



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org

CONSENT
June 26, 2007

Honorable Mayor and
Members of the City Council

Title: Lease Agreement with the State of California, Department of Transportation, for the Crocker Art Museum Expansion and Renovation Project (CF61)

Location/Council District: 216 O Street, Council District 1

Recommendation: Adopt a **Resolution:** 1) Authorizing the City Manager to execute a land lease with the State of California, Department of Transportation for an initial twenty-five (25) year term.

Contact: Rhonda Lake, Asset Manager, 808-7902; Cynthia Kranc, Facilities & Real Property Manager, 808-2258

Presenters: None

Departments: General Services

Division: Facilities & Real Property Management

Organization No: 3289

Description/Analysis:

Issue: The ground lease with the State of California is necessary in order to develop parking for the Crocker Art Museum Expansion Project. On May 29, 2007 (Resolution 2007-320), City Council approved a construction contract with Rudolph & Sletten, Inc., as the approved Project construction manager, for off-site improvements for the Project. Approving the ground lease will allow Rudolph & Sletten, Inc. to complete the portion of off-site improvements to be located on State-owned land.

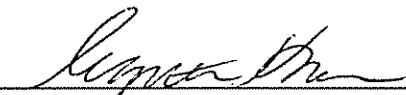
Policy Considerations: Development of the Project is consistent with the City Council's Strategic Planning policy adopted in 2006. The Crocker Art Museum Expansion and Renovation Project supports the City's focus on Culture and Entertainment, Sustainability and Livability, and Economic Development. The recommended action in this report is consistent with previous actions and approvals for the Project summarized in the Background Information included in (Attachment 1) to this report.

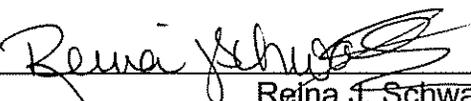
Environmental Considerations: The City Council certified the Environmental Impact Report, approved the Mitigation Monitoring Plan, and adopted the Findings of Fact and Statement of Overriding Considerations for the Project on October 25, 2005, through Resolution 2005-780.

Rationale for Recommendation: As shown in the design approved by City Council on October 25, 2005, 2nd Street will be relocated to the west. Parking, accessed from 2nd Street, will be provided on State-owned land in the Interstate 5 Right of Way ("ROW"). This lease will allow for the development of 55 parking spaces to serve the Crocker Art Museum Expansion Project and surrounding area.

Financial Considerations: The ground lease with the State of California for land in the Interstate 5 right-of-way will be funded by parking revenue. Annual rent for the first five years of the lease will be \$15,480; thereafter, rent will be adjusted every five years based on the Consumer Price Index. The revenue generated will offset the lease payments and maintenance costs. Approximately \$66,000 in annual revenue will be generated once the parking area is completely developed.

Emerging Small Business Development (ESBD): ESBD is not applicable to the ground lease with the State of California.

Respectfully Submitted by: 
Cynthia Kranc
Facilities Manager

Approved by: 
Reina J. Schwartz
Director, Department of General Services

Recommendation Approved:

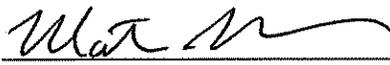
for 
Ray Kerridge
City Manager

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Attachment 1

BACKGROUND:

In October 2000, CAMA presented a proposed process and timeline for a Master Plan development for the Crocker Art Museum to the City Council. Since that time, the City and CAMA have been working together on the preconstruction phases of the Crocker Art Museum Expansion and Renovation Project. The following milestones support the action requested in this report.

- On December 3, 2002, the City Council authorized CAMA to release an RFQ/P for the selection of a Construction Manager/General Contractor (CM/GC) for the Project (Resolution 2002-799). A panel comprised of CAMA and City representatives unanimously selected Rudolph & Sletten, Inc. as the Construction Manager for the Project through a competitive, qualification-based selection process.
- On March 11, 2003, the City Council adopted (Resolution 2003-117), suspending competitive bidding for the construction of the Project pursuant to section 3.60.170D of the Sacramento City Code, which allows competitive bidding to be suspended if the City Council determines, on a 2/3 vote, that it is in the best interests of the City to do so.
- On October 25, 2005, the City Council approved the design of the Project, including the realignment of 2nd Street and parking in the Interstate 5 Right of Way (Resolution 2005-781).
- On December 6, 2005, the City Council approved the vacation and realignment of 2nd Street (Resolution 2005-876).
- On March 20, 2007, the City Council authorized CAMA to execute an agreement with Rudolph & Sletten, Inc. for construction management services. (Resolution 2007-162).
- On May 29, 2007, City Council awarded a construction contract to Rudolph & Sletten, Inc. in an amount not to exceed \$3.34 million, for the off-site and site improvements for the Crocker Art Museum Expansion Project, in anticipation of the Project construction in Fall 2007. The scope of work includes the relocation of 2nd Street and the development of the Interstate-5 Right of Way owned by the State of California (Resolution 2007-320).

