



OFFICE OF THE  
CITY MANAGER

CITY OF SACRAMENTO  
CALIFORNIA

CITY HALL  
ROOM 109  
915 I STREET  
SACRAMENTO, CA  
95814-2684

April 9, 1987

916-449-5704

Budget and Finance Committee  
Sacramento, California

Honorable Members in Session:

**SUBJECT: PROPOSED DEVELOPMENT OF 7TH STREET-  
CAPITOL MALL PARKING SITE**

SUMMARY

The attached report is submitted to you for review and recommendation prior to consideration by the City Council.

RECOMMENDATION

It is recommended that the Budget and Finance Committee approve the concept of redeveloping City Parking Lot "A" (Capitol Mall & 7th Street) for commercial use and instruct the Sacramento Housing and Redevelopment Agency to initiate action to seek a qualified developer of the property immediately.

Respectfully submitted,

WALTER J. SLIPE  
City Manager

April 21, 1987  
District 1



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SUMMARY

During the past year City staff has determined that the municipal parking garage on Capitol Mall (Lot "A" - block bounded by Capitol Mall, 6th, 7th, & L Streets), built in 1956, is in need of major repair work with estimates ranging from 1.0 to 2.0 million dollars. At the same time, the Urban Design Plan has identified the property as a "catalyst site." We recognized long ago that this City Parking Authority owned block is a prime parcel of real estate with a higher and better use than a two level parking structure.

The time has come to develop the property for commercial use and I am recommending that the Sacramento Housing and Redevelopment Agency be given the assignment to seek a qualified developer.

This report was reviewed by the City Council Budget and Finance Committee at their meeting of April 21, 1987.

BACKGROUND

In 1951, the City acquired eleven (11) parcels bounded by Capitol Mall, 6th, 7th, and L Streets for the purpose of developing public off-street parking. This consolidated parcel identified as Parking Lot "A" was designed, constructed, and opened simultaneously with Lot "B" (block bounded by 9th, 10th, H, & I Streets).

Lot "A" reflects the highest parking demand in the downtown area and, as early as 1981, single occupant monthly permits were prohibited, followed by the cancellation of all long term permits in 1982. Currently, this parking facility serves only hourly parking users.

The staff agrees that the Capitol Mall property is too valuable to the future of the downtown to be used solely for public parking. However, a significant amount of short-term parking is provided by the existing 562 spaces in Lot "A". This is a problem for which a solution must be found.

In recent months, the Parking Division has placed weight restrictions on the upper deck of Lot "A" based on the recommendations of a structural engineering firm. These limitations are part of an effort to reduce the scope and expense of additional preventive work until a long-term decision can be made on the future of the structure. The cost of long-term structural modifications range from \$1 - \$2 million dollars, and the estimates are considered very preliminary in nature.

The staff is now preparing a short-term list of repairs that will extend the useful life of the parking structure with the assumption that it will be demolished in the near future to make way for a new and higher intensity use. This cost will have to be included in the final FY 87-88 Capital Improvement Program.

SHRA is the appropriate Agency to handle the administration of this project since Capitol Mall redevelopment is largely the product of past Agency efforts. The Agency has developed the knowledge, technical expertise and the capacity to coordinate privately developed projects consistent with adopted redevelopment plans. A development team made up of appropriate Agency, City staff and others will assist in the process.

The Agency will require an administrative budget for staff assistance estimated at \$50,000 and funding for various consultant reports; i.e., market study, appraisals, RFP preparation/circulation, and economic analysis estimated to be \$100,000. Attached is a preliminary work program prepared by the Agency staff (see Attachments A & B). A refined time schedule and work program will be provided within a few weeks of the City Council decision to proceed on this project.

#### ANALYSIS

The City of Sacramento and its Redevelopment Agency presently faces a "window of opportunity" with the accelerated pace of development in the Central Business District. If we are to nurture this process, several strategic decisions need to be made concerning the use of City-owned lands which have potential for private development.

There are three properties we should be examining including: (1) Lot "A" at 7th and Capitol Mall; (2) Lot "X" - the triangle at north of the Crocker Art Museum at 3rd and N Streets; and (3) the Police garage at 5th and I Streets.

The Capitol Mall parking facility (Lot "A") should be offered for disposition immediately because of the high cost of structural repair and its critical location in the Central Business District. It should be noted that the parcel is close to our retail core, the light rail line and is within six blocks of the Community/Convention Center. Further market studies may determine that a mixed use development is feasible, including possibly offices, retail, commercial or a hotel use. Consideration may have to be given also to the provision or replacement of the existing public parking supply along with additional parking to facilitate the new commercial development. Financial compensation to the City Parking Authority in the form of a direct purchase or creation of a long-term revenue stream will have to be included in the development agreement for this site..

