

“To Be Delivered” Material

For City of Sacramento

City Council
Housing Authority
Redevelopment Agency
Economic Development Commission
Sacramento City Financing Authority

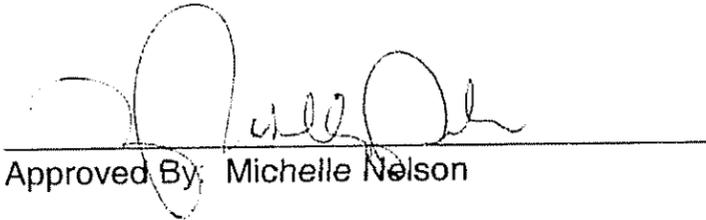
Agenda Packet

Submitted: August 15 2005

For the Meeting of: August 16, 2005 (evening)

The attached materials were not available at the time the Agenda Packet was prepared.

Subject: 700/800 Block Developer Recommendations



Approved By: Michelle Nelson

Contact Information:

Michelle Nelson, Sr. Project Manager – 808-7064

Please include this “To Be Delivered” material in your agenda packet. This material will also be published to the City’s Intranet. For additional information, contact the City Clerk Department at Interim City Hall, 730 I Street, Suite 211, Sacramento, CA 95814-2671 (916) 808-7200.



REPORT TO THE REDEVELOPMENT AGENCY of the City of Sacramento

915 I Street, Sacramento, CA 95814-2671

STAFF REPORT
August 16, 2005

Honorable Chair and Members of the Board:

Subject: Authorization to Negotiate with Zeiden Properties and John Saca for redevelopment of the 700 and 800 block of K Street

Location/Council District: Portions of the area between 7th, 8th, 9th and K streets, North of the alley, Central Business District (District 1)

Recommendation:

Adopt a Resolution concluding the Request for Proposals process and authorizing staff to negotiate with Zeiden Properties for the redevelopment of the 700 block and with John Saca on a portion of the 800 block with the southeast corner of the 800 block subject to negotiation.

Contact: Michelle Nelson, Senior Project Manager, 808-7223

Presenters: Michelle Nelson, Senior Project Manager

Department: Economic Development

Division: Downtown Development Group

Organization No: 4451

Summary:

The Redevelopment Agency (Agency) issued a Request for Proposals (RFP) from property owners within the area identified above, which had been targeted for redevelopment assistance. Two development teams responded with proposals to redevelop the site. An Ad Hoc Committee of the City Council (Ad Hoc) reviewed each proposal, their respective analyses, and comments received from the June 13th JKL community update meeting. This report provides information about the development proposals, the process and the Ad Hoc's recommendation.

Committee/Commission Action:

The Ad Hoc established for the K Street proposal process met on several occasions to discuss the K Street development proposals. After careful consideration, the Ad Hoc concluded that both proposals required modification and that it would be preferred to

end the formal RFP process. The Committee recommends that staff work with Zeiden Properties ("Zeiden") and John Saca ("Saca") to accomplish the redevelopment in a way consistent with the City's objectives. These objectives include: 1) preservation of historic scale of 700 block; 2) continuation of strong national, regional and local destination retailers from Downtown Plaza through to the 800 block; 3) providing housing above quality retail on the 800 block; 4) encouraging cooperative land assembly; and 5) reducing the project delivery timeframe. The goal is to incorporate the strength of the Zeiden retail proposal on the 700 block with the opportunity to work with the majority property owner and his partner, Saca, on the 800 block to develop a project that includes quality ground-floor retail and housing.

The Ad Hoc unanimously recommended that the Agency enter into negotiations with Zeiden for the 700 block and Saca for a portion of the 800 block, with the southeast corner of the 800 block subject to negotiation.

Background Information:

The 700/800 blocks of K Street are identified in the Second Amendment to the Merged Downtown Sacramento Redevelopment Plan as having continuing blighting conditions characterized by vacant and deteriorating buildings, uneconomic land uses, and small and irregularly sized lots not suitable for modern use. The properties on the 700 and 800 block facing K Street are possibly the most deteriorated properties on the K Street mall, with ongoing vacancies, lack of general maintenance and structural failures resulting from property neglect. Properties within both the 700 and 800 blocks have recently been demolished due to health and safety deficiencies. Despite several private attempts at redevelopment over the past seven years, no significant investment in the property has occurred to date.

In October 2004, the JKL Corridor Charrette brought together more than 250 community members to discuss the future of Downtown Sacramento, specifically the area between J and L streets and 7th and 12th streets. Community members participated in crafting an overall vision with specific development objectives for key catalyst sites, including the 700 and 800 blocks of K Street. The development objectives outlined for the 700/800 blocks of K Street include:

- **700 Block of K Street** – focus on significant, regionally unique destination retail that takes advantage of the location adjacent to Downtown Plaza and maintains the historic scale and nature of the K Street storefronts
- **800 Block of K Street** -- focus on significant ground-floor retail, housing, and civic or commercial uses.

In January 2005, the Agency approved the issuance of an RFP to property owners of properties on the 700 block of K Street and portions of the 800 block of K Street, north of the alley. The RFP was sent to all property owners within the specified area (Attachment 1). The RFP outlined the submittal requirements and the evaluation criteria (Attachment 2).

DEVELOPMENT TEAM PROPOSALS

On April 30, 2005, two proposals were received from owner/developer teams – Evergreen Company/Fisher Properties (“Evergreen/Fisher”) and Zeiden.

Evergreen/Fisher Proposal

The Evergreen/Fisher proposal included the redevelopment of two full city blocks to accommodate a mixed-use residential development estimated to cost \$328 million.

Project Description

- o Two full city blocks 7th/9th/K/L (included property outside RFP area)
- o Mixed-use residential development
- o 995 residential units (townhomes, apartments, lofts)
- o 107,000 square feet of retail
- o 129,000 square feet of office
- o 1,700 on-site parking spaces
- o A letter of interest from Nugget Market for a 20,000-square-foot grocery store
- o Delivered in 4 phases over 10 years

Proposed Agency Assistance

- o \$180 million subsidy/loan
- o Relocation of Greyhound
- o Relocation of SRO hotels
- o Land acquisition/conveyance

The Evergreen/Fisher team is a joint venture partnership of local developers and property owners. The Evergreen Company has developed downtown office projects and over 5 million square feet of office and retail projects in suburban settings. Hank Fisher Properties is experienced in subsidized housing and other market-rate residential products.

Project Revision

On June 7, 2005, staff received a letter from the Evergreen/Fisher team, indicating their intent to revise their proposal to include only parcels within the RFP target area owned or controlled by members of the team, and to revise their request for Agency assistance to be no greater than \$10 million. The conditions that the Greyhound station and the SROs be relocated remained. No other information about the project, including the number of units, the project physical feasibility, project financial pro forma, or other information as required by the RFP, was provided.

