



**REPORT TO THE
REDEVELOPMENT AGENCY**
of the City of Sacramento
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**Staff Report
July 13, 2010**

**Honorable Chair and
Members of the Board**

Title: Select Preferred Developer and Authorize Negotiation of an Exclusive Right to Negotiate Agreement for the Redevelopment Agency-owned properties in the 700 and 800 Blocks of K and L Streets

Location/Council District: South side of the 700 block of K Street, and portions of the 800 Block on K and L Streets. (Council District 1)

Recommendation: Adopt a Redevelopment Agency Resolution 1) approving the 700/800 Block of K and L Streets Ad Hoc Committee recommendation to select the Sacramento Alliance Team as the preferred development team for the Redevelopment Agency-owned property including the south half of the 700 block of K Street and portions of the 800 blocks of K and L Streets; and 2) authorizing the Interim City Manager, or his designee to negotiate, on behalf of the Agency, an Exclusive Right to Negotiate (ERN) Agreement with the Sacramento Alliance Team for consideration by the Agency Board.

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

Presenters: Beth Tincher, Senior Economic Development Project Manager

Department: Economic Development Department

Description/Analysis

Issue: In December 2009, the Economic Development Department, on behalf of the Agency, issued a Request for Qualifications (RFQ) soliciting qualifications and project concepts from development teams for the development of mixed-use projects for the 700 and 800 blocks of K and L Streets (See Attachment 1, Map of Development Sites). Development teams were encouraged to submit RFQ responses for any combination of the development areas.

In February 2010, four proposals were submitted. Three of the proposals included both the 700 and 800 blocks of K and L Streets and one proposal focused on the

700 block of K Street. One of the proposals, the AuthenticCity Plan, included concepts for two entire blocks including non Agency-owned properties. As this plan was broader than the RFQ requirements, staff requested a revised proposal with project concept and finance plan clarifying what could be developed on Agency-owned property. No consideration was given to the inclusion or acquisition the non-Agency-owned parcels since the RFQ was based on property owned by the Agency. Staff evaluation of proposals deemed that all development teams were qualified. Below are the development teams that submitted responses with a brief description of the proposed project concepts. In all of the RFQ responses, all development teams included the Agency land at no cost. A more detailed outline of the proposals is included in Attachment 2. Attachment 3 presents a side-by-side view of all the proposed project concepts and finance plans.

Team 1: Bridge Housing Corporation (Master Developer) supported by Saca Development (Management and Leasing Services), and Bagatelos Development, LLC.

Proposed Project Concept:

700 Block: Deliver in November 2016

- 160 units (95 Market Rate, 65 Affordable)
- 19,800 sq ft of retail
- 151 parking spaces

800 Block: Deliver in September 2014

- From 157-207 mixed income units (94-124 Market Rate, 63-82 Affordable)
- Residential adaptive reuse of the Bel Vue
- 9,209 sq ft of retail
- From 174-194 parking spaces
- Additional Component: Restore the Kress Bldg for office use (not on Agency-owned property)

Team 2: D and S Development Company (Master Developer) supported by CFY Development, Inc. (Developer/ Partner/Contractor).

Proposed Project Concept:

700 Block: Deliver in June 2012

- 136 mixed-income affordable rental units along the alley behind the retail storefronts
- 37,480 sq ft of retail (including restaurants, boutiques and live music venue)
- Kiosks on K Street
- 92 parking spaces

Team 3: David S. Taylor Interests, Inc. (Master Developer) supported by the CIM Group (Developer/Financial Partner), Domus Development (Associates Developer/ Affordable Housing Partner), and Zeiden Properties, LLC (Associate Developer/Retail).

Proposed Project Concept:

700 Block: Deliver in August 2012

- 49,917 sq ft of retail
- 57,736 sq ft of office

800 Block: Deliver in February 2013

- 66 market rate units (north of alley)
- 20,285 sq. ft of retail with parking (north of alley)
- 54 mixed income units (south of alley)
- 12,245 sq ft retail (south of alley)

Team 4: Rubicon Partners (Master Developer) supported by St. Anton Partners (General Partner) and Preferred Capital Advisors (General Partner).

Proposed Project Concept: (on Agency-owned property)

700 Block: Deliver in December 2012

- 213 mixed income rental units
- 56,650 sq ft of retail including a 2000 seat entertainment venue
- 240 parking spaces
- Artisan Alley

800 Block - North: Deliver in December 2014

- 42,500 sq ft farmers market, including kosher deli, wine bar, wine shop, coffee bar and demonstration kitchen

800 Block – South: Deliver in December 2016

- 225 market rate apartments
- 14,000 sq ft of retail space
- 90 Parking Spaces

A Selection Committee was established to review the RFQ responses and additional material, interview the teams, and make a recommendation to the Agency Board for the selection of a development team(s). In addition, an Ad Hoc Committee of the Agency's governing board ("Ad Hoc") was established to review the RFQ responses, staff analysis, the Selection Committee recommendation, community input and provide a recommendation to the Agency Board. This report provides information about the RFQ responses, public outreach, and the Ad Hoc's recommendation to select the Sacramento Alliance Team (AuthentiCity project concept submitted by Team 4) as the preferred development team for the Agency sites.

Policy Considerations: The developer selection and negotiation period is intended to result in the development of a project that eliminates blight, is consistent with the Amended Merged Downtown Redevelopment Plan, the Five Year Strategy and supports the following Implementation Plan goals:

- Leverages the limited local agency resources to attract a considerable amount of private funding and additional state and federal public funding resources
- Provides for mixed-use, mixed-income housing opportunities that will provide for a range of housing opportunities
- Provides uses that will attract additional investment in the surrounding area
- Includes uses that are considered to have a regional draw and will broaden the appeal of the Downtown area

Environmental Considerations:

California Environmental Quality Act (CEQA): The proposed action to select a development team through an RFQ process and begin development of an Exclusive Right to Negotiate Agreement with a developer is an administrative activity which is a commitment to explore a proposed development concept and its feasibility and planning rather than approval of or commitment of a project. It is, therefore, not a project under CEQA (CEQA Guidelines Section 15378).