The triangle at 3rd and N Streets which is presently used for parking (Lot "X") is essential to the long-range future of the Crocker Art Museum's development and is also related to the Dock's Area as well. Presently, the future of the Dock's Area plan is clouded by several unresolved issues including the ultimate location of the State's Museum of Railroad Technology, the lampblack cleanup of the P.G.&E. site, the placement of tracks for a future extension of the light rail system to South Sacramento and the recent collapse of a portion of the river wall near the Tower Bridge. I believe the ultimate development of the Crocker triangle should be held in abeyance until Lot "A" is redeveloped.

The City's other triangular parking lot, the Police garage site at 5th and I Streets, will be needed until the new Public Safety Administration Building and some of the police substations are completed. At that time, the Hall of Justice and the Police Patrol Building on H Street could be, subject to negotiations with the County of Sacramento, made available for long-range jail expansion. It also may be desirable to acquire the Southern Pacific loading docks on the northside of H Street so that the triangle could be formed into a full City block for private development.

RECOMMENDATION

It is recommended that the City Council approve the concept of redeveloping City Parking Lot "A" (Capitol Mall & 7th Street) for commercial use and instruct the Sacramento Housing and Redevelopment Agency to initiate action to seek a qualified developer of the property immediately.

Respectfully submitted,



WALTER J. SLIPE  
City Manager

April 21, 1987  
District 1

**SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY**

March 6, 1987

M E M O R A N D U M

CITY MANAGER'S OFFICE

**RECEIVED**

MAR 9 1987

TO: Walt Slipe, City Manager

FROM: Bill Edgar, SHRA

SUBJECT: Proposed Development of the 7th/Capitol Mall Parking Site

This memo, along with the attached work program, outlines a schedule for the development of the 7th/Capitol Mall parking site. This schedule is based on a conservative time approach designed to provide an orderly development process and to ensure that the development is consistent with the Merged Downtown Redevelopment Plan and the Urban Design Plan.

In accordance with the work program, during 1987, a market study and an appraisal would be completed to determine the highest and best use consistent with the Redevelopment Plan, and to establish a fair market value for the property. Also, distribution of a Request for Qualifications (RFQ) from prospective developers would be completed in 1987. Hopefully, a developer could be selected by March 1988. Following developer selection, a negotiation period (optimally nine months) would follow during which the business points would be agreed upon, architectural details finalized and environmental concerns reviewed. These would be formalized in a Development Disposition Agreement which would be prepared for approval in January/February 1989. Start of construction would begin in March 1989, with project completion in late 1990.

Please note that the proposed time line is designed to provide ample opportunity for a completely orderly development process. The time schedule could be shortened at several points throughout the process if essential.

With respect to the administrative handling of this project, since this is one of the catalyst sites identified in the proposed Urban Design Plan, the Agency staff feels quite strongly that they should have the lead role in its development. As you know, over the years, the Agency has been in the lead role in the redevelopment of Capitol Mall, the most recent project being the Capital Bank of Commerce. This site is one of the last remaining on Capitol Mall left to be redeveloped. The Agency has developed the knowledge, technical expertise and the capacity to coordinate privately developed projects consistent with adopted Redevelopment plans. Our knowledge of the redevelopment process would

# SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Walt Slipe  
March 6, 1987  
Page Two

tremendously benefit this project. With your permission, therefore, the Agency is proposing to incorporate this project into its overall work program consistent with our overall mission and objectives. With respect to staff availability, recently, we have been quite fortunate in obtaining the services of an additional staff member experienced in redevelopment on a temporary basis to help develop our Enterprise Zone proposals. Once this is done in March, we would propose turning his attention fully to this project. His salary would be paid from Downtown tax increment resources. Essentially, this would entail an increase in the Downtown redevelopment administrative budget for 1987 of approximately \$50,000 for maintaining the existing staff member. This funding would have to come from an existing budgeted line item which could be identified if the decision is made to have the Agency administer this project. The funding for the various consultant reports, i.e., market study, appraisals, RFP preparation, circulation and economic analysis are approximately \$100,000 and could either be similarly derived or supplied by the City.

In conclusion, we are proposing that the Agency be given permission to redevelop the 7th/Capitol Mall parking site in accordance with the attached time schedule and work program. We would like to discuss this with you at your convenience.

