



# REPORT TO THE REDEVELOPMENT AGENCY of the City of Sacramento

915 I Street. Sacramento. CA 95814-2671

Staff Report  
January 8, 2008

Honorable Chair and Members of the Board:

**Subject:** 1012 K Street Project Concept Approval, Certify Environmental Impact Report and Extend Exclusive Right to Negotiate Agreement (ERN) with 1012 K Street, LLC

**Location/Council District:** 1012-1022 K Street, south side of K Street east of 10<sup>th</sup> Street, Central Business District (District 1)

**Recommendation:** Adopt a Redevelopment Agency Resolution 1) approving the project concept; 2) certifying the Environmental Impact Report is adequate and complete and 3) authorizing the City Manager, acting on behalf of the Agency, to extend the Exclusive Right to Negotiate Agreement with 1012 K Street, LLC for the Redevelopment Agency-owned properties at 1012-1022 K Street for a period of six months.

**Contact:** Beth Tincher, Senior Project Manager, 808-7730  
Leslie Fritzsche, Downtown Development Manager, 808-5450

**Presenters:** Not applicable

**Department:** Economic Development

**Division:** Downtown Development Group

**Organization No:** 4451

## Description Analysis:

**Issue:** In 2006, the Agency authorized the City Manager or his designee to enter into an ERN with K Street Central (a partnership between David Taylor Interests and the CIM Group) for two separate projects as follows:

1000 K Street: Renovation of the existing building (formerly Woolworths) to accommodate a 200+ seat live theater performance space, a signature ground-floor restaurant with second-level lounge and patio space, additional second-floor office space, and on-site parking in the basement of the building.



1012-1022 K Street: Demolition of the former Rite Aid and Hit-or-Miss buildings to accommodate a new mixed-use condominium project, on-site parking, and ground-floor lobby entrance and retail.

In January, 2007, the Agency approved a Disposition and Development Agreement for 1000 K Street and the project is underway. The project is expected to be complete in the fall, 2008.

The ERN for 1012-1022 K Street expired on December 15, 2006 and the Agency approved a new ERN with 1012 K Street, LLC on February 27, 2007. The milestones established under the new ERN included returning to the Agency to certify the Environmental Impact Report and to approve a Disposition and Development Agreement by January 9, 2008. Although the EIR work has been completed, the business terms have not been finalized therefore an ERN extension is requested to allow time to negotiate the business terms.

The project concept includes the demolition of the existing building and the development of a 24-story high-rise residential tower and basement parking. The ground level along K Street has retail space and an entry lobby for the residential uses. The proposed building includes:

- Structured parking for the residential occupants including one level of subterranean parking and six levels of above-grade parking (approximately 232 spaces).
- Eighteen levels of residential units above the structured parking (approximately 158 units).
- 3,500 square feet of ground floor retail.

**Policy Considerations:** The continued negotiations will result in a proposed project consistent with the Amended Merged Downtown Redevelopment Plan and Five-Year Strategy. Additionally, the proposed project is consistent with the development objectives outlined in the JKL Community Workshop process. One of the main policies that came out of this workshop is the introduction of residential development on K Street. More residential redevelopment on K Street will support retail and services in the Downtown area.

**Environmental Considerations:** In accordance with the California Environmental Quality Act (CEQA) Guidelines, Section 15031, Gail Ervin Consulting prepared an Initial Study for the project. Redevelopment Agency and Development Services Department staff determined that an Environmental Impact Report (EIR) should be prepared for the proposed project. A Notice of Preparation (NOP) was released on June 14, 2007 for a 30-day comment period (ending on July 13, 2007) by the lead agency, the Redevelopment Agency of the City of Sacramento. The NOP informed responsible agencies and the public that the proposed project could have a significant effect on the environment, and solicited their comments and input. The content of the EIR was guided by environmental issues raised through the preparation of the Initial Study,

comments relayed through the NOP process, existing data, maps available for the project area, field inspections and coordination with affected agencies and interested parties. All potential impacts that were determined to be less than significant in the Initial Study were excluded from further analysis in the EIR.

A Draft EIR (DEIR) was circulated on August 16, 2007 for a 45-day public review period (ending on October 1, 2007) and a Notice of Completion was filed with the State Clearinghouse. A Notice of Availability (NOA) was published in the Daily Recorder newspaper on August 16, 2007 and distributed to properties owners within 1000 feet of the project. Copies of the Draft (and Final) EIR were available for review at the City of Sacramento Development Services Department, City of Sacramento, New City Hall, 915 I Street, 3rd Floor, Sacramento, California 95814, and at the North Permit Center, 2101 Arena Boulevard, 2nd Floor, Sacramento, California 95834. The DEIR identified significant impacts for noise and freeway traffic. Mitigation measures were identified to reduce many project impacts to a less than significant impact. The significant and unavoidable environmental impacts included short-term construction noise, increased traffic volume on the I-5 freeway mainline, and increased traffic on I-5 freeway ramp interchanges. A Mitigation Monitoring Plan (MMP) that lists all of the mitigation measures was prepared and is attached (Attachment 4). The MMP and Findings of Fact will be adopted prior to Disposition and Development Agreement approval. The City of Sacramento will also re-certify the EIR and adopt the MMP and Findings of Fact prior to adoption of any entitlements related to the project.

Comment letters received on the DEIR and responses to comments are included in the Final EIR (FEIR). None of the comments included in the FEIR resulted in the identification of new impacts or increased severity of impacts analyzed.

