

MINUTES
OF THE
SACRAMENTO CITY COUNCIL
REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO
HOUSING AUTHORITY OF THE CITY OF SACRAMENTO
ECONOMIC DEVELOPMENT COMMISSION
PARKING AUTHORITY OF THE CITY OF SACRAMENTO
SACRAMENTO CITY FINANCING AUTHORITY

REGULAR MEETING
October 14, 1997

CALL TO ORDER

The Regular Meeting of the Sacramento City Council was called to order by Mayor Serna at 2:04 p.m. on the above date in the City Council Chamber located at 915 I Street.

ROLL CALL

Present: Councilmembers Cohn, Fargo, Hammond, Kerth, Waters, Pannell, Steinberg, Yee and Mayor Serna

Absent: None

1.0 CONSENT CALENDAR (Items 1.1 through 1.7) except Item 1.1

A motion was made by Councilmember Pannell, seconded by Councilmember Kerth, to waive the reading and adopt the Consent Calendar, Items 1.1 through 1.7, except Item 1.1 which was pulled for separate consideration. The motion carried with an 8-0 vote, with Councilmember Fargo being absent.

Public Review Items - Informational Only

None

Sacramento Housing and Redevelopment

None

City Council

1.1 Cancellation of CIP Project - Meadowview Road Masonry Wall (PN:TL21) (D-8)

A motion was made by Councilmember Pannell, seconded by Councilmember Kerth, to continue this item to October 28, 1997. The motion carried with an 8-0 vote, with Councilmember Fargo being absent.

1.2 10th and L Street Parking Garage, located at the north side of L Street, between 10th and 11th Street - change rental rate and authorize negotiation and leasing of property without competitive bidding (Cont'd from 9-23-97, item 1.4 [staff]) (requires two-thirds votes) (D-1)

Adopted Resolution 97-575.

RESOLUTION NO. 97-575

A RESOLUTION CHANGING RENTAL RATE AND PROVIDING NOTICE OF INTENTION TO LEASE PROPERTY WITHOUT COMPETITIVE BIDDING FOR THE 10TH AND L STREETS PARKING GARAGE LOCATED ON THE NORTH SIDE OF L STREET BETWEEN 10TH AND 11TH STREETS, PURSUANT TO TITLE 12, CHAPTER 2 OF THE SACRAMENTO CITY CODE

- 1.3 Confirmation of nomination of Felicia Oropeza to the Youth Commission as alternate for District 3. (nominated 10-07-97, item 1.18)
-

Confirmed nomination.

- 1.4 Confirmation of nominations to the Franklin Boulevard Project Area Committee: Incumbents Jack Brown, Robert Rich, Ruth Anne Rose, Laurel Decker and Virginia Colla. (nominated 10-07-97, item 1.19)
-

Confirmed nominations.

- 1.5 Confirmation of nominations to the City/County Solid Waste Advisory Committee: Incumbents James Cropper, Rosemarie Duffy, G. Patrick Stoner and Denise Thiesen. (nominated 10-07-97, item 1.20)
-

Confirmed nominations.

- 1.6 Confirmation of nomination of Keith Staley to the Board of Plumbing Examiners. (nominated 10-07-97, item 1.21)
-

Confirmed nomination.

- 1.7 Confirmation of nominations to the Minority/Women Business Enterprises Advisory Committee: Sue Cook-Mcknight, Jerry Davis, Gerald Middlebrooks. (Nominated 10-07-97, item 4.5)
-

Confirmed nominations.

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2.0 SPECIAL PRESENTATIONS/GENERAL COMMUNICATIONS

- 2.1 Recognition of Law Enforcement Senior Chaplain Mark O'Sullivan
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Police Chief Venegas presented a Certificate of Appreciation to Chaplain O'Sullivan honoring him for providing ongoing assistance during traumatic times in the lives of families of crime and accident victims. Chief Venegas commented that this was an interfaith service, including all denominations, an outstanding program, certified by the International Association of Chaplains.

Mayor Serna presented the Resolution to Chaplain O'Sullivan, outlining his years of service with the Law Enforcement Chaplaincy-Sacramento since 1994; his membership in the International Conference of Police Chaplains since 1984; service on the Board of Directors since 1988; service as First Vice President since 1995; service at the 1996 Olympics in Atlanta; and his having received the Doris G. Tate Award from Governor Pete Wilson on September 15, 1997. In July, 1997,

Chaplain O'Sullivan was elected to the office of President of the International Conference of Police Chaplains.

