florin-Perkins industrial area. The property is located entirely within the City of Sacramento.

The City of Sacramento requests conveyance of the entire base less:

- The 79 acres on the southern portion of the site to be retained by the Department of Defense as a military enclave;
- The four buildings (numbers 244, 245, 246 and 247) and truck scales granted to a McKinney applicant (Foodlink); and
- Two building requested by CSUS (numbers 320 and 423).

Consistent with Foodlink's McKinney application, the City requests they receive just the actual buildings. The City should hold title to the property between the buildings, which will be dedicated for right-of-way. The City will grant appropriate easements to Foodlink.

In addition to the actual site, the City requests conveyance of all remaining equipment. This is an important element in the redevelopment plan. The equipment currently used to maintain the base will allow for continued common area maintenance. This and all other equipment will be used to enhance economic redevelopment.

B. Description of the Intended Uses

The Sacramento Army Depot Reuse Plan (the redevelopment plan) details the intended reuse of the Depot as follows:

- Promote the reuse, revitalization, and diversification of the Army Depot with special emphasis on industrial development;
- Use the Army Depot to expand the local industrial base through diversification and increased manufacturing activities;
- Promote and maintain employment opportunities, particularly for the underemployed, those in need of obtaining a new skill, and the economically disadvantaged.

C. Economic Impact of Closure on Local Community

- Sacramento economy is highly dependent on government and military employment.
- The Sacramento Army Depot was one of Sacramento's largest employers.
- Its closure has resulted in the loss of 6,700 permanent jobs (3,700 primary and 3,000 secondary jobs).
- The Army Depot closure resulted in a loss of over $273 million in annual economic impact for the Sacramento region.

D. Financial Condition of the Community/Redevelopment Prospects

- The unemployment rate for the area surrounding the Sacramento Army Depot is nearly 13.5%, a full one and one-half times the unemployment rate for Sacramento County.
- The Sacramento Army Depot qualifies as a blighted area under the California Community Redevelopment Law.
- Buildings at the Depot average 50 years old. They are uniformly deficient in terms of compliance with modern fire safety standards, Americans with Disability requirements and current municipal building code. The buildings are severely obsolete.
- Surrounding properties also qualify as blighted. Procter & Gamble closed a plant last year across the street from the Army Depot, resulting in a loss of 700 jobs. Lease rates have declined and still vacancy rates are higher than the rates in other industrial areas. Construction and business activity within the surrounding area has not kept pace with that citywide.
- The City is establishing a Redevelopment Area around the base that will permit local property tax revenue to be used to provide transportation improvements identified as mitigation measures in the Environmental Impact Report for the Sacramento Army Depot and to finance necessary infrastructure improvements to enable private usage of the base.

E. Conveyance Consistency with Redevelopment Plan

- To counteract the severe distress caused by the Depot's closing, the City is intensifying its efforts to diversify the economy.
- The Sacramento City Council created the Sacramento Army Depot Reuse Commission whose mission was single-fold: to increase economic development activity in Sacramento.
- The adopted Reuse Plan and the EDC are consistent with the President's Community Reinvestment Program which places jobs-centered property disposal that puts local economic redevelopment first.

- The EDC and the Reuse Plan both focus on private-sector reuse of the former military installation. The primary emphasis of both is the creation of jobs to replace those lost due to closure.

2. JOB CREATION

- Economic Development Conveyance of the Army Depot to the City will enable the City to lease 1.8 million square feet of the site to Packard Bell Electronics.

- The site will be used by Packard Bell, the world's third largest computer manufacturer, as its headquarters and main factory, bringing diversified jobs to a government town and helping to expand our base economy.

- Packard Bell Electronics is projected to employ approximately 3,000 persons with an annual payroll of $60 to $80 million.

- The secondary economic impact of the company's activities in Sacramento will result in an additional 2,000 to 2,500 jobs and generate $40 to $60 million in additional annual payroll for the region.

- The reuse of the Sacramento Army Depot by Packard Bell Electronics will rapidly replace in full the number of jobs lost to the Depot closure.