**Rationale for Recommendation:** On February 27, 2007, the Agency reaffirmed the consideration of a project at 1012-1022 K Street and authorized the City Manager on behalf of the Agency to execute an Exclusive Right to Negotiate with 1012 K Street, LLC. While the environmental review process and project consideration have progressed, business term negotiations between the Agency and the developer continue. Staff is recommending that the Agency approve the project concept and complete the environmental review comment process by certifying that the EIR is adequate and complete. If the Agency or Developer experiences any project changes over the next six months, the changes can be addressed in a subsequent document. MMP and Findings of Fact would be adopted prior to the adoption of a Disposition and Development Agreement. Staff also recommends that the Agency extend the Exclusive Right to Negotiate for an additional six months to allow the parties to complete business term negotiations and present a Disposition and Development Agreement to the Agency.

Milestones under the extended ERN include:

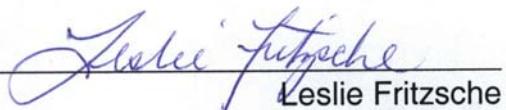
Extending ERN: Mixed Use Condominium Project	
90 Days	<ul style="list-style-type: none"><li>• Refine estimated construction costs, including all applicable fees and contingencies</li><li>• Refine development and operating pro formas</li><li>• Negotiate the terms of appropriate redevelopment agreements</li><li>• Prepare Schedule of Performances for the construction period.</li></ul>
180 Days	<ul style="list-style-type: none"><li>• Recertify the CEQA document and adopt Mitigation Monitoring Plan</li><li>• Obtain project approval from the Agency and execute the redevelopment agreements</li></ul>

**Financial Considerations:** Extension of the Exclusive Right to Negotiate time period for the developer and Agency to allow for completion of a Disposition and Development Agreement will have no financial impact to the Agency.

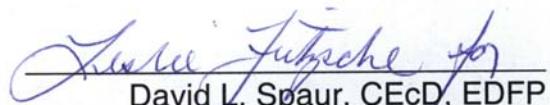
**M/WBE Considerations:**

There are no M/WBE considerations contemplated with the requested action.

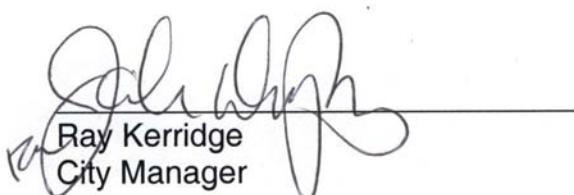
Respectfully submitted by:

  
Leslie Fritzsche  
Downtown Development Manager

Approved by:

  
David L. Spaur, CEcD, EDFP  
Director, Economic Development

Recommendation Approved:

  
Ray Kerridge  
City Manager

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Attachment 1

**Site Location Map  
1012 - 1022 K Street**

**Attachment 2****Background**

In October 2004, the Economic Development Department, in conjunction with the Mayor's Office, hosted the "JKL Corridor Workshop" to receive community and stakeholder input on a new vision and strategic direction for the heart of downtown. The community recommended that strategic attention be given to the project, with a focus on destination-oriented uses that take advantage of being located in an emerging entertainment district. Desired uses included cultural, entertainment, commercial, and residential uses.

In February 2005, the Redevelopment Agency (Agency) issued a Request for Proposals (RFP) for a Downtown Cultural, Entertainment and Retail Complex for the Agency Site located at the southeast corner of 10<sup>th</sup>/K streets. On August 16, 2005, the City selected K Street Central development team and agreed to negotiate an Exclusive Right to Negotiate Agreement for all Agency owned sites from 1000-1022 K Street as well as other sites. On September 13, 2005, the Agency authorized an Exclusive Right to Negotiate (ERN) for a 240-day period with the K Street Central development team regarding the terms of an agreement for redevelopment of the Agency-owned properties (Agency Site) located at the southeast corner of 10<sup>th</sup>/K streets (1000-1022 K Street).

Since the site was vacated by its last tenants, the Agency reviewed a variety of development proposals for the site, including the completion of a performing arts analysis for the site.

In March, 2006, the performing art analysis was presented to the Agency and a determination was made that the 1000 K Street could support a 200± seat theatre.

In August, 2006, the Agency authorized the City Manager extend the ERN for 120 days for 1000 K Street for projects at 1000 K Street and a separate project for properties at 1012-1022 K Street. On October 31, staff brought the business terms for 1000 K Street the Agency for approval and the Development and Disposition Agreement followed on January 9, 2007. The staff report also requested that staff return with an Exclusive Right to Negotiate for 1012-1022 K Street since the previous ERN for these three properties expired on December 15, 2006.

A new ERN was adopted February 27, 2007. The milestones included in the updated exclusive right to negotiate are listed below. The current ERN is due to expire on January 9, 2008.

<b>Condominium/Mixed-Use</b>	
Within 60 days	<ul style="list-style-type: none"> <li>• Refine schematic designs</li> </ul>
Within 90 days	<ul style="list-style-type: none"> <li>• Refine estimated construction costs, including all applicable fees and contingencies</li> <li>• Refine development and operating pro formas</li> <li>• Finalize project descriptions for Agency Site, sufficient for environmental review under the California Environmental Quality Act (CEQA)</li> </ul>
Within 120 days	<ul style="list-style-type: none"> <li>• Solicit and incorporate comments from the Design Review Preservation Board for use in CEQA analysis</li> <li>• Begin CEQA analysis</li> </ul>
Within 240 days	<ul style="list-style-type: none"> <li>• Negotiate the terms of appropriate redevelopment agreements</li> <li>• Prepare Schedule of Performances for the construction period</li> </ul>
Within 300 days	<ul style="list-style-type: none"> <li>• Certify the CEQA document and adopt Mitigation Monitoring Plan</li> <li>• Obtain project approval from the Agency and execute the redevelopment agreements</li> </ul>
Within 360 days	<ul style="list-style-type: none"> <li>• ERN allowed the City Manager to extend the ENR agreement by 60 days if project milestones were exceeded due to CEQA Review</li> </ul>

Since the CEQA review process would not be complete by December 2007, the City Manager, by authorization in Section 9 of the ERN, extended the ENR agreement 60 days to allow for the completion of the environmental review process.