Chaplain O'Sullivan accepted on behalf of the Law Enforcement Chaplaincy, saying there were 80 people involved in serving in the Chaplaincy program; other large cities come here for training, patterning their procedures after those in Sacramento.

Councilmember Waters commended Chaplain O'Sullivan for having brought great recognition to the City of Sacramento; he extended his personal congratulations.

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3.0 PUBLIC HEARINGS

- 3.1 Willowcreek Fee District, located within the South Natomas Community Plan Area just west of the Natomas Main Drain Canal and south of Interstate 80 - adoption of the amended Willowcreek Financing Plan/Nexus Study; establishment of Developer Fees for the Willowcreek Area; execution of agreements [Cont'd from 8-26-97, item 3.1 (staff)] (Cont'd from 9-16-97, item 3.1) (D-1)
- A. Amendment of Willowcreek Financing Plan/Nexus and establishment of the developer fee schedule.
 - B. Authorize City Manager to execute agreements relative to the Project Area.

Gary Alm, Manager, Development Services, advised Council of a discrepancy in the amended financing plan, necessitating a new resolution. Other changes are highlighted in bold print, page 4 of staff report. The policy has to do with developer management fee/costs, page 5.

Lydia Lara, Deputy City Treasurer, presented the remainder of the report, discussing infrastructure issues and the soft costs related to the development of public facilities in the City. In January, 1993, developers, representing approximately 54% of the Willowcreek District, retained the Taylor & Hooper Law Firm to manage their interests regarding the Willowcreek Assessment/Fee District Financing Plan.

Councilmember Fargo discussed with Mr. Alm changes in the new/revised resolution (page 3, item 8) - "The Willowcreek Financing Plan/Nexus Study and the Amended Final Willowcreek Financing Plan/Nexus Study", which analyze the impacts of contemplated future development in the Willowcreek Project Area and the need for new Public Infrastructure required by such development.

Mr. Alm advised that two new emergency access roads to Garden Highway are deemed necessary by the Police and Fire departments, in the event of a flood. Ms. Fargo asked when the 1" additional width of pavement was added? Mr. Alm indicated that was a minimal matter that had arisen during the process; he went on to discuss additional traffic signals, one to be located at the intersection of West El Camino and River Plaza Drive, and the other about 1/4 mile further along River Plaza Drive.

Ms. Fargo asked why changes couldn't be included in the existing Facility District, and what course of action there would be if traffic signals were unwanted? Mr. Alm replied that they were needed for the new development. Further discussion had to do with underground facilities, for which developers could be reimbursed.

Ms. Fargo commented that only one letter of opposition had been received; she established with Mr. Alm that these changes do not

affect the letters sent to people who live at the west end. Mr. Alm noted that the existing fee district was passed in May, that these are minor add-ons.

Councilmember Hammond referenced paragraphs 11-13, asking whether fees were being added? Deputy City Attorney Sandman replied that the dates and .1 acre changed in one parcel.

A motion was made by Councilmember Fargo, seconded by Councilmember Hammond, to close the hearing and adopt (A) Resolution 97-576; and (B) adopt Resolution 97-577 approving Agreement 97-167 and Agreement 97-168. The motion carried with a 9-0 vote.

RESOLUTION NO. 97-576

A RESOLUTION ADOPTING THE AMENDED FINAL WILLOWCREEK FINANCING PLAN/NEXUS STUDY AND ESTABLISHING THE AMOUNTS OF FEES WITHIN THE WILLOWCREEK PROJECT AREA

RESOLUTION NO. 97-577

A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE AGREEMENTS RELATIVE TO THE WILLOWCREEK PROJECT AREA

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4.0 STAFF REPORTS

**** Note: Item 5.1 was heard here out of sequence.

4.1 Civic Center Master Plan Update Report: (Cont'd from 9-30-97, item 4.4) (D-All)

A. Decentralized Option

- a. Move back-office functions outside the central City, adjacent to a transportation corridor;
- b. Establish two permit and bill paying centers;
- c. Expand City Hall to provide a new 350 seat Council Chamber with centralized offices for the Mayor, Council and the majority of Charter Officers;
- d. Authorize staff to prepare and distribute a Request for Proposal (RFP) to provide back-office facilities and permit centers outside the central City; and
- e. Return to Council with a recommendation and schedule for financing, design, construction, and real estate transactions.

