



SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY



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September 27, 1988

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Sacramento City Council
Redevelopment Agency of the
City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: Additional Analysis of the Lease versus Sale Option
for the Capitol Mall Development Site (Lot A)

SUMMARY

This report provides additional data and analysis regarding staff's recommendation to sell Lot A in conjunction with its development. Essentially, the additional data corroborates our original recommendation to sell the site.

BACKGROUND

On September 13, 1988, the joint Budget and Finance/Transportation and Community Development Committee heard a staff presentation on recommendations regarding development of the Capitol Mall site.

While there was much agreement on the proposed Request for Qualifications (RFQ) process which we intend to follow in soliciting developers for the site, and in regard to the type of development to be solicited, several members of the Committee(s) raised questions over the sale versus potential lease of the site. Essentially, the questions raised had to do with the financial benefits to the City (or City Parking Authority) under the lease versus sale options.

Prior to going into a presentation of our analysis, however, we wanted to let you know that both Agency and City staff labored long and hard over resolution of this issue. As you may recall, the Urban Land Institute (ULI) had recommended the lease option. Their recommendation was based on the many

(1)

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Sacramento City Council
Redevelopment Agency of the City of Sacramento
Page Two

successful lease based developments which cities and redevelopment agencies nationwide have entered into on various downtown development projects. Unfortunately, however, their analysis did not delve deeply enough into the structure of the existing debt which encumbers Lot A.

Lot A, and its revenue stream, is part of the collateral behind an \$8.5 million revenue bond (Parking Authority Bonds - Series A and C) which also includes Parking Authority Lots B, C, E, and H. From the City Treasurer's report, which has been forwarded to you separately, it is quite clear that the bonds would either have to be paid off or defeased in order to make Lot A available for development. The alternative would be to call a bondholders meeting to try to get them to agree to a lease proposal. In our opinion, bondholders would have little impetus to agree to a substitution of assets given the relatively low yield on the original 5.5 percent issue, sold in 1968. Additionally, the logistics of a (probably unsuccessful) bondholder election are very difficult to contemplate from an administrative perspective.

Another question asked at the meeting was "Could the cash flow from the other lots (B, C, E, and H), without the revenue from A, now support a new bond issue sufficient in size to pay off the original \$8.5 million issue." The answer to that is no. The report from the City Treasurer clearly indicates what the deficit would be and the potential impact on City general fund revenues should the revenue from Lot A be interrupted.

Another series of questions had to do with the "pure" financial comparison of the value of going one way (e.g., lease) versus the other irrespective of the legal and technical issues raised above. This of course is a complex comparison involving a number of, albeit, challengable assumptions not the least of which is finding a developer willing to proceed under them. The City Treasurer, in his accompanying report, has outlined a series of lease versus sale options which present the net present value and rates of return to the City under 12, 20, and 60 year scenarios. (These terms were chosen in that they represent likely lease/option points in a development agreement of this type.) The sale scenario is clearly the desirable financial option under the 12 and 20 year scenarios. (City participation in the estimated appreciation of the properties is, by the way, built into these analyses.) Only under one of two 60 year scenarios does this turn around and then, only marginally. The main reason for this turn-around is the assumption that all assets, including the structures, revert to the City, in a well maintained condition, at that point.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Sacramento City Council
Redevelopment Agency of the City of Sacramento
Page Three

In addition to all the legal, technical and financial issues raised above, there are also a number of other serious policy considerations which argue against opting for the lease approach and upon which, in our opinion, the decision really hinges. Those include:

1. Raising the money to defease or call the bonds without selling the property, as noted above, implies an obligation of substantial amounts of other funding resources. At this time, given the City's other financing needs, we cannot recommend a general fund commitment. Tax increment revenues are totally pledged as would be our parking revenues under the lease option. There are not sufficient revenues from Lots B, C, E, and H to support a new issue. Frankly, we cannot envision where the additional commitment would come from.
2. The lease option is extremely risky in that most developers will require financing which will, more than likely, require a subordinated lease. This may be fine once the project is developed, up and running, but is extremely risky during the construction period. The potential for the developer to fail and the financial institution coming in to take the property is substantial, particularly in the case of the hotel, which is especially risky during the early years.
3. The ULI study called for the City to finance the garage replacement as part of a ground lease scenario. They did not, however, address how to cover the revenue loss during the construction/lease up period. Neither the City nor the Agency is in a position to cover this loss.
4. The sale option creates tremendous potential for other financing by the Parking Authority. Essentially, the sale will clear all debt from the Authority allowing it to pledge its assets and revenues in other ways. Contrary to what was mentioned at the September 13th meeting, we believe your Council should consider these other financing potentials.

