

RESOLUTION NO. 2007-015

Adopted by the Redevelopment Agency
of the City of Sacramento

February 27, 2007

AUTHORIZATION TO EXECUTE AN EXCLUSIVE RIGHT TO NEGOTIATE FOR 300 DAYS REGARDING THE TERMS OF AN AGREEMENT FOR REDEVELOPMENT OF THE AGENCY-OWNED PROPERTIES LOCATED AT 1012 - 1022 K STREET

BACKGROUND

- A. Over the past five years, the Agency has assembled property located at the southeast corner of 10th and K streets (Agency Site) for redevelopment purposes.
- B. In October 2004, the JKL Corridor Workshop brought together more than 250 community members to discuss the future of Downtown Sacramento, and specifically the Agency Site. Participants helped craft an overall vision with specific development objectives for the Agency Site, including:
 - Cultural uses such as live theatre, museums, artist lofts and art galleries;
 - Commercial uses such as restaurants, movie theaters, nightclubs, and mixed specialty retail; and
 - Residential.
- C. In February 2005, the Agency issued a Request for Proposals (RFP) for a Downtown Cultural, Entertainment and Retail Complex for the Agency Site. The RFP also indicated that the Agency would consider proposals for a project that incorporated other parcels in addition to the Agency Site.
- D. On April 30, 2005, one proposal was received from K Street Central, a development team consisting of David S. Taylor Interests, The CIM Group, St. Anton Partners, The Cordano Company and Paragary's Restaurant Group.
- E. A selection committee comprised of an Ad Hoc committee of the Agency Board reviewed the proposal. Based on K Street Central's development experience, qualifications, and vision for the Agency Site, the Ad Hoc recommended execution of an Exclusive Right to Negotiate agreement with K Street Central and further negotiations to develop the project proposals.
- F. On October 31, 2006, staff was directed to return with an Exclusive Right to Negotiate with K Street Central for the Agency-owned properties at 1012-1022 K Street.

- G. The Developer has established limited liability companies for each of the proposed projects; 1000 K Street LLC for the Project 1 and 1012 K Street LLC for Project 2.
- H. The proposed Project 2 at 1012-1022 K Street is to construct a mixed-use project which will require additional environmental review.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO RESOLVES AS FOLLOWS:

- Section 1. K Street Central (now 1000 K Street LLC and 1012 K Street LLC) is selected as the preferred developer for the redevelopment of the Agency Site.
- Section 2. The following project concepts were approved for the Agency-owned property located at the southeast corner of 10th and K streets:
- a. Renovation of the existing building at 1000 K Street (formerly Woolworth's) to accommodate a live theatre performance space, a signature ground-floor restaurant with second-level lounge and patio space, additional second-floor office space, and 41 on-site parking spaces in the basement.
 - b. Consider demolition of the 1012-1022 K Street buildings (formerly Rite Aid and Hit-or-Miss buildings) to develop a new mixed-use condominium project including approximately 130 residential units, on-site parking, and ground-floor lobby entrance and retail.
- Section 3. The City Manager or his designee is authorized to negotiate and execute, on behalf of the Agency, an Exclusive Right to Negotiate Agreement with 1012 K Street LLC providing a 300-day period to negotiate the terms of an agreement for redevelopment of the Agency Site. The parties shall endeavor to accomplish the following milestones in accordance with the following targeted periods. Should the Project timeline exceed milestones due to the CEQA review process, the Agency may, by written notice of Ray Kerridge, the City Manager, acting on behalf of the Agency, extend the agreement by Sixty (60) days. Said milestones are:

Within 60 days:

- Refine schematic designs

Within 90 days:

- Refine estimated construction costs, including all applicable fees and contingencies
- Refine development and operating pro formas

- Finalize project descriptions for Agency Site, sufficient for environmental review under the California Environmental Quality Act ("CEQA")

Within 120 days:

- Solicit and incorporate comments from the Design Review Preservation Board for use in CEQA analysis
- Begin CEQA analysis

Within 240 days:

- Negotiate the terms of appropriate redevelopment agreements
- Prepare Schedule of Performances for the construction period.

Within 300 days:

- Certify the CEQA document and adopt Mitigation Monitoring Plan
- Obtain project approval from the Agency and execute the redevelopment agreements

Adopted by the City of Sacramento Redevelopment Agency on February 27, 2007 by the following vote:

Ayes: Members Cohn, Fong, Hammond, McCarty, Pannell, Sheedy, Tretheway, Waters, and Chair Fargo.

Noes: None.

Abstain: None.

Absent: None.



Heather Fargo, Chair

Attest:



Shirley Concolino, Secretary