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OFFICE OF THE
CITY MANAGER

CITY OF SACRAMENTO
CALIFORNIA

CITY HALL
ROOM 101
915 I STREET
SACRAMENTO, CA
95814-2684

March 8, 1989
FA:89027:CB:KMF

916-449-5704

Budget and Finance/Transportation &
Community Development Joint Committee
Sacramento, California

Honorable Members in Session:

SUBJECT: Report Back on the Feasibility of Relocation of the
Merrium Apartments

SUMMARY

This report, on the Community/Convention Center Expansion Project (Project), presents the consultant's findings on the feasibility of relocating the Merrium Apartment building. Based upon the data presented by the consultants, staff recommends that the Joint Committee recommend to the City Council that the relocation of the Merrium Apartment building is infeasible and recommend support of the original Statement of Override made by Council on October 25, 1988 as it relates to the demolition of the Merrium Apartment building and causing the construction of replacement housing.

This report is scheduled to be heard before the City Council tonight, March 14, 1989.

BACKGROUND

See attached City Council report

FINANCIAL DATA

See attached City Council report.

POLICY CONSIDERATIONS

See attached City Council report.

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MBE/WBE

See attached City Council report.

RECOMMENDATION

It is the recommendation of staff that, based on the data presented in the Turner report, the Joint Committee recommend to Council the adoption of the attached resolution which finds the relocation of the Merrium not feasible.

Further, it is recommended that the Joint Committee recommend that the Council support its original override on relocation/retention of the Merrium made at the October 25, 1988 hearing on the Community/Convention Center Expansion Program EIR. As a result of this finding of infeasibility, staff recommends that the Joint Committee recommend to Council that the City Manager be authorized to negotiate at least 41 units of replacement housing to be located in the downtown area. This replacement housing will be provided with gap financing made available through the Expansion Project.

Respectfully submitted,

Carol Branan

CAROL BRANAN
Senior Management Analyst

Solon Wisham, Jr.

SOLON WISHAM, JR.
Assistant City Manager

Attachment

Contact Person:

Carol Branan
Senior Management Analyst
Department of Finance - 449-5736

March 14, 1989
All Districts

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RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

RESOLUTION FINDING THE RELOCATION OF THE MERRIUM APARTMENTS INFEASIBLE, APPROVING THE CONCEPT OF GAP FINANCING FOR REPLACEMENT HOUSING, AND AUTHORIZING THE CITY MANAGER TO NEGOTIATE REPLACEMENT HOUSING

WHEREAS, on October 25, 1988, the City Council certified the Program EIR and approved the East Alternative for the Community/Convention Center Expansion.

WHEREAS, the Council requested as a subsequent action the feasibility of relocating the Merrium Apartments.

WHEREAS, the Council contracted for a feasibility study with Turner Construction.

WHEREAS, the study presented data on the relocation of the Merrium that shows such a measure to be infeasible.

NOW, THEREFORE, BE IT RESOLVED THAT, the City Council of the City of Sacramento does hereby find that:

Section 1

Cost estimates show the relocation of the Merrium not to be a prudent fiscal measure when evaluating project costs.

Section 2

Relocation of the Merrium Apartment building as a mitigation measure is not feasible for the following reasons:

1. The building width is such that, once the moving diaphragm which is comprised of structural steel is added, there is not adequate width to City street to accommodate the building without irreparable damage to trees along the route.

2. Relocating the building in two sections would expose it to substantially higher structural stresses during the move and is not recommended by experts.
3. The 3,500 ton weight of the building and moving diaphragm will crush street vaults and may crush streets and sidewalks.
4. The City lacks the authority to remove State owned trees which would impede a move along L Street, the only viable moving route.

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Section 3

Another mitigation measure is available to accomplish the retention of housing units. This measure would provide gap financing for at least 41 replacement housing units in the downtown area.

Section 4

The City Manager is hereby authorized to negotiate a replacement housing of at least 41 units in the downtown area.

