



City of Sacramento City Council

915 I Street, Sacramento, CA, 95814

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Meeting Date: 6/21/2011

Report Type: Consent

Title: Lease Agreement: Powerhouse Science Center at 400 Jibboom Street

Report ID: 2011-00527

Location: 400 Jibboom Street, District 1

Recommendation: Recommendation: Adopt a Resolution authorizing the City Manager to enter into a Lease with Powerhouse Science Center for the property located at 400 Jibboom Street.

Contact: Jennifer Witz, Project Coordinator, Economic Development Department, (916)-808-2796

Presenter: None

Department: Economic Development Dept

Division: Downtown Development

Dept ID: 18001021

Attachments:

- 1-Description/Analysis
- 2-Background
- 3-Reso
- 4-Ground Lease - Powerhouse

City Attorney Review

Approved as to Form
Michael T. Sparks
6/16/2011 11:16:26 AM

City Treasurer Review

Prior Council Financial Policy Approval or
Outside City Treasurer Scope
Russell Fehr
6/1/2011 11:58:02 AM

Approvals/Acknowledgements

Department Director or Designee: Jim Rinehart - 6/9/2011 2:19:21 PM

Assistant City Manager: John Dangberg - 6/9/2011 3:57:53 PM



Description/Analysis

Issue: Staff is seeking approval of a fifty-five (55) year lease with the Powerhouse Science Center (“PHSC”), formerly known as the Sacramento Museum of History, Science and Technology, for property located at 400 Jibboom Street (“Site”).

The City has been working with the PHSC to rehabilitate the former PG&E Power Station B as a premier science center devoted to science, space and technology (“Project”) since 2007 when City Council approved an Exclusive Right to Negotiate with the nonprofit center. Since that time, the PHSC has completed its required environmental review for both California Environmental Quality Act (“CEQA”) and National Environmental Policy Act (“NEPA”), received approval for a Parks Master Plan Amendment, been approved as a National Historic Landmark, successfully petitioned to PG&E to remove two idle towers from the site, begun to implement its required environmental mitigation plan, submitted an application to the City for planning entitlements, and raised over \$10 million from private and public sources.

Below is a summary of the business terms of the Lease.

Lease Term, Rent, and Maintenance

- Term will begin on the date the Lease is signed by both parties. (Section 4.01)
- The occupancy term of the lease is fifty-five (55) years. (Section 4.01)
- Base rent is a nominal one-dollar (\$1) per term year and commences at occupancy. (Section 6.01)
- PHSC will make additional payments to a capital reserve fund for major repairs. (Section 6.02, 7.04)
- PHSC will fund all ongoing operations, property maintenance and repairs. (Section 7.04)
- PHSC will be responsible for all costs related to environmental monitoring. (Section 2.04)
- PHSC will pay all taxes, utilities, and assessments. (Section 6.06)

Accounting Records, Financial Statements and Budget

- At the end of each fiscal year, PHSC will furnish the City with a report detailing the total number of visitors, membership and fundraising results, complete tax returns, and financial reports for the preceding year. (Section 7.09b, Exhibit E)
- PHSC will also furnish the City upon request with unaudited quarterly financial statements within ninety (90) days of the end of each fiscal quarter. (Section 7.09b)

Design, Construction and Installation of the Project

- PHSC will design, construct and install the approved Project on the Site. (Section 12.01)
- The Project will be constructed in three phases (Section 12.02)
- PHSC will fund the cost to construct the Project. The amount of the entire project is estimated to be approximately fifty-million dollars (\$50 million). (Section 12.02)

Ownership of Completed Project

- The Project, and any other works of improvement on the Site, will become the property of the City without reimbursement to PHSC. (Section 12.03)

Policy Considerations: The Project is consistent with the River District Specific Plan, the Sacramento Riverfront Master Plan, the City’s 2030 General Plan, the River District Redevelopment Plan and Implementation Plan to eliminate blight and deterioration, and stimulate economic growth.