Sustainability Considerations: Redevelopment of the 700 and 800 blocks of K and L Streets will create public/private partnerships that will provide an infill development.

Committee/Commission Action and Public Outreach:

Selection Committee: The Agency staff established a Selection Committee to evaluate the RFQ responses and make a recommendation to the Agency Board. The Selection Committee was comprised of five individuals including a City representative with urban design and historic preservation expertise, an Agency representative versed in affordable housing, an Urban Land Institute representative with planning/development expertise, a representative from the San Diego Centre City Development Corporation with redevelopment expertise and a third party professional with extensive downtown redevelopment experience. Evaluation criteria were included in the RFQ and are listed below:

- Experience developing similar projects
- Team experience
- Quality of vision for transforming Downtown
- Quality of concept
- Relationship to local goals
- Proposed tenants
- Demonstrates financial feasibility
- Project delivery schedule
- Overall package

The Selection Committee met three times to review the initial RFQ responses, conduct developer interviews, and evaluate additional information. Based on the qualifications, proposed concepts, proposed financing plans and evaluation criteria in the RFQ, the Selection Committee recommended that Promenade on K (D&S Development and CFY Development) be selected for the 700 block of K Street, and that the 700/800 Block LLC (David Taylor Interests, the CIM Group, Domus Development, and Zeiden Properties) be selected for the Agency sites on the 800 blocks of K and L Streets. These teams were recommended based on the following findings:

700 Block – Promenade on K:

- Has a proven track record with adaptive reuse, historic, infill, mixed-use, redevelopment and housing projects
- Demonstrates passion for creating unique, organic and quality retail destinations that revitalize areas
- Provides a great vision for the 700 block of K street
- Meets goals of providing mixed-use development including housing and retail
- Proposes a delivery date of 2012
- Provides a realistic and achievable financing plan

Portions of 800 Block on K and L Streets – 700/800 Block LLC:

- Has a proven track record with adaptive reuse, historic, infill, mixed-use, redevelopment and housing projects
- Demonstrates a long-term commitment to redeveloping the JKL Corridor
- Meets goals by providing mixed-use development including housing and retail
- Team incorporates a quality housing developer that is versed in urban housing developments
- Proposes a delivery date of 2013
- Provides a feasible financing plan that includes the use of unique financing (Proceeds from the Sheraton Sale included in the Master OPA)

A number of public outreach meetings were held to receive input and recommendations on the RFQ responses including:

- | | |
|--------------------|--|
| • March 22 | Public Presentation |
| • April 7 | Preservation Board |
| • April 22, May 27 | Downtown Sacramento Partnership Strategic Development Task Force |
| • June 2 | Downtown Sacramento Partnership Executive Committee |
| • June 7 | Sacramento Old City Association |
| • June 9 | Downtown Sacramento Partnership Board |
| • June 21 | Neighborhood Area Group |

A brief description of each meeting is included in the Background section of this report (see Attachment 4). The Downtown Sacramento Partnership Board and the Sacramento Old City Association supported the Selection Committee recommendation.

Ad Hoc Committee: On May 11, 2010, the Agency Board established an Ad Hoc Committee comprised of the Mayor and Councilmembers Tretheway, Cohn and Fong, serving in their capacity as Agency Board members, to provide a

recommendation to the Agency Board. The Ad Hoc Committee considered the Selection Committee recommendation, staff information, and public input.

At the Ad Hoc meeting of June 10, staff presented an overview of each development team's qualifications, project concepts and conceptual finance plans. Staff also reported the Selection Committee, Sacramento Old City Association Board, and DSP Board recommendations. The Ad Hoc Committee recommendation was unanimous. The Committee recommended that the Agency Board select the Sacramento Alliance Team as the preferred development team for the 700 and 800 blocks of K and L Streets. Members voiced that the pursuit of a grander vision is necessary to transform Downtown into a distinguished world class cultural, shopping, and entertainment district.

Rationale for Recommendation: The Sacramento Alliance Team's agricultural project concept and vision draws on the tradition that shaped Sacramento's past to create "the California World Agricultural Center" on the entire 800 Block (from K to L Streets and from 8th to 9th Streets). Their concept for the entire 700 block (7th to 8th Streets and K to L Streets) focuses on urban, high-density housing as well as arts and entertainment elements to create "Merchant Square." This vision includes all of the 700 and 800 blocks of K and L Streets including property not owned by the Agency or controlled by the developer. This plan contained an urban grocery on the 700 block of L Street, a relocation and expansion of the California "Hall of Fame", an office building focusing on agriculturally-oriented tenants and a residential tower (see Attachment 3, Background section for more details). Staff asked for a revised proposal for just the Agency-owned land (the subject of the RFQ) which, if the team was selected, would be the subject of the ERN. The elements of their revised plan include:

Merchant Square: 700 Block of K Street – Phase I:

- A regional entertainment destination, the Knitting Factory, a 2000 seat live music venue
- 32,000 sq ft of retail space
- 213 new mixed-income residential units
- A new artisan alley in the heart of the development stretching from St. Rose of Lima Park south to the alley
- 240 parking spaces

The CA World Agricultural Center:

800 Block of K Street – Phase II:

- A 42,500 sq ft regional year round market place that is anticipated to bring 1 million visitors and includes a coffee bar, wine shop and wine bar, demonstration kitchen, kosher deli and prepared food vendor booths

800 Block of L Street – Phase III:

- 225 market rate rental units
- 14,000 sq ft of retail space
- 90 parking spaces

The Ad Hoc Committee verified that the Sacramento Alliance RFQ response met the RFQ evaluation criteria and was the preferred development team for the following reasons:

- *Development Team Qualifications:* The Sacramento Alliance Team has a proven track record with adaptive reuse, redevelopment, historic, public/private and residential projects. Specifically, the team includes:
 - St. Anton: A reputable housing developer that has completed more than 30 apartment projects, notably 2110 L Street, a 65 unit urban infill, apartment community with approximately 3,400 sq. ft. of ground floor retail.
 - Rubicon Partners: A successful office, retail and hotel developer. Their recent completion of The Citizen Hotel and Grange Restaurant was a conversion of a historic 14 story office building into a 198 room boutique hotel and restaurant, creating a new landmark for Downtown.
 - Preferred Capital Advisors: A financial partner that has been successful in completing \$4.5 billion in transactions since 2002.
- *Quality of Vision for Transforming Downtown and Quality of Concept:* Their proposed project creates a compelling, comprehensive, and transformative vision for K Street that incorporates the history of California as an agricultural state and promotes agriculture as one of the state's most important industries. It provides a showcase of uses including the Knitting Factory and the Boqueria that will draw national and international visitors. The Ad Hoc Committee expects that the AuthentCity concept will revolutionize the strategic direction for Downtown and will initiate dramatic change on K Street.
- *Relationship to Local Goals:* The proposed uses exemplify the vision and strategic direction outlined in the Merged Downtown Redevelopment Implementation Plan and the JKL Workshop (see Background Information and Policy section of this report).
- *Proposed Tenants:* Letters of intent were provided from several destination-oriented cultural and retail users including the Knitting Factory, the Certified Farmers Market, Temple Coffee, and the University of San Francisco.
- *Project Delivery:* The team indicates the project could be delivered on the 700 block of K Street in 2012. The remainder of the site is envisioned to be delivered from 2013 to 2015.
- *Financial Feasibility:* The team submitted proposed project costs and a finance plan. The project cost, assuming free land for the revised plan (only for development on Agency-owned property), is projected to be \$210M with a public subsidy need of \$99M. Identified subsidies total \$19M with a subsidy gap of approximately \$80M. In addition, the team is proposing a parking bond of \$25M to construct on-site parking. (Note: At this time, there is no identified capacity for the City to issue this \$25M debt; see Finance section below for additional information on the proposed financing structure).

Based on the review of the information and vision provided in the RFQ response and additional material, community outreach, staff analysis, and the selection committee recommendation, the Ad Hoc Committee unanimously recommended selection of the Sacramento Alliance Team for negotiations regarding the development of the Agency-owned property in the 700 and 800 blocks of K and L Streets. They recommended staff pursue an Exclusive Right to Negotiate with the team and include the following considerations:

- Continue to refine project concept;
- Identify public and or private funding opportunities to fill the gap;
- Identify avenues to preserve the Bel-Vue;
- Define co-investment requirements to eliminate or mitigate blight on the 800 block if development on the 800 block is anticipated to occur later than 2012-2013.

Staff intends to return with the terms of the ERN by September, 2010.

Financial Considerations: The Sacramento Alliance Team finance plan for the Agency-owned property in the 700 and 800 blocks of K and L Streets is:

Project Costs/Funding Sources (for project on Agency-owned property)

	700 Block	800 Block	Totals
Private Equity/Debt	\$51.5M	\$59.38M	\$110.88M
Public Resources			
Agency Tax Increment	\$14.8M	\$14.23M	
Agency Contribution for Hist/CEQA	\$1M	\$1M	
Permit Fee Credits	\$3.35M	\$4.35M	
Public Resources (State/Federal)		\$36M	
Subtotal Public Resources	\$19.15M	\$55.58M	\$74.73M
Parking Bond	\$14.45M	\$10.28M	\$24.73M
TOTAL PROJECT COST	\$85.1M	\$125.24M	\$210.34M
Maximum Tax Increment Currently Available			\$19M
Unidentified Funding Gap			\$80.46M

The total proposed project cost is \$210.34M with \$110.9M of private debt and equity and a balance of \$99.46M proposed from public or public/private sources. The development team indicates that a total of \$19.6M of current and \$13.5M of future Tax Increment funds generated from the project would be utilized to develop the project and that other types of local, state and federal funding could be secured to fund the project gap. At this time, the Agency has approximately \$19M of unobligated commercial and

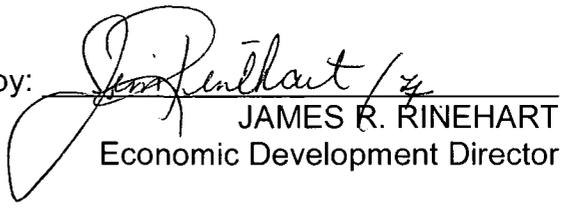
low and moderate income funds available to support new projects in the Downtown area. No additional funds are anticipated for approximately two years.

As part of the proposed finance plan as listed above, the team is proposing a public/private parking bond of \$25M to build necessary parking. During these economic times, the City does not anticipate issuing any additional bonds or incurring any City backed debt thus alternatives would have to be developed for the parking elements of the project.

It will be the development team's responsibility to further refine concepts and identify funding to fill the gap during the ERN performance period.

M/WBE Considerations: Minority and Women's Business Enterprise requirements will be applied to all activities to the extent required by federal funding.

Respectfully Submitted by: 
LESLIE FRITZSCHE
Redevelopment Manager

Approved by: 
JAMES R. RINEHART
Economic Development Director

Recommendation Approved:

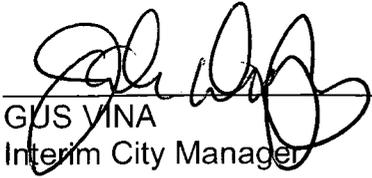
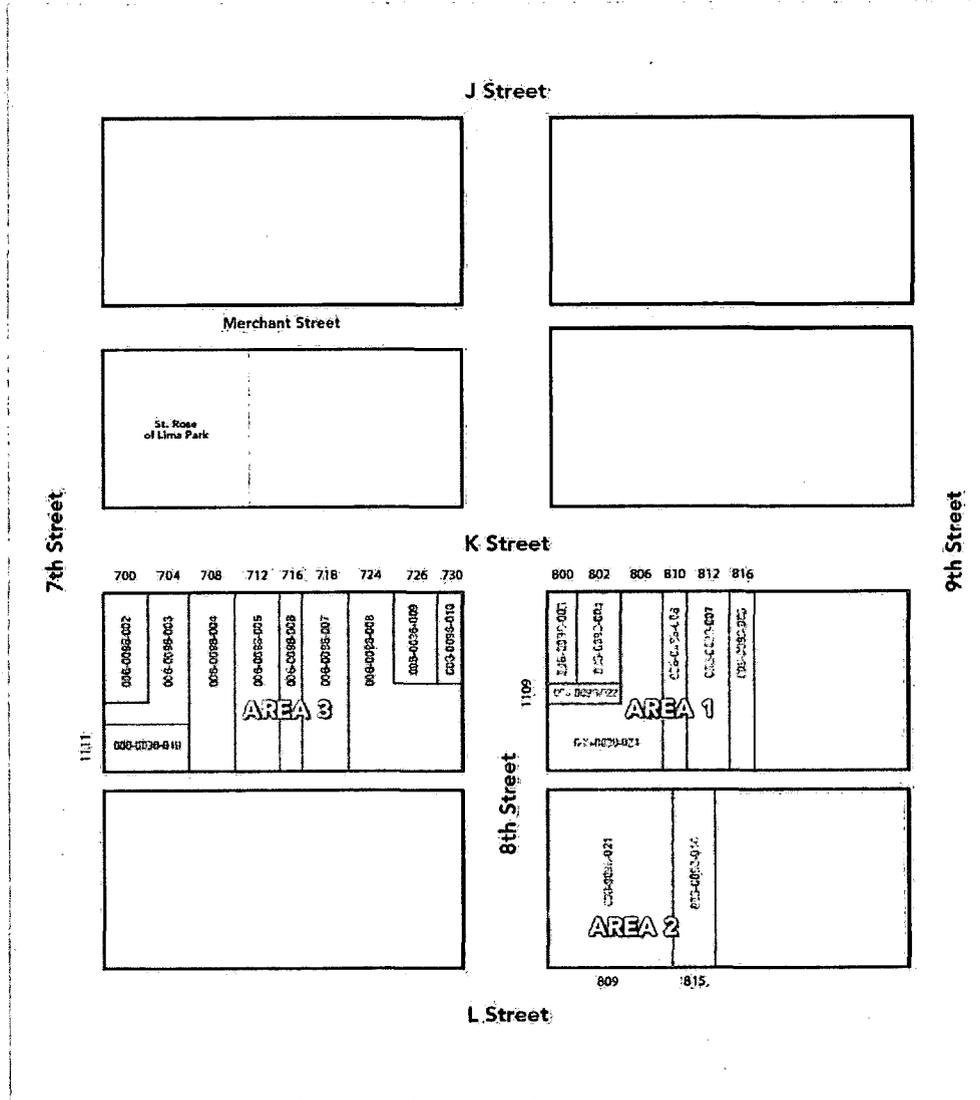
For 
GUS VINA
Interim City Manager

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**Attachment 1
Map of Project Site and Development Areas**

**Proposed Development Sites
700/800 Blocks of K and L Streets**



Attachment 2

K Street Request For Qualifications - Response Summary

On February 26, 2010, four development teams responded to the Request for Qualifications (RFQ) issued by the City’s Economic Development Department, on behalf of the Redevelopment Agency, for the redevelopment of three opportunity sites along the 700 and 800 Blocks of K and L Streets. The RFQ sought development teams with experience with urban infill, mixed-use, retail, redevelopment and adaptive re-use/historic preservation. Teams were asked to submit their qualifications and propose project concepts for the Agency-owned properties.

**Proposal 1 – Downtown Mixed Use Development – 700 and 800 Blocks of K and L Streets
Team Members: Bridge Housing, Saca Development and Bagatelos Development, LLC**

Relevant Experience:

- City Center Apartments and Park Circle Townhomes (Richmond, CA): Renovation of an abandoned hotel into a mixed-use project with 135 housing units and 80,000 sq. ft. of retail.
- North Beach Place (San Francisco, CA): Redevelopment of a HUD housing development into 341 units of senior housing with 22,000 sq. ft. of retail and 30,000 sq. ft. of community space.
- Mission Walk (San Francisco, CA): Infill redevelopment project creating 131 waterfront ownership housing units.
- San Paulo Apartments (Irvine, CA): Infill development of 382 mixed income residential units accompanied by community amenities.

Proposed Project Concept: Bridge Housing proposes to continue the momentum created by recent Downtown redevelopment efforts and the easy accessibility to light rail by introducing housing on both the 700 and 800 blocks in a mixed use, and mixed income format that is comprised of three new buildings and a renovated Bel-Vue building. The proposal would introduce over 360 “green” housing units, 33,000 sq. ft of street facing retail, and 34,000 sq. ft of terraced open space and courtyards on all three development opportunity sites. The project also includes 48,000 sq. ft. of office that is not on Agency controlled property.



Proposed Cost and Finance Plan:

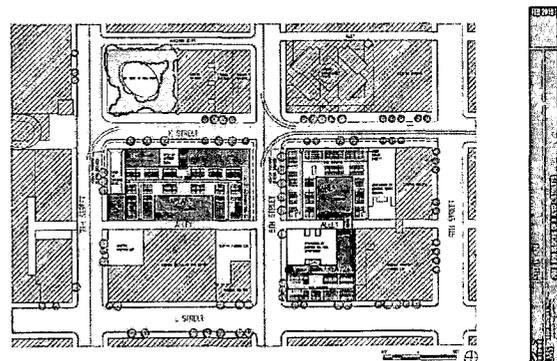
700 Block:

Debt/Equity	\$38.3M
Mezzanine Debt	\$1.5M
Agency Loan	\$11.1M
Total Cost	\$50.9M

800 Block:

Debt/Equity	\$38.3M-52.9M
Mezzanine Debt	\$1.5M
Agency Loan	\$11.1M
Total Cost	\$50.9-78M

*Proposed project funding gap of \$22.2M – 34.1M



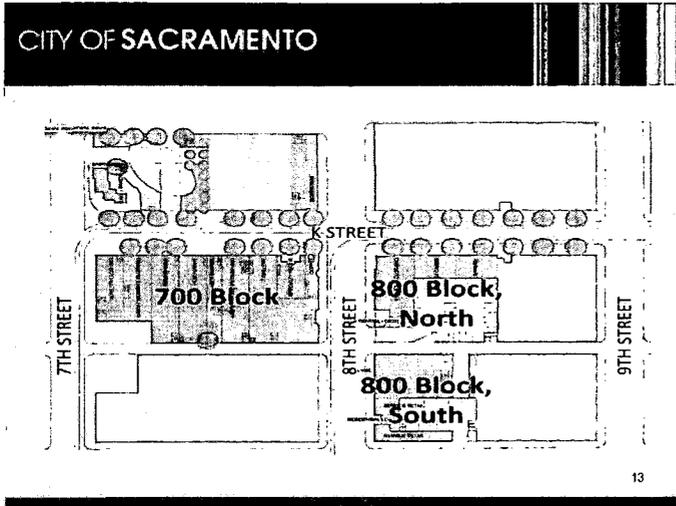
Proposal 2 - 700-800 K Street, LLC

Team Members: David S Taylor Interests, Inc. , CIM Group , Domus Development and Zeiden Properties

Relevant Experience:

- Sheraton Grand (Sacramento, CA): Adaptive reuse of the historic Public Market that was incorporated into the development of 503 downtown hotel rooms.
- La Valentina (Sacramento, CA): Future transit-oriented, infill development of 81 affordable apartment units and 5,300 sq. ft. of commercial space. Site remediation to begin in 2010.

- 800 J Lofts (Sacramento, CA): A mixed-use project developed through a public-private partnership. 800 J includes 225 loft-style apartments (of which 45 are affordable) and 20,400 sq. ft. of retail.
- Contemporary Jewish Museum (San Francisco, CA): This 65,000 sq. ft. museum is the adaptive reuse of the historic Jessie Street Power Substation.



Proposed Project Concept: The structures on the 700 block will be retained in their entirety, renovated and tenanted to create 49,927 sq. ft. of retail and 57,736 sq. ft. of office. The team envisions conjoining new construction with the existing Bel-Vue building to create 54 new low to moderate income residential units, 12,245 sq. ft. of retail, and parking on the north side of 800 Block of L Street. The proposal includes a new 4 level building on the south side of 800 block of K Street providing for 66 market rate housing units, 20,285 sq. ft. of retail, and parking and a rooftop courtyard garden.

Proposed Cost and Finance Plan:

700 Block:

Equity	\$1.25M
Recovery Zone Bonds	\$11M
Agency Forgivable Loan	\$4M
Total Cost	\$16.25M

800 Block – North:

Debt/Equity	\$10.25M
Agency MOPA Funds	\$16M
Total Cost	\$26.3M

800 Block – South:

Debt/Equity	\$13.78M
Agency/State/Federal	\$6.18M
Total Cost	\$19.96M

*Proposed gap of \$4M-10M for the 700 block of K Street and use of \$16M of the MOPA Funds.

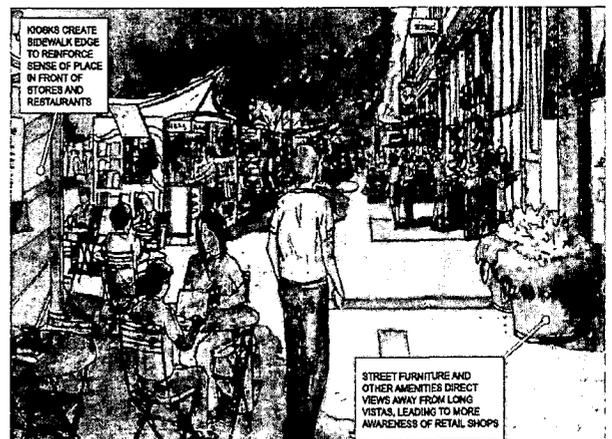


Proposal 3 – Promenade on K Street

Team Members: D&S Development, Inc. and CFY Development Inc.

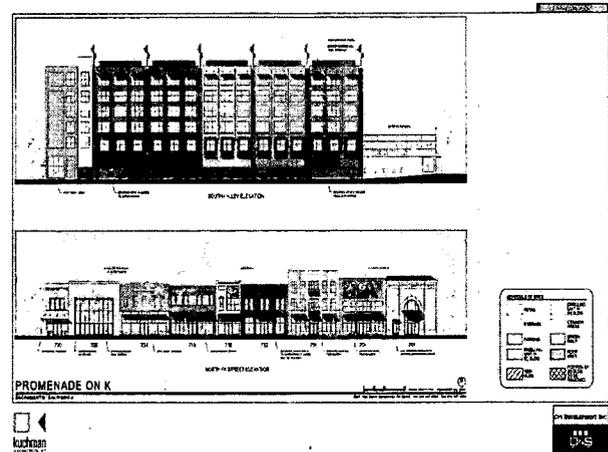
Relevant Experience:

- 14 & R (Sacramento, CA): Adaptive reuse, urban infill project created 13 live/work for-sale lofts and 5 ground floor retail spaces.
- Stockton Hotel (Stockton, CA): Adaptive reuse of a historic structure into 156 single room occupancy units.
- Old Sac iLofts (Sacramento, CA): Redevelopment of a historic structure into 9 for-sale residential units and 2 ground floor retail spaces.
- Globe Mills (Sacramento, CA): This adaptive re-use, urban infill redevelopment project created 112 senior housing units and 31 moderate income units.
- Historic Maydestone Apartments (Sacramento, CA): Future



redevelopment of the historic Maydestone into 32 rental units. Construction to begin in Summer 2010.

Proposed Project Concept: This development team intends to enhance the retail experience and preserve the historic fabric of the 700 Block of K Street retaining the facades of the building along K Street. The proposal recommends removing the rear portion of the long narrow retail space to create 37,480 sq. ft. of more desirable retail space. The space created along the alley would become a four-story residential building over podium parking to provide for 136 new affordable housing units. The development team has received Letters of Intent from several retail and entertainment tenants.



Proposed Cost and Finance Plan:

700 Block only:

Debt/Equity	\$19.5M
Agency Forgivable Loan	\$8M
Agency Loan	\$8M
Total Cost	\$35.5M

*Proposed funding gap of \$16M

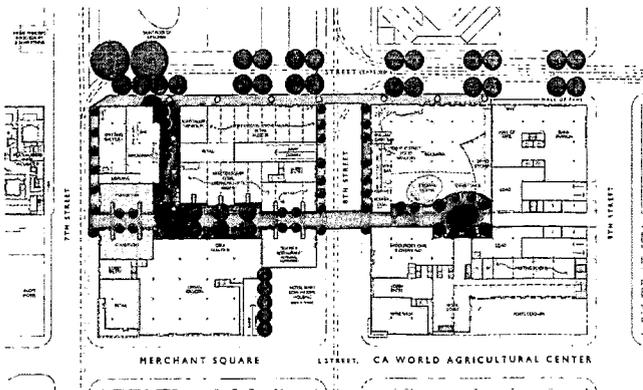
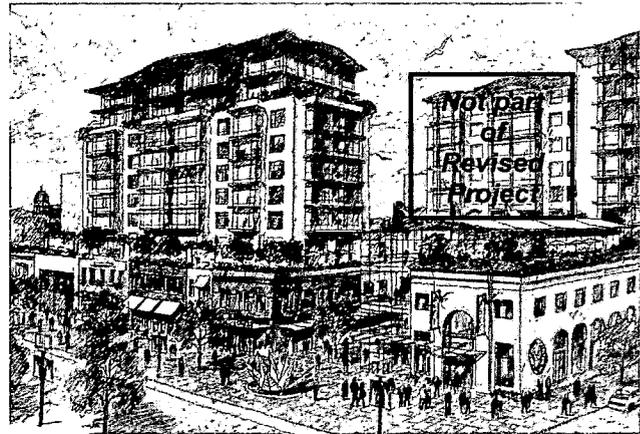
*Provided bank letters of interest from Umqua Bank and Chase Bank for construction and permanent financing.

Proposal 4- The Authenticity

Team Members: Rubicon Partners Inc., St Anton Partners, and Preferred Capital Advisors (Sacramento Alliance Team)

Relevant Experience:

- The Citizen Hotel and Grange Restaurant (Sacramento, CA): Conversion of a historic 14 story office building into a 198 room boutique hotel and restaurant.
- 2110 L Street (Sacramento, CA): A high-density, urban infill, mixed-use, 65 unit apartment community with approximately 3,400 sq. ft. of ground floor retail.



Proposed Project Concept: The Sacramento Alliance team is seeking a bold new identity for the west end of K Street. The development proposal encompasses the entire 700 and 800 blocks of K and L Street. Merchant Square, the 700 block of K and L Street provides for a mixed income residential neighborhood designed to meet the needs of the young, urban pioneer by providing 213 mixed income units, a 2,000 seat entertainment venue, 32,000 sq. ft. of retail, and an activated artisan alley. The 800 Block, called the CA World Agricultural Center is envisioned to house a 42,500 Farmers' Market, 60,000 sq. ft. of retail, and 225 market rate rental units. Letters of intent have been received from proposed retail, civic, entertainment and office tenants.

Proposed Cost and Finance Plan for Revised Plan: (Only Agency-owned Property)

700 Block:

Debt/Equity	\$51.5M
Agency Tax Increment	\$14.8M
Permit/Fee Credit	\$3.35M
Agency contribution Historic/CEQA	\$1M
Parking Bond	\$14.45M
Total Cost	\$85.1M

800 Block – North:

Public Resources	\$36M
Public/Private Parking Partnership or State and Federal Funds	
Total Cost	\$36M

800 Block – South

Debt/Equity	\$59.38M
Forgivable Loan	\$1 M
Permit/Fee Credit	\$4.35M
Parking Bond	\$10.28M
Agency TI	\$13.23M
Agency contribution Historic/CEQA	\$1M
Total Cost	\$89.24M

700/800 Blocks of K and L Streets Proposals

700 Block Proposals

	Bridge Dev/SACA/Bagatelos	D&S Dev/CFY Dev	David Taylor Int/CIM Group/Zieden/Domus	Rubicon/St. Anton/Preferred Capital (Only Agency-Owned Property)
Land Uses				
Residential Units	160 rental units (95 market rate, 65 Affordable)	136 affordable mixed income rental units	No residential Units	213 mixed income rental units
Retail Space	19,800 sq ft	37,480 sq ft (includes live music venue)	49, 917 sq ft	56,650 sq ft (Includes 2000 seat music venue)
Office Space			57,736 sq ft	
Parking Spaces	151 spaces	92 Spaces		240 spaces
Other		Kiosks on K Street		Artisan Alley
Proposed Delivery Date				
	November 2016	June 2012	August 2012	December 2012
Finance Plan				
Land Donation	Yes	Yes	Yes	Yes
Debt/Equity	\$38.3M	\$19.5M	\$12.25 (including \$11M of Recovery Zone Bonds)	\$51.5M
Mezzanine Debt	\$1.5M			
Public Resources				
Agency Loan	\$11.1M	\$8M		
Agency Forgivable Loan		\$8M	\$4M	
Agency Tax Increment				14.8M
Agency Cont. Historic/CEQA				\$1M
Permit Fee Credits				\$3.35M
Parking Bond				\$14.45M
Subtotal Public Resources	11.1M	\$16M	\$4M	\$33.6M
Total Project Cost	\$50.9M	\$35.5M	\$16.25M	\$85.1M
Letters of Interest From Tenants				
	None Identified	Crepeville Old Soul Company Shady Lady Burgers and Brew Kru Restaurant Muse Hair Boutique Top This Fozen Yogurt Rima Boutique	Z Gallery	The Knitting Factory University of San Francisco

700/800 Blocks of K and L Streets Proposals

800 Block Proposals

	Bridge Dev/SACA/Bagatelos	David Taylor Int/CIM Group/Zieden/Domus	Rubicon/St. Anton/Preferred Capital (Only Agency-Owned Property)
Land Uses			
Residential Units	157-207 mixed income rental units	66 market rate units north of alley, 54 mixed income units south of alley	225 mixed use rental units south of alley
Retail Space	9,209 sq ft	20,285 sq ft north of alley, 12,245 sq ft south of alley	42,500 sq ft Boqueria north of alley, 14,000 sq ft retail south of alley
Office Space		57,736 sq ft	
Parking Spaces	174-194 spaces	Provided, but total number not listed	90 spaces
Other			Artisan Alley
Proposed Delivery Date			
	September 2014	February 2013	December 2012
Finance Plan			
Land Donation	Yes	Yes	Yes
Debt/Equity	\$38.3M - \$52.9M	\$24.03M	\$59.38M
Mezzanine Debt	\$1.5M		
Public Resources			
Parking Bond/State/Federal		\$6.18M	\$36M
Agency Loan	\$11.1M		
Agency Forgivable Loan			\$1M
Agency Tax Increment			\$13.23M
Agency Cont. Historic/CEQA			\$1M
Agency MOPA Funds		\$16M	\$4.35M
Permit Fee Credits			
Parking Bond			\$10.28M
Subtotal Public Resources	11.1M	\$24.18M	\$65.86M
Total Project Cost	\$50.9M - \$78M	\$48.21M	\$125.24.1M
Letters of Interest From Tenants			
	None Identified	None Identified	Temple Coffee Boqueria: Certified Farmers Market California Hall of Fame

Background

In October 2004, the Economic Development Department, in conjunction with the Mayor’s office hosted the “JKL Corridor Workshop” to establish the vision and strategic direction for the heart of the downtown area. The JKL Corridor Strategy Plan and the Downtown Sacramento Partnership Strategic Action Plan identified these blocks as a key target area for economic development. These plans recommended strategic attention be given to the 700 and 800 blocks of K and L Streets, with specific attention to mixed-use development including ground floor retail, housing, cultural and commercial uses for the following reasons:

- The site connects two regional destinations, the Downtown Plaza and the Convention Center. The 700/800 blocks of K and L Streets continue to experience high vacancy rates and significant blight.
- The property’s footprint is relatively large and could support significant housing, retail and commercial uses.
- Development of the site could provide uses that will assist in the elimination of blight and will bolster current and recently completed investments made in the Downtown area including Westfield Downtown Plaza, the Citizen Hotel, the Cosmopolitan, and three new entertainment venues on the 1000 block of K Street.

The strategic direction for the 700 and 800 blocks of K and L Streets focused on creating a mixed-use development to include:

- Provision for cultural uses such as live theatre, art galleries, and museums
- Creation of unique commercial uses such as restaurants, mixed specialty retail and entertainment uses
- Development of residential uses to support commercial uses to create a vibrant 24-hour city

Land Assembly and Investment:

The Agency has been active in trying to revitalize the 700 and 800 blocks of K Street for many years. These blocks are recognized as two of the most blighted in the district. The structure at 800 K Street burned in 2001 and collapsed in 2004. The City’s Dangerous Building Department demolished remnants of the building leaving the site in its current vacant condition. The remainder of the properties in the 700 block and 800 block, with the exception of three tenants, remain vacant. The buildings’ poor condition and underutilization present economic liabilities for K Street.