OR

B. Centralized Option

- a. In partnership with a private developer, construct approximately 115,000 sf of useable office space and support parking near City Hall and Cesar Chavez Plaza;
- b. Expand City Hall to provide a new 350 seat Council Chamber with centralized offices for the Mayor, Council, and the majority of Charter Officers;
- c. Authorize staff to negotiate with Ingemanson Enterprises for equity ownership of offices and parking in the Plaza Towers project at 10th and J Streets; and
- d. Return to Council with a recommendation and schedule for financing, design, construction, and real estate transactions.

Duane Wray, Manager, Technical Services, presented the report.

Mr. Wray provided an overview of subjects to be considered, which include: a parking study; parking near City Hall; location of City staff; Administrative Staff and adjacency requirements; audiences at Council meetings; minimum participation in the Plaza Tower (Ingemanson) Project; cost of project alternatives; which alternatives meet the schedule; and feasible alternatives.

Fran Halbakken, representing the interdisciplinary team, discussed parking issues, identifying percentages of various means of transportation used by commuters, according to data from SACOG's Household Travel Survey Report #1, dated December, 1992: 3%, public transit; 2%, bicycles; 2% walk; 1%, other. Carpool/Vanpool, 18%; Drive alone, 74%.

Ms. Halbakken advised that the mode split for commute trips Downtown in the morning is: Public Transit, 21%; Carpool/Vanpool, 26%; Drive Alone, 53%. This data is taken from Regional Transit's and the City's Occupancy Survey, 1996.

Information was gathered regarding capacity and availability of 5 parking lots surrounding or near City Hall; during average mid-day parking, there are 3300 parking spaces available, of which 2000 are usually full, leaving approximately 1300 vacant. During conferences, such as Government Technology, all lots are full. As office vacancies are decreasing, parking demands are increasing. At the present time, there are enough spaces - the City is in a neutral supply/demand situation; however, with the addition of new people, parking will be impacted. By the year 2000, with the completion of the Federal Courthouse (570 spaces), CalePA (1800 spaces), a new cinema (250-300 spaces), a potential hotel addition (200-500 spaces), and potentially increased needs for the Convention Center and Memorial Auditorium (1200 spaces), demands rise.

The projected mode split for CalePA commuters is: public transit, 31%; bicycle, 1%; walk, 2%; drive alone, 41%; and car/van pool, 25%.

Mr. Wray advised that when CalePA opens, Lot I must dedicate 750 spaces, which will leave a deficit of 300-350 spaces. Construction of the CalePA building is expected to be completed by September, 2000, with occupancy by October, 2000. By having a government center campus, a hub, air quality should improve.

Mr. Wray commented that City staff is already decentralized; the discussion raised was concerning centralized and decentralized staff in the immediate area around City Hall, to respond to a functional adjacency matrix. Core area functional adjacencies involve the Mayor/Council, the City Clerk, the City Attorney, the City Manager, and Downtown Departments. This breaks down to distribution of existing City Staff as follows: centralized staff, 3%; decentralized staff, 18%; centralized police staff, 9%; remainder of City staff outside Civic Center, 70%.

Responding to prior Council questions about the size of City Council Chambers, Mr. Wray advised that 18% of City Council dates have had 50 overflow seats added in the hall.

Responding to prior Council questions about the minimum City participation in the Plaza Towers in order to make it work financially, Mr. Wray advised: 19% City equity; 95,000 square feet of City-leased space; and 444 core-area employees.

Mr. Wray advised that a financial analysis assumption is for zero growth in staff, with leases escalating at 2.5% yearly and operating and utility expenses escalating at 1.5% yearly, from a current cost of \$3.50 per sq.ft.

Project cost comparisons:

* Decentralized:	\$46,925,000 - \$51,750,000
* Plaza Tower:	\$45,725,000 - \$50,550,000
* Metro Place:	\$44,765,000 - \$49,590,000
* City Hall Midrise:	\$44,610,000 - \$48,855,000

Project completion dates:

* CalEPA:	October, 2000
* Decentralized:	October, 2000
* Plaza Tower:	October, 2000
* Metro Place:	Not ready by 2000, property encumbered heavily
* City Hall Midrise:	Not ready by 2000; historic building; possible move of Mory's Place

Feasible options include:

* **Decentralized Option:** Move back-office functions outside the Central City, adjacent to transportation corridors (establish 2 permit-bill pay centers)

Expand City Hall for a 350-seat Council chamber & offices for Mayor, Council, and Charter officers

* **Centralized Option:** Partner with a private developer to construct and share an office building - authorize staff to negotiate a joint project with the Plaza Tower developer.