Environmental Considerations: Environmental Considerations: On June 1, 2010, City Council adopted the Mitigated Negative Declaration (“MND”) and Mitigation Monitoring Plan for the Robert T. Matsui Waterfront Park Master Plan Amendment, which included the development of the Project (Resolution 2010-296). The MND was reviewed and the environmental effects were considered pursuant to section 15096(f) of the CEQA Guidelines (Cal. Code Regs., tit. 14, §§15000-15387). Because there is neither any new information of substantial importance nor any substantial changes with respect to the circumstances under which the project will be undertaken that would require the preparation of supplemental environmental documentation, the recommended actions do not require further environmental review pursuant to CEQA Guidelines sections 15162 or 15163. The MND and Mitigation Monitoring Plan are posted on the City’s web site at <http://www.cityofsacramento.org/dsd/planning/environmental-review/eirs/> and are available for review at the offices of the Community Development Department at 300 Richards Boulevard, Sacramento.

An Environmental Assessment (“EA”) has been prepared for the Powerhouse Science Center Project in accordance with the NEPA pursuant to 24 CFR 58.40. Based on steps set forth in paragraphs (a) through (f) of 24 CFR 58.40, a Finding of No Significant Impact (“FONSI”) was made, which was published, circulated, and re-evaluated, in accordance with 24 CFR 58 Subpart E. A Notice of Intent to Request Release of Funds was published along with the FONSI and the Request for Release of Funds was submitted to the U.S. Department of Housing and Urban Development (“HUD”) for approval. The Authority to Use Grant Funds was executed in August 23, 2010 by HUD. On November 9, 2010, City Council received and filed the EA and approved the Cultural Resources Treatment and Monitoring Agreement with the Shingle Springs Band of Miwok Indians (Resolution 2010-634).

Sustainability: PHSC proposes to design the Project to achieve Silver or higher rating from the U.S. Green Building Council, Leadership in Energy and Environmental Design Rating System. The Project will demonstrate leadership in sustainable design and alternative and experimental energy in its exhibits and in practical applications and building operations. The Project is consistent with Sustainability Master Plan goals to reduce the use of fossil fuels, improve energy efficiency, and help meet air quality standards.

Commission/Committee Action: NA

Rationale for Recommendation: The Project is a catalyst project in the River District Redevelopment Area and will assist in its revitalization, as well as bring visitors to the City of Sacramento as a regional destination. The former PG&E Power Station B is currently shuttered and in deteriorating condition since it was last used for a heavy industrial operation in the early 1960s. Entering into a lease with the PHSC supports the River District Redevelopment Area Implementation Plan goal to eliminate blight and deterioration in the River District by rehabilitating the former PG&E Power Station B structure into the future PHSC and creating a regional destination that will provide an environment that supports economic growth.

Financial Considerations: PHSC will fund the cost to complete the Project. The amount of the entire project, to be funded by PHSC, is estimated to be approximately fifty-million dollars (\$50M). Upon final completion of Project, the Project will become the property of City. Under the terms of the lease, the base rent commences at occupancy at one-dollar (\$1) per term year. There are no financial obligations upon the City.

Emerging Small Business Development (ESBD): NA



Background

The former PG&E Power Station B site (“Site”) is located on Jibboom Street, approximately one-quarter mile north of the Old Sacramento Historic District. The Site, which is immediately adjacent to the City’s water intake structure on the Sacramento River, includes the historic former Pacific, Gas & Electric (“PG&E”) building and the designated parking areas to the north and east of the building. The Site consists of four acres and is located immediately north of the newly completed six and one-half acre Robert T. Matsui Waterfront Park. In 2002, the City took title to the former PG&E Power Station B (“Power Station”) from the State of California. Other than a brief time in the early 1960’s when the site was used as a metal salvage yard, the building has been shuttered since the PG&E Power Station ceased operation in 1954.

The Powerhouse Science Center (“PHSC”) is working to develop the Powerhouse Science Center Project (“Project”) on the Site, which will include a science, space and technology museum in the rehabilitated Power Station building, with a restaurant, educational center, and planetarium in a new building, and create an inviting open space park area with amphitheater.

