



**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



12

April 17, 1990

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

Honorable Members in Session:

SUBJECT: Termination of Development and Disposition Agreement
for the Redevelopment of the Orleans Hotel Site, Old
Sacramento Parcel No. 48

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 agreement termination.

Respectfully submitted,

ROBERT E. SMITH
Executive Director

TRANSMITTAL TO COMMITTEE:

SOLON WISHAM, JR.
Assistant City Manager

Attachment



SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY



April 24, 1990

Redevelopment Agency of the
City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: Termination of Development and Disposition Agreement for the Redevelopment of the Orleans Hotel Site, Old Sacramento Parcel No. 48

SUMMARY:

Adoption of the attached Resolution will terminate the Disposition and Development Agreement with Western Industrial Group for the Redevelopment of the Orleans Hotel Site, 1018 Second Street, Old Sacramento Parcel No. 48.

BACKGROUND:

On February 10, 1989, Western Industrial Group, Inc., (W.I.G.) executed a Disposition and Development Agreement (DDA) for the reconstruction of the historic Orleans Hotel building as an 85 room hotel upon Old Sacramento Parcel No. 48, 1018 Second Street, (location map - Exhibit A). Per the Schedule of Performance of the DDA, W.I.G. was to submit evidence of financing for the project by July 10, 1989. Prior to that date, W.I.G. informed Agency staff that due to ramifications of or upon other W.I.G. development projects it was necessary to create a new partnership specifically to do the Orleans Hotel project and that an assignment of the project from W.I.G. to the new partnership would be necessary. Project funding is available to W.I.G. principals in a new partnership. The new partnership agreement is subject to the approval of the project lender, Labor Union Life, a labor union insurance company and pension fund, and the Agency before an assignment of the DDA to a new partnership can occur. Although the business manager of the Sacramento-Sierra Building and Construction Trades Council had confirmed the availability of the project financing, W.I.G. had failed to complete the formation of the new partnership and to proceed with an assignment.

Consistent with the terms and conditions of the DDA, on September 10, 1989, W.I.G. received a formal Notice of Default for non-performance and was afforded sixty (60) days, until December 9, 1989, to cure the default. Per the Schedule of Performance, W.I.G., is in default for failure to:

(1)

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
City of Sacramento
April 24, 1990
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1. Submit evidence of financing.
2. Satisfy all precedent conditions for the close of escrow including obtaining a building permit.
3. Commence construction.

At its meeting of January 22, 1990, the Sacramento Housing and Redevelopment Commission granted W.I.G. a sixty (60) day time extension, until March 23, 1990, in which to submit evidence of:

1. the formation of the new partnership
2. a commitment for financing for the project.

While the formation of the new partnership has been completed, project financing has not been obtained. W.I.G. has submitted correspondence (attached as Exhibit B) indicating that the lender's loan committee will not act on the project financing until April 18, 1990, two (2) days after the commission's April 16, 1990 meeting, 26 days after the expiration of the Commission's time extension. As W.I.G. has failed to satisfy the conditions of the DDA within the time extension and has not provided evidence of financing prior to the preparation of this report, it is the staff's recommendation that the attached resolution be adopted which will terminate the DDA and all other agreements and understandings with W.I.G. for the redevelopment of the Orleans Hotel building site including an agreement between W.I.G., the City, and the Agency related to parking for a hotel.

FINANCIAL IMPLICATIONS:

The termination of the Disposition and Development Agreement with W.I.G. will have minor financial implications upon the Agency relating to the delay in the redevelopment of the property and its return to the property tax role and loss of projected tax increments until redevelopment occurs. W.I.G.'s security deposit of \$27,000 would be retained by the Agency as will the \$7,500 time extension fee paid by W.I.G. to offset staff time related to the time extension.

ENVIRONMENTAL REVIEW:

Pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15378(b)(3), actions approved by the adoption of the attached resolution are exempt from environmental review. The project has previously been reviewed and approved as a portion of the ongoing Old Sacramento Restoration Project predating CEQA and NEPA.

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MBE/WBE EFFORTS:

Termination of the Disposition and Development Agreement with W.I.G. will have no effect upon the Agency's MBE/WBE goals.

VOTE AND RECOMMENDATION OF COMMISSION:

At its meeting of April 16, 1990, the Sacramento Housing and Redevelopment Commission adopted a motion recommending the adoption of the attached resolution. The votes were as follows:

AYES:

NOES:

ABSENT:

RECOMMENDATION:

It is the staff's recommendation that the attached resolution be adopted which will:

1. Terminate the Disposition and Development Agreement and all other agreements and understandings with Western Industrial Group Inc. for the redevelopment of Old Sacramento Parcel No. 48 including an agreement with the City and the Agency related to parking for the hotel.

Respectfully Submitted,



ROBERT E. SMITH
Executive Director

TRANSMITTAL TO COUNCIL:

WALTER J. SLIPE
City Manager

Contact Person: Theodore R. Leonard (440-1320)
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RESOLUTION NO.

