



**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



6

March 6, 1990

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

Honorable Members in Session:

SUBJECT: Recommendation to Select Lukenbill Enterprises to Develop the Agency-Owned Site at Broadway and Stockton Blvd. and Authorization to Negotiate a Disposition and Development Agreement

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 developer selection.

Respectfully submitted,

ROBERT E. SMITH
Executive Director

TRANSMITTAL TO COMMITTEE:

SOLON WISHAM, JR.
Assistant City Manager

Attachment



SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY



March 13, 1990

Redevelopment Agency of the
City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: Recommendation to Select Lukenbill Enterprises to Develop the Agency Owned Site at Broadway and Stockton Boulevard, and Authorization to Negotiate a Disposition and Development Agreement

SUMMARY

This report: 1) recommends the selection of the Lukenbill Enterprises proposal to develop the Agency owned Broadway and Stockton Site; 2) authorizes the Executive Director to negotiate a Disposition and Development Agreement (DDA) for the site for consideration by the Agency, and 3) if negotiations do not result in agreement on the terms of a DDA within 90 days, authorizes the Executive Director to reject the proposal.

BACKGROUND

The Broadway and Stockton Site is comprised of five parcels and is located in the Oak Park Commercial Development Assistance Target Area as identified in the Oak Park Redevelopment Plan Update and Implementation Strategy adopted March 25, 1985. A description and map of the site is attached as Exhibit 1.

Because of the key location of the site, the Agency initiated efforts to acquire the property. The Agency was unable to negotiate the voluntary sale of the property and therefore adopted a Resolution of Necessity on July 29, 1989 authorizing acquisition by eminent domain. The Agency currently has possession of the site and a court date is pending to establish the sale price.

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On July 17, 1989 the Agency adopted a resolution authorizing the Executive Director to issue and advertise a Request for Proposals (RFP) to purchase and develop the Broadway and Stockton Site. The Lukenbill Enterprises proposal, which is the subject of this report, was one of two proposals submitted in response to the RFP. The second proposal was submitted by Erickson Enterprises. A summary of both proposals is attached as Exhibit 2.

Agency Analysis

Agency staff has reviewed both proposals submitted and finds that the Lukenbill proposal best meets the RFP criteria which includes priority for assembly of a larger site (Exhibit 3). Lukenbill has assembled a two acre site and proposes to develop a neighborhood-serving retail center which includes a grocery store. The Erickson proposal merely offers the development of a fast food outlet on the Agency owned parcel.

Staff analysis also indicates that the Lukenbill Enterprises proposal leverages private funds equal to approximately \$2,816,535 and will increase Oak Park tax increment flow by approximately \$30,000 per year based on a completed project with an estimated value of \$3.0 million.

The negotiation of the Development and Disposition Agreement with Lukenbill Enterprises, must include agreement on the following issues:

1. Establishment of the purchase price and terms of payment by the developer for Agency owned land. This will be based on the analysis of the project proforma and agreement on a fair and reasonable return to the developer.
2. A guarantee from the developer that a neighborhood grocery store will remain as the anchor for the retail center.

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3. Provision of high quality landscaping and maintenance of the site for the life of the retail center.
4. Adequate security to maintain safety and prevent loitering at the site for the life of the center.
5. Emphasis on the creation of new jobs targeted for Oak Park residents and the utilization of existing Oak Park businesses in the construction and operation of the proposed retail center.
6. Priority to prospective end users who have an existing business located in Oak Park.
7. The sale of liquor in the proposed grocery store must be limited to packaged beer, and table wine. Sale of fortified wine and hard liquor shall not be allowed.
8. The traffic flow to and from the retail center must be designed for maximum pedestrian and vehicle safety.
9. The completed retail center must be financially independent from any long term Agency subsidy.

If Agreement on these terms is not met within 90 days the negotiation of the DDA will be terminated and the Lukenbill Enterprises proposal will be rejected.

Selection Committee Recommendation

A Selection Committee established to review the proposals submitted in response to the RFP for the Broadway and Stockton Site found the Lukenbill Enterprises proposal to be the most responsive to the criteria established in the RFP (Exhibit 3). Rating Sheets submitted by the Selection Committee rated Lukenbill Enterprises as the most responsive by a margin of four to one. Attached is the aggregate rating of the Selection Committee (Exhibit 4).