Additionally, the sale would immediately generate \$1,270,000 in cash for the Authority from release of the bond reserve fund and \$1,600,000 in cash over and above the amount needed to defease the bonds. Additionally, please recall that the proposed development scenario envisions deeding of the full 562 replacement spaces for Lot A back to the Authority on completion of the project. At that

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Sacramento City Council
Redevelopment Agency of the City of Sacramento
Page Four

point, an additional revenue stream will become available to the Authority for its use.

5. The future value (or opportunity cost) of what might be done by the Parking Authority elsewhere given clearance of their debt remains an uncalculable factor. The appreciated value of alternative parking improvements, while very difficult to predict given non-market constraints on future parking revenues, could be very substantial, offsetting much of the argument about the future value of the office/hotel structures.
6. The 60 (or 50, or 40) year lease, with the Authority inheriting the improvements, is probably not a likely scenario anyway. Given the size of the investment most developers and lenders would require purchase option period(s) during the term of the lease to preclude this occurring or, if no option is offered, would require a longer term lease. Even if it were to be viable, maintenance in the out years would obviously be a problem given the decreasing value to the owner as the lease expiration approached. Our research into other lease deals reveals either the presence of a purchase option or considerable other negotiation concessions to developers regarding residual value, etc. (None were encumbered by the kinds of bond covenants we face on Lot A.)

CONCLUSION AND RECOMMENDATIONS

We recommend sale of Lot A. The lease option is not a viable option for this project. This is based on:

1. The need to create debt somewhere to remove debt on Lot A in the absence of a sale; and,
2. The pure financial analysis of the sale versus lease option; and,
3. The risk inherent in the lease option; and,
4. The fact that the case leveraged from a debt free parking system gives the City ability to undertake other much needed projects/activities now.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Sacramento City Council
Redevelopment Agency of the City of Sacramento
Page Five

Given both financial and policy considerations, the arguments conclusively support the sale option.

Respectfully submitted,

William H. Edgar

WILLIAM H. EDGAR
Executive Director

CONCUR:

Walter J. Slipe

WALTER J. SLIPE
City Manager

Contact Person: John Molloy
440-1360

2410WPP(93)



**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



4

September 13, 1988

Budget & Finance Committee
Transportation/Community
Development Committee
Sacramento, CA

Honorable Members in Session:

SUBJECT: Approval of the Request for Qualifications and
Authorization to Proceed with Developer Selection for
Capitol Mall Development Site (Lot A)

SUMMARY

The attached report is submitted to you for review and
recommendation prior to consideration by the Redevelopment
Agency of the City of Sacramento.

RECOMMENDATION

The staff recommends approval of the attached resolution
approving the Request for Proposals and selection procedure.

Respectfully submitted,

William H. Edgar
WILLIAM H. EDGAR
Executive Director

TRANSMITTAL TO COMMITTEE:

Joel R. Wisham, Jr.

SOLOMON WISHAM, JR.
Assistant City Manager

Attachment



**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



September 12, 1988

Redevelopment Agency of
the City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: Approval of the Request for Qualifications and
Authorization to Proceed with Developer Selection for
Capitol Mall Development Site (Lot A)

SUMMARY

This report addresses the development of the Capitol Mall Site - Lot A. Staff has outlined a course of action to implement development of the Capitol Mall Site. The proposed course of action and RFQ sets forth in detail the procedure, process, scope and description of the project elements, minimum development standards, disposition of the site, developer selection criteria, and time schedule for selection of a developer for the site. The RFQ process will include three phases: (1) Request for Qualifications; (2) Proposal Development and Selection; and (3) Option Period and Negotiation of Development and Disposition Agreement (DDA).

