



# REPORT TO COUNCIL

## City of Sacramento

915 I Street, Sacramento, CA 95814-2604  
[www. CityofSacramento.org](http://www.CityofSacramento.org)

Consent

October 2, 2007

Honorable Mayor and  
 Members of the City Council

**Title:** CALPERS Memorandum of Understanding Amendment No. 1

**Location/Council District:** Between 3<sup>rd</sup>, 7<sup>th</sup>, R St., and Q St. / District 1

**Recommendation:** Adopt a **Resolution** authorizing the City Manager to execute Amendment No. 1 to a 2001 Memorandum Of Understanding between the City and the California Public Employees' Retirement System ("CalPERS") related to residential development at the CalPERS Headquarters site. Execution of the Amendment will update the residential component's description and the schedule for development to conform to CalPERS' current development plans for the site.

**Contact:** Tom Zeidner, Sr. Economic Development Project Manager, 808-1931

**Presenters:** Not Applicable

**Department:** Economic Development

**Division:** Citywide

**Organization No:** 4453

### Description/Analysis

**Issue:** In June of 2001, the City of Sacramento entered into a Memorandum of Understanding ("MOU") with the California Public Employees' Retirement System ("CalPERS") related to development planned at the CalPERS headquarters site in the vicinity of Q and R Streets, between Third and Seventh Streets. Among other matters, the MOU memorialized CalPERS' intent to develop a portion of the site for office uses and to develop the remainder for residential use. The MOU further contained descriptions and development schedules for the residential component, which have since been revised based on discussions with City elected officials and staff. The revisions include a planned staging of the residential component into three phases, the first of which was begun in October of 2006, with an anticipated completion of phase three in Spring 2012. (The MOU originally anticipated that construction would begin in October of 2004.) These revisions are reflected in an Amendment No. 1 to the MOU, included as an attachment to this report. The accompanying resolution authorizes the City Manager to execute Amendment No. 1 on behalf of the City.



**Policy Considerations:** The actions recommended in this report are consistent with the original intent of the 2001 MOU between the City and CalPERS to facilitate development of residential uses at the CalPERS headquarters site. These actions are further consistent with the R Street Corridor Plan, the 2005-2009 Merged Downtown Redevelopment Plan, the Central City Housing Strategy and the City's Infill Development Policy.

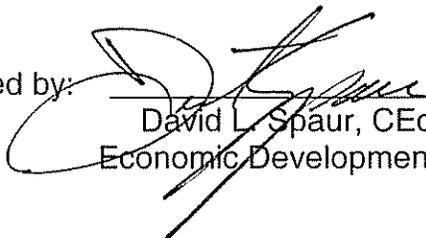
**Environmental Considerations:** In keeping with the California Environmental Quality Act, CalPERS has certified an environmental impact report for the overall development, including the residential component.

**Rationale for Recommendation:** These actions are consistent with earlier-adopted City planning efforts, including the R Street Corridor Plan, the 2005-2009 Merged Downtown Redevelopment Plan, the Central City Housing Strategy and the City's Infill Development Policy.

**Financial Considerations:** The actions recommended in this report have no direct impact on the City.

**Emerging Small Business Development (ESBD):** Not Applicable

Respectfully Submitted by:   
James R. Rinehart  
Citywide Economic Development Manager

Approved by:   
David L. Spaur, CEcD, EDFP  
Economic Development Director

Recommendation Approved:

  
Ray Kerridge  
City Manager

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**AMENDMENT NO. 1 TO  
MEMORANDUM OF UNDERSTANDING  
(R Street Expansion Project)**

THIS AMENDMENT NO. 1 TO MEMORANDUM OF UNDERSTANDING (THIS "AMENDMENT"), DATED AS OF \_\_\_\_\_, 2007, IS ENTERED INTO BY AND BETWEEN **CITY OF SACRAMENTO**, A PUBLIC BODY, CORPORATE AND POLITICAL ("CITY") AND **CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**, A UNIT OF THE STATE AND CONSUMER SERVICES AGENCY OF THE STATE OF CALIFORNIA ("CALPERS"), WHO AGREE AS FOLLOWS:

1. Background and Purpose.

1.1 Background. City and CalPERS entered into that certain Memorandum of Understanding, dated June 12, 2001 (City Agreement No. 2001-095), (the "MOU"), setting forth certain understandings and agreements of the parties regarding the development and construction of a portion of certain real property (the "Site") owned by CalPERS, located within the corporate limits of the City, as more fully described in the MOU. Among other matters, the MOU memorialized CalPERS' intention to develop a portion of the Site for office uses (the "Office Component"), and to develop or facilitate the development of the remainder of the Site for residential uses (the "Residential Component"), all as more fully set forth in the MOU. CalPERS has substantially completed development and construction of the Office Component.