MAYOR

ATTEST:

CITY CLERK



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OFFICE OF THE
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CITY OF SACRAMENTO
CALIFORNIA

CITY HALL
ROOM 101
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SACRAMENTO, CA
95814-2634

March 2, 1989
FA:89027:CB:KMF

916-449-5704

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: Report Back on the Feasibility of Relocation of the
Merrium Apartments

SUMMARY

This is a report back to the City Council on the Community/Convention Center Expansion Project (Project) which presents the consultant's findings on the feasibility of relocating the Merrium Apartment building. Based upon the data presented by the consultants, staff recommends that the City Council find the relocation of the Merrium Apartment building infeasible and support the original Statement of Override made on October 25, 1988 as it relates to the demolition of the Merrium Apartment building and causing the construction of replacement housing.

BACKGROUND

This is a report back on the feasibility of relocating the Merrium Apartment building (Merrium) to make way for the Eastern Expansion of the Community/Convention Center. The information presented in the following report was required as a follow up to Findings made at the time that the Program Environmental Impact Report (EIR) was certified. At the certification hearing, the Council made Findings on the proposed expansion of the Community Center and adopted a Statement of Override which, among other things, found that:

The City will investigate the feasibility of relocating the Merrium Apartment building to a compatible site in the downtown area. If the City determines relocation to not be feasible then the City will cause replacement

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housing to be constructed. If alternate housing is constructed, the Merrium Apartments will be demolished, thereby resulting in a significant adverse impact.

Based upon the Statement of Override made at the October 25, 1988 hearing, it was left to be determined, as a subsequent activity of the Program EIR, whether it was feasible to relocate the Merrium.

This report does not deal with the feasibility of retaining the Merrium on-site. That issue was a part of the design concerns addressed in an October 4, 1988 report to Council. It was determined at the October 4th hearing, based on substantial oral testimony presented by staff and consultants, that it was not feasible to retain the Merrium on-site and at the same time achieve the contiguous square footage desired for the expansion of the exhibit hall. As a result of that determination, the Council directed staff to determine the feasibility of relocating the Merrium to a new site.

The information presented in the following report was compiled by an independent consultant, Turner Construction Company (Turner). Turner subcontracted with experts in the areas of code compliance, moving, and structural engineering to provide a thorough analysis of the feasibility of moving the Merrium. The study, entitled Feasibility Study: Relocation of the Merrium Apartments, is attached to this report. A synopsis of the findings of that report are as follows:

I. Merrium Relocation

The Merrium is a 75 year old complex consisting of 41 residential units. The building weighs approximately 3,260 tons to which 240 tons of structural steel will be added for the move. The building measures 28,440 gross square feet. It is listed on the City Official List of Historic Structures as a Priority structure. A Priority structure is one category below Essential, which is the highest listing.

Turner focused on the following areas in order to determine the feasibility of relocation of the Merrium: (1) the building's structural condition, (2) the physical feasibility of relocation and its impact on surrounding areas along the move route, (3) the estimated cost of relocation and the cost of putting the building in shape for residential occupancy on a new site, and (4) the cost of relocating the facade of the building.

(1) Structural Condition*

The first concern addressed by the Turner report was whether the structural condition of the Merrium could withstand the stress of being moved from its present site to an adjacent site within a ten block radius. The determination of Turner's analysis was that

the Merrium could withstand the structural stress placed on it by a move, only if the building is moved in one piece. This determination presented immediate problems in terms of the size of the building and the ability to move it on City streets. Turner reviewed a number of options for the moving route to assess if any route could accommodate the building which measures 79 feet wide by 72 feet deep by 55 feet high.

The results of that review were that there are no moving routes upon which a horizontal move can be accomplished. This finding was made based upon the weight of the building and the size. A discussion of the problems with each option is paraphrased below.