The PHSC is a nonprofit corporation that was created in 1994 when the Sacramento Science and Space Center, founded in 1951, and the Sacramento History Museum, founded in 1984, were consolidated. The Science and Space Center has operated in a small City-owned facility on Auburn Avenue for over 50 years. The facility only offers 11,000 square feet of space, yet it successfully operates Sacramento’s only public planetarium and one of the nation’s most successful Challenger Learning Centers. Despite its inconvenient location and small size, the Science and Space Center served more than 95,000 people in the year 2008.

The new location will provide room for the PHSC to expand its exhibits, classroom and laboratory space. Due to the increase in size, expanded exhibits, additional programs and improved location, the Project is projected to attract 250,000 annual visitors, a substantial portion of which would be K-12th grade students.

The unique location of the proposed Project will take advantage of the nearby Water Intake Plant on the Sacramento River, which will provide learning opportunities for students, and the Robert T. Matsui Waterfront Park, which will be expanded and enhanced with interpretive signage and exhibits, etc. Additionally, the proximity of the building to the Robert T. Matsui Waterfront Park, Railroad Museum, Old Sacramento, and the future Railroad Technology Museum in the Railyards will place the Project centrally amidst other tourist attractions.

The Project will include the rehabilitation of the former PG&E Power Station B building to accommodate interpretive exhibits, education programs, learning labs, and office space. The resulting building would have approximately 36,400 s.f. of interior space. It will also include a new 35,728 s.f. two-story building to accommodate the Earth, Space,

and Sciences Center and would include a 150-seat planetarium, the Challenger Learning Center, additional exhibit space, a lobby, café, gift shop, and outdoor stage with projection screen. North of the former PG&E Power Station B building would be a new 14,500 s.f. Education Center and Restaurant building that would accommodate meeting space for conferencing and education, along with a riverfront restaurant. To service the site, a new forty-two foot high parking garage structure would accommodate 363 cars. Lastly, the Project would include park improvements, including benches, a public restroom, shade and sound structures, new hard-scape, grading changes, and new plantings.

On June 12, 2007, City Council approved an Exclusive Right to Negotiate (“ERN”) for the project. This was extended by Council on August 18, 2008, July 28, 2009, and March 22, 2011. The current ERN expires on March 22, 2012. During the ERN and its extension terms, the PHSC has completed the following actions:

- Refined site plans including revised design of museum and detailed concepts for the parking and public components of the Project;
- Refined estimated construction costs, including all applicable fees and contingencies;
- Submitted its application for planning entitlements on March 9, 2010.
- Received approval of amendment to the Robert T. Matsui Waterfront Park Master Plan and planned park improvement plans on June 1, 2010;
- Refined development and operating pro-formas;
- Completed environmental review:
 - On June 1, 2010, City Council adopted the Mitigated Negative Declaration and Mitigation Monitoring Plan for the Robert T. Matsui Waterfront Park Master Plan Amendment, which included an analysis of the impacts of the Project (Resolution 2010-296), and
 - On November 9, 2010, City Council received and filed the Environmental Assessment and approved the Cultural Resources Treatment and Monitoring Agreement with the Shingle Springs Band of Miwok Indians (Resolution 2010-634).
- Received approval on July 24, 2010 of the nomination for National Register of Historic Places for the former PG&E Power Station B.
- Petitioned, successfully, to have PG&E remove two idle transmission towers from the site, which were removed in September 2010.

The Project has been more than five years in development. The Project funding comes from foundation grants, government grants, private donations and historic tax credits.

The Project development plans will use historic preservation methods, green building technology, and the newest exhibit techniques to develop inquiry-based educational programs and a compelling visitor experience that will become a model for 21st-century informal science education. The Site, once an industrial brownfield, will become a valued visitor and student attraction for Sacramento.

On April 14, 2011, the Powerhouse Science Center was awarded a seven million dollar (\$7M) grant from Proposition 84's Nature Education Facilities committee to build the Earth, Space, and Sciences Center, which will feature a full-dome, 150-seat planetarium, an updated Challenger Learning Center, and interactive exhibits focusing on natural sciences.