1.2 Purpose of Amendment. The purpose of this Amendment is to amend the MOU to revise the description of the Residential Component and the schedule for development and construction of the Residential Component to conform such description and schedule to CalPERS' current development plans.

2. Recitals. Recital H of the MOU is hereby deleted and replaced in its entirety with the following:

"H. CALPERS RECOGNIZE THAT THE R STREET CORRIDOR PLAN INCLUDES POLICIES AND IMPLEMENTATION MEASURES TO LINK DEVELOPMENT APPROVALS OF OFFICE PROJECTS WITH DEVELOPMENT APPROVALS OF RESIDENTIAL PROJECTS TO CREATE NEW MIXED USE NEIGHBORHOODS. FURTHERMORE, CALPERS ACKNOWLEDGES THAT THE CITY IS RELUCTANT TO ABANDON THE STREETS AND ALLEYS WITHOUT AN AGREEMENT MEMORIALIZING CALPERS' INTENT TO CARRY OUT THE CONSTRUCTION OF THE RESIDENTIAL COMPONENT. ATTACHED TO THIS MOU IS A REVISED EXHIBIT L WHICH INCORPORATES A PHASING PLAN FOR THE RESIDENTIAL COMPONENT, WHICH CONFORMS TO CALPERS' DEVELOPMENT PLANS AND SCHEDULE AS OF THE EFFECTIVE DATE OF AMENDMENT NO. 1 TO THIS MOU. NEITHER EXHIBIT L IN PARTICULAR NOR THIS MOU GENERALLY IS INTENDED TO RESTRICT CALPERS' ABILITY TO DEVELOP ADDITIONAL RESIDENTIAL PROJECTS ON THE SITE."

3. Exhibits. Section 1 of the MOU is hereby deleted and replaced in its entirety with the following:

"1. CALPERS IS THE OWNER OF THE SITE AS SHOWN ON THE MAP OF THE SITE WHICH IS ATTACHED HERETO AS **EXHIBIT A (REVISED 2007)**, AND WHICH IS FURTHER DESCRIBED IN THE LEGAL DESCRIPTION OF THE SITE, ATTACHED HERETO AS **EXHIBIT B (REVISED 2007)**."

ACCORDINGLY, THE MAP OF THE SITE, ATTACHED TO THE MOU AS EXHIBIT A THERETO IS HEREBY DELETED AND REPLACED IN ITS ENTIRETY WITH THE NEW MAP OF THE SITE, **EXHIBIT A (REVISED 2007)**, A COPY OF WHICH IS ATTACHED HERETO AND INCORPORATED HEREIN BY REFERENCE; AND THE LEGAL DESCRIPTION OF THE SITE, ATTACHED TO THE MOU AS EXHIBIT B THERETO IS HEREBY DELETED AND REPLACED IN ITS ENTIRETY WITH THE NEW LEGAL DESCRIPTION OF THE SITE, **EXHIBIT B (REVISED 2007)**, A COPY OF WHICH IS ATTACHED HERETO AND INCORPORATED HEREIN BY REFERENCE.

4. Uses. Section 11 of the MOU is hereby deleted and replaced in its entirety with the following:

"11. CalPERS acknowledges that the City's R Street Corridor Plan calls for "Intensive Mixed Uses" and "Residential Mixed Uses" (both as defined in the R Street Corridor Plan) for the Site. The City acknowledges that, given the undertakings of CalPERS as set forth in particular in this Paragraph 11, and more generally in this MOU, the approved Master Plan will provide for office and residential uses which constitute Intensive Mixed Uses and Residential Mixed Uses that are substantially in conformity with the R Street Corridor Plan.

CalPERS agrees that it shall:

- a. establish a mutually agreeable phasing plan for development approvals, design, financing, site preparation and construction on the portion of the Site to be developed with the Residential Component, in accordance with Exhibit L;
- b. effectuate such phasing plan on a schedule consistent with Exhibit L and with market demand for planned residential unit type and count;
- c. implement development and construction of up to 420,000 gross square feet, with a minimum of 180,000 gross square feet of residential space on the blocks from 3<sup>rd</sup> to 7<sup>th</sup> on R Street. This MOU memorializes CalPERS' intent to commence construction of the Residential Component not later than December 31, 2006."