Expand City Hall for a 350-seat Council chamber and offices for Mayor, Council, and Charter officers

* **Modified Central Option:**

Decentralize some of the staff:
- N. Svcs. Area Mgr. to Natomas Comm. Cntr
- Consolidate Start, 4th R, Human Svcs, and Sacto Metro Arts in a new City facility
- Relocate Solid Waste to a new Corp Yard

City Attorney moves to Plaza Tower with remaining core-area staff.

Mayor and Council move onto 1 floor of a new City Hall addition.

* **Modified Centralized Option with a Larger City Hall Expansion:**

- Decentralize some of the staff
- Reduce Plaza Tower participation to 95,000 sq ft
- Develop City Hall Expansion project at a later date

Mr. Wray requested a City Council decision regarding one of the above options today, so that staff can proceed; he stressed that time is of the essence, that there is much to be accomplished.

City Manager Edgar commented that there is much information to absorb before getting into the financial details and location, or landing on a specific place; what is needed today is a policy decision regarding the Centralization vs. Decentralization issue, in order to proceed with the scope of work, financial projections, etc.

Mayor Serna agreed, saying a decision must first be addressed as to options. The Mayor cautioned public speakers who were present that Council was not yet ready to discuss specific project proposals, that policy must be set first.

Councilmember Waters asked whether an EIR had been done on Metro Place as yet? Deputy City Manager Lee replied that one was done on the west end, but to proceed, such a study would probably need to be repeated.

Councilmember Steinberg asked how the City Hall project related to the other components? Mr. Wray responded that it was a separate question. Mr. Steinberg established with Mr. Wray only a small amount of money would be saved with either of these options, through reduced lease costs, and that it would be possible to stay within the budget if the City Hall project was not done.

Mr. Steinberg urged, since the City Hall project was a separate, new cost, that it be considered separately. Mr. Steinberg noted if City Council opts for a 19% equity position in the Plaza Tower project, as opposed to 24%, there would be fewer employees in Plaza Tower. Mr. Wray responded that it would be necessary to decentralize more employees and add more expansion to City Hall; most employees would be in the Plaza Tower project at 10th and J Streets.

Mr. Steinberg asked what the advantage would be in investing in the Plaza Tower project in a more limited way, at 19% instead of 24%? Mr. Wray advised that that approach permits the City to put more activities into the community; he noted that a question from an earlier Council meeting addressed the reasons for proposing only a one-story facility, whereas the property could accommodate two or three stories.

Mr. Steinberg established with Mr. Wray that the 19% would allow the City to either go out into the community or add to the City Hall project, while not obligating us to proceed in the direction of the City Hall project.

Councilmember Yee asked whether Council was to direct questions today to either the centralization or decentralization issue? Mayor Serna stressed that today was focused on arriving at a policy decision, as to which direction to proceed on that issue, noting that proposals could be brought back reflecting that policy decision.

Mr. Yee stated his position as pro maintaining centralization, but with limited flexibility, e.g., Neighborhood Services. Mr. Yee was against breaking up combined services, such as those existing in the Building Department; a Corp Yard was acceptable to him if needed. Mr. Yee supported a centralized staff option, citing the City's argument to the State regarding central location of its employees, and saying a deviation from that stance makes it appear that the City does not abide by its own points.

Mr. Yee asked for clarification of the alternatives and explanation of what the numbers mean? Mr. Wray replied that 108 employees need to remain centralized, and 602 are to be either centralized or decentralized. A discussion ensued concerning square feet and the cost thereof: 156,000 square feet @ \$300 per sq ft. Mr. Yee asked whether the City really wanted to spend that much, commenting that the Wells Fargo Center was a luxurious building, but it cost a lot less.

Mr. Yee related costs to build vs. cost to rent, making several points: rents cannot exceed revenues; the City must determine whether it can afford this debt service; City Council must look at costs before proceeding with any decision.

Mr. Wray replied that staff had not "scrubbed" numbers; within projects, the rate is \$205/per sq ft area. Mr. Yee reminded Council that a limited partner has no control.

Mayor Serna stressed that care must be taken regarding design in the Central City, saying that the buildings must be the best affordable. They will be a legacy for the Downtown community.