During the developer interview on June 16th, the Evergreen/Fisher team stated that Mr. Fisher had withdrawn from the team. Mr. John Saca was introduced as a new development partner, who would be responsible for development of the condominiums and ground-floor retail on K Street. They stated that their proposal would include 400-600 condominiums, parking and ground-floor retail. As stated in the June 7 letter, the team confirmed that the project would be contingent on the City/Agency relocating Greyhound, building new replacement SRO units, and could include Agency responsibility to construct new streetscape for K Street from 7th to 13th Street in lieu of a

financial contribution to the development. There was no specific detail or financial information provided for the new concept or the new development partner as required in the RFP.

Development Application

On June 23, 2005, property owner Mohanna, a member of the Evergreen Team, submitted an application for entitlements for a 32-story apartment building to be located on the portion of the 700 K Street block that he owns.

Zeiden Proposal

The Zeiden proposal included creating a mixed-use specialty retail district focusing on preserving/restoring the existing buildings and facades. The project is estimated to cost \$34 million to construct.

Project Description

- o 76,000 square feet of ground-floor retail
- o 56,000 square feet of second-floor office
- o Flagship Z-Gallerie Store as primary tenant
- o National, regional and local letters of interest: Urban Outfitters, American Apparel, Draper's and Damon's, Sur La Table, Selland's Deli/Restaurant, Pinkies Salon, Lucky Brand Jeans

Proposed Agency Assistance

- o Preparation of all necessary studies to comply with CEQA
- o Land Acquisition/Conveyance, free of toxics

Zeiden Properties is a family-owned, privately-held California Limited Liability Company formed in 1997. The members in Zeiden Properties own Z Gallerie, an upscale home furnishing chain with more than 72 stores nationally. Z Gallerie has pioneered many of the successful retail districts in California, including Third Street Promenade, Paseo Colorado, San Diego's Gas Lamp District, Pine Avenue in Long Beach and Walnut Creek. Zeiden Properties has jointly developed projects with redevelopment agencies in Long Beach and San Diego and has extensive experience redeveloping/restoring historic buildings in retail districts.

Proposal Review Process

On June 13th, 2005 the Economic Development Department, in conjunction with the Mayor's office, hosted a community meeting to solicit comments on proposals for the 700/800 block of K Street and the 10th and K proposal. Over 150 people were in attendance and provided comments on each of the proposals. Those comments are posted on the Economic Development Department's website.

The Ad Hoc served as the evaluation committee for the proposals and was advised by staff and outside consultants with expertise in downtown redevelopment, retail development and financial analysis. Additionally, the Ad Hoc conducted interviews with each development team and reviewed the community responses to the proposals received at the June 13th Community Meeting.

The Ad Hoc considered the Zeiden proposal and the information submitted by the Evergreen team. The Ad Hoc's recommendation is to conclude the request for proposal process and to begin a 45-day exclusive negotiation period with Zeiden regarding the potential development of the 700 block. The recommendation to proceed with negotiations with Zeiden is based on the strength of the team's experience with downtown mixed-use urban infill projects, particularly the ability to secure established high-quality (national and regional) tenants that stimulate street-level activity and provide a regional draw. In addition, Zeiden's concept maintains the historic scale of the blocks. This type of project is in keeping with the City's objectives for the 700 block as identified through the charette process.

The Ad Hoc also recommends a 45-day exclusive negotiation period with Saca regarding a portion of the 800 block. Entering into an exclusive negotiation period with Saca provides him 45 days to assemble a development team and develop a proposal specific to those properties on the 800 block of K Street. It is hoped that this team will bring forward a proposal in keeping with the development objectives for the 800 K Street block.

The Ad Hoc further recommends that the parties resolve which of them shall be responsible for development of the two westernmost parcels on the 800 block of K Street. The manner and timing of development of the two parcels, which are located at the southeast corner of 8th and K streets, may be critical to the success of either project. The Ad Hoc believes that the manner, timing and responsibility for development of the two parcels should be a subject of City-initiated mediation as described below.

Staff intends that the negotiations will be based on the following milestones:

Zeiden

Within 30 days from adoption of the resolution

- Participate in City-initiated mediation for the purpose of providing access to the properties and facilitating cooperative real estate discussion between parties
- Begin discussions with property owners for negotiated purchases

Within 45 days from adoption of resolution

- Submit all items included in the original RFP and attached as Attachment 2; include only the information that may have changed since the team's original proposal submittal
- Provide modified project concept which includes some housing
- Provide refined project cost estimates
- Identify any and all contingencies associated with performance

Saca**Within 10 days from adoption of resolution**

- Identification of development team and key negotiator for the team
- Provide binding agreement evidencing key negotiator has authority to take actions on behalf of the team and property owner

Within 30 days from adoption of resolution

- Participate in City-initiated mediation for the purpose of access to the properties and facilitating real estate negotiations leading to cooperative property transactions between parties
- Initiation of discussions with property owners for negotiated purchases

Within 45 days from adoption of resolution

Submit all items included in the original RFP and herein as Attachment 2

- Identify any and all contingencies associated with performance
- Provide letter of interest from key retail tenants

Agency**Within 10 days from adoption of resolution**

- Set up mediation

Within 30 days from adoption of resolution

- Initiate appraisals for properties on the 700 block and portions of the 800 block included in the original RFP (see Attachment 1)
- Begin the California Environmental Quality Act (CEQA) process for the project(s)

Following receipt of the information from Zeiden and Saca, staff will return to Council with the results of the negotiations and recommendations for the projects.

Financial Considerations:

The appraisals and the CEQA process work will be funded from Merged Downtown Sacramento tax increment. No additional funds are required at this time.

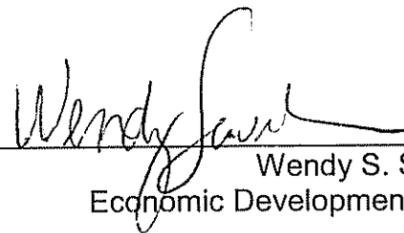
Environmental Considerations:

The proposed action to authorize staff to negotiate with the developers to further redefine the scope of their proposed projects and to commence environmental review is authorized under CEQA Guidelines Section 15262, planning for possible future action.

Policy Considerations:

The negotiations are anticipated to result in a project that will be consistent with the Amended Merged Downtown Redevelopment Plan, the Five-Year Implementation Plan, and the JKL Charrette development objectives.

Emerging Small Business Development (ESBD): None

Respectfully submitted by 
Wendy S. Saunders
Economic Development Director

Recommendation Approved:

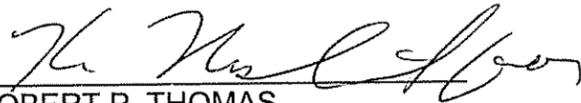

ROBERT P. THOMAS
City Manager

Table of Contents:

Pg	1	Report
Pg	8	Resolution
Pg	10	Exhibit A to Resolution
Pg	11	Attachment 1 – 700/800 Blocks of K Street – RFP Area
Pg	12	Attachment 2 – RFP Submittal Requirements
Pg	15	PowerPoint Presentation

RESOLUTION NO.