- Approximately 750 to 1,250 of the jobs will be entry level jobs. These are permanent positions with benefits and are in a targeted industry. Jobs will be offered first to former Depot employees, residents of nearby neighborhoods and residents of the high-density unemployment areas in the County.

- In addition to the jobs in production, assembly and warehousing, Packard Bell Electronics will offer jobs in the full spectrum of administrative support services as well as technical and engineering operations.

- In addition to the relocation of 1,200 to 1,300 permanent jobs from the Los Angeles area, Packard Bell will be hiring 1,700 to 1,800 new permanent employees.

3. BUSINESS AND DEVELOPMENT PLAN

A. Development Timetable, Phasing Plan and Cash Flow Analysis

Summary of Reuse Plan Approach

The Reuse Plan for the Sacramento Army Depot includes a market analysis and strategy, and a development plan with phasing plans and cash flow analyses. A fundamental assumption to these plans was that the 400 acres available for reuse would be subdivided into standard-size industrial parcels (10 to 20 acres) over a thirty-year time frame. This remains the most likely approach to develop the site in the absence of a single-user.

In order to subdivide the site into standard parcels, approximately $19.2 million for public infrastructure, site preparation and demolition expenses would be required. The current land values in the area indicate that the Army Depot property is worth approximately $14 million. Therefore, use of a static analysis of the property results in negative value.

With such a large parcel, a static analysis can overstate the value of a parcel — since it is unlikely that anyone would purchase a site of this size in one transaction. The City assessed the value of the site over a thirty-year period to provide a more realistic value. The long-term development program in the Reuse Plan contemplates leasing the property as-is for several years, with proceeds being used to demolish obsolete structures over 20 years. Integrated into this plan was the use of some parcels by public agencies.

Under this long-term development program, the Army Depot property requires approximately $8.6 million in subsidies to make it affordable for development. The City proposed to use $3.6 million in local property taxes over a thirty-year period, and pursue $5.0 million in infrastructure grants from the Economic Development Administration to provide the necessary subsidy to attract development to the site. With these subsidies, the City projected a present value of $4.2 million in net profits for the overall project over thirty years. Without the subsidies the project would have a negative present value of $14.7 million.

Projections under the Proposed Lease-Purchase Agreement

Subsequent to the preparation of a long-term development plan, the City identified a single tenant (Packard Bell Electronics) that can lease-purchase 214 acres immediately.

This proposed lease-purchase agreement is a very unique opportunity for the City and the Army and creates more value than the development program in the Reuse Plan.

The proposed agreement calls for Packard Bell Electronics (the Tenant) to spend $17 million in renovating the existing facilities for use as an assembly and distribution facility, and $9.0 million for relocation costs. In addition, the City is providing $3.4 million of the $4.8 million for off-site traffic mitigation required by the Environmental Impact Report prepared for the property.

California Emergency Foodlink (McKinney Act) and California State University at Sacramento (Public Benefit Conveyance) would be the other tenants on the site. These tenants would be responsible for providing infrastructure to their parcels and sharing in common area maintenance expenses.

Attached are exhibits that detail the financial participation of all of the tenants over a 15-year period. The first exhibit (Attachment 1) provides assumptions for various occupancy costs that will be incurred by the Tenants. These costs include rent, common area maintenance, on-site infrastructure, and off-site infrastructure.

Foodlink and CSUS will not pay rent. It is assumed that they will receive their buildings free of charge. The City's Tenant will pay rent equal to the debt payments on the Tenant Improvement and Moving Loans. The Tenant's rent payments are limited to these costs, since the total occupancy costs for the Tenant actually exceed the market rent for the area.

The common area maintenance charges are based on estimates provided by the current contractor on the site (Johnson Controls). These charges are spread based on the estimated square footage of each tenant.

On-site infrastructure includes the public roads and utilities to provide access to Foodlink and CSUS. These costs are spread based on the estimated square footage of each Tenant.

The off-site infrastructure includes traffic mitigation costs associated with the entire development. These costs have been allocated to each Tenant based on the estimated square footage that will be occupied.

