

RESOLUTION NO. 2009-700

Adopted by the Sacramento City Council

November 3, 2009

930 K STREET HOTEL; AUTHORIZING FINANCING EVALUATION AND DIRECTING STAFF TO NEGOTIATE BUSINESS TERMS WITH 10TH AND K STREET INVESTORS, LLC

BACKGROUND

- A. In October 2004, the JKL Corridor Workshop brought together more than 250 community members to discuss the future of Downtown Sacramento, particularly their vision for the JKL corridors.
- B. One of the outcomes of that workshop was an interest in looking at stimulating redevelopment on K Street.
- C. The owners of the property at 930 K Street have proposed development of a 165 room hotel and such a project supports the community goals for redeveloping K Street.
- D. The hotel project developer, 10th and K Street Hotel Investors, LLC, has identified a need for City and/or Agency bond and/or loan financing of \$10 million and staff is working to identify a source of funding.
- E. The hotel project developer has proposed rebating 50% of the Transient Occupancy Tax (TOT) proceeds generated by the hotel and a 3% TOT surcharge for the first 10 years and 15 years, respectively, in order to meet the project's debt service obligations, in consideration for future equity and shared operating revenues. Staff needs to conduct a formal financial evaluation of such a proposal and the TOT ordinance would need to be amended to implement such a financing plan.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. Staff is hereby directed to conduct a formal evaluation of the proposed hotel financing plan to identify the gap and all of the potential sources of financial assistance and to negotiate business terms for City financing of the hotel.
- Section 2. Staff is hereby directed to work with stakeholders, including Convention Culture and Leisure and Sacramento Convention and Visitors Bureau, to investigate a potential change to the Transit Occupancy Tax (TOT) Ordinance and to evaluate the possibility of allowing for TOT revenues to be used to fund hotel advanced booking leases and to allow for a higher TOT tax rate for hotels that request imposition of a surcharge pursuant to an agreement which provides for City benefits from such arrangements.

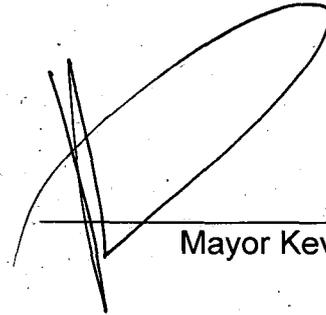
Adopted by the City of Sacramento City Council on November 3, 2009 by the following vote:

Ayes: Councilmembers Cohn, Fong, Hammond, McCarty, Pannell, Sheedy, Tretheway, Waters, and Mayor Johnson.

Noes: None.

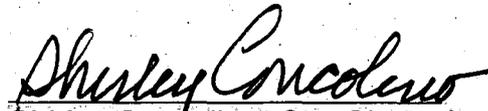
Abstain: None.

Absent: None.



Mayor Kevin Johnson

Attest:


Shirley Concolino, City Clerk