5. Phasing Plan. The "Intended CalPERS Office / Housing Phasing Plan and CalPERS Phasing Plan Commitment", attached to the MOU as Exhibit L, is hereby deleted in its entirety and replaced with the "Residential Phasing of the Master Plan", attached hereto and labeled **Exhibit L (Revised 2007)**. It is CalPERS' intent to construct the Residential Component of the Project in accordance with the Phasing Plan set forth in said Exhibit L. Accordingly, CalPERS authorized commencement of construction of the Residential Component prior to December 31, 2006.

6. Ratification. Except as specifically amended as set forth above, all other terms and conditions of the MOU shall remain unchanged and in full force and effect.

7. Effective Date. The "Effective Date" of this Amendment shall be the date this Amendment is last signed by the parties hereto.

**IN WITNESS WHEREOF**, the parties have caused this Amendment No. 1 to Memorandum of Understanding to be executed and attested by their proper officers as of \_\_\_\_\_, 200\_\_.

Dated: \_\_\_\_\_

**CalPERS:**

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

By: \_\_\_\_\_

Chief Executive Officer

Dated: \_\_\_\_\_

**CITY:**

**CITY OF SACRAMENTO**

By: \_\_\_\_\_

City Manager

**APPROVED AS TO FORM:**

**ATTEST:**

By: \_\_\_\_\_

By: \_\_\_\_\_

City Attorney

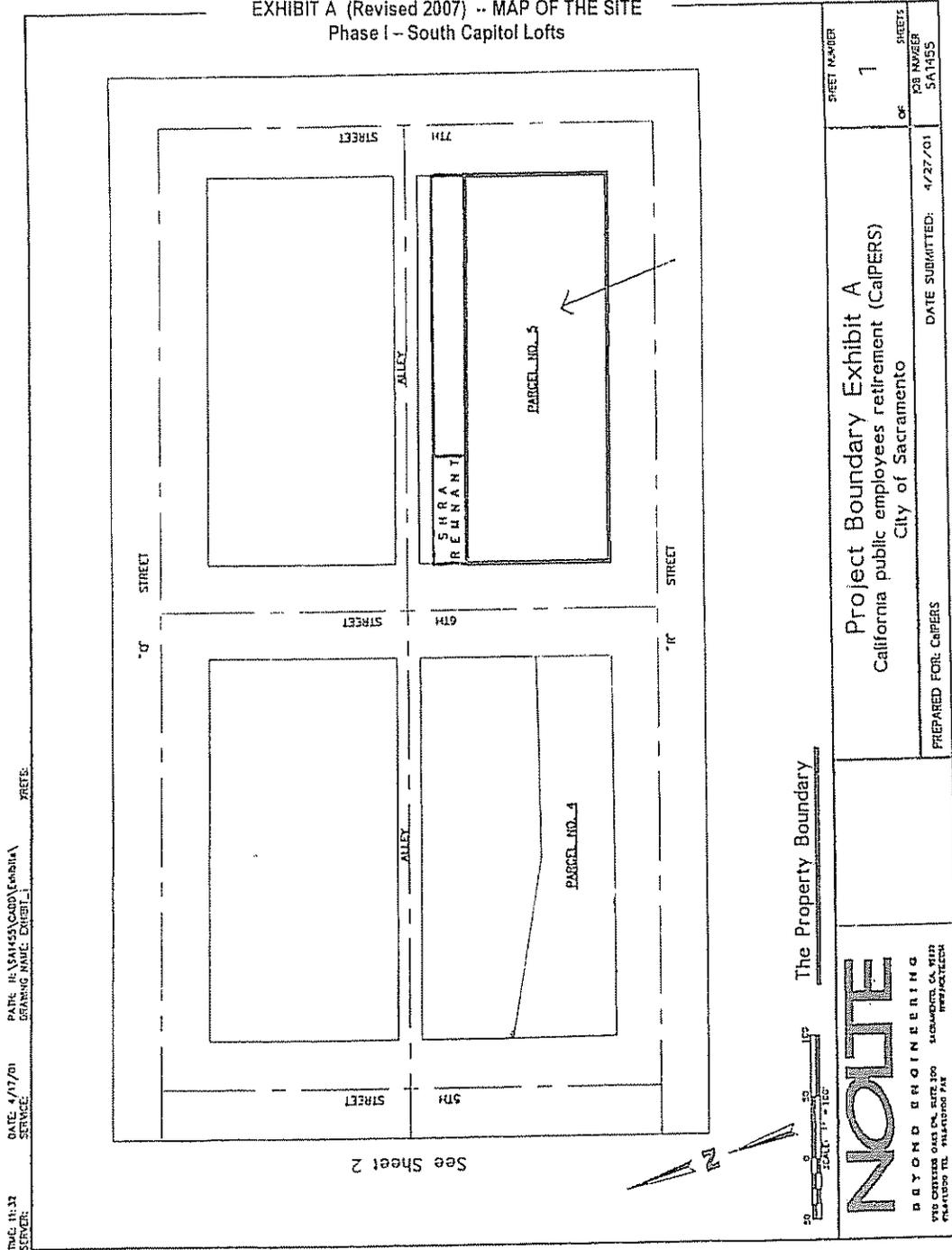
City Clerk

Attachment 2  
