REPORT TO COUNCIL
City of Sacramento

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Continued from 1-05-06

CONSENT
January 17, 2006

Honorable Mayor and
Members of the City Council

Subject: Parking Agreements for Capitol Garage

Location/Council District: Capitol Garage, located at 11th & L Streets, Central City (District 1)

Recommendation: Adopt resolutions authorizing the City Manager to execute parking agreements with Rubicon Partners and TenKay Devco, Blue Bronco and American River Partners LLCs (Tenkay Devco) to provide spaces at the City-owned Capitol Garage to accommodate parking needs for the historic buildings located at 926 J Street, 1107 9th Street and 1027 10th Street.

Contact: Howard Chan, Parking Manager, (916) 808-7488
Traci Michel, Sr. Project Manager, (916) 808-8645
Presenters: Howard Chan, Parking Manager
Department: Transportation and Economic Development
Division: Parking Services and Downtown Development
Organization No: 3461

Summary: In response to the City's and Community's desire to support the adaptive reuse of historic buildings, parking agreements have been negotiated with both Rubicon Partners and Tenkay Devco to provide parking at the City of Sacramento's Capitol Garage, located at 11th & L Streets for historic renovation projects located at 926 J Street, 1107 9th Street and 1027 10th Street (map is included as Attachment 1 to Exhibits A and B). These properties are registered historic structures, have no existing on-site parking, or the ability to provide any on-site parking for future tenants.

Committee/Commission Action: None

Background Information:

In October 2004, the Economic Development Department, in conjunction with the Mayor's Office, hosted the "JKL Corridor Workshop" to receive community and stakeholder input on a new vision and strategic direction for the heart of downtown area. The results of the workshop reinforced current redevelopment direction focusing on new housing opportunities and creating unique commercial development, supported the

adaptive reuse of historically significant buildings, and recommended strategic attention be given to the Redevelopment Agency-owned properties (Agency Site) located at the southeast corner of 10th and K streets.

The intersection at 10th and K streets is considered key to downtown redevelopment for several reasons:

- It is the center of the five-block area of K Street (between 7th and 12th streets) most in need of redevelopment attention;
- Public parking to support the redevelopment of the intersection is available behind the Agency Site at 10th/L streets; and
- 10th Street is a significant transportation corridor for vehicles and pedestrians, linking City Hall, Cesar Chavez Plaza and the State Capitol.

Earlier this year, the Agency issued a Request for Proposals for the Agency Site and selected the K Street Central Team for development of the Site. In addition to the Agency Site, the K Street Central Team looked at redevelopment opportunities on the other three corners of the 10th and K intersection. Members of the K Street Central Team (St. Anton Partners and the Cordano Company doing business as Tenkay Devco, Blue Bronco and American River Partners LLCs (Tenkay Devco)) purchased the historic, predominantly vacant building located at 1027 10th Street and have been working for several months to redevelop the site in conjunction with the Agency Site. Securing tenants for the building has been difficult due to the lack of parking available on site and the inability to secure parking privately off site. Tenkay Devco needs 30 spaces in the City's Capitol Garage at 10th and L streets to secure tenants in the building.

Similarly, Rubicon Partners purchased the historic buildings located at 926 J Street and 1107 9th Street in hopes of redeveloping the properties for more active uses on site and to build upon the redevelopment objectives resulting from the JKL Corridor Workshop. Due to a lack of on-site parking and the inability to secure parking privately off-site, securing leases with strong office and retail tenants has been difficult. Rubicon Partners needs 50 spaces in the City's Capitol Garage to secure tenants in both buildings.

Parking Agreements

The City Transportation and Economic Development Departments have jointly prepared 10-year Parking Agreements (Exhibits A and B) for both Rubicon Partners and Tenkay Devco to assist with the adaptive reuse of three historically significant buildings located at 1107 9th Street, 926 J Street, and 1027 10th Street. The Parking Agreements provide the minimum number of spaces required for the building owners to secure leases with strong tenants for the buildings.