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency
of the City of Sacramento
September 12, 1988
Page 2

BACKGROUND

In October of 1987, an Urban Land Institute (ULI) Advisory Panel conducted an evaluation of the development potential and strategies for the Capitol Mall Site - Lot A (Exhibit A). As a result of that study, the Advisory Panel recommended that the highest and best use of the 108,800 square foot block, located between 6th and 7th Streets on Capitol Mall, would be as a mixed-use project composed of the following elements: a 322,000 square-foot office building, a 230 room all-suites hotel, 16,800 square feet of retail space, and a 1,250-space parking facility. The Panel also recommended that the City pursue a long-term ground lease on the City/Parking Authority owned site. The Panel's final recommendations were that the City, through the Sacramento Housing and Redevelopment Agency, use a Request for Qualifications (RFQ) process to select the site developer, and that the evaluations of the RFQ should be based largely upon the qualifications of the two key members of the development team - the developer and the architect. Designated a signature development in the downtown area, a delicate public/private partnership in developing the site is critical, the Panel concluded. While not wanting to impede the development of the project financially, the Panel stressed that the RFQ should reflect provisions for quality control in the design and construction of the project.

In June, Agency staff prepared a discussion paper for presentation to the City Manager's office outlining the ULI recommendations, staff's review of said recommendations, and the Agency's recommendations vis-a-vis the proposed project and development scenario. Following meetings with City staff, including the City Treasurer, a consensus was reached regarding the project scope and elements, disposition of the site, developer selection criteria, and implementation of the RFQ process. The following summarizes each of these points.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency
of the City of Sacramento
September 12, 1988
Page 3

Project Scope and Elements:

Staff concurs with the overall uses of the site as outlined in the ULI Study, with certain adjustments. Specifically, staff recommends:

- . A minimum of 322,000 square feet of office space;
- . A minimum of a 300 room Class A Hotel;
- . 20,000 square feet of retail space;
- . A 1,250 space parking facility; and
- . The option of providing for high-end residential units.

The 322,000 square feet of office space is in line with the ULI Study, and while the development team ultimately selected can build at this figure, the selection process will encourage developers to intensify development if economically feasible. The ULI model envisioned a 230 room all-suite hotel. Staff recommends that a minimum 300 room Class A hotel be developed with any mix of suites verses traditional rooms allowed. Market conditions will be the determining factor controlling the mix and size of this element of the project. Emphasis is being placed on the development of a Class A hotel. Retail space would depend to a great degree on the design and configuration of the hotel and office elements, but should be set at a minimum of 20,000 square feet, rather than the ULI recommendation of 16,800 square feet. This would allow ample room for a quality restaurant, and other related food, special interest and commercial services to service the hotel and office complex. The square footage and mix should be complementary to the renovation of the Downtown Plaza Mall.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency
of the City of Sacramento
September 12, 1988
Page 4

Finally, the 1,250 spaces allocated to the parking requirements of the site by the ULI Study would require that the proposed parking structure replace the existing 562 public spaces, and meet the parking requirements of the proposed land use as envisioned in the ULI Study. Staff supports this recommendation, with the provision that in meeting parking space requirements above the 562 space level, the developer may apply for reduction in parking spaces due to the sites' proximity to Light Rail and other mitigation measures. The total parking figure would also relate to the type and number of hotel rooms, and the total office square footage proposed for the site. An additional element not included in the ULI Study is the option of providing high-end residential units complementary to the overall design and utilization of the site. No number of units or square footage figure is recommended, and this option is at the discretion of the developer. This element is being included to provide developers with the opportunity to add an additional incentive for making this project a signature development.

Disposition of Site:

The ULI Study recommended that the City retain control of the site through a long-term ground lease with the City's assistance to the project provided by owning and financing the parking improvements rather than through a writedown of land costs. Since the time of the ULI Study, additional information relating to site control and development has been revealed. Currently, the site is owned by the City's Parking Authority and is encumbered by the 1968 Parking Authority Bonds (Series A and B). The 1968 Parking Authority Bonds not only encumber Lot A, but also four other City parking facilities. The outstanding amount of the bonds as of July 1988, was \$8.5 million. The bonds are for 30 years and run until 1998. The garages provide not only the pledged revenue source for repayment of the bonds, but also serve as collateral.