Exhibit A



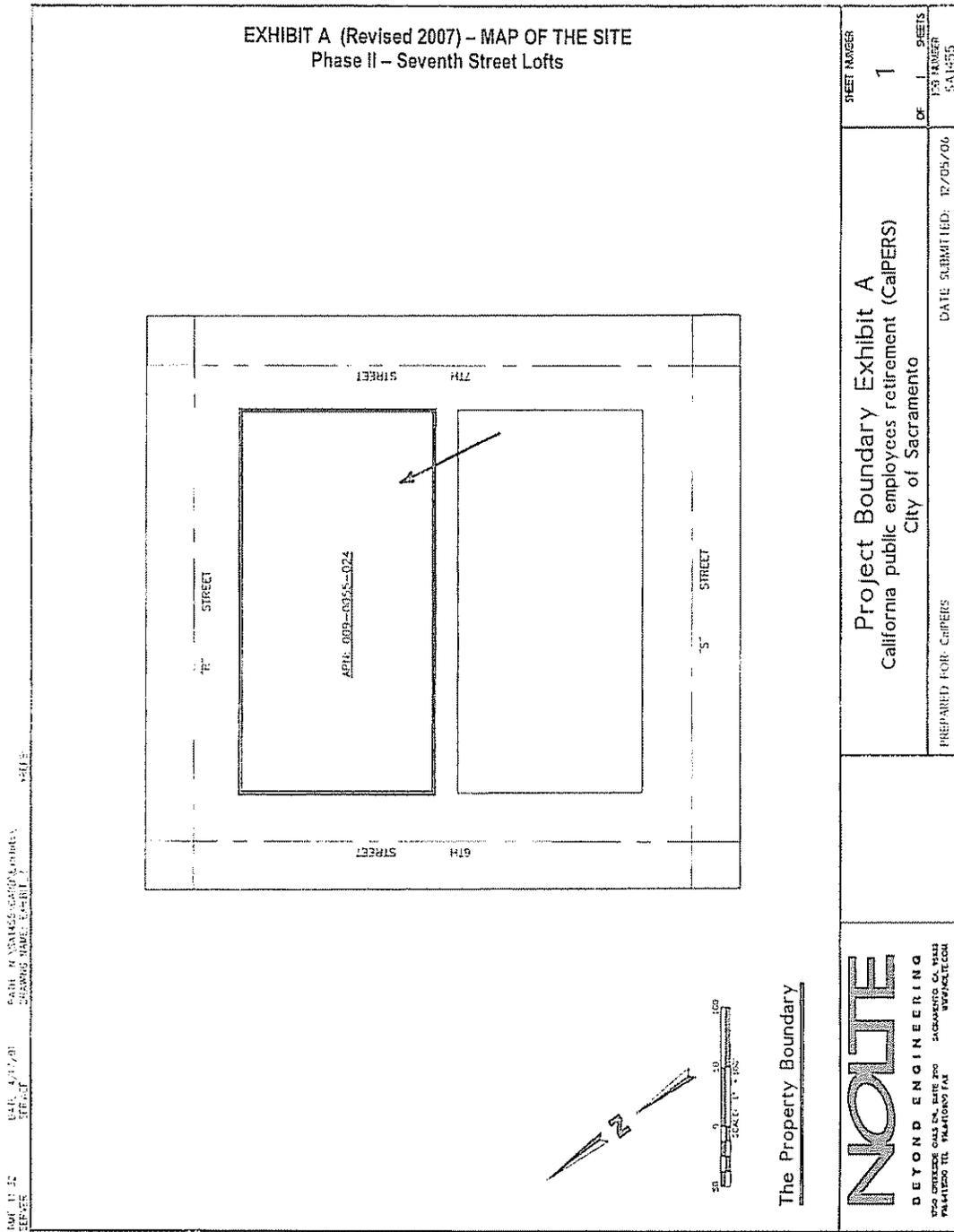
R Street Corridor

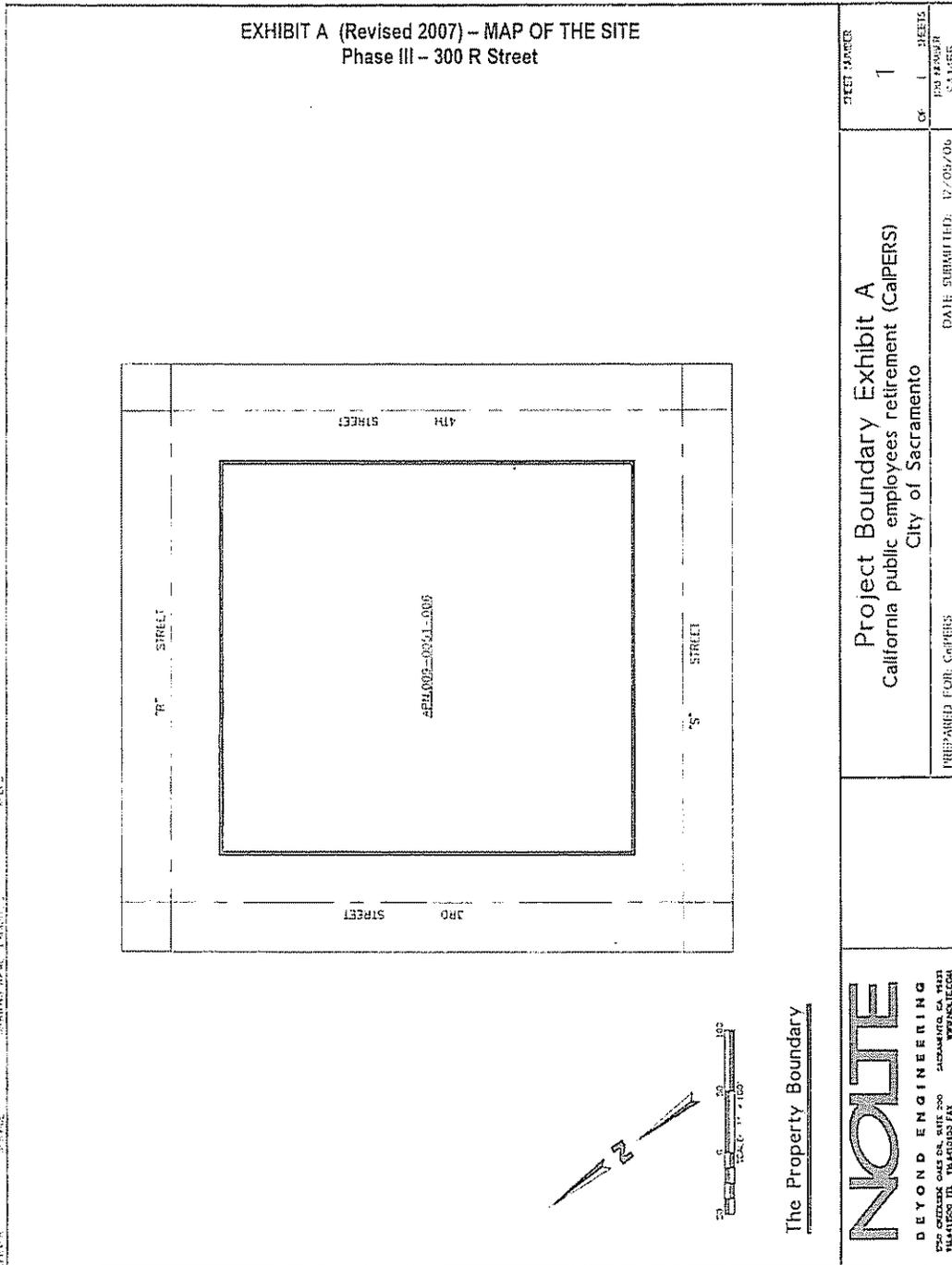
EXHIBIT A (Revised 2007) -- MAP OF THE SITE  
Phase I - South Capitol Lofts



TWG 11.31  
SERVER: DATE: 4/17/01  
SERVICE: DATE: 4/17/01  
PAR: H:\5A1455\CADD\EXHIBIT\_A  
DRAWING NAME: EXHIBIT\_1  
PREP:

<p><b>NOTE</b> BEYOND ENGINEERING THIS DRAWING OBTAIN SIZE 100 SACRAMENTO, CA 95811 PH: 916.441.0000 TEL: 916.441.0000 FAX: 916.441.0000</p>		<p>PREPARED FOR: CALPERS</p>	<p>DATE SUBMITTED: 4/27/01</p>	<p>SHEET NUMBER 1 OF 5A1455</p>
<p>The Property Boundary</p>		<p>Project Boundary Exhibit A California public employees retirement (CalPERS) City of Sacramento</p>		