Adopted by the Redevelopment Agency of the City of Sacramento

Date _____

**CONCLUDING THE REQUEST FOR PROPOSAL PROCESS
AND AUTHORIZATION FOR STAFF TO NEGOTIATE
WITH ZEIDEN PROPERTIES FOR THE REDEVELOPMENT
OF THE 700 BLOCK OF K STREET
AND WITH SACA FOR A PORTION OF THE 800 BLOCK OF K STREET
WITH THE SOUTHEAST CORNER OF THE 800 BLOCK SUBJECT TO NEGOTIATIONS****BACKGROUND**

- A. Portions of the 700 and 800 blocks of K Street are identified in the Second Amendment to the Merged Downtown Sacramento Redevelopment Plan as having continuing blighting conditions characterized by vacant and deteriorating buildings, uneconomic land uses, and small and irregularly sized lots not suitable for modern use.
- B. In October 2004, the JKL Corridor Charrette brought together more than 250 community members to discuss the future of Downtown Sacramento, specifically the area between J and L streets and 7th and 12th streets. Participants helped craft an overall vision with specific development objectives for key catalyst sites, including the 700 and 800 blocks of K Street.
- C. In January 2005, the Redevelopment Agency approved a solicitation of property owner proposals for properties on the 700 block of K Street and portions of the 800 block of K Street, north of the alley.
- D. On April 30, 2005, two proposals were received from owner/developer teams – Evergreen/Fisher and Zeiden Properties. The proposals were analyzed by staff and consultants and reviewed by an Ad Hoc Committee of the City Council.
- E. The Ad Hoc Committee (Ad Hoc) established for the K Street proposal process met on several occasions to discuss the K Street development proposals. After careful consideration, the Ad Hoc concluded that both proposals required modification and that it would be preferred to conclude the formal RFP process. The Committee recommends that staff work with Zeiden Properties ("Zeiden") and John Saca ("Saca") to accomplish the redevelopment in a way consistent with the City's objectives. These objectives include: 1) preservation of historic scale of 700 block; 2) continuation of strong national, regional and local destination retailers from Downtown Plaza through to the 800 block; 3) providing housing above quality retail on the 800 block; 4) encouraging cooperative land assembly; and 5) reducing the project delivery timeframe. The goal is to incorporate the strength of the Zeiden retail proposal on the 700 block with the opportunity to work with the majority property owner on the 800 block to develop a project that includes quality ground-floor retail and housing.

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

- Section 1. The Request for Proposal process for the redevelopment of the 700 and 800 Blocks of K Street is concluded;
- Section 2. Staff is authorized to negotiate for a 45-day period with Zeiden Properties for the redevelopment of the 700 block and with Saca for a portion of the 800 block of K Street with the southeast corner of the 800 block subject to negotiations.
- Section 3. Negotiations will be subject to the milestones outlined in Exhibit A.

Table of Contents:

- Exhibit A Outline of Negotiation Milestones for 700/800 Block Redevelopment with Zeiden Properties and Saca

EXHIBIT A**OUTLINE OF NEGOTIATION MILESTONES FOR 700/800 BLOCK OF K STREET REDEVELOPMENT WITH ZEIDEN PROPERTIES AND JOHN SACA****Zeiden****Within 30 days from adoption of the resolution**

- Participate in City-initiated mediation for the purpose of providing access to the properties and facilitating cooperative real estate discussion
- Begin discussions with property owners for negotiated purchases

Within 45 days from adoption of resolution

- Submit all items included in the original RFP; include only the information that may have changed since the team's original proposal submittal
- Provide modified project concept which includes some housing
- Provide refined project cost estimates
- Identify any and all contingencies associated with performance.

Saca**Within 10 days from adoption of resolution**

- Identification of development team and key negotiator for the team
- Provide binding agreement evidencing key negotiator has authority to take actions on behalf of the team and property owner

Within 30 days from adoption of resolution

- Participate in City-initiated mediation for the purpose of providing access to the properties and facilitating cooperative real estate discussion
- Initiation of discussions with property owners for negotiated purchases

Within 45 days from adoption of resolution

- Submit all items included in the original RFP
- Identify any and all contingencies associated with performance
- Provide letter of interest from key retail tenants

Agency**Within 10 days from adoption of resolution**

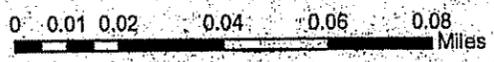
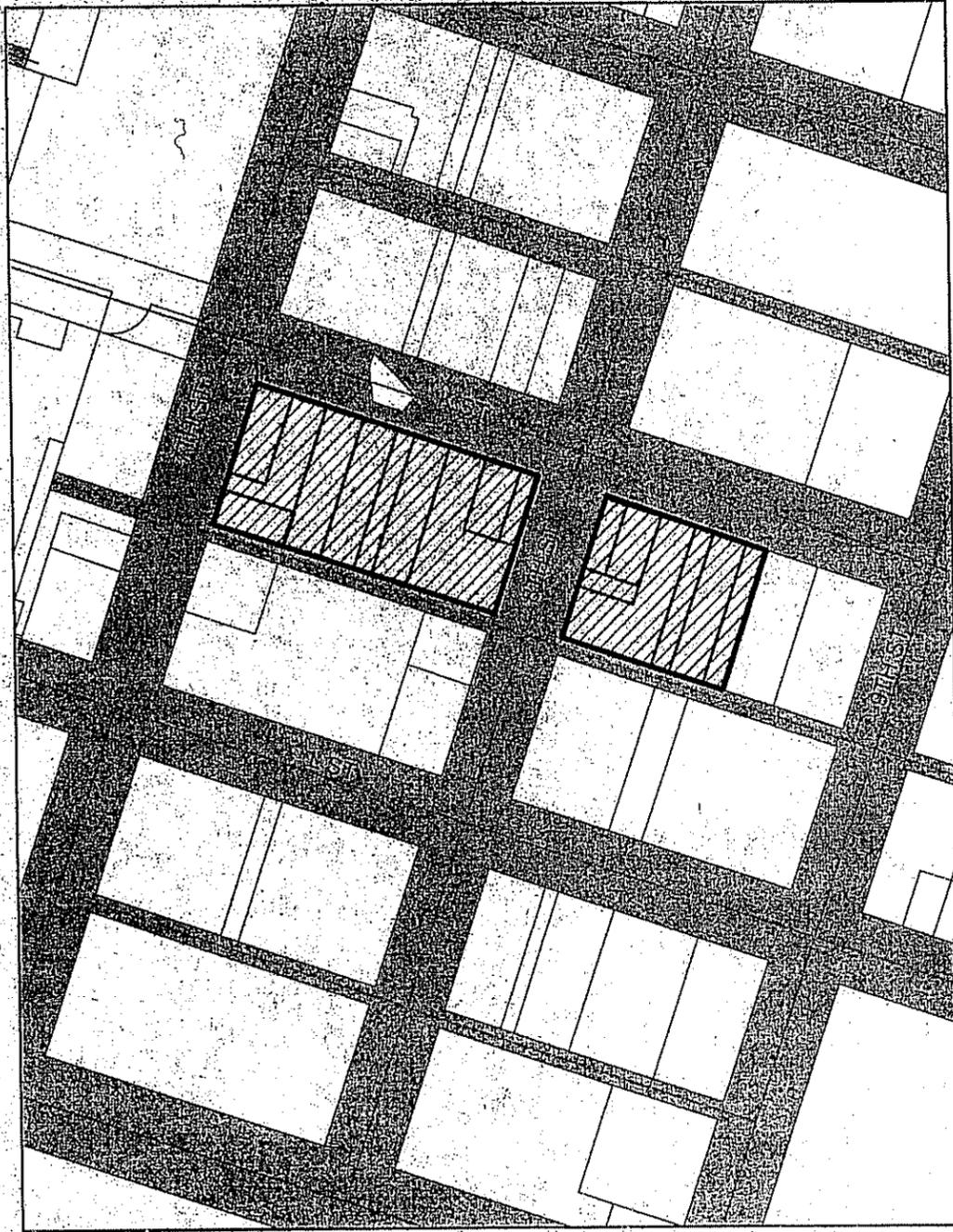
- Set up mediation