Bond counsel has advised staff that based upon a review of the documents and covenants related to the 1968 Parking Authority Bonds (Series A and B), nothing exists in either the bond documents nor the lease agreement between the City and the

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency
of the City of Sacramento
September 12, 1988
Page 5

Parking Authority which envisioned the ability to remove one or more of the parking lots from the Parking Authority by means of a sale or asset substitution. However, it is possible to transfer Lot A title by removing the Bond covenants through a call or defeasance of the outstanding bonds. The only alternative is to change the covenants in the original bond agreements which would require calling a meeting of all bond holders and then receiving a majority of votes to change the covenants. The likelihood of this occurring is very uncertain, and the odds in favor of the bond holders voluntarily agreeing to a reduction in the asset base standing behind the bonds are probably slim. Since any change in the bonds would affect their rating, etc., it is staff's recommendation that in order to develop Lot A, the 1968 Parking Authority Bonds (Series A and B) need to be defeased. (The bonds cannot be called until the mid-1990's.)

By defeasing the 1968 Parking Authority Bonds (Series A and B), the City will free up Lot A for development, and remove the City's current outstanding bond obligation on not only Lot A, but also on the other City garages at Lot B, Lot C, Lot E and Lot H. By freeing up the City's bond obligation, existing parking garage revenues can be returned to the City. In addition, this action will save interest payments on the bonds, and it provides the City with an opportunity, i.e., revenue, to finance additional needed parking facilities. Since it removes existing obligations, freed revenues generated from existing garages could go towards funding the new garages, and Lots B, C, E and H would have no restrictions on their use and/or development. Besides actually defeasing the bonds, the City/Parking Authority will need to approve a resolution authorizing disposition of the site at fair market value, through sale to a developer. If the City conveys the site, the City will need to obtain control of the site from the Parking Authority, and the existing lease agreement between the City and Parking Authority will need to be amended.

Agency Counsel and the City Attorney's Office are currently working on drafting said documents, and at a subsequent date will present said documentation for City Council approval. Under Section 12.109 of the City of Sacramento City Code, the City Council may, by resolution, provide for the sale of real property without first calling for bids when it finds that such action will be in the best interest of the City.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency
of the City of Sacramento
September 12, 1988
Page 6

The funds needed to defease the 1968 Parking Authority Bonds will come from the sale of the site to the selected development team. The property's fair market value as determined by an appraisal conducted in January 1988, and reviewed in July 1988, by the appraisal firm of David E. Lane Company, is \$12,550,000 or \$125 per square foot for 102,400 net square feet of land area, less an estimated cost of demolition. Demolition of the existing parking structure is estimated to be in the range of \$250,000 to \$350,000. A final price for the site will be determined at the time just prior to final negotiations of a Developer Disposition Agreement (DDA). (Following the schedule set forth in the RFQ, this would be sometime in mid-1989.) It is suggested that the City demolish the current structure on the site itself and provide the developer with a cleared site. The reasoning is two-fold. First, time is of the essence in developing the site, and it is felt that demolition of the structure will force the developer into a position of having to develop the site rather than utilizing the parking garage and holding the site. By providing a cleared site, it gives the City a value of \$12,550,000 to the site without negotiating demolition costs. With a cleared site and the time frame of selling the site to the developer in mid-1989, it is estimated that the site should bring an additional \$300,000 to \$500,000 to the City, or a total value of \$12,800,000 to \$13,000,000 based on current appreciation. It is recommended that at the successful completion of negotiations for the DDA, that the parking structure be demolished, and that the Parking Authority Bonds be defeased.

As of July 1988, to defease the 1968 Parking Authority Bonds would cost \$8,500,000. This amount will be reduced between now and the sale of the site. The terms of the sale of the site would require the developer to pay \$8,500,000 in cash. The difference between the cost to defease the bonds at the time of sale and the \$8,500,000 figure as of July 1988 would go to the City/Parking Authority in the form of 562 replacement parking spaces on site. The amount of funds allocated to defeasance of the bonds would be held in a special account to pay the interest and principle on the bonds until their maturity or call date, whichever position is best for the City. The payment of the difference between the market value of the site, \$12,550,000 to \$13,000,000, and the \$8,500,000 in cash, or \$4,050,000 to \$4,500,000, would be met via the deeding of the 562 parking