Mr. Yee established with Mr. Wray that the project is expected to cost \$172 million; he expressed a preference for centralization, but indicated it would be acceptable for Neighborhood Services to be a satellite out in the community. Mr. Wray remarked that the modified option addresses that.

Councilmember Cohn supported the Modified Centralized Option, while noting that the decentralized option was consistent with the City's 19% commitment for Plaza Tower.

Mr. Wray remarked that a fourth option is to move more behind City Hall or into community.

Mr. Cohn expressed a preference to defer the City Hall expansion and concentrate on negotiating points; centralize operations needed Downtown, with a minimum of 95,000 sq ft; give staff the flexibility to negotiate within the 19%-24% range; he requested a proposal to reflect that. Mr. Cohn stressed that cost is the main consideration. Mr. Cohn spoke in support of placing some services outside Downtown, such as START, 4th R, Human Services, Metro Arts, other Neighborhood Services.

Councilmember Kerth preferred the decentralizing of functions that do not need to be Downtown. Mr. Kerth remarked that the State is locating necessary functions Downtown, while others are out along outside corridors. Mr. Kerth spoke in support of locating the City's key operations in the Downtown core, but noted that, in the absence of an Economic Development Department, there was economic development potential in locating non-core services out along the old boulevards in town, those areas which are experiencing slow economic growth. If resources are leveraged correctly, a number of other old boulevards may benefit by the construction of office buildings there.

Mayor Serna questioned which option Mr. Kerth preferred? Mr. Kerth responded that he did not believe any one option meets the needs as presented; in the present form, he found the modified decentralized option most acceptable. Regarding the bill-paying center, Mr. Kerth did not see the need for this option.

Councilmember Pannell favored the centralized option, and commented that for the most part, he approved of staff's approach. Mr. Pannell pointed out that there was a time and inconvenience factor involved in the scattered approach; he approved of the modified version, with some satellite offices.

Councilmember Hammond believed that the 18% overflow did not justify new City Council chambers. Ms. Hammond questioned funding, saying in the light of budget issues, she did not feel she could support any options now.

Mayor Serna established with Mr. Wray that if the City Hall addition is removed for the present, the cost incurred for these facilities, taking into account the lost revenues in Lot I for the first floor, which can be better used for commercial purposes, once there are 3600

people located across the street in the CalePA building. Mr. Wray advised that there are sufficient fund streams due from the CalePA project to pay for either a centralized or decentralized facility; a bit more money would be needed to cover an expansion of City Hall.

Mayor Serna remarked that at some point we must act regarding the staff relocation. The Mayor and Mr. Wray were in agreement that in the long term, the City will save money; Mr. Wray commented that we do not pay rent on facilities that the City owns.

Ms. Hammond remarked that she used to work in Facility Management for the State; during some times of change, the choices were difficult, but the survivors were moved into an affordable facility. Ms. Hammond questioned why it was necessary to invest in so much new construction, suggesting that perhaps upgrading of some existing buildings would be a more reasonable move.

Councilmember Steinberg asked, regarding the Modified Decentralization, why some Public Works functions, such as traffic engineers, etc. could not be placed out in the community, noting that people would like to have access to traffic engineers.

Mike Kashiwagi, Director, Public Works, responded that data analysis indicated it was good to be located in one central place; it is critical for investigators to have access to traffic/date reports.

Mr. Steinberg expressed a preference for the Modified Decentralization option; he wanted to leave open an option to have a large Downtown office building; he wanted to leave open siting between 19% - 24%; he stressed that economic development was important, noting that locating services in neighborhoods builds trust and improves staff image in relation to the community.

Councilmember Fargo disapproved of the either/or approach; she favored the centralization of services that need to be centralized, and giving serious consideration to decentralizing those functions which would lend themselves to that approach. Ms. Fargo defined as eligible for decentralization those functions which make it easier for employees or provide easier access for residents, or enable some economic development stimulus, or help to stabilize an area.

Ms. Fargo commented that a number of other goals can be addressed, such as locating a Police Department near a homeless shelter area, at the opposite end of Richards Boulevard. Ms. Fargo urged an evening meeting so that the public could participate in discussions concerning the options before Council. Ms. Fargo believed financing discussion were not premature, stressing the need to consider costs.

Ms. Fargo suggested that portions of the Police Department be located on Richards Boulevard near the homeless facility, which could alleviate some of the problems associated with that; she urged the consideration of such practical solutions when relocating various offices and functions out into the community.