The second exhibit (Attachment 2) provides a cash-flow of the revenues and expenditures associated with the overall development of the site. Included in this cash-flow is the purchase price of the 214 acres that will be occupied by the private tenant. The Tenant has the right to purchase the site for approximately $6.8 million in year ten of the lease. Also included is projected sales price ($2.9 million) for the remaining undeveloped land in year eleven at the same price per acre. This remaining undeveloped land is not included in the lease with Packard Bell and requires significant road and drainage improvements to permit development. Therefore, it is somewhat speculative that this revenue will be realized.

The final exhibit (Attachment 3) provides an analysis of the occupancy cost for each tenant over a 15-year period. This analysis indicates that the private Tenant will pay approximately $.21 cents a square foot per month to occupy 1.8 million square feet at the Depot. This cost exceeds the fair market rent in the area. The Tenant is willing to pay this cost for two reasons:

- The State of California passed special legislation this year allowing Tenants at the Army Depot to receive special State tax credits. The Sacramento Army Depot is the only military installation in California that has these special tax credits. These credits represent $2.0 to $3.0 million per year in savings for the City Tenant. These savings offset the higher occupancy costs.

- The time required to renovate the facilities at the Depot, versus building new facilities, is providing substantial operating savings to the Company.

The analysis also indicates the occupancy cost for Foodlink and CSUS are extremely reasonable and therefore should not preclude them from participating in a fair-share of infrastructure and maintenance costs.

B. Market and Financial Feasibility Analysis

Net Proceeds

The cash flow analysis indicates that under the proposed lease-purchase agreement the present value of the property is $6.2 million (using a discount rate of 5%).

This value is substantially higher than values projected under a long-term development program. The Reuse Plan indicated a present value for the property of negative $14.7 million without any public subsidies, and a present value of $4.2 million if a public subsidy of $8.6 million was spent on the project in the first few years of the development program.

Proposed Consideration or Payment to the Department of Defense

Under both the Reuse Plan and the proposed lease-purchase agreement, there is no value or profit created for the City or the Army for ten years. Therefore, the City is not in a position to provide a cash payment to the Army at the time of the Economic Development Conveyance (projected for January-March 1995).

The City proposes to provide the Army with a $5.0 million second-trust deed at 3% per annum on the property due and payable in the tenth year of the lease or upon purchase of the property by the Tenant. The note would be worth approximately $6.8 million in year 10 of the lease. All payments on the note will be deferred until year 10.

The difference between the present value of the property ($6.2 million) an the note ($5.0 million) reflects a reduction for a portion of the cash that is being invested by the City as part of the project. The City is providing $3.4 million in cash to pay for the off-site mitigation requirements of the Tenant, and approximately $200,000 in incidental costs associated with securing the lease with the Tenant. The City proposed that only one-third of these expenses ($1.2 million) be deducted from the value of the site for purposes of determining a payout to the Army. The balance of the City costs are reflected below in the discussion of the City investment and risk in the reuse of the base.

Estimated Fair-Market Value of Property

The estimated value of the property based on the Reuse plan is $4.2 million. This value excludes a commitment for the City to provide $8.6 million in subsidies for infrastructure and other site development costs.

The value of the site based on the lease-purchase agreement is $6.2 million. This excludes City expenditures for off-site mitigation and incidental expenses of $3.6 million.

The City offer of $5.0 million is in the middle of the two values.

C. Cost Estimate and Justification of Infrastructure and Other Investments

Tenant Improvements $17 million

The projected budget for renovations by the Tenant is included as Attachment 4. These expenditures will make the buildings in compliance with building codes and provide utility service to support the Tenant's activities.

On-site Infrastructure $1.4 million

This cost is based on an engineers estimate for the infrastructure needed to subdivide the Army Depot into multiple parcels. This cost reflects the cost to build a public street with all utilities that could serve both Foodlink and CSUS. The City will require Foodlink and CSUS to build a street and turn-around that provides access to both parcels.