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency
of the City of Sacramento
September 12, 1988
Page 7

spaces in the newly constructed garage to the City. Thus, the sale of the site will require the selected developer to pay the City \$8,500,000 at the time the DDA is signed, and deed 562 parking spaces to the City at the time the parking facility is constructed. It is estimated that the per space construction cost for constructing the 562 parking spaces would be approximately \$9,000. Thus, the cost of constructing the 562 spaces could be in excess of \$4,500,000. The \$8,500,000 in cash and the cost of constructing the 562 parking spaces is thus equal to (or greater than) the approximate market value of the site. To ensure that this is the case, however, we will have a third party estimator determine the value of the structure. In the event that the per space construction cost is greater than the \$9,000 figure, it is felt that the prime site and signature development justifies the additional cost of the site, i.e., additional value provided to the City in the 562 parking spaces. In the event that it is less, an additional cash contribution will be required.

Ownership of the 562 parking spaces would be transferred to the City/Parking Authority through the DDA. This will guarantee the City control of the spaces and a revenue stream from the spaces not encumbered by any indebtedness. Revenues from this garage could also be used in financing needed new parking facilities, since they would not be encumbered. The estimated bond revenues which could be raised from this stream of income (net of expenses) is \$10,000,000. One final advantage to this scenario is that by requiring \$8,500,000 in cash up-front, hopefully it will bring forth only those developers with the financial capability to undertake and complete a project of this importance and magnitude.

Developer Criteria:

The ULI Study recommended that the City, through the Agency, use a Request for Qualifications (RFQ) process to select the site developer. It is recommended that this recommendation be followed, and an RFQ is being developed. The RFQ will contain the following material:

- A general overview of the Sacramento market and downtown/Capitol Mall area.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency
of the City of Sacramento
September 12, 1988
Page 8

- . A discussion of the development scenario, i.e., project scope and elements, minimum square footage attached to each element, disposition of the site, development time frame, etc. The RFQ will stress the minimum level of development for the various elements of the mixed-use project.
- . A discussion of design criteria, emphasizing the importance of the design element in the overall selection process because of the preeminence of the site, and the City's desire to see a signature development.
- . Specific requirements of the developer would be:
 - I. Developer Experience
 - A. Prior experience in projects of a similar scope, i.e., mixed-use, hotel development, parking facilities, etc.
 - B. Previous experience with comparable development as it relates to:
 - 1. Economic success;
 - 2. Overall architectural and design quality of previous developments;
 - 3. Project size in terms of order of magnitude of construction;
 - 4. Successful operation, with emphasis on quality maintenance; and
 - 5. Previous joint public-private projects.
 - C. Ability to attract a major Class A hotel.
 - D. Timeliness of performance.
 - E. Demonstrated ability to undertake and complete similar projects and respond to public objectives.
 - F. Delivery of product as initially represented.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency
of the City of Sacramento
September 12, 1988
Page 9

II. Management Experience

- A. Experience in operating mixed-use projects of a comparable nature, i.e., hotels, retail areas, parking facilities, etc.
- B. Success in achieving high-quality project maintenance standards.

III. Financial Capability

- A. Ability to raise adequate capital for the project.
- B. Strength of current relationships with financing services, eg., ability to obtain commitment letter from a financial institution.
- C. Resources and tenacity ("staying power"), eg., ability to obtain an "AA" rating from Moody's or Standard and Poor's.
- D. Ability to provide for operation and maintenance.
- E. Submission of a fee of approximately one percent of the property value, \$130,000, at the time of submission of response to RFQ. Ten thousand dollars will be retained for administrative costs and \$120,000 will be returned to the developer if he is not selected as a finalist.
- F. Submission of a non-refundable fee of ten percent of the property value, estimated fee of approximately \$1,250,000 to \$1,300,000, upon commencement of DDA negotiations.

IV. Organization and Management Approach

- A. Clear lines of responsibility within the developer's organization which the Agency can rely on to be effective and responsible.

Redevelopment Agency
of the City of Sacramento
September 12, 1988
Page 10

- B. Previous construction management experience on a project of similar size and scope.