As to Neighborhood Services and Metro Arts, Ms. Fargo stressed that the function of Neighborhood Services is to interact with the neighborhood; she was unclear regarding the bill-paying centers. Regarding the proposed 350-seat addition for City Hall Council chambers, she suggested that perhaps a dual purpose could be explored there, making the facility available for other purposes when not being used for Council sessions. Ms. Fargo advised that she did not want a hi-rise behind City Hall. In all aspects, she urged looking at functions, department by department, to decide what needs to be Downtown.

Councilmember Waters agreed to the excision of the City Hall expansion from the plan; he did not support the need for new Council chambers,

but urged more space for staff needs. As presented, the Modified Decentralization option was his choice; Mr. Waters noted that 70% of City staff was already decentralized. Mr. Waters urged that like things be kept with like, when deciding what was to remain centralized; he preferred that 602 staff remain Downtown, to interact, while suggesting that Economic Development move out.

Councilmember Pannell urged giving direction to staff so that they are able to bring back something to Council.

Councilmember Fargo commented, regarding the CalePA parking needs to be met, that the contract stipulated 550 additional spaces would be needed within a 5-block area. Ms. Fargo distributed a map to Council which she asserted would demonstrate that the parking demands could be met, thus relieving some of the pressure of an immediate decision.

Mayor Serna spoke in support of the modified centralized option with some decentralization, to be determined by function; he agreed with Mr. Waters that the minimum of 444 employees in the Downtown area hardly makes it (the Plaza Tower) work.

Ms. Fargo pointed out that there was a need to identify what would be placed in an expanded City Hall, noting that if the employees moved out, only City Council chambers would be left. Mr. Edgar responded that Charter Officers and Mayor/Council would remain.

Mayor Serna established with Mr. Wray that the capacity of the Supervisors' Chambers was about 350 seats. The Mayor stressed that the new Council chamber would assure greater convenience for the public; the Mayor believed the current facilities to be awkward on occasion. Mayor Serna agreed to defer temporarily the issue regarding City Hall; he urged that a consolidated resolution be provided which would address the centralized/decentralized options, and that a hearing be held in the evening so that the public would have an opportunity to testify. Further, Mayor Serna expressed reservations regarding the workability of Plaza Tower if only 440 or fewer employees would be housed there. The Mayor noted that Council appears to be moving toward a modified centralized option.

Councilmember Kerth noted that the problem is phasing, in order to pay for the Plaza Tower Building, it is understood that Council and other employees currently located in City Hall would move over there during the expansion. Mr. Kerth pointed out that a new City Hall was not being built as a cost-saving measure; another option is to not expand City Hall.

Mayor Serna requested that costs be identified regarding the proposal to expand City Hall and Council chambers; he felt that current overflow measures do not serve the public well.

Mr. Kerth desired the largest possible City ownership percentage, since the City donated the land; he urged that an advantageous lease be negotiated, saying he desired value for the investment and for the demolition of an existing building.

Councilmember Yee commented that if City Council voted on centralization, he would not vote unless the City Hall expansion was included for consideration. Mayor Serna urged moving forward today by choosing an option, while temporarily deferring the City Hall issue; the Mayor was concerned regarding the chambers, as well as the scattering of the Charter Officers. The Mayor urged that what is needed in City Hall proper be identified. Mr. Yee agreed with that approach, so long as the City Hall issue is not omitted.

Councilmember Cohn agreed that while the City Hall option should not be left out, if a 400,000 square foot option was being contemplated, it was his opinion that a 128 square feet was already too big.

A motion was made by Councilmember Cohn to: 1) adopt a modified centralized option with locating offices not needing to be Downtown to outlying areas; 2) direct staff to negotiate the best deal possible as an equity partner for the high-rise for staff relocation, and identify functions for there; 3) defer action regarding the City Hall expansion and staff bring back a deal not requiring a City Hall expansion.

Mr. Yee commented that he could not support a motion excluding a City Hall expansion. Mr. Cohn responded that the motion contemplates that there could be a City Hall expansion, but an option is needed which does not include it, as well.

Councilmember Kerth seconded the motion.

Mr. Kerth, in response to Mr. Yee, regarding the Plaza Tower Building, noted that part of their financing plan requires that we expand City Hall and move temporarily into the Plaza Tower. Mayor Serna disagreed, saying this was not his understanding, that Mr. Kerth misunderstood the plan.