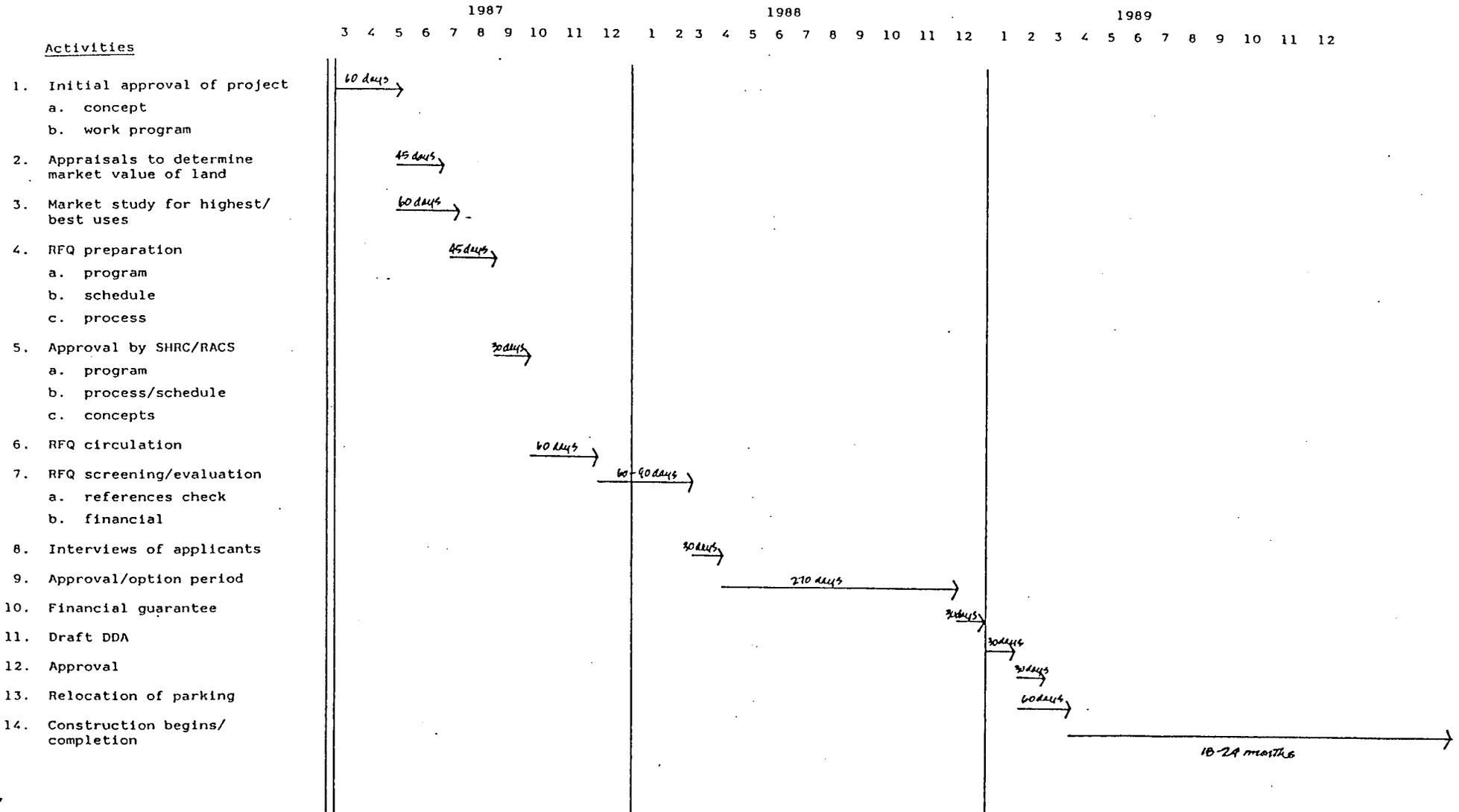
BQE  
WILLIAM H. EDGAR  
Executive Director

WHE:JM:j

Attachment

1274J

PROPOSED WORK PROGRAM FOR THE  
DEVELOPMENT OF THE 7TH/CAPITOL MALL PARKING SITE  
(REQUEST FOR QUALIFICATIONS)



# SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

April 6, 1987

M E M O R A N D U M

TO: Walter J. Slipe, City Manager

FROM: William H. Edgar, Executive Director

SUBJECT: 7th/Capitol Mall Parking Site

CITY MANAGER'S OFFICE

RECEIVED

APR 6 1987

This memo provides a more definitive breakdown of the potential costs associated with the proposed development of the 7th/Capitol Mall parking site. As indicated in the Agency memorandum of March 6, 1987, the Agency will need to absorb approximately \$100,000 to initiate various steps for development of the site in addition to staff cost of \$50,000. As we see it, the \$100,000 would be for the following:

- Appraisal (\$10-15,000) - An appraisal would be requested to determine the fair market value of the land for disposition.
- Market Study (\$20-30,000) - A complete market study to determine the highest and best uses for the site, consistent with the Merged Sacramento Redevelopment Plan. Hopefully, various scenarios would be available for Agency review and comments, along with a strategy to market the site.
- RFP Preparation (\$10-20,000) - Based on interest for this site, and since the Council was not pleased with the last two RFP processes, I would suggest a first scale Request for Proposal preparation be undertaken, similar to the Hyatt Hotel and the Docks projects, involving the Council.
- Economic Analysis (\$20-25,000) - Consultants to assist staff in the review and analysis of the proposal, proformas, and financial statement.
- Contingency (\$10,000) - For other items that may be required, such as preliminary title reports, various fees, etc.

This information is a further requirement of the original cost. If you have any questions, please call Tom Lee of my staff at 440-1355.

*William H. Edgar*

WILLIAM H. EDGAR  
Executive Director

WHE/TVL:cmc