V. Qualifications of Key Personnel

- A. Qualifications and experience of key persons and entities associated with the developer in previous projects, and in the team that will be developing the Capitol Mall project.
- B. Ability to bring an architect or architectural firm of regional or national stature to the project.

VI. Other Factors as Appropriate for Specific Development

- A. How does developer plan to meet such public objectives as the 2% for public art, childcare services, contributions to a housing nexus fund, etc.
- B. What additional incentives, such as a share of the leasehold revenues, etc., will the developer offer in developing the site.

Emphasis on the experience and financial capacity of the developer, and the design experience of the architectural firm on similar signature developments will be the key issues in selecting a developer; along with the proposed projects' ability to not only meet the minimum requirements as established in the RFQ, but to deliver additional incentives to the project/City. Because this project is a signature development, a delicate public/private partnership in developing this site is crucial. While not wanting to impede the development of the project financially, the RFQ process will reflect provisions for quality control in the design and construction of the project.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency
of the City of Sacramento
September 12, 1988
Page 11

Developer Selection and Project Schedule:

The first phase will include an initial submittal of qualifications relating to developer experience, management experience in comparable undertakings, organization and management approach, qualifications of personnel, design experience of the architectural team, and financial capability of the developer. The result will be selection of a limited number of the most highly qualified developers by the Agency to participate in the second phase of the developer selection process.

The second phase will include a detailed submittal of development team qualifications, financial capability, obtaining a firm hotel operator commitment, project economics, architectural design, project scope and element size and mix, specifics of the incentive package to be offered by the developer, business offer/development schedule, etc. The result will be the selection of a single developer by the City Council.

The final phase will include a 120 day option period during which the developer and Agency would: (1) refine and finalize commitments regarding design, business terms and disposition of the site, schedule, etc.; and (2) negotiate a Development and Disposition Agreement (DDA) that details contractual responsibilities of the developer and Agency.

The general time frame for the process described is fourteen (14) months for both phases of the developer selection process and four (4) months for the option period. In addition, the commencement of construction would be approximately six (6) months after execution of the DDA; with the construction period to be approximately eighteen (18) to twenty-four (24) months.

The schedule for the developer selection process is anticipated to be as follows:

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency
of the City of Sacramento
September 12, 1988
Page 12

Procedure	Timeline	Total Elapsed Time
I. Developer Selection: Phase I		
. Request for Qualifications (RFQ) issued.	-0- (Oct. 15, 1988)	-0-
. Responses to RFQ	90 days (Jan. 15, 1989)	3 months
. Agency Review of Qualifications. Preliminary interview & requests for additional & clarifying information, developer responses to Agency requests for additional info. Selection of most highly qualified developers by Agency (short list).	45-60 days (March 15, 1989)	5 months
II. Proposal Development and Selection: Phase II		
. Agency requests most highly qualified developers to prepare proposals that include schematic design of project, project element size finalized, financing commitment package, incentive package, letter of intent from hotel, etc.		
. Development Proposal Due	90 days (June 15, 1989)	8 months
. Agency review of Development Proposals. Interviews & requests for additional & clarifying information; developer responses to Agency requests for additional info.	60 days (Aug. 15, 1989)	10 months
Formal presentations to SHRC (Advisory) & to City Council/Agency.		
Selection of developer by City Council/Agency.		

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency
of the City of Sacramento
September 12, 1988
Page 13

III. Option Period & Negotiation of Development & Disposition Agreement: Phase III

. Negotiation & execution of Disposition & Development Agreement (DDA) between Agency & Developer.	120 days (Dec. 15, 1989)	14 months
. Start of construction	180 days (June 15, 1990)	20 months
. Completion of project	730 days (June 15, 1992)	44 months

A flow chart is attached as Exhibit B.

FINANCIAL DATA

This report has no direct financial impact or funding changes, however, undertaking this project and proceeding with the RFQ and developer selection process implies and anticipates a long-term commitment on the part of the Agency to provide staff support to this project.

ENVIRONMENTAL REVIEW

An EIR will be prepared for this project. The attached resolution has no environmental implications and does not require an environmental report.

