

Attachment 2
Memo from Tom Trzcinski Consulting to
City of West Sacramento

Memo

To: Katie Yancey
Senior Program Manager, Office of the City Manager
City of West Sacramento

From: Tom Trzcinski

Date: November 6, 2015

Re: Riverfront Corridor Property Rights and the Real Estate Potential for the Pioneer Bluff, Stone Lock and Southport Districts

1.0 PURPOSE AND INTENT

The purpose of this memorandum is to summarize the current (November 2015) status of:

1. vested property rights for the Riverfront Street corridor south of US Route 50; and
2. the real estate potential for the Pioneer Bluff, Stone Lock and Southport Districts with and without the proposed Broadway Bridge (see Attachment A for a description of the study area and memorandum bibliography).

This memorandum is part of the Pioneer Bluff and Stone Lock reuse planning work scope approved by the West Sacramento City Council on October 21, 2015. This memorandum is intended to advise the discretion of current urban riverfront planning efforts, including that for the planned Broadway Bridge. This Bridge has the potential to be a defining feature and development catalyst for the south riverfront areas of the Cities of Sacramento and West Sacramento. The Sacramento Area Council of Governments' (SACOG) *Draft 2016 Metropolitan Transportation Plan* assumes construction of a Broadway Bridge between 2021 and 2036.

2.0 VESTED PROPERTY RIGHTS FOR SOUTH RIVERFRONT CORRIDOR

As real property, the Riverfront Street corridor south of US Route 50 is primarily regulated by the 2009 *Bridge District Specific Plan* and derivative documents (e.g., development agreements, zoning ordinance, etc.). This corridor segment is defined by the Sacramento River on the east, Pioneer Bridge (US 50) on the north, Fifth Street on the west, and the Equilon (Shell Oil Terminal) property on the south. The primary property interests associated with this geography include the: City of West Sacramento, Cemex, Smart Growth Investors, the Central Valley Flood Control Board, and Caltrans. Analysis of the vested property right for this corridor is considered topical to current urban riverfront planning due to the following considerations:

- **Entitlement Gap:** Unlike the rest of the Bridge District, this corridor segment is not fully entitled for urban riverfront uses because it does not have a delineated area for flood protection (i.e., theoretical levee, flood access, land use controls, etc.). This corridor segment is part of a larger area currently in the early stages of a flood protection delineation process that began in June 2015. This delineation process will be subject to significant near-term engineering and planning analyses; public input; and is anticipated for completion by 2018. For purposes of defining street alignments, entitlements, and parcelization (including that for this segment of the Riverfront Street corridor), the *Bridge District Specific Plan* assumed a consistent urban riverfront delineation across US 50. This assumption includes a no build line extending landward approximately 165 feet from the river; emergency access every 400 linear feet of riverfront; and other land use controls that involve development along the entire Riverfront corridor.
- **Pioneer Bluff and Stone Lock Reuse Plans:** The Riverfront Street alignment and planned terminus at Fifth and 15th Streets was based on an assumption (circa 2008) of continued industrial use of Pioneer Bluff property at least through the 2025 Bridge District planning horizon. Since 2008, the City Council has made Pioneer Bluff a priority for de-industrialization. The 2014 *Pioneer Bluff Transition Plan* assumes substantial de-industrialization of this district by 2021 and that certain properties may be available for reuse as urban riverfront shortly afterward. In May 2015, the City began early reuse planning discussions with Pioneer Bluff and Stone Lock property owners as well as other stakeholders. The City is contracted by a Sustainable Growth Council planning grant to complete a Reuse Plan for these properties in 2018. This process presents an opportunity for this segment of the Riverfront corridor to revisit basic assumptions

with respect to the Riverfront Street alignment and associated property rights, terms, standards, and obligations.

- **Broadway Bridge:** The Broadway Bridge was not considered or analyzed in the *Bridge District Specific Plan*; this includes all traffic circulation analyses related to the preparation of this *Specific Plan*. Given its defining nature, all potential Broadway Bridge alignments will have impacts on this segment of the Riverfront corridor. Certain potential bridge alignments may intersect corridor property or impact access to said property. All potential Bridge alignments will impact land use, development, and traffic circulation expectations along the south Riverfront corridor. These impacts may have many direct and indirect implications on the real property rights, terms, standards, and obligations defined in the *Specific Plan* and derivative documents.
- **Potential for Calibration:** This segment of the Riverfront corridor is not well-positioned for early phase urban riverfront development (i.e., before 2020). This property is currently isolated from similar uses by Pioneer Bridge, industrial uses, and the Sacramento River; it also lacks critical backbone infrastructure to allow for urban riverfront development. This corridor segment is better positioned with future Pioneer Bluff development plans, especially if these plans can improve the real estate potential of these Riverfront Street properties. Based on the above considerations, re-evaluation of certain south Riverfront corridor assumptions may be warranted as they offer all project stakeholders an opportunity to re-calibrate fundamental expectations with respect to current development assumptions (land use, infrastructure, etc.), implementation considerations (market conditions, financing, timing, etc.), and other factors.