**Attachment 3**

Project Concept Description: Mixed-Use Condominium Project

Assessors Parcel Numbers: 006-0104-002, 006, 006-0104-003, 006-0104-004

The proposed project is a 24-story high-rise residential tower, with mechanical penthouse and basement parking. The ground level along K Street includes space for retail that will serve the building occupants and the residential tower entry lobby. The building includes structure parking for the residential occupants including one level of subterranean parking and six levels of above-grade parking. There are 18 levels of residential units above the structure parking. The top of the tower is approximately 250 feet above grade. The mechanical penthouse is set back and takes the building to approximate 268 feet above grade. The podium of the building would be built to the property lines on the east and west sides.

The total project will be a maximum of 354,000 sq. ft., consisting of 158 residential unites, 3500 square feet of retail, approximately 232 parking spaces, and a 4200 square foot mechanical penthouse. Parking will not be provided for retail tenants or retail customers.

The buildings are mid-block on K Street, a pedestrian mall that extends from Downtown Plaza at 7<sup>th</sup> Street to the Convention Center at 13<sup>th</sup> Street. The proposed project includes the consideration of the demolition of these building to accommodate the new mixed-use condominium project.

**Attachment 4**  
**Mitigation Monitoring Program**

**3.0 SUMMARY OF IMPACTS AND MITIGATION MEASURES**

TABLE 3.0-1  
ENVIRONMENTAL IMPACTS OF THE PROPOSED PROJECT AND DEVELOPMENT ALTERNATIVES

Impact	Significance Prior to Mitigation <sup>1</sup>	Mitigation Measure(s)	Significance After Mitigation
5.1 Air Quality/Microclimate			
Impact 5.1-1: Short-term construction increases in ozone precursors.  The proposed project would involve demolition and construction activities that would result in increased emissions of NOX and ROG, which are precursors to ozone.	PS	5.1-1 The project representative shall ensure in their construction contracts that no more than 48 equipment-hours per day of heavy-duty (>50 horsepower) diesel and/or gasoline-powered equipment will be used during the demolition, site preparation, and construction phases of the project, including owned, leased, and subcontractor equipment.	LS
Impact 5.1-2: Short-term construction increases in PM <sub>10</sub> emissions.  The proposed project will encompass less than one acre. Based on the SMAQMD's screening table for PM <sub>10</sub> emissions, no mitigation would be required for a project of this size to ensure that its PM <sub>10</sub> emissions do not exceed the 30 µg/m <sup>3</sup> threshold of significance. The proposed project's construction PM <sub>10</sub> impact would not contribute emissions of PM <sub>10</sub> that would lead to a violation of the PM <sub>10</sub> CAAQS.	LS	None required	LS
Impact 5.1-3: Project specific operational increases in regional criteria pollutants.  Operation of the proposed project would result in long-term emissions of ozone precursors; neither NOX nor ROG emissions would exceed the SMAQMD threshold of significance, representing a less-than-significant air quality impact.	LS	None required	LS
Impact 5.1-4: Project specific impacts on CO concentrations at intersections and congested roadways.	LS	None required	LS

<sup>1</sup> LS = Less-than-Significant      PS = Potentially Significant      SU = Significant and Unavoidable      S = Significant

## Attachment 5

## 3.0 SUMMARY OF IMPACTS AND MITIGATION MEASURES

Impact	Significance Prior to Mitigation <sup>1</sup>	Mitigation Measure(s)	Significance After Mitigation
To the extent that the proposed project causes conditions at intersections to degrade from an acceptable to an unacceptable LOS, CO concentrations have the potential to exceed the CAAQS. According to the traffic study (Subchapter 5.4, Traffic and Circulation), no intersections in the project vicinity would be lowered from acceptable to unacceptable LOS due to project traffic, which indicates that the project would not significantly add to congestion on surrounding roadways. The proposed project would not increase the potential for high CO concentrations.			
Impact 5.1-5: The proposed project could contribute to cumulative CO levels.	LS	None required	LS
According to the traffic study (Subchapter 5.4, Traffic and Circulation), the changes in intersection operating conditions with the addition of project-generated traffic do not exceed the standards of significance for impacts to intersections at any of the 52 study area intersections.			
Impact 5.1-6: The proposed project could contribute to cumulative levels of ozone precursors.	LS	None required	LS
A project would be considered to have significant cumulative air quality impacts if the project requires a change in the existing land use designation (i.e., general plan amendment, rezone), and projected emissions (ROG, NOX, or PM <sub>10</sub> ) of the proposed project are greater than the emissions anticipated for the site if developed under the existing land use designation. The proposed project is consistent with the existing land use designation, and residential uses would result in lower vehicular emissions than a mixed-use office project.			