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FINANCIAL DATA

The Broadway and Stockton site excluding improvements, was appraised in 1985 for \$98,000. At the request of the Commission an updated appraisal was performed by Howard A Pearson, MAI. Based on an inspection of the property and review and analysis of market and other pertinent data, the estimated market value of the subject property, as of September 15, 1989, was \$256,000.

The sale price and terms of payment by the developer for Agency owned land will be negotiated with the developer based on the project proforma, pending approval of this resolution. Depending on the outcome of the DDA negotiations, revenue could result from the sale of land to the developer. The tax increment flow generated by the proposed \$3.0 million project is estimated at \$30,000 annually.

ENVIRONMENTAL REVIEW

If the attached resolution is approved, the Agency will initiate environmental review of the Lukenbill proposal. Any necessary environmental documentation will be completed and circulated for public review and comment prior to approval of a DDA.

POLICY IMPLICATION

This recommended action is consistent with Agency policy including the Oak Park Redevelopment Plan and Implementation Strategy.

MBE/WBE EFFORTS

Although there are no goods or services being purchased under this Request for Proposal, the selected developer will be encouraged to include MBE and WBE participation in the construction phase of the development.

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VOTE AND RECOMMENDATION OF OAK PARK PROJECT AREA COMMITTEE (PAC)

At their February 7, 1990 general meeting the PAC considered the recommendations presented in this report. The PAC voted unanimously to accept the recommendation of the Selection Committee and adopted the following specific recommendations that:

- a. The proposed fast food restaurant be relocated to an unobtrusive location of the development site.
- b. The sale of liquor in the proposed grocery store be limited to packaged beer, table wine, no fortified wine and no hard liquor.
- c. Every effort be made by the developer and end users to hire residents from Oak Park.
- d. The developer purchase the Agency site at the newly appraised market value of \$256,000 and the proceeds of the sale be available to assist future development along the Broadway commercial strip.
- e. The developer utilize existing Oak Park businesses for services in the development and maintenance of the site.
- f. Traffic flow issues on the corner of Broadway and Stockton Boulevard be resolved for the safety of Oak Park residents.
- g. The proposed grocery store reflect a variety of specialized food in the deli section in order to prevent any adverse impact on existing surrounding restaurants.
- h. Assurance is obtained from the developer that a neighborhood grocery store will remain as the anchor for the retail center.

*NOT
4/2/90*

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VOTE AND RECOMMENDATION OF COMMISSION

At its regular meeting of February 26, 1990 the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolution. The vote were as follows:

AYES:

NOES:

ABSENT:

RECOMMENDATION

Staff recommends: 1) selection of Lukenbill Enterprises to develop the Agency owned Broadway and Stockton Boulevard Site; 2) authorization for the Executive Director to negotiate a Disposition and Development Agreement (DDA) for the site and; 3) if negotiation of the DDA is unsuccessful within 90 days of the adoption of this resolution, authorization to reject the proposal.

Respectfully submitted,



ROBERT E. SMITH
Executive Director

TRANSMITTAL TO COUNCIL

WALTER J. SLIPE
City Manager

Contact Person: Anne Moore - 440-1315

DRLukenbill

RESOLUTION NO.

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF _____

SELECTION OF DEVELOPER FOR THE SITE LOCATED
AT THE NORTHWEST CORNER OF
BROADWAY AND STOCKTON BOULEVARD IN OAK PARK

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

Section 1: Lukenbill Enterprises is hereby selected as
the developer of the "Site" located at the northwest corner of
Broadway and Stockton Boulevard, Sacramento, California.

Section 2: The Executive Director is authorized to
negotiate the terms of a Disposition and Development Agreement
for the Site and promptly present such proposed agreement to the
Redevelopment Agency for its approval.

Section 3: The Executive Director is further authorized
to reject the Lukenbill Enterprises proposal if Agency staff and
Lukenbill Enterprises are unable to agree on the terms of the
Development and Disposition Agreement for the Site within 90 days
of the date of adoption of this resolution.