Attachment 3  
Exhibit

EXHIBIT B (Revised 2007) - LEGAL DESCRIPTION  
Phase I - South Capitol Lofts

SHRA Parcel  
Legal Description

THE LAND REFERRED TO IS SITUATED IN THE STATE OF CALIFORNIA, COUNTY OF SACRAMENTO, CITY OF SACRAMENTO, AND DESCRIBED AS FOLLOWS:

LOTS 5 THROUGH 8, IN THE BLOCK BOUNDED BY "Q" AND "R", 6TH AND 7TH STREETS, IN THE CITY OF SACRAMENTO, ACCORDING TO THE OFFICIAL PLAT OR PLAN THEREOF, DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE WESTERLY LINE OF 7TH STREET AND THE SOUTHERLY LINE OF THE ALLEY 20.0 FEET WIDE LYING BETWEEN 6TH AND 7TH STREETS, SAID POINT OF BEGINNING BEING THE NORTHEAST CORNER OF SAID LOT 5; THENCE FROM SAID POINT OF BEGINNING NORTH 71 DEGREES 35' 47" WEST ALONG THE SOUTHERLY LINE OF SAID ALLEY AND ALONG THE NORTHERLY LINE OF SAID LOTS 5, 6, 7, AND 8, A DISTANCE OF 320.645 FEET TO THE NORTHWEST CORNER OF LOT 8 AT THE INTERSECTION OF SAID SOUTHERLY LINE OF SAID ALLEY WITH THE EASTERLY LINE OF 6TH STREET; THENCE SOUTH 18 DEGREES 29' 18" WEST ALONG SAID EASTERLY LINE OF 6TH STREET; AND ALONG THE WESTERLY LINE OF SAID LOT 8, A DISTANCE OF 40.29 FEET; THENCE SOUTH 71 DEGREES 35' 47" EAST, CROSSING SAID LOTS 5, 6, 7, & 8, A DISTANCE OF 320.625 FEET TO A POINT ON SAID WESTERLY LINE OF 7TH STREET; AND NORTH 18 DEGREES 31' 08" EAST ALONG SAID WESTERLY LINE OF 7TH STREET, AND ALONG THE EASTERLY LINE OF SAID LOT 5, A DISTANCE OF 40.29 FEET TO THE POINT OF BEGINNING

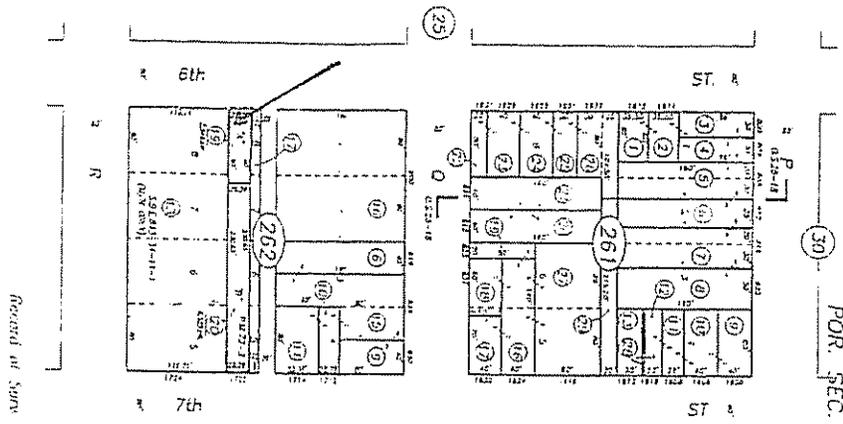
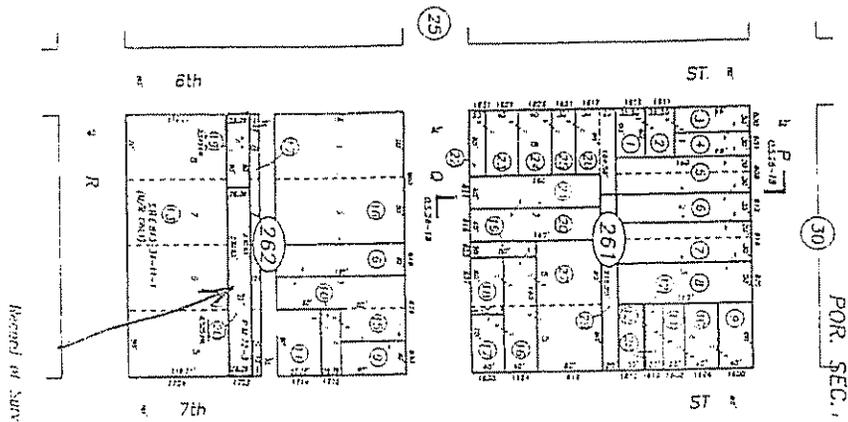