## 3.0 SUMMARY OF IMPACTS AND MITIGATION MEASURES

Impact	Significance Prior to Mitigation <sup>1</sup>	Mitigation Measure(s)	Significance after Mitigation
<b>5.2 Cultural Resources</b>			
Impact 5.2-1: Loss or degradation of known or undiscovered subsurface prehistoric and historic resources.	S	<p>The following mitigation measures should be used and monitored during construction activities:</p> <p>5.2-1a. The project proponent shall hire a qualified professional to formulate and implement a research design and field strategy with regard to possible sub-surface resource. Testing shall include geophysical mapping of the near-surface, ground-truthing using both the geophysical maps and historic maps, followed by evaluation of discovered resources for California Register eligibility. All testing shall be conducted prior to initiation of construction for the project. Based on the results of testing, recommendations shall be provided, which may include additional testing, data recovery, future construction monitoring, as well as preparation of an Unanticipated Discovery Plan. All recommendations shall be submitted to the City of Sacramento's Preservation Director for approval, and applicable measures shall be included in all construction plans and specifications.</p> <p>5.2-1b. If geophysical mapping and ground-truthing determines subsurface resources are present on the site, the project applicant shall hire a professional archaeologist to perform archaeological monitoring during ground-disturbing construction activities for the duration of the project. If resources are discovered during construction, the procedure laid out in the Unanticipated Discovery Plan will be followed.</p> <p>5.2-1c. If significant findings are made, historic materials and artifacts shall be incorporated into an interpretive display in the proposed building, or grouped with other projects to produce a larger more comprehensive exhibit or display in coordination with the Manager of the History and Science Division. The interpretive display shall include a history of the site users including information on the various ethnic groups that dominated the site. Display of all historic materials and artifacts shall follow the standard practices and procedures generally accepted in museum curation, and the display(s) shall be made available to the Manager of the History and Science Division for review and comment before they are constructed and installed. All collected materials shall be archived at an appropriate curation facility at the project applicant's expense.</p>	LS

## 3.0 SUMMARY OF IMPACTS AND MITIGATION MEASURES

Impact	Significance Prior to Mitigation <sup>1</sup>	Mitigation Measure(s)	Significance After Mitigation <sup>1</sup>
		5.2-1d All activities related to the data recovery of the site shall be recorded and compiled into a report and submitted to both the City and the North Central Information Center. In addition, appropriate public outreach material such as a leaflet, pamphlet, or booklet shall be developed detailing any finds and their historic context. All reports shall be deposited with the city's archive - the Sacramento Archives and Museum Collection Center (SAMCC), and shall include original photographs and negatives or high resolution digital scans in a TIFF format on high quality CD's or DVD's. Reports if produced in a digital format shall be deposited as both a hard copy and a digital copy. A release shall be included that allows SAMCC the right to reproduce all documents and graphics (including photographs) without restriction.	LS
Impact 5.2-2: The proposed project could cause a substantial adverse change in the significance of a historical resource as defined in section 15064.5 of the State CEQA Guidelines.	None required		LS
Impact 5.2-3: Demolition and construction could cause architectural damage to nearby historic structures.	Demolition and construction activities for the proposed project would generate construction-induced vibration that could damage nearby historic buildings if they are exposed to excessive groundborne vibrations. Historic structures that could be affected by construction activities include the existing historic hollow sidewalk structures located directly across K Street, and the Crest Theater and Regis Hotel.	5.2-3a Implement Noise mitigation measures 5.3-1c and 5.3-2a through 5.3-2e. 5.2-3b The project proponent shall engage a demolition contractor that is highly experienced working in congested downtown locations with other structures immediately adjacent to the buildings demolished. 5.2-3c The project proponent shall cause its demolition contractor to install hard barricades and protection fencing around the building site so that materials and debris from demolition operations are contained within the site. To the extent necessary, in consultation with the Preservation Director, the Developer shall install protection on or around adjacent buildings when demolition activities could cause damage.	PS

## 3.0 SUMMARY OF IMPACTS AND MITIGATION MEASURES

Impact	Significance Prior to Mitigation <sup>1</sup>	Mitigation Measure(s)	Significance After Mitigation
Impact 5.2-4: Cumulative loss of cultural resources.  Based upon previous surveys and research, Sacramento has been inhabited by prehistoric and historic peoples for thousands of years. Over time, human activity in the area has left remnants of that activity. As urban development increases throughout the City of Sacramento and the region, cumulative development in the City could result in archaeological resources being unearthed and damaged or destroyed. Their removal, destruction, or significant alteration from their place of origin would destroy their value as a resource and thus be a potentially significant cumulative impact on cultural resources.	PS	Implement Mitigation Measures 5.2-1a through 5.2-1c	LS
Impact 5.3-1: Short-term construction noise at sensitive receptors.  Demolition of existing structures and construction of the proposed project would temporarily increase noise levels during construction.	S	5.3 Noise	<p><b>Short-term SU</b></p> <p>The following mitigation measures are required for the proposed project to minimize construction noise impacts. Implementation of these mitigation measures would reduce the magnitude and severity of construction noise impacts; however, short-term significant noise impacts would remain as part of the construction phase.</p> <p>5.3-1a Erect a solid plywood construction/noise barrier along the exposed K Street project boundary. The barrier should not contain any significant gaps at its base or face, except for site access and surveying openings.</p> <p>5.3-1b Construction activities shall comply with the City of Sacramento Noise Ordinance. Demolition and pile driving activities shall be coordinated with adjacent land uses in order to minimize potential disturbance of planned activities.</p> <p>5.3-1c Pile holes will be pre-drilled to the maximum feasible depth. This will reduce the number of blows required to seat the pile, and will concentrate the pile driving activity closer to the ground where noise can be attenuated more effectively by the construction/noise barrier.</p> <p>5.3-1d Locate fixed construction equipment such as compressors and generators as far as possible from sensitive receptors. Shroud or shield</p>

