

RESOLUTION NO. 2006-001

Adopted by the Redevelopment Agency
of the City of Sacramento

January 5, 2006

AUTHORIZING THE EXCLUSIVE RIGHT TO NEGOTIATE WITH KSWM DOCKS PARTNERS, LLC FOR THE DEVELOPMENT OF THE DOCKS AREA IN SACRAMENTO

BACKGROUND

- A.** The Amended Redevelopment Plan for the Merged Downtown Sacramento Redevelopment Project Area was prepared by the Redevelopment Agency of the City of Sacramento ("Agency") and approved and adopted on June 17, 1986, by Ordinance No. 86-063, -064, -065, -066, and -067 of the City Council of the City of Sacramento and subsequently amended.
- B.** Three of the goals of the Redevelopment Plan for the Project Area are:
 - 1. The elimination of environmental deficiencies in the Merged Project Area, including, among others, mixed and shifting uses, small and irregular lots, obsolete, aged and deteriorated building types, inadequate or deteriorated public improvements, and incompatible and uneconomic land uses;
 - 2. The strengthening of retail and other commercial functions in the downtown area, the strengthening of the economic base of the Merged Project Area and the community by the installation of needed site improvements either inside or outside the Merged Project Area to stimulate new commercial/light industrial expansion, employment and economic growth; and
 - 3. The establishment and implementation of performance criteria to assure high site design standards and environmental quality and other design elements, which provide unity and integrity to the entire Merged Project;
- C.** The Agency adopted the Merged Downtown Five Year Strategic Plan and Implementation Plan for the Project Area on February 29, 2000
- D.** The Downtown Five Year Strategy and Implementation Plan identified the development of opportunity sites along the Sacramento Riverfront.

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

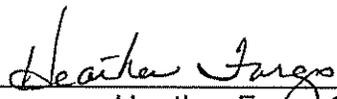
- Section 1. After due consideration of the facts presented, the findings, including the environmental findings regarding this action as stated in this Resolution and the staff report that accompanies this Resolution, are adopted.
- Section 2. The City Manager or his designee is authorized to exclusively negotiate, on behalf of the Agency, with KSWM Docks Partners, LLC for the development of the Docks Area along the Sacramento riverfront. Staff is directed to follow the adopted *Guidelines for Individual Project Review*.

Table of Contents:

- Exhibit A – Guidelines for Individual Project Review
- Exhibit B – Exclusive Right to Negotiate

Adopted by the City of Sacramento Redevelopment Agency on January 5, 2006 by the following vote:

- Ayes: Members Cohn, Fong Hammond, McCarty, Pannell, Sheedy, Tretheway, Waters and Mayor Fargo.
- Noes: None.
- Abstain: None.
- Absent: None.



Heather Fargo Chair

Attest:



Shirley Concolino, Secretary

Exhibit A**Guidelines for Individual Project Review****Background and Criteria**

The Downtown Development Group serves as the redevelopment arm of the City of Sacramento for the Downtown and Richards Boulevard/Railyards redevelopment project areas. Its purpose is to engage in redevelopment activities and projects that revitalize the project areas and meet one or more of the following criteria adopted by the Redevelopment Agency in late 2003:

- Contributes to achieving the vision of adopted 5-year Redevelopment Strategy;
- Removes blight;
- Leverages significant private or public investment;
- Spurs additional private investment in the vicinity;
- Contributes to City revenues; and
- Creates jobs.

Additionally, proposed projects that meet one or more of the following criteria may be given priority:

- Achieves multiple redevelopment goals;
- Takes advantage of an existing asset or investment;
- Appeals to a large group of users;
- Contributes significantly to the aesthetic environment; and
- Employs smart growth principles and infill development strategies.

The following information must be submitted prior to consideration of a development proposal.

Development Team Identification and Experience

- Provide the name, address, and telephone numbers of the 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 development team may have with subsidiaries, joint ventures partners or others who are significant to the project development.
- Provide documentation demonstrating that 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;
 - 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 development team.
- Identify the principal person within the 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

- Copies of any annual reports, financial rating reports, or other documents indicating the financial condition of the development team must be provided. 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 City Council 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

Project Design

- 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 developer should be clearly stated in the submitted reports.
- The project design should contain 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
- Include, at a minimum, the following design information in schematic form:
1. Site Plan;
 2. Elevations; and
 3. Floor plan.

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.

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 development team represents that it has legal control of the property (or a substantial portion of the property) where the project would be located, 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 price not substantially greater than market value; and
- If Development Team is a partnership, evidence that the Key Negotiator has the legal authority to commit the subject property to the proposed development project.

Submittal Review Process

For any proposed project, the Agency may elect not to participate in the project, engage in an open bidding process, or choose to negotiate with a sole source. A sole-source negotiation will not proceed unless all of the Individual Project Review requirements listed above are met within a reasonable time frame. The Agency, after review of the application, may elect not to proceed further. Decisions to commence negotiations are made at the staff level and typically do not require governing board approval. Once a complete application has been submitted, the following process will apply:

- Within 30 days of application submittal, staff will review and determine if additional information is needed.
- Within 60 days of determination that the submittal is complete, staff will consider which of the following directions is appropriate:

10. Commence negotiations on the project;
11. Reject proposal because the project does not meet established criteria, lack of development team experience, lack of available funding or staff resources, excessive subsidy request or determination that the project is not of sufficient priority; and/or
12. Seek City Council approval of an Exclusive Right to Negotiate with development team that specifies the duration of the negotiation period and the parties' expectations during the negotiation period.

Note: the Agency reserves the right to reject any proposal submitted, elect not to negotiate, and/or withdraw from any negotiation at any time.