Off-site Improvements $4.8 million

The Environmental Impact Report (EIR) for Sacramento Depot indicated several specific mitigation measures for traffic generated by the Sacramento Army Depot. Based on the findings of the EIR, the City is required to collect a fair share from each tenant on the Depot for traffic mitigation. The $4.8 million estimate is based on the Army Depot's share of impact associated with over $80 million in transportation improvements needed in the Florin-Perkins Industrial area. Attachment 5 provides a table identifying these costs.

D. Local investment and proposed financing strategies for development

State Tax Credit $40 million

The Tenant required the City to obtain special State legislation (to make the site a State Enterprise Zone) in order to make the Army Depot a viable option for their facility. The City introduced special legislation on August 19, 1994 through a local State Senator. The Legislation was approved the State Legislature on August 31, 1994 and signed into law by the Governor.

This special legislation provides Tenants at the Army Depot with State tax credits for hiring certain employees from disadvantaged groups. This tax credit is worth approximately $2.0 to $3.0 million per year for the Tenant.

City Loan $27 million

The City is providing all of the financing for the Tenant's building renovations and moving expenses. This Loan is secured by the lease-purchase agreement. If the Tenant were to default under the lease, the City would be liable for the loan payments.

City Off-sites $2.4 million

As part of the lease-purchase agreement, the City is obligated to pay for all of the Tenant's off-site mitigation as required by the EIR. The City share of the $4.8 million in infrastructure is estimated at $3.4 million. These costs are typically deducted from the land value of the property. The City is proposing that only $1.2 million of these costs be deducted from the land value. The balance, or $2.4 million, will be contributed from local City road funds.

Redevelopment Area $2 million

In order to provide for the long-term development of the area around the Depot, The City is creating a redevelopment district. This district will allow the City to direct property taxes collected from the Depot property, to be invested in the long-term management of the property. It is projected that the property tax from the Tenant's property will be $200,000 per year, or a present value of approximately $2.0 million over the term of the lease.

4. INAPPROPRIATENESS OF PUBLIC BENEFIT CONVEYANCE

The traditional approach to public conveyances — where the City is treated as a buyer and the Army acts as the seller — does not work for sites that have severe constraints for reuse.

The Sacramento Army Depot has several constraints for redevelopment:

- Many buildings on the Depot are functionally obsolete and/or out of compliance with Uniform Building Code and Americans with Disabilities Act (ADA).
- The spacing of the buildings will not permit easy access by large trucks to warehouse bays.
- Internal road network cannot be opened up to public access — streets must be operated as private driveways with limited access through secured gates.
- Underground utilities are geared for one end use and most do not meet the standards of the City, the County, or the affected utilities.
- Many roads and intersections in the area are operating or will operate at unacceptable levels of service.
- Light Rail service near the Depot site is not in the local transportation authority's 20-year plan and bus service to the area is currently minimal.
- Large quantities of developed and undeveloped land are available in surrounding area without any of the constraints that encumber the Army Depot site.

Paramount among these constraints is the condition of the infrastructure. The total cost of infrastructure upgrades is estimated to be $19.2 million.

This cost of required infrastructure improvements exceeds the value of the land (even if it was fully cleared and available for development) by an estimated $5 million. Consequently, successful development of the site is dependent on obtaining $19 million for renovation or replacement of infrastructure and buildings.

The City of Sacramento is committed to securing the necessary investment to implement the Reuse Plan through a combination of sources including private development and public investment through redevelopment and grant funding.

5. FAIR MARKET VALUE

Not applicable — City proposal falls within range of fair-market estimated values.

6. LRA'S LEGAL AUTHORITY

The City Council of the City of Sacramento is recognized by the Army as the local redevelopment authority. The City has legal authority to acquire and dispose of property. Following is the Office of the City Attorney's findings regarding the City/Redevelopment Agency's legal authority to property acquisition and disposal.