(2) Physical Feasibility of Relocation and Impact on Surrounding Areas

o East Along K Street

Preliminary surveys and existing parcel maps indicate the "building to building" clearance on the typical surrounding streets, including K Street, to be ±80 feet. This separation does not provide sufficient clearance for the structure to be relocated in one piece. The building measures 79' wide by 72' by 55' high and occupies all but twelve (12) inches of the typically available width. The twelve inches unoccupied by the building does not include the ten (10) feet required on either side for safety and support structure.

o North Across J Street

Pacific Bell Telephone has an underground vault located near the intersection of J Street and 14th Street. The electrical lines in this vault are the major link for Pacific Bell to a majority of Sacramento. The presence of this large electrical vault precludes moving the structure north in any form. The 3,500 ton weight of the building would crush this vault. The configuration of the vault is such that reinforcement is not possible due to lack of space. An area outside the vault could be excavated and reinforced but it is questionable that even this measure could support the weight. To excavate around the vault would be costly and time consuming and J Street would have to be closed at this site to accomplish the excavation.

*A more detailed discussion of the structural condition of the Merrium is contained in the consultant's report, section 2, 3 and in the appendix of the report.

o South on 14th to L Street

It appears physically possible to relocate the building in one section south on 14th Street to L Street because of the additional setback created by the existing Community/Convention Center, however, a move in this direction would require the removal of all trees, streetlights, landscaping and parking meters along the proposed route. Once the building arrived at L Street, significant problems would exist with the removal of palm trees lining Capitol Park. Discussions with the State of California, Department of General Services, Office of Building and Grounds, indicate the existing palm trees along the south side of "L" Street on State property are approximately 50 years old and are themselves considered historical and their removal would be "out of the question", according to the Department.

Separating the structure into two sections would eliminate the problem with the size of the building and this is discussed by both Cole, Yee, and Schubert, the structural engineers, and Spencer White & Prentice, the building relocation specialists. It is technically possible to cut the structure into two pieces, however the narrow building proportions combined with the resulting compromised structural condition of the building make this alternative a "non-option" in the opinion of the building relocation specialist, Spencer White & Prentice. An analysis of proposed relocation systems along with engineer's sketches and calculations can be found in the consultant's report.

o Impact on Surrounding Area

The movement of the Merrium Apartment Building involves placement of the five story, 3,500-ton building with a 72' x 79' base on 62 dollies (at approximately 8' centers) for movement down public streets to a new location. The estimated maximum load to be transferred on to the pavement is not expected to exceed 100 pounds per square inch (psi). By comparison, the average vehicle transfers load onto the pavement at approximately 30-40 psi with a 40 ton maximum weight.

The large, heavy footprint of the moving building will cause severe stress and possibly damage existing public works improvements along the building's proposed route. The existing concrete improvements (curb, gutter and sidewalk) on which the dollies will travel will most likely be cracked and broken during the moving operations. The existing underground facilities (combination sewer, water lines, etc.) could also be damaged during the moving operations. The amount of damage will be dependent upon the depth and condition of the existing underground facilities. The moving contractor should determine that no hollow sidewalks exist along the proposed moving route. Additionally, as addressed in the Turner report, allowances must be made for removal and

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replacement of existing facilities (street lighting systems, parking meters, fire hydrants) and trees.

(3) Estimated Cost of Relocation

Since it is the opinion of the consultants that relocation in one piece is the only viable method of relocation, all of the following cost estimates are based on moving the structure in one piece.

Costs for relocating the building and bringing it up to historic building codes would be approximately \$3,667,200. This allows for a ten block move and includes a moderate contingency of 10%. A ten block radius was included as an assumption because a specific site had not been chosen, but a number of potential sites did exist with ten blocks of the Merrium. The cost estimate does not include a number of costs that are "unknowns" at this time. These unknowns are: cost to buy the Merrium, cost to demolish adjacent structures to move the Merrium, the purchase of a new site on which to put the Merrium, the cost to remove and replace trees and landscaping, the removal and replacement of building appurtances, and finally the repair costs for damage to streets and sidewalks caused by the move. These "unknowns" which are related solely to the move of the Merrium and not to the overall Expansion Project, could cause the total cost of the move to be substantially higher.