## 3.0 SUMMARY OF IMPACTS AND MITIGATION MEASURES

Impact	Significance Prior to Mitigation <sup>1</sup>	Mitigation Measure(s)	Significance After Mitigation
		<p>all impact tools, and muffle or shield all intake and exhaust ports on power construction equipment.</p> <p>5.3-1e Designate a disturbance coordinator and conspicuously post this person's number around the project site and in adjacent public spaces. The disturbance coordinator shall work with the Crest Theater to coordinate pile driving operations with theater operations to minimize disturbances to the extent feasible. The disturbance coordinator will receive all public complaints about construction noise disturbances and will be responsible for determining the cause of the complaint, and implement any feasible measures to take to alleviate the problem.</p>	LS
Impact 5.3-2: Construction-induced vibration impacts could cause architectural damage to nearby historic structures and annoyance to nearby sensitive receivers.	PS	<p>The following mitigation measures would reduce the potential for vibration damage to adjacent structures to less-than-significant levels:</p> <p>5.3-2a Implement mitigation measure 5.3-1c.</p> <p>5.3-2b Prior to beginning any demolition or construction work, provide protective coverings or temporary shoring of on-site or adjacent historic features as necessary, in consultation with the Preservation Director.</p> <p>5.3-2c Prior to the issuance of demolition permits, the condition of all buildings within a 50-foot radius will be recorded in order to evaluate damage from demolition and construction activities. Documentation shall occur prior to demolition or construction and shall include all portions of nearby structures that could be susceptible to damage. If damage occurs, structures shall be repaired to the condition documented prior to construction.</p> <p>5.3-2d If fire sprinkler failures or other damage in surrounding buildings are reported to the disturbance coordinator, the contractor shall provide monitoring during construction and shall repair sprinkler systems.</p> <p>5.3-2e Should damage occur despite the above mitigation measures, construction operations shall be halted and the problem activity shall be identified. A qualified engineer shall establish vibration limits based on soil conditions and the types of buildings in the immediate area. To avoid any further structural damage, the engineer shall monitor the affected buildings for the remaining construction period and the contractor shall follow all recommendations of the qualified engineer to repair any damage, restoring the structure to the condition prior to construction.</p>	

## 3.0 SUMMARY OF IMPACTS AND MITIGATION MEASURES

Impact	Significance Prior to Mitigation <sup>1</sup>	Mitigation Measure(s)	Significance After Mitigation
Impact 5.3-3: The proposed project could expose existing receptors to significant increases in ambient noise.	LS	None required	LS
Traffic generated by the proposed project is expected to result in traffic noise level increases over existing baseline levels of less than 1 dB on the existing project area roadways. The predicted increase in traffic noise levels do not exceed the City's thresholds of significance			
Impact 5.3-4: The proposed project could expose new sensitive receptors to excessive exterior noise levels.	LS	None required	LS
Whereas the City of Sacramento applies the exterior noise level standard at the Amenity Level, and the Amenity Level provides sufficient outdoor activity space for the residential uses, exposure to exterior noise is a less than significant impact.			
Impact 5.3-5: The proposed project could expose new sensitive receptors to excessive noise levels from traffic, rail, and concert noise.	PS	5.3-5a All residential windows and doors on the 2nd through 5th floors adjacent to K Street shall be required to have a minimum sound transmission class (STC) rating of 32 under the proposed project. 5.3-5b Future buyers and tenants of the 1012 K Street project should be notified that summer music events at the Crest Theatre may generate noise levels that are audible and may approach or exceed the City of Sacramento noise ordinance standards.	LS
The City of Sacramento General Plan establishes an acceptable interior noise level standard of 45 dBA for residential uses exposed to traffic and rail noise; the residential units located on the 2nd-5th floors along K Street are predicted to be exposed to exterior traffic noise levels of 71 dBA. The City of Sacramento Noise Control Ordinance further sets limits for exterior noise levels on designated residential property at 45 dBA for nighttime music noise; the Crest Theater generated periodic noise levels ranging from 55-62 dBA at the 1012 K Street property line.			

## 3.0 SUMMARY OF IMPACTS AND MITIGATION MEASURES

Impact	Significance Prior to Mitigation <sup>1</sup>	Mitigation Measure(s)	Significance After Mitigation
Impact 5.3-6: The proposed project would add to cumulative noise levels in the project vicinity. The cumulative context for noise impacts associated with the proposed project consists of the existing and future noise sources that could affect the project or surrounding uses. The total noise impact of the proposed project would be fairly small and would not be a substantial increase to the existing future noise environment.	LS	None required	LS
<b>5.4 Traffic and Circulation</b>			
Impact 5.4-1: Intersections: The project would increase traffic volumes at study area intersections. The project would increase traffic volumes in the study area. The changes in intersection operating conditions with the addition of project-generated traffic do not exceed the standards of significance for impacts to intersections at any of the fifty-four study area intersections.	LS	None required	LS
Impact 5.4-2: Freeway Mainline: The project would increase traffic volumes on the freeway mainline. The proposed project would add traffic to the freeway mainline, but would not cause LOS to deteriorate beyond that of without project conditions. During the p.m. peak hour, the project would add up to 13 vehicles to segments of I-5 northbound already operating at LOS F. The project would also add 8 vehicles to I-5 southbound north of the US 50 off-ramp during the p.m. peak hour. This segment is also currently operating at LOS F.	S	5.4-2 Prior to building occupancy, the applicant shall be requested to pay a fair share contribution to the Downtown-National-Airport Light Rail Extension (DNA). Phase I (MOS) project to mitigate the project's regional traffic impacts on the mainline freeway system in the 1012 K Street area. The City shall determine the project applicants total fair share contribution based on the project's transit trips in relation the DNA, MOS project's capacity. However, the contribution of these funds does not ensure that the DNA project will be implemented or will fully mitigate the project's impacts on the mainline freeway system.	SU