CHAIR

ATTEST:

SECRETARY

1100WPP2-575

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

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*Note we talk
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EXHIBIT 1

Lots 014-163-12, 13, 14, 15 and 16 as shown on the "Amended Plat of H.J. Goethe Company's Addition "K" to Sacramento", Recorded in Book 14, page 16, records of said County.

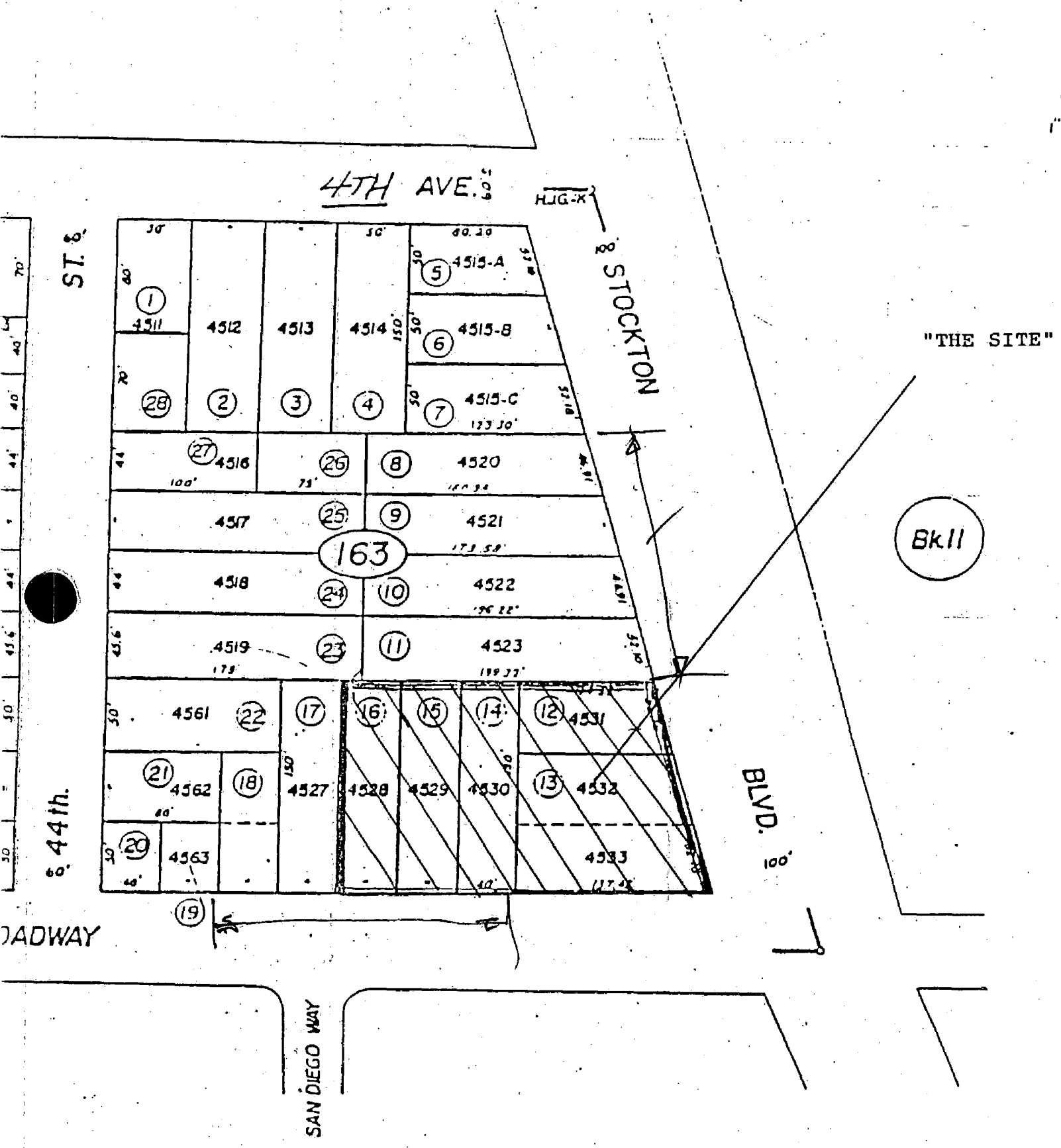


EXHIBIT 2

Summary of Proposals
 Broadway and Stockton Boulevard
 Development Site

	<u>Erickson Enterprises</u>	<u>Lukenbill Enterprises</u>
1. Proposal Form	Complete	Complete
2. Public Disclosure Form	Complete	Complete
3. Good Faith Deposit	\$10,000	\$10,000
4. Proposed Use	<u>Fast Food Restaurant:</u> Jack-In-The-Box	<u>Retail Center:</u> grocery market, and other possible retail uses including a video store, hair boutique, clothing store, ice cream shop <u>Fast Food Restaurant</u>
5. Time Schedule	7.25 months	13.5 months
6. Purchase Price	\$151,000	-0-
7. Total Project Cost	\$755,800	\$2,816,535
8. Sources of Funding	\$214,000 - owner equity; \$561,800 - lessee	\$479,175 - owner equity \$2,337,360 - private interim and permanent financing
9. Ability to Develop Larger Site	None at this time	Owns or has options on adjacent sites. Map available at Selection Committee meeting
10. Minority Equity Participation	Developer's lessee will attempt to identify minority franchise owner	Working on finalizing agreement for minority interest within 30 days
11. Development Team	Marvin Oates Robert Erickson - Enterprises Richard Faulkner - Architect	Gregg Lukenbill Frank Lukenbill

**Summary of Proposals
Broadway and Stockton Boulevard
Development Site**

	<u>Erickson Enterprises</u>	<u>Lukenbill Enterprises</u>
12. Development Experience	Donner School Oak Park Fire Station Various office building/churches/warehouses	Hyatt Regency Hotel Arco Arena Various retail centers office/business/ industrial parks
13. Financial Statements	Thompson Noble/ Coopers & Lybrand	Burnett, Umphress & Kilgour
14. Potential Community Benefit	Potential creation of jobs, visual enhancement of site	Involvement of minority-owned or women-owned firms in the design or construction of project. Job creation for residents

Summary Description

Lukenbill Enterprises