OFFICE OF THE
CITY ATTORNEY

SAMUEL L. JACKSON
CITY ATTORNEY

THEODORE H. KOBEY, JR.
ASSISTANT CITY ATTORNEY

WILLIAM P. CARNAZZO
ASSISTANT CITY ATTORNEY

CITY OF SACRAMENTO
CALIFORNIA

921 TENTH STREET
SUITE 700
SACRAMENTO, CA
95814-2717

PH 916-264-5346
FAX 916-264-7455

DEPUTY CITY ATTORNEYS
RICHARD F. ANTOINE
RICHARD E. ARCHIBALD
DIANE B. BALTER
CATHERINE H. BROWN
SHANA S. FABER
JOSEPH McINERNEY
GLUE A. McNAIR
TAMARA MILLIGAN-HARMON
JOE ROBINSON

July 18, 1994

MEMORANDUM

TO: Debra Nyland, Economic Development Specialist
City Manager's Office

FROM: Samuel L. Jackson, City Attorney
Theodore H. Kobey, Assistant City Attorney
Diane B. Balter, Deputy City Attorney

RE: Statement of Redevelopment Agency's Legal Authority to Acquire Real Property

The State of California's Community Redevelopment Law is found in the California Health and Safety Code (Sections 33000 - 33880). Pursuant to Health and Safety Code Section 33200, the City Council of the City of Sacramento has declared itself to be the local redevelopment authority/agency. Section 33391 authorizes a redevelopment agency to acquire and dispose of real property:

> 33391. Within the survey area or for purposes of redevelopment an agency may:
>
> (a) Purchase, lease, obtain option upon, acquire by gift, grant, bequest, devise, or otherwise, any real or personal property, any interest in property, and any improvements on it.
>
> (b) Acquire real property by eminent domain.

If you need additional information, please contact me.

ASSUMPTIONS FOR CASH FLOW ANALYSIS

Rent Projections

	Allowance	Annual Payment	Years
Tenant Improvements	$17,000,000	$2,744,426	12
Moving Expenses	$9,000,000	$2,496,688	5

Common Area Maintenance Charges

Annual charge (per building square foot) $1.16
Annual Inflation Rate 3.00%
Allocation to tenants

Tenant	Building SF	Annual Charge
Private/City	1,800,000	$2,088,000
Foodlink (McKinney)	600,000	$696,000
CSUS (Public Benefit)	150,000	$174,000

On Site Infrastructure

Total Improvements required $1,400,000

Allocation to tenants

Tenant	Building SF	Annual Charge
Private/City	0	$0
Foodlink (McKinney)	600,000	$1,120,000
CSUS (Public Benefit)	150,000	$280,000
Total SF	750,000	$1,400,000

Offsite Infrastructure

Total Improvements required $4,776,778

Allocation to tenants

Tenant	Building SF	Annual Charge
Private/City	1,800,000	$3,371,843
Foodlink (McKinney)	600,000	$1,123,948
CSUS (Public Benefit)	150,000	$280,987
Total SF	2,550,000	$4,776,778