Attachment B includes select excerpts from the *Bridge District Specific Plan* that define key development standards, entitlements, and obligations for this segment of the Riverfront corridor. Additional detail can be found in Volumes I, II, III, and IV of this *Specific Plan*. The following paragraphs summarize the current status of vested property rights for this segment of the Riverfront corridor.

Flood Protection: This land use defines the eastern boundary of the Riverfront corridor and includes the theoretical levee and associated access points that provide regional flood protection. This area is unbuildable but is highly valuable for circulation (i.e., emergency access, pedestrians, and bicycles) and open space (e.g. public access to the river). Delineation of this land use and associated development standards remains the last major unresolved item with respect to vesting urban riverfront development rights for this segment of the Riverfront corridor.

Mixed-Use Riverfront: This urban residential-commercial land use includes approximately 8.8 acres of net developable land that is entitled for maximum development of 460 residential units and 867,000 square feet of commercial building space. This land use lies in the Waterfront neighborhood which is intended to be the “most conspicuous edge of West Sacramento and will become a recreational focus for the city and the region... [with a] backdrop for riverside condominiums, apartments and businesses” (*Bridge District Specific Plan*). Backbone infrastructure in the Bridge District was planned assuming 75 percent of maximum development and is based on urban development standards. Currently this area is partially entitled for urban riverfront uses and has partially developed backbone infrastructure. Key remaining infrastructure improvements for this Riverfront segment include construction of 1) flood protection improvements; 2) Riverfront Street and associated utilities; 3) Riverwalk and associated public access connections; 4) local street connections to Riverfront and Fifth Streets; 5) final Fifth Street improvements; 6) intersection improvements at Riverfront/5th/15th; and 7) other improvements necessary to accommodate urban riverfront development.

Riverfront Street: This land use is intended to “be the primary pedestrian retail street within the district, and accordingly will serve in many ways as the center of the Bridge District...Along most of its length, this roadway will include one travel lane in each direction and is intended to be a secondary north-south facility (i.e., for local vehicle traffic).” (*Bridge District Specific Plan*). Riverfront Street is a critical, multi-modal circulation facility that supports urban riverfront uses along its entire corridor. The existing property development agreements obligate all corridor property interests to the Riverfront Street standards, terms, and obligations described in the *Bridge District Specific Plan* and derivative documents. The City of West Sacramento currently has control over the necessary Riverfront Street rights-of-way to implement this facility as described in the *Specific Plan*. However, the City has not secured all of the remaining ROWs necessary to complete the circulation network as defined in the *Specific Plan* (e.g., riverfront access corridors, connecting streets to Riverfront and Fifth, etc.).

River Walk Promenade: This land use is a complementary use related to flood protection and is intended to extend along the length of the City of West Sacramento’s urban riverfront, including this segment of Riverfront Street. It is a critical piece of regional backbone infrastructure and a public amenity that serves all development within the vicinity of the riverfront, including the City of West Sacramento in general. These uses include public riverfront access, emergency access (i.e., flood, fire, police), circulation (pedestrian, bicycle), and open space uses.

Pioneer Bridge: This land use includes the Pioneer Bridge (US 50) facility and associated real property. This property is owned and operated by Caltrans as part of the US 50 highway system. Pioneer Bridge defines the northern edge of this segment of the Riverfront corridor and is a physical barrier in the Bridge District development pattern. Connectivity under the bridge is constrained by the spacing of Pioneer Bridge support piers and footings as well as other Caltrans operational requirements. Additionally, nearby US 50 access ramps (two of which are planned for reconstruction by 2036) have significant impacts on local circulation and development patterns. This land use and its associated constraints are significant considerations in evaluating the potential of property rights in this segment of the Riverfront corridor.

3.0 REAL ESTATE POTENTIAL OF THE PIONEER BLUFF, STONE LOCK, AND SOUTHPORT DISTRICTS

Riverfront development has always been central to the economic development of the Sacramento region. The region was settled and land valued by its relationship to the riverfront and economic centers. This long-term relationship continues with the urbanization of the region's central riverfront area, namely that urban riverfront planned by the Cities of Sacramento and West Sacramento (see Attachment C1).