EXHIBIT B (Revised 2007) – LEGAL DESCRIPTION  
Phase I – South Capitol Lofts

“Messick” Parcel  
Legal Description

Parcel “B” as shown on the Parcel Map entitled “The South 26 29 feet of the North 40 29 feet of Lots 5, 6, 7, and 8 in the block bounded by 6<sup>th</sup> and 7<sup>th</sup> Streets Q and R Streets of the City of Sacramento, California, according to the Map or Plan thereof”, filed in the office of the Recorder of Sacramento County, California, on August 6, 1982, in Book 72 of Parcel Maps, Map No. 3

APN: 006-0262-020

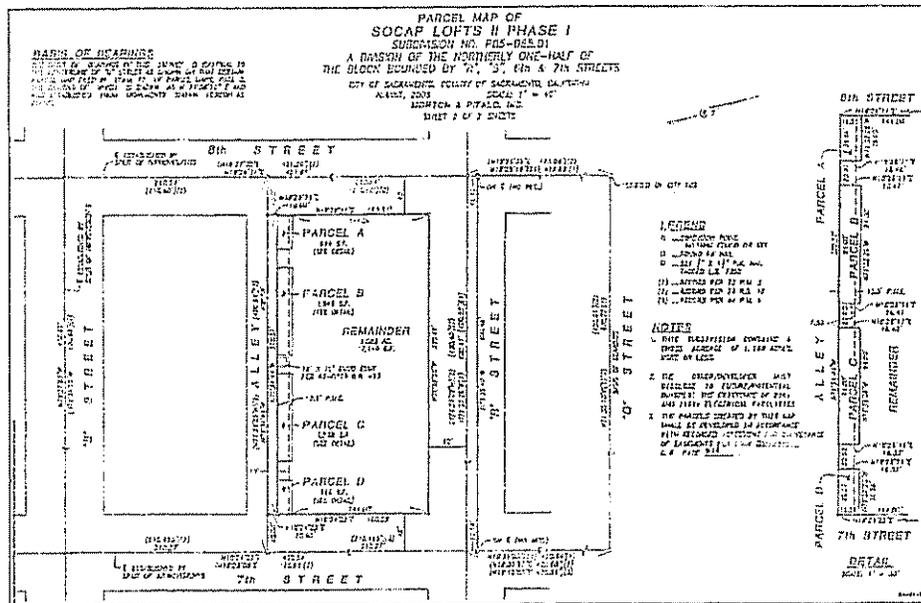


**EXHIBIT B (Revised 2007) – LEGAL DESCRIPTION**  
**Phase II – Seventh Street Lofts**

Remainder parcel, as shown on the Parcel Map entitled "Socap Lofts II Phase I, Subdivision No P05-065 01, file for record August 14, 2006, in Book 194 of Parcel Maps, Map No 19, records of Sacramento County