RESOLUTION NO. 2007-XXXX

Adopted by the Sacramento City Council

June 26, 2007

**AUTHORIZING THE CITY MANAGER TO EXECUTE A
LONG TERM LAND 25 YEAR LEASE WITH THE STATE OF CALIFORNIA,
DEPARTMENT OF TRANSPORTATION**

BACKGROUND

- A. The City Council approved the design for the Crocker Art Museum Expansion and Renovation Project (Project) on October 25, 2005 (Resolution 2005-781). The approved design includes the relocation of 2nd Street with parking in the right-of-way of Interstate 5.
- B. On December 6, 2005, the City Council approved the vacation and realignment of 2nd Street (Resolution 2005-876).
- C. On May 29, 2007 (Resolution 2007-320), the City Council awarded a construction contract to Rudolph & Sletten, Inc. for off-site improvements for the Crocker Art Museum Expansion Project, including the relocation of 2nd Street.
- D. Execution of the lease will allow for the development of parking on the west side of 2nd Street.
- E. Parking revenue generated from the parking will offset the lease payments and cost of maintenance.

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

- Section 1. The City Manager or the City Manager's designee is authorized to execute a 25-year ground lease with two 10-year renewal options with the State of California for the area described on (Exhibit C), attached hereto. Annual rent for the first five years of the lease will be \$15,480; thereafter, rent will be adjusted every five years based on the Consumer Price Index.
- Section 2. The City Manager or the City Manager's designee is authorized to execute such additional documents and to take such additional actions as necessary to implement the lease.

SAC-5 P.M. 23.3

EXHIBIT "A"

LEASE AREA DESCRIPTION
03-SAC 005-0006

Part "A": A portion of Lots 5, 6, 7 and 8 of the Block bounded by "O" and "P" Streets and Front and Second Streets as shown on the Official Map of the City of Sacramento.

Said portion in that part thereof described as follows:

Beginning at a point in the easterly line of existing State Rte. 5 being the northwest corner of that parcel of land described in Directors Deed recorded 6/15/71 in Book 71-06-15 at Page 350, Official Records of Sacramento County; Thence from said Point of Beginning along the westerly line of said parcel, from tangent that bears S 19° 13' 52" W along a curve to the left with a radius of 1712.00 ft., through an angle of 06° 20' 50", an arc distance of 189.66 ft.; Thence along a compound curve with a radius of 138.00 ft., through an angle of 39° 05' 46", an arc distance of 94.16 ft.; Thence S 26° 12' 44" W 12.00 ft.; Thence leaving said westerly line S 63° 47' 16" W 20.00 ft.; Thence N 26° 12' 44" W 12.00 ft.; Thence along a tangent curve to the right with a radius of 158.00 ft., through an angle of 39° 05' 46" an arc distance of 107.81 ft.; Thence along a compound curve with a radius of 1732.00 ft., through an angle of 06° 20' 19", an arc distance of 191.62 feet to a point in the southerly line of "O" Street; Thence along said southerly line S 71° 30' 09" E 20.00 ft. to the Point of Beginning.

Part "B": A portion of the Lots 5, 6 and 7 of the Block bounded by "N" and "O" Streets and Front and Second Streets as shown on the Official map of the City of Sacramento.

Said portion is that part thereof described as follows:

Beginning at the Point of Beginning described in Part "A" hereinabove also being the Point of Beginning described in Director's Deed recorded 6/15/71 in Book 71-06-15 at Page 358, Official Records of Sacramento County; Thence from said Point of Beginning along the line described in last said Director's Deed, said line also being the easterly line of existing State Rte. 5, from a tangent that bears N 19° 13' 52" E along a curve to the right with a radius at 1712.00 ft., through an angle of 03° 30' 53", an arc distance of 105.02 ft. to the TRUE Point of Beginning; Thence from said TRUE Point of Beginning continuing along said line from a tangent that bears N 22° 44' 45" E along a curve the right with a radius of 1712.00 ft., through an angle of 05° 21' 24", an arc distance of 160.06 ft.; Thence leaving said line N 61° 53' 51" W 20.00 ft.; Thence from a tangent that bears S 28° 06' 09" W along a curve to the left with a radius of 1732.00 ft., through an angle of 05° 21' 24", an arc distance of 161.93 ft.; Thence S 67° 15' 15" E 20.00 ft. to the TRUE Point of Beginning.

Part "C": A portion of "N" Street and of Lots 7 and 8 of the Block bounded by "N" and "O" Streets and Front and Second Streets as shown on the Official Map of the City of Sacramento.

Said portion is that part thereof described as follows:

Beginning at a point in the easterly line of existing State Rte. 5 being the northerly terminus of that certain 1712.00 ft. radius curve described in said Directors Deed referred to in Part "B" hereinabove; Thence from said Point of Beginning along the line described in said Director's Deed from a tangent that bears N 32° 28' 07" E along a curve to the right with a radius of 1950.00 ft., through an angle of 02° 47' 30", an arc distance of 95.01 ft.; Thence leaving said line N 54° 44' 23" W 20.00 ft.; Thence from a tangent that bears S 35° 15' 37" W along a curve to the left with a radius of 1970.00 ft., through an angle of 02° 47' 30", an arc distance of 95.99 ft.; Thence along a compound curve with a radius of 1732.00 ft. through an angle of 02° 50' 42", an arc distance of 86.00 ft.; Thence S 60° 22' 35" E 20.00 ft. to a point in said line; Thence along said line from a tangent that bears N 29° 37' 25" E along a curve to the right, with a radius of 1712.00 ft. through an angle of 02° 50' 42", an arc distance of 85.01 ft. to the Point Beginning.