ATTACHMENT 1

ECONOMIC DEVELOPMENT CONVEYANCE - CASH FLOW PROJECTIONS

	YEAR 1 1995	YEAR 2 1996	YEAR 3 1997	YEAR 4 1998	YEAR 5 1999	YEAR 6 2000	YEAR 7 2001	YEAR 8 2002	YEAR 9 2003	YEAR 10 2004	YEAR 11 2005	YEAR 12 2006	YEAR 13 2007	YEAR 14 2008	YEAR 15 2009
PROJECT REVENUE															
Rent															
Private	0	5,241,113	5,241,113	5,241,113	5,241,113	2,744,426	2,744,426	2,744,426	2,744,426	2,744,426	2,744,426	2,744,426	0	0	0
Foodlink (McKinney)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CSUS (Public Benefit)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Common Area Maintenance															
Private	2,088,000	2,150,640	2,215,159	2,281,614	2,350,062	2,420,564	2,493,181	2,567,977	2,645,016	2,724,366	2,806,097	2,890,280	2,976,989	3,066,298	3,158,287
Foodlink (McKinney)	696,000	716,880	738,386	760,538	783,354	806,855	831,060	855,992	881,672	908,122	935,366	963,427	992,330	1,022,099	1,052,762
CSUS (Public Benefit)	174,000	179,220	184,597	190,134	195,839	201,714	207,765	213,998	220,418	227,031	233,841	240,857	248,082	255,525	263,191
OPERATING REVENUE	$2,958,000	$8,287,853	$8,379,256	$8,473,400	$8,570,368	$6,173,558	$6,276,432	$6,382,393	$6,491,532	$6,603,945	$6,719,730	$6,838,990	$4,217,401	$4,343,923	$4,474,240
Building Renovations															
Private	$17,000,000														
On-site Infrastructure															
Private	0														
Foodlink (McKinney)	1,120,000														
CSUS (Public Benefit)	280,000														
Off-site Improvements															
Private	3,371,843														
Foodlink (McKinney)	1,123,948														
CSUS (Public Benefit)	280,987														
Land Sales															
Private										6,860,700	2,940,300				
CAPITAL REVENUE	23,176,778	0	0	0	0	0	0	0	0	6,860,700	2,940,300	0	0	0	0
TOTAL REVENUE	26,134,778	8,287,853	8,379,256	8,473,400	8,570,368	6,173,558	6,276,432	6,382,393	6,491,532	13,464,645	9,660,030	6,838,990	4,217,401	4,343,923	4,474,240

	YEAR 1 1995	YEAR 2 1996	YEAR 3 1997	YEAR 4 1998	YEAR 5 1999	YEAR 6 2000	YEAR 7 2001	YEAR 8 2002	YEAR 9 2003	YEAR 10 2004	YEAR 11 2005	YEAR 12 2006	YEAR 13 2007	YEAR 14 2008	YEAR 15 2009
PROJECT EXPENDITURES															
Operating															
CAM	2,958,000	3,046,740	3,138,142	3,232,286	3,329,255	3,429,133	3,532,007	3,637,967	3,747,106	3,859,519	3,975,305	4,094,564	4,217,401	4,343,923	4,474,240
Debt Service (Rent)	0	5,241,113	5,241,113	5,241,113	5,241,113	2,744,426	2,744,426	2,744,426	2,744,426	2,744,426	2,744,426	2,744,426	0	0	0
OPERATING EXPENDITURES	2,958,000	8,287,853	8,379,256	8,473,400	8,570,368	6,173,558	6,276,432	6,382,393	6,491,532	6,603,945	6,719,730	6,838,990	4,217,401	4,343,923	4,474,240
Capital															
Off-site mitigation	4,776,778	0	0	0	0	0	0	0	0	0	0	0	0	0	0
On-site Infrastructure	1,400,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Building Renovations	17,000,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Land Purchase	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CAPITAL EXPENDITURES	23,176,778	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENDITURES	26,134,778	8,287,853	8,379,256	8,473,400	8,570,368	6,173,558	6,276,432	6,382,393	6,491,532	6,603,945	6,719,730	6,838,990	4,217,401	4,343,923	4,474,240
PROFIT	$0	$0	$0	$0	$0	$0	$0	$0	$0	$6,860,700	$2,940,300	$0	$0	$0	$0

ATTACHMENT 2

PRESENT VALUE ANALYSIS - OCCUPANCY COSTS

PRIVATE	Total Payments	Term	Average
Net Rent	31,649,468	15	2,109,965
CAM	27,469,789	15	1,831,319
Infrastructure	3,371,843	15	224,790
Land Purchase	6,227,558	15	415,171
	$68,718,658		$4,581,244

Square footage	1,800,000
Annual Cost/SF	$2.55
Monthly Cost/SF	$0.21

FOODLINK	Total Payments	Term	Average
Net Rent	0	15	0
CAM	9,156,596	15	610,440
Infrastructure	2,243,948	15	149,597
Land Purchase	0	15	0
	$11,400,544		$760,036

Square footage	600,000
Annual Cost/SF	$1.27
Monthly Cost/SF	$0.11

CSUS	Total Payments	Term	Average
Net Rent	0	15	0
CAM	2,289,149	15	152,610
Infrastructure	560,987	15	37,399
Land Purchase	0	15	0
	$2,850,136		$190,009

