



Agency Report 44

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

August 18, 1981

Redevelopment Agency of the
City of Sacramento
Sacramento, California

CITY MANAGER'S OFFICE
RECEIVED
AUG 19 1981

APPROVED
SACRAMENTO REDEVELOPMENT AGENCY
CITY OF SACRAMENTO

Honorable Members in Session:

SUBJECT: Fashion Saloon and Diana Saloon
Old Sacramento Parcels Nos. 122-123
located at south side of L Street
between Firehouse Alley and 2nd Street
Capitol Mall Building Company, Redeveloper

AUG 25 1981

SUMMARY

Capitol Mall Building Company, the owners of Old Sacramento Parcels Nos. 122-123, has not performed per the existing Schedule of Performance under the Owner Participation Agreement dated January 11, 1978. At the April 28, 1981 Planning Development/Old Sacramento Committee meeting, the Redeveloper was requested to present evidence of ability to cure their nonperformance. The Redeveloper has responded with a proposed new performance schedule (copy attached). Staff has reviewed this information and recommends that the Redeveloper be found in default per the original agreement and a formal Notice of Default be transmitted to Capitol Mall Building Company. Staff recommends identifying possible acquisition costs and acquisition of the property required for the reconstruction of historical buildings upon Parcels 122-123 and/or Parcels 113-115.

BACKGROUND

At the April 28, 1981 Planning Development/Old Sacramento Committee meeting, in conjunction with the redevelopment of Parcels Nos. 113-115 under assignment to Capitol Mall Building Company, staff recommended:

1. That upon presentation of evidence by the Redeveloper of ability to cure the default regarding the Owner Participation Agreement for Parcels Nos. 122 and 123,

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that this matter be referred to staff for a report and recommendation at a subsequent meeting.

2. That if satisfactory evidence of ability to cure the default is not presented regarding the Owner Participation Agreement for Parcels Nos. 122 and 123, that the staff investigate the feasibility of acquisition of the parcels.

The Committee directed that the Agreement between the Agency and the Redeveloper be referred to the Legal Department for review and recommendation. Capitol Mall Building Company, owners of the property, have not performed per the terms and conditions of the Owner Participation Agreement.

Per the Redeveloper's letter dated May 21, 1981 addressing both Parcels 113-115 under assignment to the Redeveloper and Parcels 122-123 owned by the Redeveloper, the Redeveloper has proposed a new Schedule of Performance conditioned and commencing upon approval of the letter outlining the schedule. Though the Redeveloper requests that the schedule be approved before revised preliminary plans will be prepared and submitted, the original Schedule of Performance is still in effect per the Redeveloper's Owner Participation Agreement. Therefore, the Redeveloper still has not performed. Staff recommends that the Redeveloper be found in default per the original Agreement and a formal Notice of Default be transmitted to the Redeveloper. Upon formal Notice of Default the Redeveloper would have a sixty (60) day period in which to cure the default. Failure to do so will result in the termination of the Owner Participation Agreement. This action will then necessitate consideration for acquisition of the Redeveloper's property by the Agency for the reconstruction of the historic buildings upon Parcels 122-123 and/or Parcels 113-115.

FINANCIAL

Disapproval of the proposed Schedule of Performance necessitates consideration for acquisition of the property by the Agency. The Agency is in the process of identifying these costs. The Agency has projected \$1 million from Central City Tax Increment and Parking Facility funds for acquisition of properties in Old Sacramento. These funds have been identified from the report on Tax Increment Funds for 1981-1985.

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VOTE AND RECOMMENDATION OF COMMISSION

At its regular meeting of August 17, 1981, the Sacramento Housing and Redevelopment Commission adopted a motion recommending adoption of the attached resolution. The votes were as follows:

AYES: Fisher, Knepprath, Luevano, A. Miller,
Walton, B. Miller

NOES: None

ABSENT: Coleman, Serna, Teramoto

RECOMMENDATION

The staff recommends that:

1. The Redeveloper be found in default and that staff be directed to transmit a formal Notice of Default to Capitol Mall Building Company.
2. The staff be directed to secure appraisals and identify possible acquisition costs of the Redeveloper's property by the Agency.

Respectfully submitted,

William H. Edgar

WILLIAM H. EDGAR
Interim Executive Director

TRANSMITTAL TO COUNCIL:

Walter J. Slipe

WALTER J. SLIPE
City Manager

Contact Person: Leo T. Goto

81-066
RESOLUTION NO.

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO
ON DATE OF

August 25, 1981

AUTHORIZING ISSUANCE OF NOTICE OF DEFAULT
CAPITOL MALL BUILDING COMPANY
OWNER PARTICIPATION PARCELS 122 AND 123

BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY
OF SACRAMENTO:

Section 1. The Interim Executive Director is directed to transmit a formal Notice of Default to Capitol Mall Building Company pertaining to the Owner Participation Agreement dated January 11, 1978, in connection with Old Sacramento Parcels Nos. 122 and 123 in Redevelopment Project No. 3.

Section 2. The Interim Executive Director is authorized to take such other actions as may be necessary to give effect to such notice.

Section 3. The Interim Executive Director is further authorized to secure appraisals on Parcels Nos. 122 and 123 in order to identify possible costs to the Agency in connection with the acquisition of said Parcels Nos. 122 and 123.

CHAIRMAN

ATTEST:

SECRETARY

APPROVED
SACRAMENTO REDEVELOPMENT AGENCY
CITY OF SACRAMENTO

AUG 25 1981

#113

CAPITOL MALL BUILDING CO.

111 CAPITOL MALL
SACRAMENTO, CALIFORNIA 95814
444-6775

May 21, 1981

Mr. Ted Leonard, Agency Architect
Sacramento Housing & Redevelopment Agency
P. O. Box 1834
Sacramento, CA 95809

Dear Sir: Re: Parcels #113, 115, 122 and 123

To follow up our April 28, 1981 meeting, as you know, preliminary plans have been previously submitted to the Agency, but each time we are encountering requested changes, some substantial, and some of which are going back and picking up revisions which were not required in earlier sessions.

At this point, we are proceeding with our Architect, Dean Unger, and anticipate the following time frame:

Revised preliminary plans will be submitted within thirty days of your approval of this letter.

Upon Redevelopment Agency approval of the preliminary plans, Final Construction Plans will be submitted within 90 days of that approval.

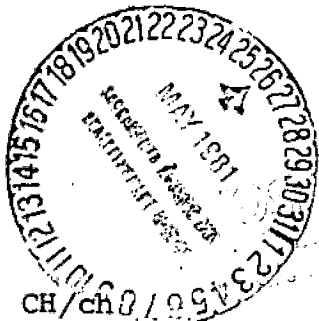
Any unforeseen changes in this schedule will be reported to you immediately, and again, please direct any correspondence to Capitol Mall Building Company, 2110 5th Street, Sacramento, CA 95818, and any phone calls to the undersigned at 444-6775.

Will you please indicate your approval or disapproval of the contents of this letter, so that we may proceed accordingly.

Very truly yours,

CAPITOL MALL BUILDING CO.

Carla Heaberlin
Carla Heaberlin, Realtor
Property Manager



CH/ch0/099
cc: John F. Otto
William Finger
Claude Bobo