From a land use perspective, the central riverfront (as real property) is currently transforming from lower intensity industrial-commercial land uses (with one urban node) to higher intensity commercial-residential land uses (with multiple urban nodes). In most cases this transformation will require reconstruction of large portions of the built environment (e.g., buildings, infrastructure, etc.) in order to accommodate the intended land use and density. Reconstruction at the scale envisioned by existing City plans will take many decades, but represents the primary, long-term economic development interest for both Cities. This interest is reflected in the tremendous real-estate potential of future urban riverfront development in terms of expected homes, jobs, and public spaces (see Attachment C1).

The Pioneer Bluff and Stone Lock Districts are currently in the early stages of de-industrialization and reuse planning. Pioneer Bluff is expected to remain an active, industrial enclave until (at least) 2021. Stone Lock is mostly vacant with partially de-industrialized infrastructure. Both Districts are in the early stages of a deliberative, public-private planning process which will define development standards, entitlements, and obligations for this segment of urban riverfront. This process includes many land use, infrastructure, environmental, and financing analyses as well as extensive outreach to project stakeholders (e.g., property owners, Southport neighborhood, States Streets neighborhood, City of Sacramento,

SACOG, Caltrans, etc.). This process is expected to continue through 2018 and to yield *Reuse Plans* that will define the development mechanisms necessary for urban riverfront development to occur.

Southport is the southern suburb to the City's (planned) urban area and has been one of the City's fastest growing districts over the last 15 years. Southport extends from the Stone Lock District on the north to the city limits on the south, and from the Sacramento river on the east to the port of Sacramento on the west. Given their locations across the barge canal, Southport and Stone Lock share many similar developmental challenges. Principal amongst these challenges is realizing the planned real estate potential given the connectivity challenges presented by the barge canal. Currently these Districts connect with the rest of the City at only three locations: 1) Jefferson Boulevard, 2) Fifth Street, and 3) Lake Washington Boulevard/Industrial Boulevard. These circulation issues, potential improvement options, and potential improvement impacts have been analyzed in a series of traffic studies dating back over a decade (see Attachments C2 and C3).

The *City of West Sacramento General Plan* defines how and where development in the City will occur over the long-term. The City is currently in the process of updating its *General Plan* (known as *General Plan 2035*); final approval is anticipated in summer 2016. This update includes planning assumptions for expected real estate development through 2035 as well as technical studies that analyze the potential impacts of these assumptions (e.g., households, jobs, traffic, environmental, etc.). The following summarizes *Draft General Plan 2035* growth assumptions (2012 to 2035) for the Pioneer Bluff, Stone Lock, and Southport Districts:

Pioneer Bluff District: By 2035 Pioneer Bluff is expected to be substantially transformed from its current (2015) industrial enclave condition into a series of growing, vibrant urban riverfront neighborhoods. By this date, Pioneer Bluff is expected to have 1,945 households, 4,093 jobs and be at approximately 60 percent of expected build-out. This growth represents an additional increment of \$1.5 billion in real estate value by 2035 and up to \$2.5 billion in value by build-out.

Stone Lock District: By 2035 Stone Lock is expected to be substantially transformed from its current (2015) vacant condition into a growing urban riverfront district with residential, commercial, and open space/recreation uses. By this date, Stone Lock is expected to have 784 households, 1,423 jobs and be at 40 percent of expected built-out. This growth represents an additional increment of \$0.5 billion in real estate value by 2035 and up to \$1.2 billion in value by build-out.

Southport (Less Stone Lock District): By 2035 Southport is expected to be substantially built-out (80%). By this date, households are expected to increase from 7,732 to 11,237 and jobs from 2,765 to 11,208. This represents a growth of 3,505 households and 8,443 jobs by 2035. This is an additional increment of \$1.8 billion in real estate value by 2035 and up to \$2.4 billion in value by build-out.

All of the real estate potential noted previously is speculative and based on many implementation considerations. These considerations include 1) development constraints (e.g., flood, environmental, access, etc.), 2) market conditions (e.g., supply, demand, competition, etc.), 3) development economics (e.g., costs, financing, phasing, etc.), and 4) other factors (e.g., public input, stakeholder consensus, political will, etc.). These considerations will ultimately determine how and when the full development potential of the Pioneer Bluff, Stone Lock, and Southport Districts will be realized. Evaluating these considerations is part of the 2015-16 reuse planning scope for the Pioneer Bluff and Stone Lock Districts and will include significant input from project stakeholders. This November 6, 2015 memorandum focuses on potential impacts to the planned real-estate potential based on consideration of a potential Broadway Bridge. Future memoranda scheduled for 2016 will address other implementation considerations for planned urban riverfront.