Square footage	150,000
Annual Cost/SF	$1.27
Monthly Cost/SF	$0.11

ATTACHMENT 3

ATTACHMENT 4

Packard Bell's Preliminary Construction Items and Cost Estimates

Building 255 - Construction Start 11/94	
Add suspended ceiling and lighting	$ 5.00/SF
Add HVAC System	8.00/SF
Add conductive floor	5.00/SF
Install new electrical distribution system	4.00/SF
Install compressed air	1.00/SF
Install 30 bathroom stalls	150,000
Upgrade/replace sprinklers	1.50/SF
Total @ 263,000 SF	**$ 6,593,500**
Building 555 - Construction Start 11/94	
Demolition	$ 50,000
Add ceiling, lighting, flooring for demolished area (30,000 SF)	15.00/SF
Remove existing sliding doors/replace with glass	3,600
Total	**$ 503,600**
Building 150 - Construction Start 1/95	
Upgrade HVAC system (capital equipment, ducting)	$ 10.00/SF
Install new carpeting	7.00/SF
Demolish existing partitions/install new with metal studs/drywall	8.00/SF
Install cabling	1.00/SF
Install new phone switch	750,000
Install new ceiling and lighting	5.00/SF
Total @ 111,035 SF	**$ 4,161,085**
Buildings 251, 253, 257 - Construction Start 1/95	
Add suspended ceiling and lighting (43,000 SF in bldg. 253)	$ 5.00/SF
Add conductive flooring (43,000 SF in bldg. 253)	5.00/SF
Add HVAC system (bldg. 251 & 43,000 SF in bldg. 253)	8.00/SF
Install new electrical dist.sys. (50% of bldg. 251 & 43,000 SF in 253)	4.00/SF
Install compressed air (50% of bldg. 251)	1.00/SF
Install 90 bathroom stalls	450,000
Upgrade/replace sprinklers (50% of bldg. 251, 100% of 253 & 257)	1.50/SF
Total	**$ 4,815,000**
Site Improvements	
Construct 60-foot link between buildings 251, 253, 255, 257	$ 945,000
Install voice and data cabling across site	200,000
Total	**$ 1,145,000**
Grand Total	**$17,218,185**

ARMY DEPOT REUSE PLAN – PRELIMINARY BUDGET COST ESTIMATES FOR TRAFFIC MITIGATION MEASURES
LOW COST ESTIMATES – FAIR SHARE