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF _____

TERMINATION OF DISPOSITION AND DEVELOPMENT AGREEMENT FOR THE REDEVELOPMENT OF OLD SACRAMENTO PARCEL NO. 48

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

Section 1: The Disposition and Development Agreement
and all other Agreements and understandings with Western
Industrial Group Inc. for the redevelopment of Old Sacramento
Parcel No. 48 including a Parking Agreement with the City of
Sacramento are hereby terminated as of the date of this
Resolution.

CHAIR

ATTEST:

SECRETARY

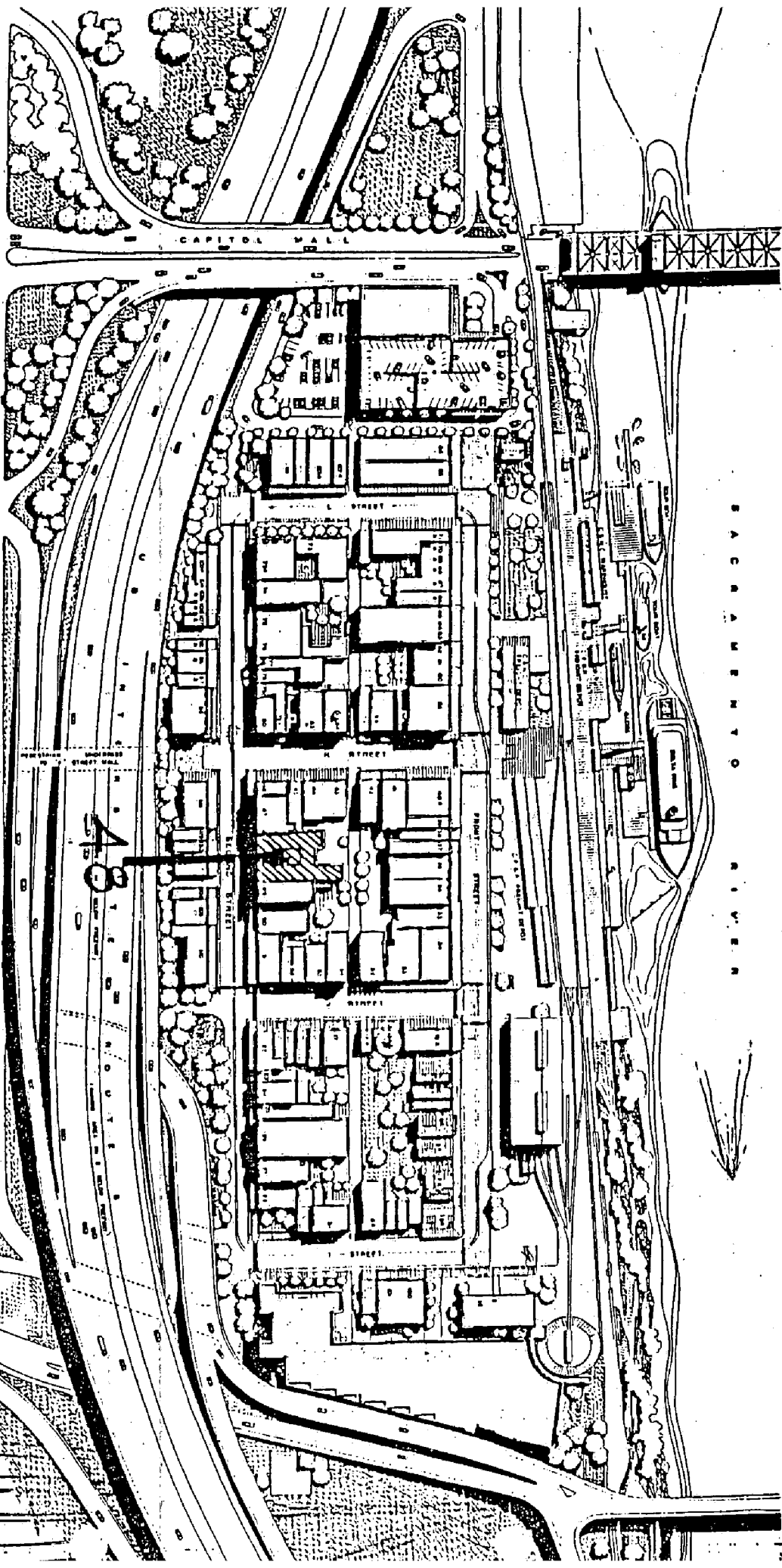
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FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

SACRAMENTO RIVER



Key to Building Numbers

- 1. 1st Floor
- 2. 2nd Floor
- 3. 3rd Floor
- 4. 4th Floor
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- 6. 6th Floor
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- 100. 100th Floor

OLD SACRAMENTO

A REGISTERED NATIONAL HISTORIC LANDMARK

PICTORIAL PLAN



MANAGED UNDER AN INTERSTATE AGREEMENT