At its most fundamental level, the real estate potential of the Pioneer Bluff, Stone Lock, and Southport Districts is primarily constrained by 1) flood protection restrictions; and 2) access and circulation limitations. These factors are major inputs to determining buildable land and development potential (e.g., location, density, etc.). The proposed Broadway Bridge addresses certain limitations within the current regional transportation system that constrain development. It is part of large portfolio of planned regional transportation improvements (e.g., streetcar, rail relocation, etc.) intended to support urban riverfront development.

Traffic studies for the *Draft General Plan 2035* show that the growth assumptions, without mitigation, result in unacceptable levels of surface for certain street segments and intersections before 2035 (see Attachment C3). In particular, these street segments include those of Jefferson Boulevard, Fifth Street, 15th Street, and Riverfront Street south of Highway 50. To resolve these circulation constraints, the City and its transportation partners (e.g., Caltrans, City of Sacramento, SACOG, etc.) have long been analyzing and planning for a series of transportation improvements. These potential improvements include 1) a new Enterprise Bridge crossing, 2) a new Broadway Bridge crossing, 3) widening Industrial Boulevard, 4) reconstruction of the Jefferson Boulevard and Fifth Street on ramps to US 50, 5) relocation of the East-Side rail-line and grid reconnection, 6) widening the southern segment of Fifth Street, 7)

expanding multi-modal options (e.g., bus, streetcar, bicycle, etc.), and 8) other improvements. These improvements are expected to be phased over time along with other urban riverfront backbone infrastructure to respond to south riverfront development needs. These needs include market demands as well as flood protection, riverfront access, and open space requirements.

In general, the real estate potential of the Pioneer Bluff, Stone Lock, and Southport Districts will depend on the ability of the City (and its partners) to improve the existing transportation network to accommodate additional circulation demands from planned development. In this respect, the real estate potential of Pioneer Bluff, Stone Lock, and Southport is significantly impacted by the existence (or lack) of a Broadway Bridge. The relative impact depends on what combination of the aforementioned proposed improvements are actually implemented, especially before 2035 (if the *General Plan 2035* growth forecast holds). Previous traffic studies have shown the potential impacts of some of these improvement combinations (see Attachments C2 and C3). Some combinations of transportation improvements may substantially mitigate the constraints to fully realizing the real estate potential of these planning areas.

From a valuation perspective, the real estate potential of Pioneer Bluff District (and its City of Sacramento real estate counterpart) is most sensitive to the existence (or lack) of a Broadway Bridge. The Bridge would provide significant multi-modal circulation capacity to development in the south riverfront areas of the Cities of Sacramento and West Sacramento. Additionally, the Bridge would offer potential to define new urban development nodes (with higher real estate values) along this segment of riverfront. In these respects, the alignment, form, performance, and timing of the Broadway Bridge are critical land use, infrastructure, and development factors for this portion of urban riverfront. These factors support the objectives for a “neighborhood friendly” bridge that connects (rather than divides) urban riverfront development. These factors (and others) are part of both Cities’ (in progress) formulation of development plans for this segment of urban waterfront.

The valuation of Stone Lock and (remaining) Southport development capacity is also very sensitive to the existence (or lack) of a Broadway Bridge, especially if only a limited program of transportation improvements is installed by 2035. The increased circulation capacity and costs created by the proposed Broadway Bridge will need to be weighed against other potential circulation improvement options (e.g., Enterprise Bridge, etc.). These factors, along with those related to the reuse of Pioneer Bluff, will shape how and when the real estate potential of Stone Lock and Southport will be realized. These considerations are part of the current reuse planning scope and will inform preparation of the *Stone Lock District Reuse Plan*, *Pioneer Bluff District Reuse Plan*, and remaining Southport development plans.

ATTACHMENTS TO THIS MEMORANDUM

Attachment A: Map of Bridge, Pioneer Bluff, Stone Lock District, and Southport Districts
Select Bibliography of Documents Reviewed for this Memorandum

Attachment B: Select excerpts from the *Bridge District Specific Plan*

Attachment C1: Select excerpts from the 2015 *Summary Development Context for Pioneer Bluff and Stone Lock Districts*
Select excerpts from the 2015 *Draft General Plan 2035* and associated documents
Select excerpts from the 2014 *Pioneer Bluff District Transition Plan*

Attachment C2: Select excerpts from the 2005 Southport *Super Cumulative Traffic Study*

Attachment C3: 2015 Memorandum describing the *Preliminary Traffic Findings for General Plan 2035*
2015 Memorandum analyzing certain *General Plan 2035* traffic considerations RE:
Change in Impacts with the Enterprise Bridge

ATTACHMENT A: Map of Bridge, Pioneer Bluff, Stone Lock, and Southport Districts