Within 30 days from adoption of resolution

- Initiate appraisals for properties on the 700 block and portions of the 800 block included in the original RFP
- Begin the California Environmental Quality Act (CEQA) process for the project(s)

Attachment 1

700/800 K Street RFP Area



Attachment 2**Submittal Requirements / Evaluation Criteria****Submittal Requirements (as included in RFP)****Development Team Identification and Experience**

- Provide the name, address, and telephone numbers of the Owner Development Team. Include resumes and a description of background experience of each principal and of each person having major responsibilities for project development.
- Identify the type of legal entity with whom the Agency would contract (e.g., individual, corporation, partnership, joint venture, other). If the legal entity with which the Agency would contract is different than the parent corporation, please indicate the relationship and degree of control and whether the parent corporation will guarantee performance or provide some other such guaranty.
- Identify and describe any relationship the Owner Development Team may have with subsidiaries, joint ventures partners or others who are significant to the project development.
- Provide documentation demonstrating that the Owner Development Team is qualified to undertake the proposed project, including:
 - Experience with the product type proposed by respondent;
 - Experience with developments in other urban areas;
 - Experience with public/private development, including references for public partners;
 - Prior relationship with key tenants (provide letters of interest from key tenants, if available);
 - Access to financial resources consistent with project requirements;
 - Experience in redevelopment or other public private development;
 - Track record of superior architectural design; and
 - Track record of Owner Development Team.
- Identify the principal person within the Owner Development Team authorized to negotiate on its behalf ("Key Negotiator"), and the level of authority that the Key Negotiator possesses. If the Key Negotiator has limited authority, describe the process required to obtain authorization. Key Negotiator's resume should indicate that he/she is qualified to serve as Key Negotiator, including successful experience in negotiating public/private partnerships, successful experience developing the type of development being proposed, and references who can validate Key Negotiator's role in prior projects.

Statement of Financial Capability

- Provide copies of any annual reports, financial rating reports, or other documents indicating the financial condition of the Owner Development Team. The Agency will, to the extent of its ability under the law, endeavor to keep all financial data in strict confidence and return it to the developer upon completion of the review process.
- Prior to taking a recommendation forward to the Agency and based on the scale of the project, staff may occasionally request copies of audited financial statements prepared by an independent licensed certified public accountant in accordance with generally accepted accounting principles must be provided.

Development Proposal and Financing Plan

Development Proposal and Design

- Provide a description of the proposed project including identification of the proposed mix of uses and how they meet the development objectives outlined for the Project Site.
- Provide project designs containing sufficient detail to show the scale, scope, size, and mix of project elements. The following required drawings must be at a scale and level of detail necessary to accurately and reliably estimate the cost of project development and operation. The project design must give verifiable detail on project materials and construction quality, which may be satisfied by reference to other buildings and their components (Project design and quality is a material reason for Agency's participation in a project and changes in design and quality, irrespective of their nature, are grounds for Agency's withdrawal from negotiation).
- Include, at a minimum, the following design information in schematic form:
 1. Site Plan;
 2. Elevations; and
 3. Floor plan.
- The project design must comply with the Redevelopment Plan and meet or exceed the City's adopted Design Guidelines. Any additional assumptions made by the Owner Team should be clearly stated in the submitted reports.

Financing Plan and Business Offer

The purpose of the financial plan is to demonstrate the feasibility of project financing and the feasibility of the proposed project upon completion. The financial plan must include:

- A proposed financing plan, based on and including development and operating pro forma budgets. The financing plan should include the terms of a business offer to acquire or lease the development site, in addition to the plan to finance the development.
- All assumptions used in preparing the financing plan. An adequate plan will identify the amount and sources of equity, construction financing, and permanent financing, and will include letters of interest or commitment from equity partners and lenders, if any.
- Agency funding must be justified as necessary gap financing or as the cost of public amenities included in the project.

Proposed Development Schedule

Include a preliminary schedule for development of the proposed project which addresses, at a minimum, preparation of plans, projected plan approval dates, commencement of construction, construction milestones, and completion of construction. It should provide for development in a logical and expeditious manner.

Property Control

If the Owner Team represents that it has legal control of any additional property required for the project, the following must be provided:

- Property deeds;
- Copies of executed and enforceable real property sales contracts;
- Copies of executed and enforceable real property option agreements;
- Evidence that property has been purchased or is under contract to be purchased at a price

- not substantially greater than market value; and
- If Owner Development Team is a partnership, evidence that the Key Negotiator has the legal authority to commit the subject property to the proposed development project.

Evaluation Criteria (as analyzed by evaluation committee)

- Compatibility of proposed land use with JKL development objectives;
- Experience with the product type proposed;
- Experience with the downtown cultural/entertainment/retail/housing development;
- Prior relationships with proposed key tenants;
- Evidence of financial resources consistent with project requirements
- Experience in redevelopment of other public/private development;
- Track record of superior architectural design;
- Track record of development team;
- Proposed business offer;
- Feasibility of project financing;
- Feasibility of project upon completion;
- Schedule for project development;
- Property control

K Street Proposals:
 700/800 Blocks
 10th/K Streets

 August 16, 2005
 City Council Presentation

Presentation

- Background:
 - Established Policy
 - JKL Corridor Workshop
- Overview of RFP Process
- Proposal Summary and Recommendations:
 - 700/800 Blocks
 - 10th/K

Background

Established Policy

- 2000 – 5-year Implementation Plan
- 2002 – Council Priorities
- 2004 – Amended Redevelopment Plan
- Common themes:
 - Assemble properties
 - Remove blight
 - Finish K Street

Background

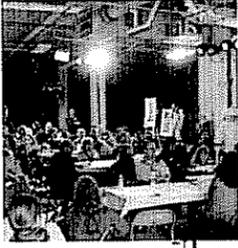
- Agency has worked for years to renovate K Street
- Multiple failed attempts on both the 700/800 blocks of K Street and at 10th/K
- On-going vacancies/short-term tenancies
- Structural failures/demolition of historic fabric
- Limited reinvestment in property

CITY OF SACRAMENTO
PLANNING & COMMUNITY DEVELOPMENT DEPARTMENT

Background

JKL Corridor Vision Summary

- Workshop held in October 2004
- 250 Community members in attendance
- Follow up session in December 2004
- Council Action Plan in January 2005



CITY OF SACRAMENTO
PLANNING & COMMUNITY DEVELOPMENT DEPARTMENT

Background

JKL Corridor Vision Summary

- Emphasis on housing on J and L streets w/infill on K Street
- Unique commercial development
- Streetscape improvements and public space programming
- Additional attention focused on three distinctive nodes:
 - 700, 800 and 1000 blocks of K Street



CITY OF SACRAMENTO
PLANNING & COMMUNITY DEVELOPMENT DEPARTMENT

Background



700 Block Focus:

- Regionally unique destination retail that takes advantage of being adjacent to DT Plaza
- Maintains historic scale and nature of K Street storefronts



CITY OF SACRAMENTO
PLANNING & COMMUNITY DEVELOPMENT DEPARTMENT

Background



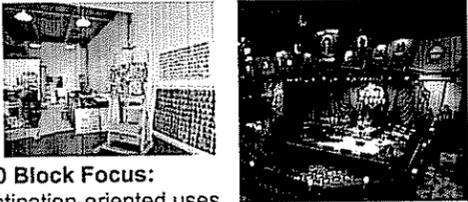
800 Block Focus:

- Significant ground floor retail
- Housing
- Civic or commercial uses



CITY OF SACRAMENTO
ECONOMIC DEVELOPMENT DEPARTMENT

Background



1000 Block Focus:

- Destination-oriented uses
- Takes advantage of being located in an emerging entertainment district
- Residential

City of Sacramento
Economic Development Department

CITY OF SACRAMENTO
ECONOMIC DEVELOPMENT DEPARTMENT

Background

JKL Follow Up Action Plan:

- Issue RFP's to:
 - Targeted properties on the 700/800 blocks of K Street
 - Agency-owned site at 10th/K

City of Sacramento
Economic Development Department

CITY OF SACRAMENTO
ECONOMIC DEVELOPMENT DEPARTMENT

Request for Proposals Process

- RFP's issued - *February 2, 2005*
- 10th/K Presubmittal Meeting - *March 3, 2005*
- Submittals due - *April 29, 2005*
- Staff and technical review - *May, 2005*
- Community Meeting - *June 13, 2005*
- Ad Hoc review - *June/July, 2005*
- Proposal recommendations - *August, 2005*

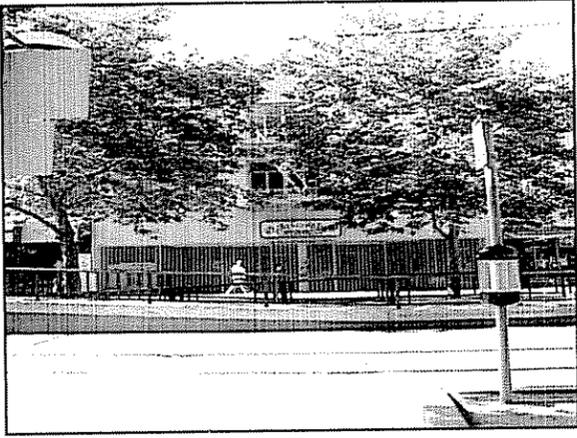
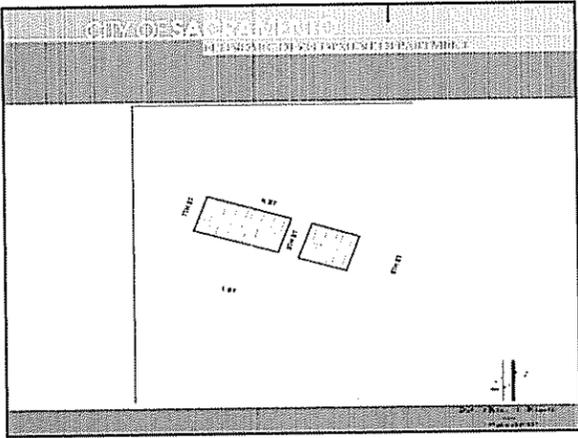
City of Sacramento
Economic Development Department

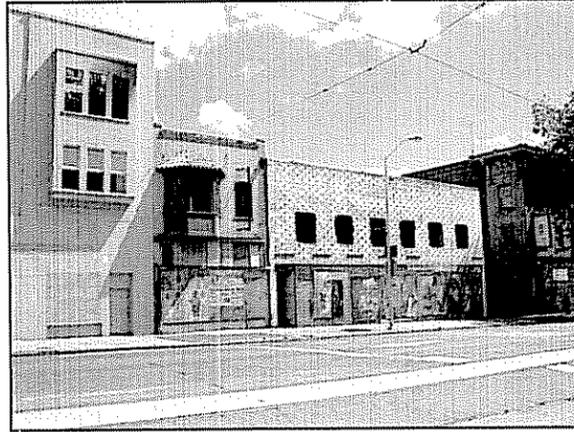
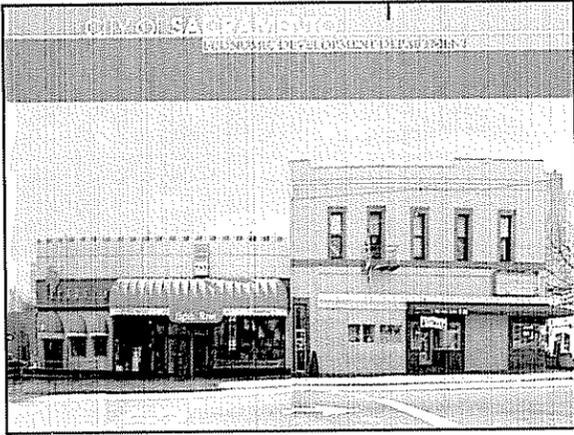
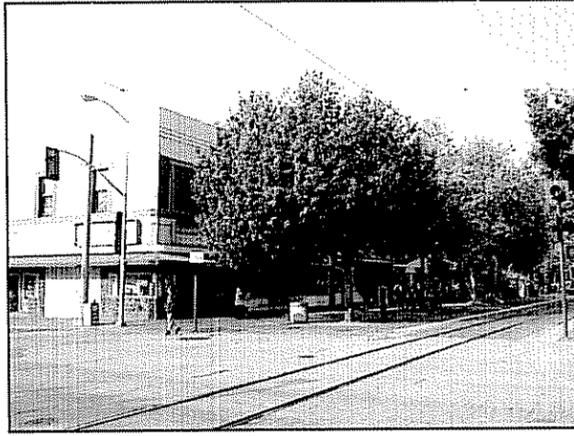
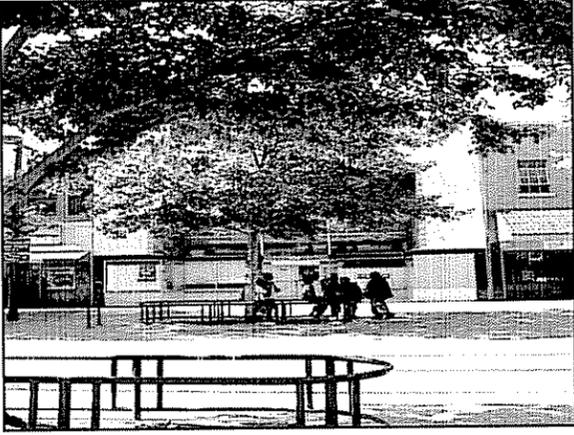
CITY OF SACRAMENTO
ECONOMIC DEVELOPMENT DEPARTMENT