POLICY IMPLICATIONS

The actions proposed in this staff report are consistent with previously approved policy, and there are no policy changes being recommended.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency
of the City of Sacramento
September 12, 1988
Page 14

VOTE AND RECOMMENDATION OF COMMISSION

At its regular meeting of September 12, 1988, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolution. The votes were as follows:

AYES:

NOES:

ABSENT:

RECOMMENDATION

The staff recommends adoption of the attached resolution approving the proposed Request for Qualifications (RFQ), and authorizing the Executive Director to initiate and proceed with the developer selection process for the Capitol Mall Site.

Respectfully submitted,

William H. Edgar

WILLIAM H. EDGAR
Executive Director

DAVID MARTINEZ
Deputy City Manager

WHE/DM/DG:ljp

TRANSMITTAL TO COUNCIL:

WALTER J. SLIPE
City Manager

Contact Person: Douglas J. Grandquis, 440-1318

0150C

ON DATE OF

APPROVING REQUESTS FOR QUALIFICATIONS AND
FOR DEVELOPMENT OF THE
CAPITOL MALL SITE, LOT A

WHEREAS, the Merged Downtown Sacramento Redevelopment Plan designates the Capitol Mall Site, Lot A, as a catalyst site in development of the downtown central business core; and

WHEREAS, the Urban Land Institute (ULI) conducted a feasibility study and evaluation of the development potential and strategies for the Capitol Mall Site in October, 1987; and

WHEREAS, the ULI Study recommended that the highest and best use of the site is as a mixed-use project composed of an office building, retail space, a hotel and parking facility; and

WHEREAS, the City finds said project to be in the public interest.

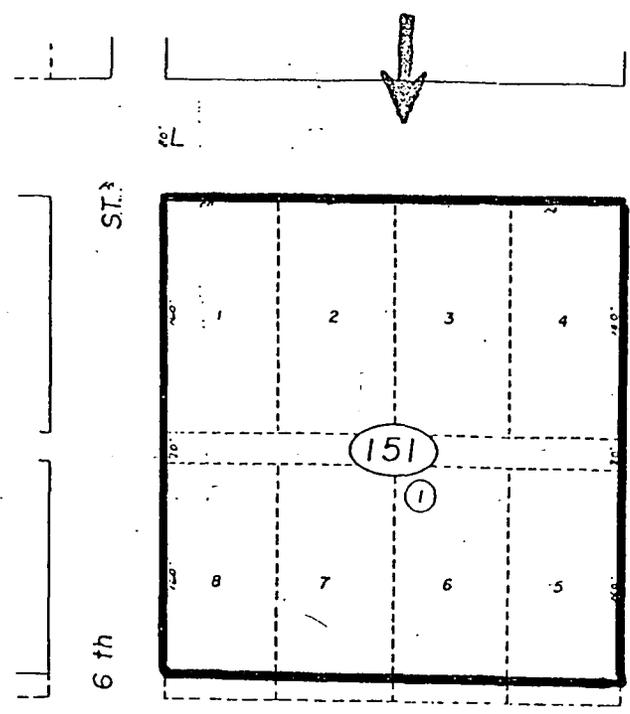
NOW, THEREFORE, BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO:

Section 1: The Redevelopment Agency approves the Request for Qualifications in accordance with the staff report filed with this resolution and authorizes the Executive Director to initiate and proceed with the developer selection process for the Capitol Mall Site, Lot A.

