



January 20, 2006

By Facsimile (916) 464-4645 and First Class Mail

Mr. Duncan Austin
Central Valley Regional Water Quality Control Board
11020 Sun Center Drive, No. 200
Rancho Cordova, California 95670-6114

**Re: El Camino Avenue and Boxwood Street Project
North Sacramento Redevelopment Project Area**

Dear Mr. Austin:

The purpose of this letter is to express the strong support of the Redevelopment Agency of the City of Sacramento (Agency) for Signature Properties to acquire existing vacant parcels of land in the North Sacramento community for a residential development. The Agency requests your assistance in reaching a binding Prospective Purchaser Agreement (PPA) between Signature Properties and the Regional Board to facilitate the sale and redevelopment of the properties located at 900-940 El Camino Avenue, 2740 Boxwood Street, and 2308-2320 Evergreen Street in North Sacramento (collectively, the Property).

We understand that Signature has requested a PPA as a prerequisite to acquisition of the Property due to the existence of an area-wide groundwater contamination plume that extends beneath the Property. The presence of the plume diminishes the willingness of Signature, and of any private party, to acquire and redevelop the property due to the threat of liability for groundwater remediation associated with the pre-existing contamination. Understandably, the concern is that a party such as Signature, which did not cause or contribute to the contamination and has no existing connection to the Property other than an interest in redevelopment, will, based solely on its acquisition of the Property, be required to perform or participate in area-wide remediation or be targeted with a lawsuit by the parties actually responsible for the contamination. The PPA would address these concerns.

The Agency is currently working with the Department of Toxic Substances Control under an EPA Brownsfields grant to conduct an areawide Phase I and II investigation to identify the properties and businesses that are likely responsible parties for the existing groundwater contamination. Once these studies are completed, the Agency intends to work with the Regional Board to develop a strategy to address containment and remediation of this contamination plume. The existence of this plume has created a chilling effect among the development community to invest in this area of North Sacramento due to the potential liability for groundwater remediation.

The Agency expects that, when completed, the proposed Signature development will facilitate the entry of other investors to the North Sacramento area to redevelop vacant and blighted parcels of land. Such redevelopment will not only reinvigorate the North Sacramento community and economy, but also will likely result in the remediation of other impacted properties in the vicinity by the responsible parties due to the land appreciation, with resulting benefits to groundwater. It is a win-win opportunity, but we need your assistance with the requested PPA to make it happen.

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The State Water Resources Control Board has clearly and consistently indicated its support for use of PPAs in precisely these circumstances. In its Fact Sheet on Brownfields and Prospective Purchaser Agreements (<http://www.calepa.ca.gov/Publications/FactSheets/1997/brownflds.htm>) the SWRCB states:

The SWRCB acknowledges that a Prospective Purchaser Agreement (PPA) with a prospective purchaser of contaminated or polluted property, given appropriate safeguards, may result in an environmental benefit through a commitment to perform approved investigative and cleanup activities. Additionally, PPAs can benefit the community, or the state as a whole, by encouraging the reuse of properties where the perceived liability may pose a barrier. A critical factor for determining eligibility for a PPA is that the prospective purchaser must establish the project benefits to the public in terms of job creation, an increased tax base, and/or opportunities for disadvantaged groups.

Signature's proposed project is an important one for the North Sacramento community and the success of the North Sacramento Redevelopment Area, and its benefits are clear. The Property is surrounded by a series of underutilized and underserved parcels. Signature's proposed project includes the construction of the first detached residential community providing homeownership opportunities in this area. It will create local jobs during the construction process and add more than \$24 million in property value to the community, along with the revenue to the City and State derived from the related property taxes. This value will provide increased tax increment that can be utilized by the Agency to facilitate still more redevelopment opportunities within the North Sacramento Redevelopment Project Area.

Moreover, we understand that many other regions have relied on PPAs to facilitate the redevelopment of brownfield properties. As such, the Agency strongly urges the Regional Board to complete a PPA with Signature regarding the Property and (where the applicant is otherwise qualified) to consider PPAs generally as an acceptable tool to facilitate redevelopment within the North Sacramento Redevelopment Project Area.

We thank you for your cooperation and assistance. We would appreciate if you could contact Ms. Lisa Bates or Ms. Sheryl Patterson of my staff some time next week to discuss your approach to the site and response to this request.

Sincerely,



Anne M. Moore
Executive Director

cc: Kenneth D. Landau, Acting Executive Officer (CVRWQCB)
Councilmember Sandy Sheedy, Sacramento City Council

**Sacramento
Housing &
Redevelopment
Agency**