## 3.0 SUMMARY OF IMPACTS AND MITIGATION MEASURES

Impact	Significance Prior to Mitigation <sup>1</sup>	Mitigation Measure(s)	Significance After Mitigation
Impact 5.4-3: Freeway Interchanges: The project would increase traffic volumes at the freeway interchanges.	S	5.4-3 Implement mitigation measure 5.4-2.	SU
The proposed project would add traffic to the freeway interchanges, but would not cause LOS to deteriorate beyond that of without project conditions. During the a.m. peak hour, the project would add up to 4 vehicles to freeway ramps already operating at LOS F. During the p.m. peak hour, the project would add up to 13 vehicles to freeway ramps already operating at LOS F.			
Impact 5.4-4: Freeway Ramp Queuing: The project would increase the length of freeway ramp queues. The project would increase freeway ramp queues. The changes in freeway system operating conditions with the addition of project-generated traffic do not exceed the standards of significance for impacts to the freeway system. Although the queues on some ramps exceed the available storage capacity, the queues are no longer than the queues associated with the without project scenario.	LS	None required	LS
Impact 5.4-5: Bikeways: The project would result in the addition of employees, patrons, residents, and visitors to the site, some of whom would travel by bicycle.	LS	None required	LS
The proposed project would result in the addition of employees, patrons, residents, and visitors to the site, some of whom would travel by bicycle. The proposed project would not result in any substantial changes to the existing or future bikeway system, is not anticipated to hinder or eliminate an existing designated bikeway or interfere with implementation of a proposed bikeway, or result in unsafe conditions for bicyclists, including unsafe bicycle/pedestrian or bicycle/motor vehicle conflicts.			

## 3.0 SUMMARY OF IMPACTS AND MITIGATION MEASURES

Impact	Significance Prior to Mitigation <sup>1</sup>	Mitigation Measure(s)	Significance After Mitigation
Impact 5.4-6: Pedestrian Facilities: The project would result in the addition of employees, patrons, residents, and visitors to the site. The proposed project substantially increases traffic volumes in the alley, which crosses 11 <sup>th</sup> Street, a pedestrian-only facility. The increase in alley traffic volumes would result in additional vehicular/pedestrian conflicts at this location.	S	5.4-6 The pedestrian crossing of the alley at 11th Street shall be upgraded to clearly delineate the pedestrian crossing. Additional traffic control devices, such as signs, pavement markings, and possibly pavement treatments, shall be installed to the satisfaction of the City Traffic Engineer. Motorists should yield to crossing pedestrians.	LS
Impact 5.4-7: Transit Services: The project would increase demand for transit services. The proposed project would result in the addition of employees, patrons, residents, and visitors to the site, some of whom would travel by transit. Although particular transit vehicles operate at or near capacity during the peak commuter periods, a review of existing transit operations and plans for future transit services indicate that there is ample capacity on the Regional Transit System to support the anticipated increase in trips. The proposed project is estimated to generate 46 daily, 4 a.m. peak hour, and 5 p.m. peak hour transit trips, which can be accommodated by the existing capacity of RT services.	LS	None required	LS
Impact 5.4-8: Parking: The project would increase demand for parking. The Central City Parking Master Plan has verified the adequacy of the zoning ordinance requirements for office development and residential development in the Central City. Based upon the zoning regulations, the project is required to provide 169 spaces. The project is proposing 232 spaces.	LS	None required	LS

## 3.0 SUMMARY OF IMPACTS AND MITIGATION MEASURES

Impact	Significance Prior to Mitigation <sup>1</sup>	Mitigation Measure(s)	Significance After Mitigation
Impact 5.4-9: Construction. The construction of the project or alternative may include the temporary closure of numerous transportation facilities, including portions of City streets, sidewalks, bikeways, on-street parking, off-street parking, and transit facilities.	S	5.4-9 Prior to beginning of construction, a construction traffic and parking management plan shall be prepared by the applicant to the satisfaction of the City traffic engineer and subject to review by all affected agencies such as Regional Transit.	LS
Impact 5.4-10: Intersections under Cumulative Plus Project conditions. The project would increase traffic volumes at study area intersections. The project would increase traffic volumes in the study area. The changes in intersection operating conditions with the addition of project-generated traffic exceed the standards of significance for impacts to intersections at the following two locations:	S	<p>5.4-10a Intersection of 10th Street/J Street – Modify the traffic signal phase splits during the a.m. peak hour by increasing the signal phase time to 31 seconds for the northbound 10th Street approach, and decreasing the westbound J Street approach to 19 seconds. The applicant of the proposed project shall pay a fair share to recover costs for the City's Traffic Operations Center monitoring and refining of this intersection. This mitigation measure would improve traffic operations to LOS D with 39.5 seconds of delay, less than the without project scenario.</p> <p>5.4-10b Intersection of 12th Street/J Street – Modify the traffic signal phase splits during the p.m. peak hour by increasing the signal phase time to 24 seconds for the eastbound J Street approach and decreasing the 12th Street signal phase time to 26 seconds. The applicant of the proposed project shall pay a fair share to recover costs for the City's Traffic Operations Center monitoring and refining of this intersection. This mitigation measure would improve traffic operations to LOS C during the p.m. peak hour.</p>	LS
Impact 5.4-11: Freeway Mainline under Cumulative Plus Project conditions. The project would increase traffic volumes on the freeway mainline.	S	5.4-11 Implement mitigation measure 5.4-2.	SU