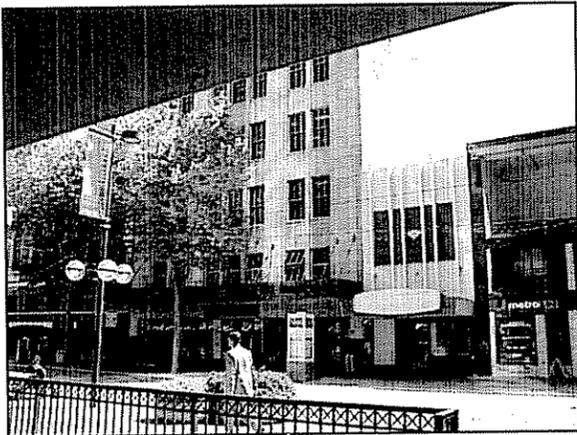
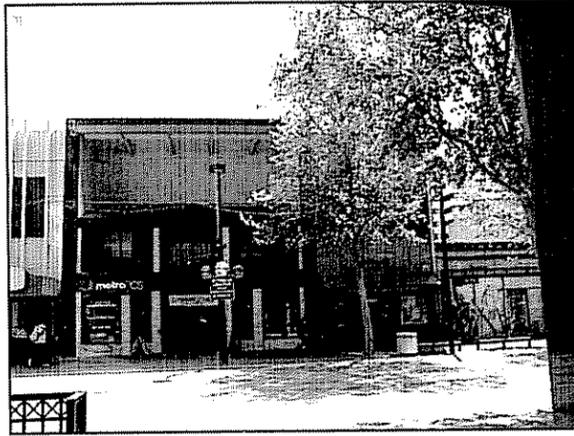
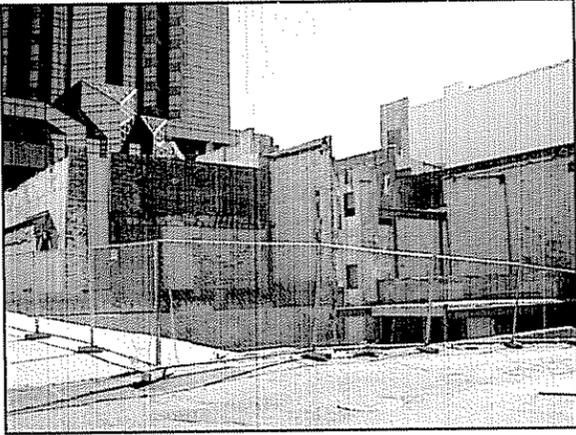
**700/800 Block of K Street
Developer Selection**

August 16, 2005
City Council Presentation

City of Sacramento
Economic Development Department







CITY OF SACRAMENTO
URBAN DEVELOPMENT DEPARTMENT

700 Block - Development Objectives

- Focus on significant, regionally unique destination retail
- Take advantage of adjacency with Downtown Plaza
- Maintain historic scale and nature of K Street storefronts



CITY OF SACRAMENTO
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT

800 Block - Development Objective

- Focus on significant ground-floor retail, housing and civic or commercial uses



CITY OF SACRAMENTO
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT

Proposals Submitted

- Evergreen/Fisher
 - Joint venture partnership of local developers/property owners
- Zeiden Properties
 - Family-owned, privately held company; Owner of Z Gallerie



CITY OF SACRAMENTO
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT

Evergreen/Fisher

Proposal

- Two full city blocks 7th-8th/K-L streets
- Mixed-use residential
- 995 residential units
- 107,000 SF Retail
- 129,000 SF Office
- 1,700 parking spaces
- Nugget Market letter of interest
- 4 phases over 10 years



CITY OF SACRAMENTO
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT

Evergreen/Fisher

Requested Agency Assistance

- \$180 million subsidy/loan
- Relocation of Greyhound
- Relocation of SRO hotels – Berry, Capital Park
- Land acquisition/conveyance
- Construction of parking garage



CITY OF SACRAMENTO
ECONOMIC DEVELOPMENT DEPARTMENT

Evergreen/Fisher

- June 7th letter indicating intent to revise proposal:
 - Only parcels within RFP target area owned/controlled by property owners
 - Agency assistance no greater than \$10 million
 - Same assistance requested for Greyhound/SRO relocation

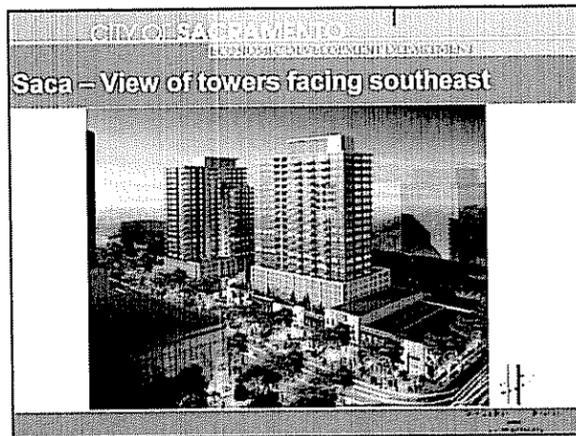
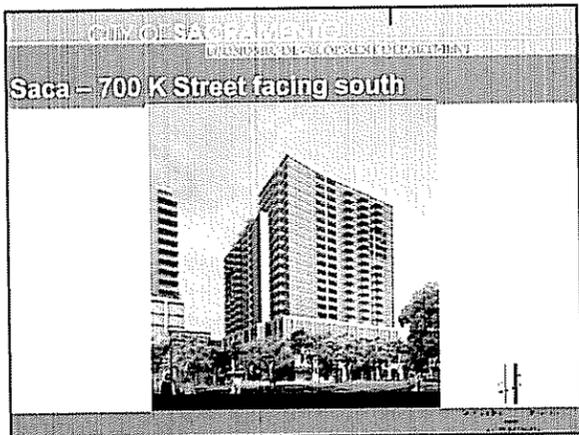


CITY OF SACRAMENTO
ECONOMIC DEVELOPMENT DEPARTMENT

Saca

New Proposal

- New partner – John Saca
- Located on Mohanna properties (700 & 800 blocks)
- Two towers w/approx. 500 condominiums
- 49,300 s.f ground floor retail
- 542 parking spaces
- No subsidy
- Contingent on relocation of Greyhound

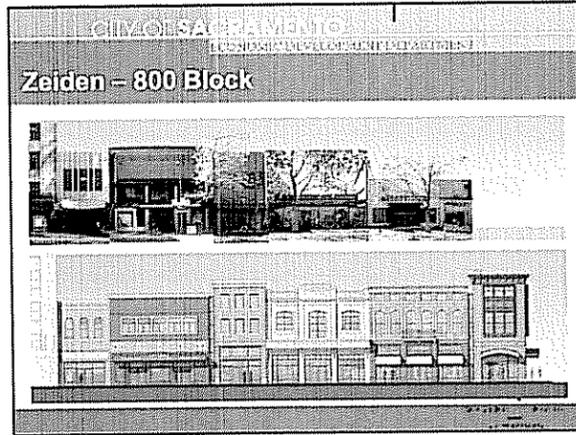
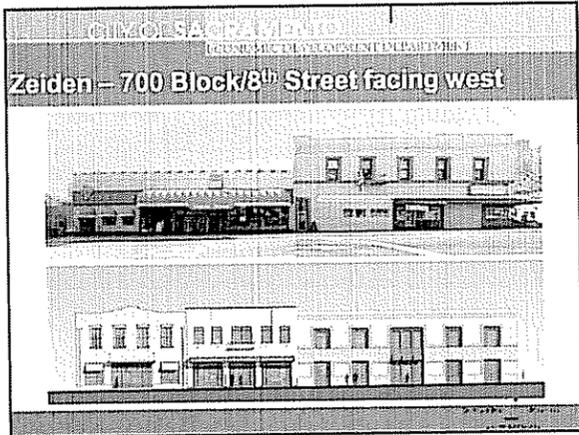
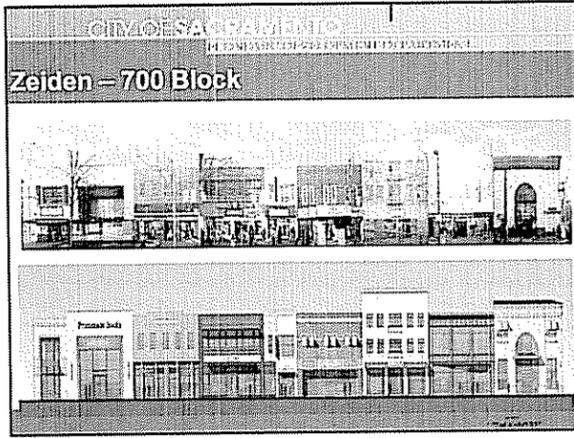



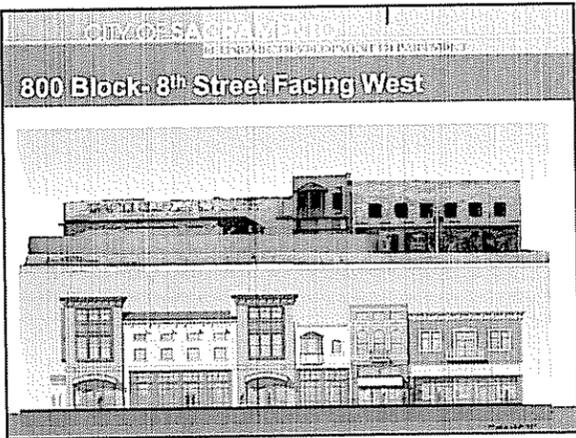
CIMOSA ARCHITECTS
1415 MARKET STREET, SUITE 200, SACRAMENTO, CA 95811

Zeiden Properties

Proposal

- Entire 700 block & portions of 800 block, north of alley
- Mixed-use specialty retail district
- Preservation/restoration of existing buildings and facades
- 78,000 SF ground-floor retail
- 56,000 SF second-floor office
- National, regional and local letters of interest





CITY OF SACRAMENTO
ECONOMIC DEVELOPMENT DEPARTMENT

Zeiden

Request for Agency Assistance

- Preparation documents for CEQA compliance.
- Property acquisition/conveyance free of toxics.

A small, stylized architectural sketch of a building facade is located in the bottom right corner of the slide.

CITY OF SACRAMENTO
ECONOMIC DEVELOPMENT DEPARTMENT

Zeiden

Revised Proposal

- Inclusion of some housing on upper floors

A small, stylized architectural sketch of a building facade is located in the bottom right corner of the slide.

CITY OF SACRAMENTO
ECONOMIC DEVELOPMENT DEPARTMENT

Ad Hoc Committee

Process

- Reviewed how proposals met RFP guidelines/JKL objectives
- Reviewed qualifications/experience
- Reviewed subsidy requests
- Conducted interviews of each team
- Met several times with development teams

A small, stylized architectural sketch of a building facade is located in the bottom right corner of the slide.

CITY OF SACRAMENTO
ECONOMIC DEVELOPMENT DEPARTMENT

Ad Hoc Committee

Goal

- Incorporate strength of Zeiden retail proposal on 700 Block and work with the majority property owner and Saca for housing over retail on 800 Block.



CITY OF SACRAMENTO
ECONOMIC DEVELOPMENT DEPARTMENT

Ad Hoc Committee

Key Objectives

- Preserve historic scale of 700 block
- Continue strong destination retailers from Downtown Plaza to 900 Block
- Higher density housing on 800 block
- Feasible, deliverable project in reduced timeframe
- Cooperative land assembly



CITY OF SACRAMENTO
ECONOMIC DEVELOPMENT DEPARTMENT

Ad Hoc Committee

Recommendations

- Enter into 45-day exclusive negotiations w/Zeiden on 700 Block
- Enter into 45-day exclusive negotiations w/Saca on portion of 800 Block
- Southeast corner of the 800 Block subject to negotiations



CITY OF SACRAMENTO
ECONOMIC DEVELOPMENT DEPARTMENT

45-day Milestones

Within 10 days:

- Evidence of partnership; identification of negotiator (Saca)
- Set up mediation (Agency)

Within 30 days:

- Participation of teams in mediation
- Teams initiate negotiated purchases w/other owners
- Begin CEQA (Agency)



CITY OF SACRAMENTO
ECONOMIC DEVELOPMENT DEPARTMENT

45-day Milestones (cont'd)

Within 45 days:

- Submit refined proposals and other RFP requirements as necessary
- Identify all contingencies to performance



CITY OF SACRAMENTO
ECONOMIC DEVELOPMENT DEPARTMENT

Next Steps

- Review information submitted
- Return to City Council with recommendations



CITY OF SACRAMENTO
ECONOMIC DEVELOPMENT DEPARTMENT

10th/K Project




CITY OF SACRAMENTO
ECONOMIC DEVELOPMENT DEPARTMENT

10th/K Project

Recommendation:

- Select K Street Central as preferred development team for the Agency Site
- Authorize City Manager to negotiate an Exclusive Right to Negotiate Agreement for redevelopment of the Agency Site
- Direct staff to return to the Agency with the agreement for execution



CITY OF SACRAMENTO
ECONOMIC DEVELOPMENT DEPARTMENT

10th/K Project

- RFP Issued February 2, 2005
- Advertised nationally
- Cultural uses such as live theatre, museums, artist lofts and galleries
- Commercial uses such as restaurants, movie theaters, nightclubs, mixed specialty retail
- Residential



DR. TERRY B. BROWN
Mayor

CITY OF SACRAMENTO
ECONOMIC DEVELOPMENT DEPARTMENT

10th/K Project



Agency Site:

- Three parcels
- 38,000 sf footprint
- Adjacent public parking facility at 10th/L streets

DR. TERRY B. BROWN
Mayor

CITY OF SACRAMENTO
ECONOMIC DEVELOPMENT DEPARTMENT

RFP Development Goals:

- Create a lively pedestrian environment
- Bring activity to downtown on evenings and weekends
- Link the two ends of K Street
- High quality architectural/urban design
- Serve as a catalyst in revitalizing downtown



DR. TERRY B. BROWN
Mayor

CITY OF SACRAMENTO
ECONOMIC DEVELOPMENT DEPARTMENT

10th/K Project



K Street Central:

- David Taylor Interests
- The CIM Group
- St. Anton Partners
- The Cordano Company
- Paragary's Restaurant Group

DR. TERRY B. BROWN
Mayor

CITY OF SACRAMENTO
ECONOMIC DEVELOPMENT DEPARTMENT

10th/K Project – *Team Experience*


DAVID'S TAYLOR INTERESTS, INC.


Sheraton Grand


Esquire Plaza


601

CITY OF SACRAMENTO
ECONOMIC DEVELOPMENT DEPARTMENT

10th/K Project – *Team Experience*


CIM GROUP


Plaza Lofts


3rd Street Promenade


Hollywood

CITY OF SACRAMENTO
ECONOMIC DEVELOPMENT DEPARTMENT

10th/K Project – *Team Experience*


St. Anton PARTNERS


CORDANO COMPANY
commercial real estate


St. Anton Building
21st/L Streets

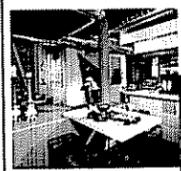

The Savannah


Mt. Shasta and
Sunrise Malls

CITY OF SACRAMENTO
ECONOMIC DEVELOPMENT DEPARTMENT

10th/K Project – *Team Experience*


Paragary's
restaurant group

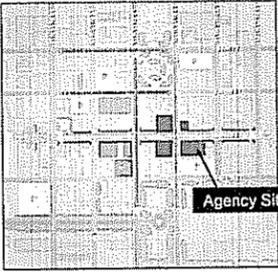

Centro


Esquire Grill


Paragary's

CITY OF SACRAMENTO
ECONOMIC DEVELOPMENT DEPARTMENT

10th/K Project – Proposal



Comprehensive Vision:

- Retail/entertainment
- 230 residential units
- 105-room boutique hotel
- Office
- On-site parking

Agency Site

CITY OF SACRAMENTO
ECONOMIC DEVELOPMENT DEPARTMENT

10th/K Project – Proposal

Retail and Entertainment:

- Lucky Strike Bowling Lounge
- Multiple restaurant concepts
- Nightclub venue for jazz
- Live TV and radio recording studios (UPN 31)

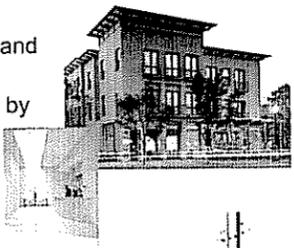


CITY OF SACRAMENTO
ECONOMIC DEVELOPMENT DEPARTMENT

10th/K Project – Proposal

Residential/Hotel/Office

- 230 residential units consisting of ownership and rental
- Boutique hotel operated by Hotel Healdsburg
- Renovated office space



CITY OF SACRAMENTO
ECONOMIC DEVELOPMENT DEPARTMENT

10th/K Project – Agency Site Options

Option 1:

- 114 market rate condominium units
- High activity retail tenants
- Broadcast studio – mini version of Rockefeller Center in NYC
- On-site parking

CITY OF SACRAMENTO
COMMERCIAL DEVELOPMENT DEPARTMENT

10th/K Project – Agency Site Options

Option 2:

- Children's Theatre of California (managed by B Street Theatre group)
- High activity retail tenants
- Broadcast studio – mini version of Rockefeller Center in NYC
- On-site parking

This option is no longer being considered due to B Street Theatre's commitment to the Sutter Project



CITY OF SACRAMENTO
COMMERCIAL DEVELOPMENT DEPARTMENT

10th/K Project – Agency Site Options

Option 3:

- Movie theater with 12-14 screens
- High activity retail tenants
- Broadcast studio – mini version of Rockefeller Center in NYC
- On-site parking

This option was provided in the event other theater developments do not progress



CITY OF SACRAMENTO
COMMERCIAL DEVELOPMENT DEPARTMENT

10th/K Project – Recommendation

June 13, 2005 Community Workshop:

- Like residential
- Live performance/cultural uses, if possible
- Focus on good design
- No movie theaters
- Let's go!



CITY OF SACRAMENTO
COMMERCIAL DEVELOPMENT DEPARTMENT

10th/K Project – Recommendation

Ad Hoc:

- Mixed use option good, but continue to explore live theater options for Agency Site
- Continue to refine project concepts on other corners and present to staff concurrently
- Development team to pursue additional properties needed, if any, privately



CITY OF LOS ANGELES
ECONOMIC DEVELOPMENT DEPARTMENT

10th/K Project – Recommendation

240-Day Exclusive Right to Negotiate:

Within 90-days

- Bring ERN back to Agency for execution
- Pursue live theater options for Agency Site
- Continue to refine project concepts on other corners and present to staff concurrently
- Begin private acquisition of properties, if needed



CITY OF LOS ANGELES
ECONOMIC DEVELOPMENT DEPARTMENT

10th/K Project – Recommendation

Within 120-days

- Report back to Agency on project analysis findings
- Finalize project description and begin CEQA
- Begin Design Review process
- Refine all project costs



CITY OF LOS ANGELES
ECONOMIC DEVELOPMENT DEPARTMENT

10th/K Project – Recommendation

Within 180-days

- Negotiate terms of DDA (and OPA if applicable)
- Prepare Schedule of Performances for construction period
- Finalize applicable leases and purchase agreements that will be part of the project



CITY OF LOS ANGELES
ECONOMIC DEVELOPMENT DEPARTMENT

10th/K Project – Recommendation

Within 240-days

- Certify CEQA document and adopt Mitigation Monitoring Plan
- Obtain project approval from Agency and execute development agreements