CHAIR

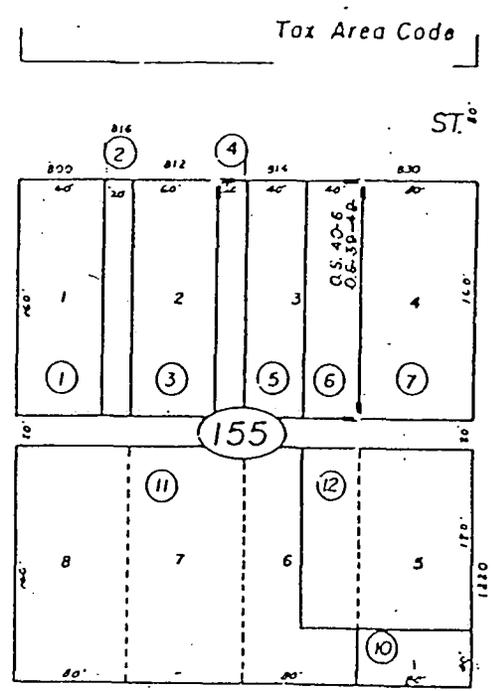
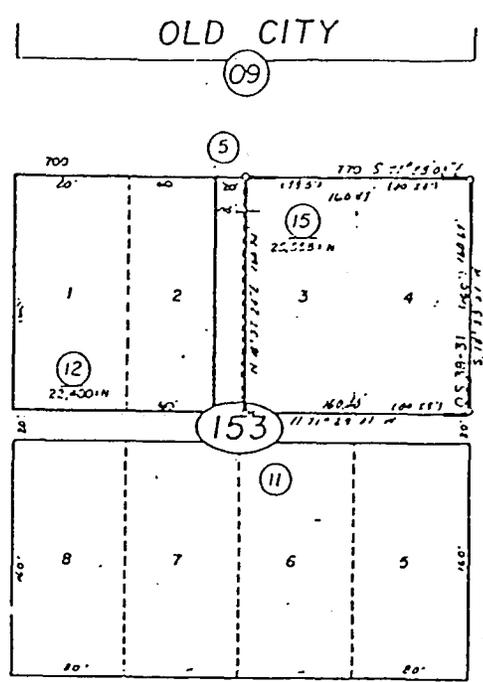
ATTEST:

SECRETARY



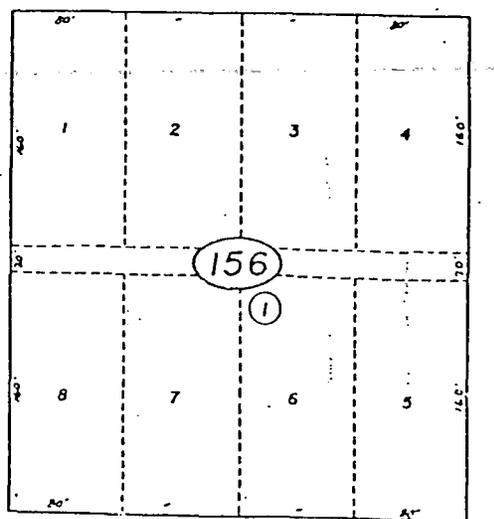
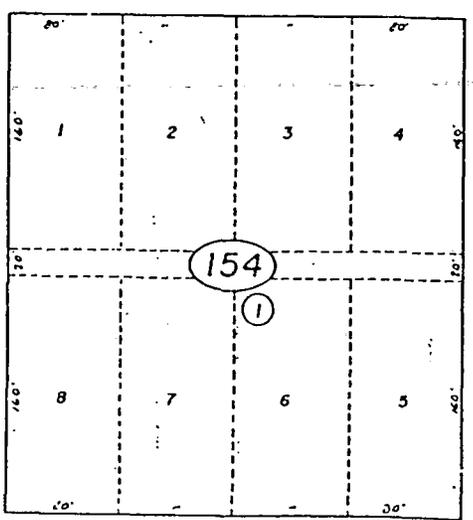
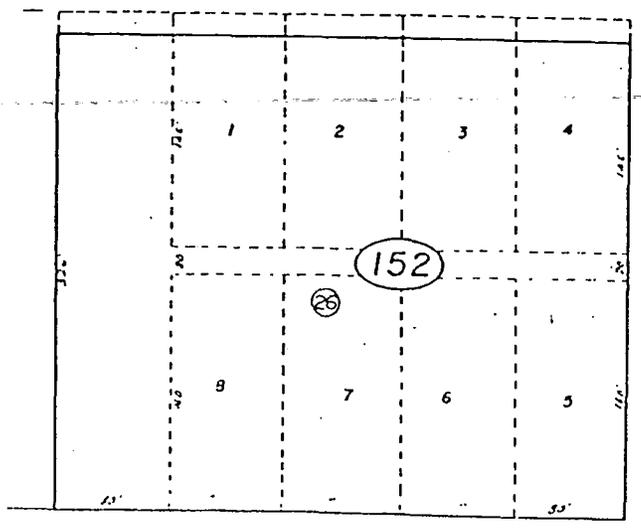
14

CAPITOL



MALL

16



ST. 5