## 3.0 SUMMARY OF IMPACTS AND MITIGATION MEASURES

Impact	Significance Prior to Mitigation <sup>1</sup>	Mitigation Measure(s)	Significance After Mitigation
5.4-12: Freeway Interchanges: The project would increase cumulative traffic volumes at the freeway interchanges.	S	5.4-12 Implement mitigation measure 5.4-2.	SU
Impact 5.4-13 Freeway Ramp Queuing under Cumulative Plus Project conditions: The project would increase the length of freeway ramp queues.	S	5.4-13 Intersection of 3rd Street/J Street – Modify the traffic signal phase splits during the p.m. peak period by increasing the phase time for the northbound I-5 approach to a minimum of 26 seconds, and by increasing the phase time for the southbound I-5 approach to a minimum of 12 seconds. The applicant of the proposed alternative shall pay a fair share to recover costs for the City's Traffic Operations Center monitoring and relining of this intersection. This mitigation measure would reduce the queue length to less than or equal to the "without project" conditions during the p.m. peak hour.	LS
Impact 5.5-1 Substantial alteration to the existing visual character or quality of the project site and its surroundings.	LS	None required	LS

## 3.0 SUMMARY OF IMPACTS AND MITIGATION MEASURES

Impact	Significance Prior to Mitigation <sup>1</sup>	Mitigation Measure(s)	Significance After Mitigation
Impact 5.5-2: Light and glare on roadways and sidewalks.	S	<p>5.5-2a Prior to the issuance of building permits, construction drawings shall indicate that the configuration of exterior light fixtures emphasize close spacing and lower intensity light that is directed downward in order to minimize glare on adjacent uses.</p> <p>5.5-2b Highly reflective mirrored glass walls shall not be used as a primary building material for facades. Instead, Low E glass shall be used in order to reduce the reflective qualities of the building, while maintaining energy efficiency.</p>	LS
Impact 5.5-3: Light impacts on future sensitive receivers.	PS	<p>5.5-3 Future buyers and tenants of the 1012 K Street project shall be notified that residential units near K Street will be exposed to bright nighttime lighting.</p>	LS
Impact 5.5-4: Substantial cumulative degradation of the existing visual character or quality of the project site and its surroundings.	LS	<p>None required</p>	LS
Impact 5.5-5: Cumulative light and glare on roadways and sidewalks.	S	<p>Implementation of Mitigation Measures 5.5-2 (a) and (b) would ensure that the proposed project's exterior glass surfaces would minimize the amount of glare by requiring that surface materials avoid highly reflective materials, and thus do not contribute to a cumulative increase in light and glare on roadways and sidewalks.</p>	LS

**RESOLUTION NO.****Adopted by the Redevelopment Agency of the City of Sacramento****January 8, 2008****CERTIFYING THE ENVIRONMENTAL IMPACT REPORT, APPROVING THE PROJECT CONCEPT AND EXTENDING THE EXCLUSIVE RIGHT TO NEGOTIATE****BACKGROUND**

- A. The Agency has assembled property located at the southeast corner of 10<sup>th</sup> and K streets (Agency Site) for redevelopment purposes.
- B. In October 2004, the outcome of the JKL Corridor Workshop provided the Agency with an overall vision with specific development objectives for 10<sup>th</sup> and K Street Agency Sites, including:
  - Cultural uses such as live theatre, museums, artist lofts and art galleries;
  - Commercial uses such as restaurants, movie theaters, nightclubs, and mixed specialty retail; and
  - Residential.
- C. In February 2005, the Agency issued a Request for Proposals (RFP) for a Downtown Cultural, Entertainment and Retail Complex for the Agency Site.
- D. On April 30, 2005, one proposal was received from K Street Central, a development team consisting of David S. Taylor Interests, The CIM Group, St. Anton Partners, The Cordano Company and Paragary's Restaurant Group.
- E. A selection committee comprised of an Ad Hoc committee of the Agency Board reviewed the proposal and in August 2006, an Exclusive Right to Negotiate (ERN) was approved by the Agency. The ERN for 1012-1022 K Street expired on December 31, 2006.
- F. On February 27, 2007, the Agency approved an Exclusive Right to Negotiate with 1012 K Street, LLC, a partnership between David Taylor Interests and the CIM Group, for a proposed mixed-use condominium project on Agency-owned properties located at 1012-1022 K Street.
- G. Based on the initial study conducted for the 1012 K Street project, the Redevelopment Agency, based on substantial evidence, that the project may have a significant effect on the environment and prepared an Environmental Impact Report (EIR) on the Project. The EIR was prepared, noticed, published, circulated, and reviewed and completed in full compliance with the California Environmental Quality Act (CEQA), (Public Resources Code Section 21000 *et seq.*), the CEQA Guidelines (14 California Code of Regulations Section 15000 *et seq.*), and the City of Sacramento environmental guidelines, as follows:
  1. A Notice of Preparation (NOP) of the Draft EIR was filed with the Office of Planning Research and on June 14, 2007. The 30-day public review comment period for the NOP was established starting on June 14, 2007 and ending on July 13, 2007.

2. A Notice of Completion (NOC) and copies of the Draft EIR were filed with the State Clearinghouse on August 26, 2007 and were distributed to those public agencies that have jurisdiction by law with respect to the Project, or which exercise authority over resources that may be affected by the Project, and to other interested parties and agencies as required by law. The comments of such persons and agencies were sought.
  3. An official 45-day public review period for the Draft EIR was established by the State Clearinghouse, ending on October 1, 2007 and a Notice of Availability (NOA) was distributed to interested groups, organizations, and individuals including property owners within 1000 feet of the project boundaries.
  4. The Notice of Availability (NOA), a public notice, was published in the Daily Recorder newspapers on August 16, 2007, which stated that the Draft EIR was available for public review and comment.
  5. Copies of the Draft EIR were available and a public notice was posted at the office of the Sacramento City Clerk that copies of the document were available for review at the City of Sacramento Development Services Department, City of Sacramento, New City Hall, 915 I Street, 3rd Floor, Sacramento, California 95814, and at the North Permit Center, 2101 Arena Boulevard, 2nd Floor, Sacramento, California 95834.
  6. Following closure of the public comment period, all comments received on the Draft EIR during the comment period, the City's and the Agency's written responses to the significant environmental points relayed in those comments, and additional information added by the City/Agency were added to the Draft EIR to produce the Final EIR.
- H. The following information is incorporated by reference and made part of the record supporting the certification of the EIR.
- *800 K & L Streets Project*, Redevelopment Agency of the City of Sacramento, Economic Development Department Downtown Development Group, July 2006
  - *City of Sacramento General Plan Update*, Draft and Final Environmental Impact Report, City of Sacramento, Draft EIR dated March 2, 1987, and Final EIR dated September 30, 1987.
  - *City of Sacramento General Plan Update Technical Background Report*, City of Sacramento Development Services Department, June 2005.
  - *City of Sacramento General Plan*, City of Sacramento, updated and adopted January 1988, as revised by Council in 2000 and 2003.
  - *City of Sacramento Zoning Code*, current through Ordinance 2007-021, and the May 2007 code supplement, City of Sacramento retrieved from <http://ordlink.com/codes/sacramento/index.htm>.

- *Cultural and Entertainment District Master Plan*, City of Sacramento, adopted May 1990.
- *Guide to Air Quality Assessment in Sacramento County*, Sacramento Metropolitan Air Quality Management District, July 2004.
- *Historic Preservation Chapter of the City Code*, Title 15, Chapter 15.124, City of Sacramento, current through Ordinance 2005-097 and the February 2006 code supplement, City of Sacramento, <http://www.qcode.us/codes/sacramento/>.
- *Map of Hollow Sidewalk Locations*, Development Engineering and Finance Department, City of Sacramento.
- *Merged Downtown Redevelopment Plan Amendment*, Environmental Impact Report, Redevelopment Agency of the City of Sacramento, Economic Development Department, Downtown Development Group, Draft EIR dated November 5, 2004 and Final EIR dated February 3, 2005.
- *Preservation Element of the City's General Plan*, City of Sacramento, adopted April, 25, 2000.
- *Sacramento Central City Community Plan*, City of Sacramento. Adopted May 15, 1980, with amendments through April 8, 2003.
- *Sacramento Central City Housing Strategy*, Sacramento Housing and Redevelopment Agency and Department of Planning and Development, City of Sacramento, May 1991.
- *Sacramento Register, City of Sacramento Listing of Landmarks, Historic Districts, and Contributing Resources*, updated February 2007, per Sacramento City Code Title 15.
- *Sacramento Urban Design Plan, Central Business District Urban Design Framework Plan*, Sacramento Housing and Redevelopment Agency, adopted February 28, 1987.
- *The Metropolitan Project*, Draft Environmental Impact Report dated July 11, 2005, and Final EIR dated July 2007, City of Sacramento.
- 500 Capitol Mall Project, Findings of Fact and Statement of Overriding Considerations, City of Sacramento, February 27, 2007.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE  
REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO RESOLVES AS  
FOLLOWS:**

Section 1. Pursuant to CEQA Guidelines Section 15090, the Agency certifies that:

- A. The Final EIR constitutes an adequate, accurate, objective and complete final Environmental Impact Report in full compliance with the requirements of CEQA, the State CEQA Guidelines and the City of Sacramento environmental guidelines;
- B. The Final EIR has been presented to the Agency and the Agency has reviewed and considered the information contained in the Final EIR prior to taking action on the Project;
- C. The Final EIR reflects the Agency independent judgment and analysis.

- Section 2. The project concept as outlined in Attachment 3 of the staff report is approved for the Agency-owned property located at 1012 – 1022 K Streets.
- Section 3. The City Manager or his designee, on behalf of the Agency, is authorized to extend the term of the agreement with 1012 K Street, LLC for the Exclusive Right to Negotiate for the development of properties on K Street from 1012-1022 K Street to July 8, 2008.
- Section 4. Milestones for the extended ERN include:
- Within 90 days:
- Refine estimated construction costs, including all applicable fees and contingencies
  - Refine development and operating pro formas
  - Negotiate the terms of appropriate redevelopment agreements
  - Prepare Schedule of Performances for the construction period.
- Within 180 days:
- Recertify the CEQA document and adopt Mitigation Monitoring Plan
  - Obtain project approval from the Agency and execute the redevelopment agreements