RESOLUTION NO. 2011-

Adopted by the City of Sacramento

APPROVE LEASE AGREEMENT WITH POWERHOUSE SCIENCE CENTER FOR 400 JIBBOOM STREET

BACKGROUND

- A. The City owns certain real property located in the City of Sacramento, being all or a portion of the properties west of Jibboom Street identified as parcel numbers 001-0190-004, -011, -015, -016, and portions of -006 and -009 ("Property") located within the River District Redevelopment Project Area.
- B. The Property contains the historic landmark structure, the former PG&E Power Station B, a former superfund site, which has been shuttered and in deteriorating condition since it was last used for a heavy industrial operation in the early 1960s.
- C. Powerhouse Science Center ("PHSC"), formerly known as Sacramento Museum of History, Science and Technology, desires to rehabilitate the building and redevelop the Property into the Powerhouse Science Center project ("Project"), a science and space center with adjacent restaurant/education center and parking structure serving the site.
- D. The PHSC proposal meets the objectives of the Sacramento Riverfront Master Plan, the River District Specific Plan and the River District Redevelopment Plan.
- E. On June 1, 2010, City Council adopted the Mitigated Negative Declaration ("MND") and Mitigation Monitoring Plan for the Robert T. Matsui Waterfront Park Master Plan Amendment, which included the development of the Project (Resolution 2010-296). The MND was reviewed and the environmental effects were considered pursuant to section 15096(f) of the California Environmental Quality Act ("CEQA") Guidelines (Cal. Code Regs., title 14, §§ 15000-15387). Because there is neither any new information of substantial importance nor any substantial changes with respect to the circumstances under which the project will be undertaken that would require the preparation of supplemental environmental documentation, the recommended actions do not require further environmental review pursuant to CEQA Guidelines sections 15162 or 15163. The MND and Mitigation Monitoring Plan are posted on the City's web site at <http://www.cityofsacramento.org/dsd/planning/environmental-review/eirs/> and are available for review at the offices of the Community Development Department at 300 Richards Boulevard, Sacramento.
- F. An Environmental Assessment ("EA") has been prepared for the Powerhouse Science Center Project in accordance with the National Environmental Policy Act

("NEPA") pursuant to 24 CFR 58.40. Based on steps set forth in paragraphs (a) through (f) or 24 CFR 58.40, a Finding of No Significant Impact ("FONSI") was made, which was published, circulated, and re-evaluated, in accordance with 24 CFR 58 Subpart E. A Notice of Intent to Request Release of Funds was published along with the FONSI and the Request for Release of Funds was submitted to the U.S. Department of Housing and Urban Development ("HUD") for approval. The Authority to Use Grant Funds was executed in August 23, 2010 by HUD. On November 9, 2010, City Council received and filed the EA and approved the Cultural Resources Treatment and Monitoring Agreement with the Shingle Springs Band of Miwok Indians (Resolution 2010-634).

- G. On April 14, 2011, the Powerhouse Science Center was awarded a seven million dollar (\$7M) grant from Proposition 84's Nature Education Facilities committee to build the Earth, Space, and Sciences Center, which will feature a full-dome, 150-seat planetarium, an updated Challenger Learning Center, and interactive exhibits focusing on natural sciences.
- H. The City and PHSC desire to enter into a fifty-five (55) year term lease for the Property for the development of the Project, which the PHSC will construct, occupy, and maintain at no cost to the City. Upon final completion of Project, the Project will become the property of City. Under the terms of the lease, the base rent commences at occupancy, and PHSC will pay rent of one-dollar (\$1) per term year. There are no financial obligations upon the City.

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

- Section 1. The City Manager or his designee is authorized to execute a lease with Powerhouse Science Center for the City-owned property located at 400 Jibboom Street.
- Section 2. The lease identified in Section 1 is attached as Exhibit A and is a part of this resolution.

Table of Contents:

- Exhibit A Lease Agreement

LEASE TO BE ATTACHED