In 2005, the Agency approved the solicitation of property owner proposals for properties on the 700/800 blocks of K Street. These efforts resulted in three different proposals over a period of three years, all of which experienced difficulties and did not come to fruition. During this time, however, the Agency was able to acquire 11 parcels in the 700 and 800 blocks of K and L Streets. The last development proposal expired in December 2009 and the current RFQ was issued with the following evaluation criteria:

- Experience developing similar projects
- Team experience
- Quality of vision for transforming Downtown
- Quality of concept
- Relationship to local goals
- Proposed tenants
- Demonstrates financial feasibility
- Project delivery schedule
- Overall package

Public Outreach:

Public Presentation: A public meeting was held on March 22, 2010. Each development team discussed their team qualifications and presented project concepts. The public was encouraged to provide feedback to the development teams and staff.

Preservation Commission: At its meeting on April 7, 2010, the City's Preservation Commission discussed the importance of retaining and rehabilitating the designated City landmark Bel-Vue building on 8th Street and other landmark buildings on both blocks. The Commission also encouraged any development team participating in a project on the 700 and 800 blocks of K Street to apply for 20% Federal Historic Rehabilitation Tax Credits. A memo from the Preservation Board to Council Members was forwarded outlining their recommendations on June 6, 2010.

Downtown Sacramento Partnership (DSP): The Downtown Sacramento Partnership considered the RFQ responses for the 700/800 blocks of K and L Streets at the Strategic Development Task Force on April 22 and May 27, 2010, the Executive Team on June 2, 2010, and the Board on June 9, 2010. The DSP Board forwarded a recommendation to the Agency Board to support the Selection Committee recommendation.

Sacramento Old City Association (SOCA): On June 7, 2010 staff presented an overview of the development team qualifications and project concepts and reviewed the Selection Committee recommendation with the SOCA. The SOCA members supported the Selection Committee recommendation.

Neighborhood Area Group (NAG) : On June 21, 2010 staff reviewed the development team qualifications and project concepts to the NAG. General feedback included support for projects that could be built in a short period of time, provided an appropriate development scale for K Street, addressed historic preservation and sustainability issues, and provided for mixed income residential opportunities. There was concern over building more retail in this economy, but there was support for an urban grocery and the Boqueria.

RESOLUTION NO. 2010-

**ADOPTED BY THE REDEVELOPMENT AGENCY
OF THE CITY OF SACRAMENTO**

**SELECTING THE SACRAMENTO ALLIANCE TEAM AS THE PREFERRED
DEVELOPER FOR THE 700 AND 800 BLOCKS OF K AND L STREETS PROJECT
AND DIRECTING STAFF TO NEGOTIATE TERMS OF AN EXCLUSIVE RIGHT TO
NEGOTIATE**

BACKGROUND

- A. The Redevelopment Agency of the City of Sacramento ("Agency") has adopted the Merged Downtown Sacramento Redevelopment Plan ("Redevelopment Plan") and an Implementation Plan for the Merged Downtown Sacramento Redevelopment Project Area ("Project Area").
- B. Portions of the 700 and 800 blocks of K Street are identified in the Amended Merged Downtown Sacramento Redevelopment Plan and Implementation Plan as having continuing blight conditions characterized by vacant parcels, deteriorating buildings, uneconomic land uses and unsafe sidewalks.
- C. In 2004, the JKL Corridor Workshop identified the 700/800 blocks of K and L streets as a critical location for revitalization of K Street, with a focus on mixed-use development including ground floor retail; housing; cultural and commercial uses envisioned on this property to eliminate blight, stimulate economic growth and provide for a range of housing types.
- D. Over the past few years, the Redevelopment Agency has assembled property located on the south half of the 700 Block of K Street and a portion of the 800 blocks of K and L streets ("Property") in the Project Area for redevelopment purposes.
- E. In December 2009, the Agency, represented by the Economic Development Department, issued a Request for Qualifications (RFQ) soliciting qualifications and concept proposals for the development of a mix-use project in the heart of downtown on the K Street Mall including properties on the southern half of the 700 blocks of K Street and portions of the 800 blocks of K and L Street.
- F. In February 2010, the Redevelopment Agency received four responses to the Request for Qualifications.
- G. In February 2010, The Redevelopment Agency established a Selection Committee to evaluate the proposals and make a recommendation to the Agency Board.
- H. In May 2010, the Agency's governing board appointed an ad hoc committee to evaluate the RFQ responses, the Selection Committee recommendation, staff's

analysis, and make a recommendation to the entire Agency Board. Three board members and the Chair were appointed to the committee.

- I. The activity recommended in this resolution is an administrative activity and is a commitment to feasibility and planning rather than approval of or commitment to a project. It is, therefore, not a project under CEQA (CEQA Guidelines Section 15378).

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

- Section 1. The above statements, including but not limited to the environmental statement, are found to be true and correct.
- Section 2. The Sacramento Alliance Team is selected as the preferred developer for the redevelopment of the Agency-owned sites in the 700 and 800 blocks of K and L Streets.
- Section 3. The Interim City Manager, or his designee, is authorized to negotiate, on behalf of the Agency, an Agreement for Exclusive Right to Negotiate (ERN) with the Sacramento Alliance Team with the following considerations:
 - Continue to refine project concepts;
 - Identify public and or private funding to fill the gap;
 - Identify avenues to preserve the Bel-Vue;
 - Define co-investment requirements to eliminate or mitigate blight on the 800 Block if development of the 800 block does not occur in 2012-2013.
- Section 4. The Interim City Manager, or his designee is directed to return with a negotiated ERN to the Agency Board for its consideration and approval, at the Board's sole and absolute discretion. The ERN will only include provisions for the development of Agency-owned property within the 700 and 800 blocks of K and L Streets.