Lukenbill Enterprises proposes a planned retail development consisting of approximately 33,700 s.f. of retail shops and services. The retail shops and services will include a 23,000 square feet neighborhood market, approximately 7,900 square feet of in-line retail satellite space and 2,800 square feet for a fast food user or hard goods user. The development site includes the Agency owned property and almost 2 acres of land that has been purchased or controlled (by contract) by Lukenbill Enterprises.

Erickson Enterprises

Erickson Enterprises proposes to develop the Agency owned property by leasing the site to the Jack in the Box Company who, in turn, proposes to construct and operate a 3,200 square feet fast food restaurant with 35 on site parking spaces. Although there were no specific plans in the submitted proposal, Erickson Enterprises also proposes to develop land north of the site as a retail or retail center if they are provided the opportunity to do so at reasonable terms.

REQUEST FOR PROPOSALS TO PURCHASE AND
DEVELOP THE BROADWAY AND STOCKTON SITE
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based on evaluation of written information submitted and developer experience with similar projects. The Agency reserves the right to inspect any projects referenced as examples of developer's experience. The Agency also reserves the right to reject all proposals or to reject specific proposals which are incomplete or unresponsive. For further information, please contact Anne Moore or David Rasul, 630 I Street, Sacramento, California 95814, (916) 440-1315.

PROPOSAL SELECTION CRITERIA: A Selection Committee established by the Agency will rank developers based on information submitted as part of the proposal; interviews; investigation of the developer's previous projects, performance, and financial capability; and other pertinent factors. Emphasis will be placed on the qualifications and financial capability of the developer.

The following criteria will be applied by the Selection Committee to evaluate proposals with the following weights (180 points total):

1. Developer Experience (30 points)

- A. Comparable projects completed by the developer will be evaluated in terms of:
 - 1. Economic success.
 - 2. Overall architectural and design quality.
 - 3. Size.
 - 4. Successful operation with emphasis on quality management.
 - 5. Joint public-private involvement.
- B. Ability to attract commercial tenants.
- C. Timeliness of performance.
- D. Delivery of product as initially represented.