(4) Cost of Relocating Facade

The west facade consists of a brick veneer over unreinforced masonry infill walls supported by reinforced concrete columns and concrete beams. The cornice running along the top of the facade appears to be lath and plaster with iron casting attached to create the relief. The south end appears to be sagging and shows evidence of distress. The consultants have estimated that the facade could be removed and installed on another nearby building for \$228,350. This estimate includes a 20% contingency and assumes that the facade would be reconstructed from patterns and measurements. Details of the cost estimate are contained in the consultant's report, section 5.

(5) Conclusion

It is the conclusion of staff after reviewing the Turner Report that the relocation of the Merrium is not feasible. This is based on the following findings:

1. The building width is such that, once the moving diaphragm which is comprised of structural steel is added, there is not adequate width to City streets to accommodate the building without irreparable damage to trees along the route.

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2. Relocating the building in two sections would expose it to substantially higher structural stresses during the move and is not recommended by experts.
 3. The 3,500 ton weight of the building and moving diaphragm will crush street vaults and may crush streets and sidewalks.
 4. Removal of streetlights, signs, meters, trees and building facade appurtenances would be required and would be a costly measure to carry out.
 5. The total costs associated with relocation of the building are not reasonable and do not constitute a prudent fiscal action.
 6. The City lacks the authority to remove State owned trees which would impede a move along L Street, the only viable route.

II. Replacement Housing

Since the staff recommendation is that relocation of the Merrium is not feasible, the next issue which must be addressed is that of providing replacement housing units.

The California Government Code Section 7264.5 (Code) requires that projects which cause the displacement of residential tenants provide replacement housing in the form of comparable housing, and if that is not available, provide payments to tenants to cover rent differentials (not to exceed \$4,000). The Code does not require the construction of replacement housing. However, the City Council has determined that if relocation of the Merrium Apartment Building is not feasible, then off-site housing replacement should be incorporated into the Expansion.

Staff has reviewed two options for replacement housing: 1) the construction of 41 new residential units, or 2) the subsidizing of 41+ residential units to be constructed in the downtown. Either option would require additional site specific environmental review at the time that the site is identified and designs developed. However, for the purposes of this report, staff has analyzed the cost of the two options listed above.

(1) Option 1

This cost estimate assumes that 41 new housing units will be constructed in the downtown to replace the Merrium.

o	Site not to exceed 8,000 s.f. at \$70 per s.f.	<u>\$560,000</u>
o	41 surface parking spaces at 160 s.f. x \$39 cost per s.f.	<u>\$255,840</u>
o	41 1 bedroom residential units at 750 s.f. per unit divided by .85 (percentage usable space) x \$79 construction cost per s.f.	<u>\$2,857,941</u>
o	Architectural/Engineering Other Consultants	\$664,650
o	Miscellaneous	\$678,599
o	Staff Costs (Plan check/monitoring)	<u>\$729,451</u>
o	15% Contingency to cover project unknowns and land costs	<u>\$861,972</u>
		=====
	PROJECT TOTAL	\$6,608,453

(2) Option 2

The second replacement housing option is to provide gap financing for a privately sponsored downtown housing project that otherwise would not be feasible without a subsidy. According to the Redevelopment Agency, low-income housing projects typically require a subsidy that averages \$8,000 to \$15,000 per unit. This means that to provide gap financing for 41 housing units, the project would cost the City in the range of \$328,000 to \$615,000. These costs could vary with the project site and the rent levels charged. For instance, lower rent levels that are in line with those of the Merrium Apartment Building would require a higher subsidy than higher rents.

A City funded subsidy could become the catalyst to cause investors "proformas" to pencil out and thus cause these residential units to be constructed. The subsidy can be structured in numerous ways but some general rules are that the developer should achieve a 15 - 20% internal rate of return and the public entity an approximate level equal to investment pool rates of return. Public control over the project can be in the form of a

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long term ground lease that guarantees a low-moderate component to the project. The low-moderate component of these projects generally runs between 15-30% of the units. On a 41 unit complex, this would compute to a set aside of 6-12 units for low-moderate income tenants.

(3) Conclusion

It is the conclusion of staff that gap financing for a private 41+ unit residential project is the most prudent fiscal choice. This maximizes the financing available for the bricks and mortar of the Expansion Project and at the same time achieves low-moderate income replacement housing units and bolsters the private investment market.

FINANCIAL DATA

The discussion above contains specific financial data on the relocation of the Merrium and the cost of replacement housing. However, to recap, the physical relocation of the Merrium would cost \$3,667,200. This estimate does not include a range of "unknown" costs which could cause the total cost to be substantially higher. The cost to save the facade of the Merrium and place it on a nearby structure would run approximately \$228,350. The cost of replacement housing could range from \$328,000 to \$6,608,453 depending on the option selected to create that housing.

POLICY CONSIDERATIONS

The conclusions and recommendations of this report are a follow up to the actions taken the Council at the October 4th and October 25th hearing on the Convention/Community Center Expansion and, as such, are consistent with California Environmental Quality Act which recognizes this report back and the recommendations as subsequent actions under the Program EIR. The staff recommendation to find the relocation of the Merrium not feasible and support the original override is consistent with the actions taken by Council on October 25, 1988.

MBE/WBE

This report does not deal with the purchase of any goods or services.

RECOMMENDATION

It is the recommendation of staff that, based on the data presented in the Turner report, the Council find that relocation of the Merrium is not feasible. Further, it is recommended that the Council support its original override on relocation/retention of the Merrium made at the October 25, 1988 hearing on the

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Community/Convention Center Expansion Program EIR. As a result of this finding of infeasibility, staff recommends that the City Manager be authorized to negotiate at least 41 units of replacement housing to be located in the downtown area. This replacement housing will be provided with gap financing made available through the Expansion Project.

Respectfully submitted,

Carol Branan

CAROL BRANAN
Senior Management Analyst

Solon Wisham, Jr.

SOLON WISHAM, JR.
Assistant City Manager

RECOMMENDATION APPROVED:

Walter J. Slipe

WALTER J. SLIPE
City Manager

Contact Person:

Carol Branan
Senior Management Analyst
Department of Finance - 449-5736

March 7, 1989
All Districts

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RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

RESOLUTION FINDING THE RELOCATION OF THE MERRIUM APARTMENTS
INFEASIBLE, APPROVING THE CONCEPT OF GAP FINANCING FOR
REPLACEMENT HOUSING, AND AUTHORIZING THE CITY MANAGER
TO NEGOTIATE REPLACEMENT HOUSING

WHEREAS, on October 25, 1988, the City Council certified the Program EIR and approved the East Alternative for the Community/Convention Center Expansion.

WHEREAS, the Council requested as a subsequent action the feasibility of relocating the Merrium Apartments.

WHEREAS, the Council contracted for a feasibility study with Turner Construction.

WHEREAS, the study presented data on the relocation of the Merrium that shows such a measure to be infeasible.

NOW, THEREFORE, BE IT RESOLVED THAT, the City Council of the City of Sacramento does hereby find that:

Section 1

Cost estimates show the relocation of the Merrium not to be a prudent fiscal measure when evaluating project costs.

Section 2

Relocation of the Merrium Apartment building as a mitigation measure is not feasible for the following reasons:

1. The building width is such that, once the moving diaphragm which is comprised of structural steel is added, there is not adequate width to City street to accommodate the building without irreparable damage to trees along the route.

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2. Relocating the building in two sections would expose it to substantially higher structural stresses during the move and is not recommended by experts.
 3. The 3,500 ton weight of the building and moving diaphragm will crush street vaults and may crush streets and sidewalks.
 4. The City lacks the authority to remove State owned trees which would impede a move along L Street, the only viable moving route.

Section 3

Another mitigation measure is available to accomplish the retention of housing units. This measure would provide gap financing for at least 41 replacement housing units in the downtown area.

Section 4

The City Manager is hereby authorized to negotiate a replacement housing of at least 41 units in the downtown area.

MAYOR

ATTEST:

CITY CLERK