Mitigation Item No.	Location	Description of Work Required	Low Est'd Cost	Current CIP Funds Budgeted	Depot Share (%)	Depot Share (1)
6.2–1	Power Inn/Folsom	Add SB & WB thru and WB LT lanes OR construct urban interchange	$305,000	$526,000	13.5	$41,175
6.2–2	Power Inn/14th Ave	Add SB RT lane	$185,000		11.9	$22,015
6.2–3	Fruitridge/65th	Add SB LT lane	$255,000		1.1	$2,805
6.2–4	Power Inn/Fruitridge	Add NB, SB, & EB RT and NB & SB thru lanes	$470,000		2.3	$10,810
6.2–5	Power Inn/Elder Creek	Add NB & SB LT and WB RT lanes	$356,000		6.6	$23,496
6.2–6	Power Inn/Florin	Add EB & WB LT and NB RT lanes	$376,000		5.7	$21,432
6.2–7	South Watt/Fruitridge	Construct traffic signal; include LT channelization for all approaches	$280,000		4.2	$11,760
6.2–8	South Watt/Elder Creek	Construct traffic signal; include LT channelization for all approaches	$280,000		4.1	$11,480
6.2–9	Power Inn:Folsom to Florin	Widen roadway to accommodate 6 lanes	$50,600,000	$100,000	5.9	$2,985,400
6.2–10	Elder Creek:Power Inn to Florin Perkins	Widen to accommodate 4 lanes	$1,300,000	$1,255,000	13.6	$176,800
6.2–11	S Watt:N of Fruitridge & S of Elder Creek	Widen to accommodate 4 lanes			3.8	
6.2–12	Transit	Develop a Transportation Management Plan	$5,000	$5,000		
6.2–13	Folsom/Power Inn	Add EB RT OR WB LT lane			13.5	
6.2–14	Folsom/Jackson Hwy	Add EB LT lane	$180,000		2.6	$4,680
6.2–15	Folsom/Florin Perkins	Add WB LT lane	$160,000		6.3	$10,080
6.2–16	Power Inn/14th Ave	Add SB RT OR NB LT lane				
6.2–17	No mitigation					
6.2–18	Fruitridge/65th	Add 3rd NB thru lane	$60,000		1.1	$660
6.2–19	Fruitridge/Power Inn	Add EB RT lane				
6.2–20	Fruitridge/Florin Perkins	Add NB LT lane	$235,000		2.1	$4,935
6.2–21	Fruitridge/South Watt	Add EB LT lane			4.2	
6.2–22	Elder Creek/65th	Add WB LT lane	$235,000		5.5	$12,925
6.2–23	Elder Creek/Power Inn	Add EB LT and WB RT lanes	$60,000		6.6	$3,960
6.2–24	Elder Creek/Florin Perkins	Add 3rd SB thru and NB LT lanes	$295,000		10.7	$31,565
6.2–25	Elder Creek/South Watt	Add WB LT lane			4.1	
6.2–26	Florin/Power Inn	Add EB & WB LT lanes			5.7	
6.2–27	No mitigation					
6.2–28	Fruitridge Road	Widen to accommodate 6 lanes	$9,000,000		4.8	$432,000
6.2–29	Elder Creek:65th to Power Inn	Widen to accommodate 6 lanes	$2,800,000		15.0	$420,000
6.2–30	65th:South of Elder Creek	Widen to accommodate 6 lanes	$2,100,000		2.3	$48,300
6.2–31	Power Inn:Folsom to Elder Creek	Widen to accommodate 6 lanes			5.9	
6.2–32	Florin Perkins:North of Fruitridge	Widen to accommodate 6 lanes	$4,850,000		4.6	$223,100
6.2–33	S Watt:N of Fruitridge & S of Elder Creek	Widen to accommodate 6 lanes	$7,300,000		3.8	$277,400
TOTAL ESTIMATED COSTS			$81,687,000	$1,886,000		$4,776,778

Assumptions:
- Utility companies bear utility pole relocation costs
- No urban interchange at Power Inn Road and Folsom Boulevard
- Right of Way acquisition costs estimated to be $4/SF

Footnotes:
(1) Based on percent change in cumulative traffic volumes with & without the project

ATTACHMENT 5

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
3300 DEFENSE PENTAGON
WASHINGTON, DC 20301-3300

ECONOMIC SECURITY

November 28, 1994

Ms. Susan Krinks
U.S. Army Corps of Engineers
ATTN: CESPK-RE-MC
1325 J. Street
Sacramento, CA 95814

Dear Ms. Krinks:

RE: City of Sacramento Application for Economic Development Conveyance of Sacramento Army Depot

The Office of Economic Adjustment, Office of the Secretary of Defense, recognized the City of Sacramento as the Local Reuse Authority when it awarded the City two grants for planning reuse of the base in September 1992 and a second this month. OEA has worked with the City during this time.

We commend the City for aggressively moving ahead with planning and for the outstanding reuse plan which resulted. The City has included community stakeholders in the process and facilitated consensus.

Our view of the planning process is that it should be flexible and dynamic in responding to marketplace opportunities as they arise. The Packard Bell agreement is a singular opportunity for the City and the dislocated Depot workers. This will be an unusually fast replacement of lost jobs. The City has responded to this opportunity creatively and responsibly.

We hope the application will receive favorable consideration.

Sincerely,

Anthony R. Gallegos
Acting Director
Office of Economic Adjustment
Western Region

DISTRIBUTION

Chief of Engineers
ATTN: CEHEC-IM-LH (2)
ATTN: CEHEC-IM-LP (2)
ATTN: CERD-L
ATTN: CECC-R

CERE-C (5)

DASA(I&H) (5)