2. Financial Capability of the Developer (30 points)

- A. Ability to raise adequate capital for the project.
- B. Strength of current relationships with financing sources.
- C. Ability to operate project during sale/lease up period.

REQUEST FOR PROPOSALS TO PURCHASE AND
DEVELOP THE BROADWAY AND STOCKTON SITE
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3. Qualification of Development Team Members (20 points)

- A. Qualification and experience of key persons and entities included in the development team.
- B. Proposed legal/financial relationship of development team members (partnership, corporation, etc).

4. Desirability, Feasibility, and Management of the Proposed Development Concept (30 points)

- A. Quality of proposed project including design and economic soundness of financing and project budget.
- B. Timing of construction.
- C. Ability to guarantee continued quality management of project.

5. Public Benefit of the Project (20 points) including

- A. Involvement of minority-owned or women-owned firms in the design or construction of the project.
- B. Job creation for residents of Oak Park.
- C. Special benefit to disadvantaged or unserved populations.
- D. Other public benefit.

6. Assemblage of Adjacent Parcels for a Large Development (30 points)

Ability to assemble adjacent property to enlarge the subject site for the purpose of developing a larger catalyst development. If the development is to be phased due to the time involved in assembling adjacent property, each phase must be detailed, i.e., renderings, performance schedule, etc.

7. Owner Occupancy (10 points)

REQUEST FOR PROPOSALS TO PURCHASE AND
DEVELOP THE BROADWAY AND STOCKTON SITE
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8. Purchase Price (10 points)

SCHEDULE: The timeframe for review and selection of proposals is:

	<u>DATE</u>
1. Agency Issues Request for Proposals (RFP)	July 31, 1989
2. Deadline for Submission of Proposals	September 25, 1989
3. SHRA Selection Committee Decision	October 6, 1989
4. Selection Committee Recommendation Submitted to:	
Oak Park Project Area Committee	November, 1989
Sacramento Housing and Redevelopment Commission	November, 1989
City Council	November, 1989

It is the Agency's intent to select a development proposal for the Broadway and Stockton Site and begin negotiation of a Development and Disposition Agreement (DDA) with the successful developer by November 1989.

THE BROADWAY AND STOCKTON SITE
NWC OF BROADWAY AND STOCKTON BOULEVARD
PROPOSAL RATING SHEET
NOVEMBER 28, 1989

Aggregate Scores
Selection Committee Member

Proposal 1 - Erickson Enterprises

Developer _____

	SCORE
Developer Experience (30 points)	<u>150</u>
Financial Capability (30 points)	<u>150</u>
Qualification of Development Team (20 points)	<u>100</u>
Desirability, Feasibility & Management of Proposed Development (30 points)	<u>90</u>
Public Benefit of Proposed Development (20 points)	<u>38</u>
Purchase Price Above Market Value (10 points)	<u>40</u>
Owner Occupancy (10 points)	<u>0</u>
Assemblage of Larger Sites (30 Points)	<u>30</u>
TOTAL SCORE	<u>598</u>

COMMENTS: _____

THE BROADWAY AND STOCKTON SITE
NWC OF BROADWAY AND STOCKTON BOULEVARD
PROPOSAL RATING SHEET
NOVEMBER 28, 1989

Aggregate Scores

Proposal 1 - Lukenbill Enterprises

Developer

	SCORE
Developer Experience (30 points)	<u>150</u>
Financial Capability (30 points)	<u>150</u>
Qualification of Development Team (20 points)	<u>88</u>
Desirability, Feasibility & Management of Proposed Development (30 points)	<u>115</u>
Public Benefit of Proposed Development (20 points)	<u>80</u>
Purchase Price Above Market Value (10 points)	<u>0</u>
Owner Occupancy (10 points)	<u>0</u>
Assemblage of Larger Sites (30 Points)	<u>150</u>
TOTAL SCORE	<u>733</u>

COMMENTS:
