TO: Honorable Mayor and City Council Members  
Jeremy Craig, Interim City Manager

FROM: Emily Cantu, Housing Services Director  
Don Burrus, Economic Development Manager  
(Staff Contact: Don Burrus, (707) 449-5165)

SUBJECT: RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VACAVILLE APPROVING A DISPOSITION AND DEVELOPMENT AGREEMENT BETWEEN BAU BAY AREA URBAN DEVELOPMENT, LLC, AND THE CITY OF VACAVILLE TO TRANSFER PROPERTY LOCATED IN THE DOWNTOWN EAST MAIN DISTRICT (APNs 0130-123-010/020/030/040/070/080/090/100/110/120/130, 130-203-010/020/030/100/110/120/130, 0130-206-010/060/080/090/100/110/120/130 FOR THE DEVELOPMENT OF RESIDENTIAL UNITS, COMMERCIAL SPACES INCLUDING GROUND FLOOR RETAIL, PARKING, LANDSCAPING AND OTHER IMPROVEMENTS

DISCUSSION:

On August 9, 2016, the City Council approved an Exclusive Negotiating Rights Agreement (ENRA) between the City of Vacaville and the developer selected through a Request for Qualifications process, BAU Bay Area Urban Development, LLC (BAU), to move forward with the East Main District Project. The purpose of the ENRA was to define a negotiation period to reach a Disposition and Development Agreement (DDA) which further defines the terms for development. Since that time, staff and BAU have been negotiating to address all the items identified and are now returning to City Council with a proposed DDA (Attachment 1).

The agreed upon terms are:

| Project Description (Attachment 2, Map): | Parcel 1 - “The Village”: approximately 41 residential units, 7,100 square feet of commercial space (including 5,250 square feet of retail), parking, landscaping and other improvements.  
| | Parcel 2 - “The Hub”: approximately 21 Live-Work residential units, parking, landscaping and other improvements.  
| | Parcel 3 - “The Orchard”: approximately 38 residential units, 5,400 square feet of commercial space (including 2,500 square feet of retail), parking, landscaping and other improvements. |
| Project Phasing: | Phase 1: “The Village” and “The Hub”  
| | Phase 2: “The Orchard”  
| | BAU may elect to complete all three projects concurrently. |
| Purchase Price: | Fair Market Value as determined by an independent appraiser. |
| BAU to Pay/Reimburse: | • Costs associated with recording a Final Subdivision Map;  
| | • California Environmental Quality Act studies;  
| | • City legal fees and expenses. |
| Pre-leasing: | Before transferring the property, BAU will have obtained pre-leasing of 50% of the project. |
Because the developer will pay fair market value for the property and there is no City contribution, the project would not require prevailing wage. The developer is ultimately responsible for making any final determination regarding prevailing wage applicability in compliance with Labor Code Sections and Department of Industrial Relations (DIR) implementing regulations and funding source requirements. In order for the City to enter into the DDA and sell the property for these purposes, the following findings/determinations have been made:

- Government Code Section 37350: “A city may…dispose of (real property) for the common benefit.” The Council can make this finding as the property is being sold for not less than fair market value, will assist in the elimination of blight, increase the supply of housing, generate increased property and sales tax revenues in the downtown and surrounding areas and implement the 2008 Opportunity Hill (now East Main District) Master Plan.

- In accordance with Government Code Section 65402(a) and Resolution 1991-H-7, the City Council, as the Planning Agency for the City, has determined that the project conforms to and is consistent with the General Plan Land Use Element, which designates the sites for General/Downtown Commercial with a Residential Urban High Density Special Standards Overlay and identifies the Opportunity Hill (now East Main District) Master Plan.

- The City Council’s action related to consideration of the DDA does not require an environmental assessment decision. Per Article 3 of the DDA, the formal project submittal is subject to the provisions of the California Environmental Quality Act (CEQA). An environmental assessment document (e.g. Mitigated Negative Declaration, Environmental Impact Report) will be prepared, reviewed and acted on by the City Council as part of the project development review process.

- Health & Safety Code Section 33433: The sale of the property is not less than fair market value and funds from the sale of housing properties will be deposited into the Low and Moderate Income Housing Asset Fund to be used for affordable housing purposes consistent with all applicable laws.

During the CEQA work period (which includes, but is not limited to, consultation with the Yoche Dehe tribe) that has commenced, BAU will continue finalizing design, elevations, etc. An application for land use entitlements will then be submitted, anticipated to be summer of 2017. It is anticipated that construction will begin on Phase 1 in August 2018 (but no later than December 2018). Phase 2 construction will begin August 2019 (but no later than February 2020).

Staff is recommending that the City Council authorize the Interim City Manager, or his designee, to make minor modifications, execute and implement all documents necessary to complete the approved actions.

**FISCAL IMPACT:**

**General Fund impact.** Once complete, the project will generate additional property and sales tax revenues. As required, proceeds from the sale will be deposited into the appropriate funds.

**RECOMMENDATION:**

By simple motion, adopt the subject resolution.

**ATTACHMENTS:**

Attachment 1: Disposition and Development Agreement
Attachment 2: Map
RESOLUTION NO. 2017-

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VACAVILLE APPROVING A DISPOSITION AND DEVELOPMENT AGREEMENT BETWEEN BAU BAY AREA URBAN DEVELOPMENT, LLC. AND THE CITY OF VACAVILLE TO TRANSFER PROPERTY LOCATED IN THE DOWNTOWN EAST MAIN DISTRICT (APNs 0130-123-010/020/030/040/070/080/090/100/110/120/130, 130-203-010/020/030/100/110/120/130, 0130-206-010/060/080/090/100/110/120/130 FOR THE DEVELOPMENT OF RESIDENTIAL UNITS, COMMERCIAL SPACES INCLUDING GROUND FLOOR RETAIL, PARKING, LANDSCAPING AND OTHER IMPROVEMENTS

WHEREAS, the City of Vacaville (“City”) owns 26 properties in Vacaville, California, (APNs 0130-123-010/020/030/040/070/080/090/100/110/120/130, 130-203-010/020/030/100/110/120/130 and 0130-206-010/060/080/090/100/110/120/130). The City acquired the property to remove blight and for future development of land uses compatible with adjoining uses; and

WHEREAS, the City would sell the parcels to BAU Bay Area Urban Development, LLC. (BAU) as outlined in a Disposition and Development Agreement (“DDA”) to achieve the public benefits of assisting in the elimination of blight, increasing the supply of housing, and generating increased property and sales tax revenues in the downtown and surrounding areas; and

WHEREAS, in accordance with Government Code Section 37350, the proposed transfer of the properties is for the “common benefit” because it is transferred at not less than fair market value, will assist in the elimination of blight, increase the supply of housing, generate increased property and sales tax revenues in the downtown and surrounding areas and implement the 2008 Opportunity Hill (now East Main District) Master Plan; and

WHEREAS, the California State Legislature enacted Assembly Bill 1X 26 to dissolve Redevelopment Agencies formed under the Community Redevelopment Law (Health and Safety Code Section 33000 et seq.); and

WHEREAS, per Section 34176(a) of California Redevelopment Law, on January 10, 2012 the City elected to retain the housing assets and functions previously performed by the former Redevelopment Agency in accordance with Section 34176 of the Redevelopment Law; and

WHEREAS, the City and BAU will transfer the properties according to the terms of a DDA and the price will not be less than fair market value as determined by an independent appraiser; and

WHEREAS, the City Council, as the Planning Agency for the City of Vacaville, determined that the project conforms to and is consistent with the General Plan Land Use Element, which designates the sites for General/Downtown Commercial with a Residential Urban High Density Special Standards Overlay and identifies the Opportunity Hill (now East Main District) Master Plan; and

WHEREAS, the City Council’s action related to approval of the DDA does not require an environmental assessment decision. Per Article 3 of the DDA, the formal project submittal is subject to the provisions of the California Environmental Quality Act (CEQA). An environmental assessment document (e.g. Mitigated Negative Declaration, Environmental Impact Report) will be prepared, reviewed and acted on by the City Council as part of the project development review process; and

WHEREAS, the sale of the property is not less than fair market value and funds from the sale of housing properties will be deposited into the Low and Moderate Income Housing Asset Fund to be used for affordable housing purposes consistent with all applicable laws.
NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Vacaville does hereby approve the Disposition and Development Agreement between BAU Bay Area Urban Development, LLC, for the acquisition and development of 26 properties in the East Main District, APNs 0130-123-010/020/030/040/070/080/090/100/110/120/130, 130-203-010/020/030/100/110/120/130 and 0130-206-010/060/080/090/100/110/120/130 and authorizes the Interim City Manager, or his designee, to execute, implement and make minor modifications to all documents necessary to complete the approved actions.

I HEREBY CERTIFY that the foregoing resolution was introduced and passed at a regular meeting of the City Council of the City of Vacaville held on the 28th day of March, 2017 by the following vote:

AYES:

NOES:

ABSENT:

ATTEST:

____________________________________
Michelle A. Thornbrugh, City Clerk