Apn: 009-0061-022 includes Other Property

Description: Sacramento, CA Parcel Map 194 19 Page 2 of 2  
 Other: c Comment

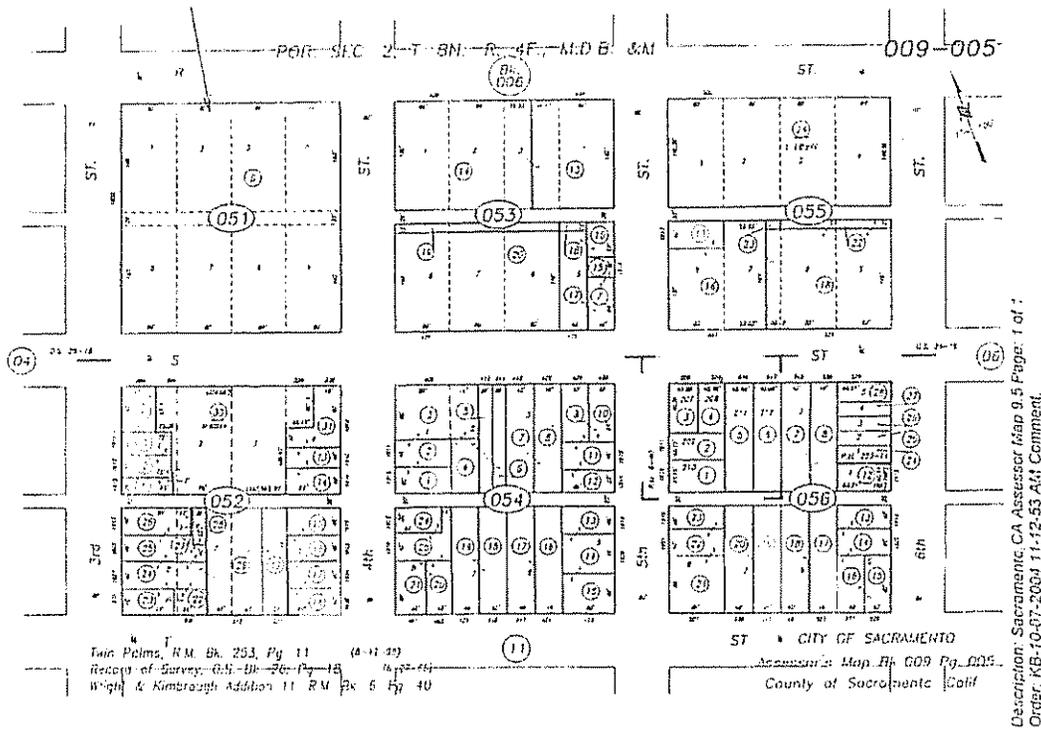


194-19-2

EXHIBIT B (Revised 2007) – LEGAL DESCRIPTION  
Phase III – 300 R Street

Lots 1, 2, 3, 4, 5, 6, 7 and 8 in the block bounded by 3<sup>rd</sup> and 4<sup>th</sup> and "R" and "S" Streets of the City of Sacramento according to the official plat thereof; together with the abandoned alley in said block

APN: 009-0051-006



Description: Sacramento, CA Assessor Map 9, 5 Page: 1 of 7  
Order: KB-10-07-2004 11-12-53 AM Comment.

## EXHIBIT L (REVISED 2007)

## RESIDENTIAL PHASING OF THE MASTER PLAN

## Phase One - Residential Development – SoCap Lofts

- North side of R Street between 6<sup>th</sup> & 7<sup>th</sup> Streets
- 36 Single Family Detached high density three story lofts
- 74,520 gross square footage
- October 2006 - Anticipated start of construction
- Summer 2007 -- Anticipated first occupancy
- December 2007 -- Anticipated project completion

## Phase Two - Residential Development -- Seventh Street Lofts \*

- South side of R Street between 6<sup>th</sup> & 7<sup>th</sup> Streets
- 36 Single Family Detached high density lofts
- 74,520 gross square footage
- Spring 2008 - Anticipated start of construction
- Spring 2009 -- Anticipated first occupancy
- Summer 2009 -- Anticipated project completion

## Phase Three - Residential Mixed Use Development -- 300 R \*\*

- Full City block between R, S, 3<sup>rd</sup>, & 4<sup>th</sup> Streets
- 300 +/- Multi-family units over podium parking
- 270,000 approximate net residential square footage
- 14,500 square foot of retail
- 325 parking spaces in internal multi-story garage
- Summer 2009 - Anticipated start of construction
- Summer 2011 -- Anticipated first occupancy
- Spring 2012 -- Anticipated project completion

\* This property is owned by a private entity of which CalPERS is an entity member. Replacement of existing warehouse/office building with homes is approved by the City of Sacramento but the current tenant does not anticipate vacating the premises until the end of 2007. Vacancy delays or changes in market conditions could impact the delivery schedule.

\*\* This property is owned by a private entity of which CalPERS is an entity member. This mixed use development is subject to approval by the City of Sacramento. Delays in developer processing or approval of the project by the City or changes in market conditions could substantially impact the delivery schedule.

\*\*\* This Exhibit L is not intended to restrict CalPERS' ability to develop additional residential projects on the Site.

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Adopted by the Sacramento City Council

**CALPERS MEMORANDUM OF UNDERSTANDING (MOU) AMENDMENT NO. 1**

**October 2, 2007**

**BACKGROUND**

- A. In June 2001 the City of Sacramento (City) entered into a Memorandum of Understanding (MOU) with the California Public Employees' Retirement System (CalPERS) related to CalPERS' development of new office and residential components in the vicinity of the CalPERS headquarters located within the City
- B. The MOU contained a description and construction schedule for the residential component
- C. The description and construction schedule of the residential component has since been revised by CalPERS based upon discussions with City elected officials and staff.
- D. The revised schedule and description of the residential component are outlined in an Amendment No. 1 to the MOU (Amendment) which has been approved by the City Attorney.

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

- Section 1. The terms of the Amendment presented at this meeting are hereby approved.
- Section 2. The City Manager is authorized to execute the Amendment on behalf of the City.