Financial Considerations: Permits issued under long-term parking agreements are billed at 120% of the prevailing market rates. Total revenue collected under these agreements will approach $200,000 per year at current rates. There is no subsidy associated with the dedication of parking spaces provided in the Parking Agreements.

Environmental Considerations: This project is exempt from the California Environmental Quality Act (CEQA) under Section 15301, "Operation of existing public structures or facilities involving no expansion of use".

Policy Considerations: The Parking Agreements will support the redevelopment and adaptive reuse of three historic buildings in downtown Sacramento. These types of projects are consistent with the Amended Merged Downtown Redevelopment Plan and Five-Year Implementation Plan as well as the development objectives outlined in the recent JKL Community Workshop process.

Emerging Small Business Development (ESBD):

There are no ESBD considerations contemplated with the requested action.

Respectfully Submitted by: _____
Howard Chan
Parking Manager

Approved by: _____
for Marty Hanneman
Director of Transportation

Approved by: _____
Wendy S. Saunders
Economic Development Director

Recommendation Approved:

for _____
RAY KERRIDGE
Interim City Manager

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RESOLUTION NO.

Adopted by the Sacramento City Council

December 13, 2005

APPROVING PARKING AGREEMENTS WITH RUBICON PARTNERS AND TENKAY DEVCO FOR PARKING AT CAPITOL GARAGE

BACKGROUND

A. In October 2004, the Economic Development Department, in conjunction with the Mayor's Office, hosted the "JKL Corridor Workshop" to receive community and stakeholder input on a new vision and strategic direction for the heart of downtown area. The results of the workshop reinforced current redevelopment direction focusing on new housing opportunities and creating unique commercial development, supported the adaptive reuse of historically significant buildings, and recommended strategic attention be given to the Redevelopment Agency-owned properties (Agency Site) located at the southeast corner of 10th and K streets.

B. The intersection at 10th and K streets is considered key to downtown redevelopment for several reasons:

   a. It is the center of the five-block area of K Street (between 7th and 12th streets) most in need of redevelopment attention;
   b. Public parking to support the redevelopment of the intersection is available behind the Agency Site at 10th/L streets; and
   c. 10th Street is a significant transportation corridor for vehicles and pedestrians, linking City Hall, Cesar Chavez Plaza and the State Capitol.

C. Earlier this year, the Agency issued a Request for Proposals for the Agency Site and selected the K Street Central Team for development of the Site. In addition to the Agency Site, the K Street Central Team looked at redevelopment opportunities on the other three corners of the 10th and K intersection. Members of the K Street Central Team (St. Anton Partners and the Cordano Company doing business as Tenkay Devco, Blue Bronco and American River Partners LLCs (Tenkay Devco)) purchased the historic, predominantly vacant building located at 1027 10th Street and have been working for several months to redevelop the site in conjunction with the Agency Site. Securing tenants for the building has been difficult due to the lack of parking available on site and the inability to secure parking privately off site. Tenkay Devco needs 30 spaces in the City's Capitol Garage at 10th and L streets to secure tenants in the building.

D. Similarly, Rubicon Partners purchased the historic buildings located at 926 J Street and 1107 9th Street in hopes of redeveloping the properties for more active uses on site and to build upon the redevelopment objectives resulting from the JKL Corridor Workshops. Due to a lack of on-site parking and the inability to secure parking privately off-site, securing leases with strong office and retail tenants has

been difficult. Rubicon Partners needs 50 spaces in the City's Capitol Garage to secure tenants in both buildings.

E. The City Transportation and Economic Development Departments have jointly prepared 10-year Parking Agreements (Exhibits A and B) for both Rubicon Partners and Tenkay Devco to assist with the adaptive reuse of three historically significant buildings located at 1107 9th Street, 926 J Street and 1027 10th Street. The Parking Agreements provide the minimum number of spaces required for the building owners to secure leases with strong tenants for the buildings.

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

Section 1. The City Manager is authorized to execute the attached Parking Agreements with Rubicon Partners and Tenkay Devco for parking at the City's Capitol Garage.