Mr. Wray clarified the plan, saying that City Council offices could be moved to 13th and I after that staff was moved to the Plaza Tower Building, or we could leave that staff at 13th and I, move Mayor and Council to the Plaza Towers, then move those staff back here, then move staff out of 13th and I all during the lease period of the 13th and I lease. Mr. Kerth said it was his understanding that the 13th and I lease would not be renewed during the construction period.

Mr. Wray noted that the 13th & I lease expires in 2003; that income is then included to pay for the Plaza Tower and City Hall. Mr. Yee expressed dissatisfaction with the package, including 8th and J and behind City Hall. Mayor Serna clarified that the City Hall expansion is not required for the Plaza Tower Building. The Mayor noted that this is a time of phasing; he felt that the 13th & I location is too small for offices, whereas Plaza Tower could be used temporarily. The mayor stressed that this arrangement has nothing to do with the financing of the Plaza Tower construction.

Mayor Serna stressed that the City Hall expansion issue stands alone. City Manager Edgar commented that in these particular alternatives, staff has only looked at the option of expanding City Hall to mean the City Council Chambers, the offices of the Council and the Charter Officers. Staff has not looked at building a mid-rise behind City Hall.

Mr. Yee expressed the fear that if the City Hall expansion were excluded now, the issue will die.

Mr. Cohn said he had no problem evaluating the office proposal before Council today; the construction of a mid-rise could be compared with the whole proposal on City Hall property.

Mr. Yee urged a preliminary cost comparison.

Councilmember Fargo requested clarification of the motion: 1) setting a direction; she wanted centralization, once staff identifies what needs to be centralized; 2) she desired a full public evening discussion.

Mayor Serna understood the motion as being for centralization, with satellites by function. Ms. Fargo asked when the issue would return for public discussion? Mr. Edgar commented that staff had spent 8 months identifying space needs of departments; City Council wants to look at 600 positions that could potentially be decentralized. Mr. Edgar suggested that discussion of the City Hall expansion be postponed, and that the cost issue of Plaza Tower be separated, as to converting the lease to ownership; Mr. Edgar urged that a detailed

resolution be presented next week.

Councilmember Cohn directed that the motion be interpreted as an intent motion.

Councilmember Waters referred to the last 4 pages of the Civic Center team presentation: 1) his understanding was that the decentralization option is out; 2) he questioned whether a mid-rise would compete against Plaza Tower and Metro Place?; 3) he desired that staff look at all three options for comparison costs per sq ft.

Mayor Serna established with Mr. Wray that the City does not at this time have a proposal from Metro Place, that there is a need for discussion regarding that issue.

Mr. Waters asked whether City staff would propose the City Hall mid-rise? Mayor Serna asked how the mid-rise would compete with either Plaza Towers or Metro Place? Mr. Wray responded that that was a whole separate proposal; without Metro Place, Plaza Tower, and that north of City Hall, Mory's Place would not be there.

Mr. Yee noted that a vote would be necessary as to Mory's removal, since the mid-rise would be contingent on Mory's removal. Mayor Serna said there were not enough votes to move Mory's. Mr. Yee commented that there wasn't a chance to debate moving Mory's to make room for the mid-rise. Mr. Steinberg felt the question of the mid-rise should be put off until later.

Mr. Waters noted that staff is to compare 3 locations; if the mid-rise is taken out of consideration, he felt there was no use to do the study. Mr. Yee stressed that the cost issue must be debated; Mr. Waters agreed that a preliminary cost estimate is needed, as did Mr. Kerth.

Dick Mayberry, representing Local 522, expressed concern regarding the financial aspects of leasing vs. ownership/mortgage issues. It was his understanding that the mortgage was to be bond-financed over a 25-year period; the savings to the City in rent/lease payments would not cover the cost of the annual debt service over 15-25 years. Mr. Mayberry questioned whether the money would be coming from the General Fund, which, per staff, is an option. Mr. Mayberry stressed that this debt service was not contained in the 5-year budget; he expressed fears concerning the unfunded deficit impact on the delicately balanced 5-year budget.

Further, Mr. Mayberry expressed concerns regarding impacts to Fire/Police, asking what the City Council would cut in the next 15-25 years in order to cover costs; he urged that Council consider the project with no impact to the General Fund.

Mr. Kerth's understanding was that there was a first-year savings of ownership vs. leasing. Mr. Wray desired to re-examine, without the factor of City Hall expansion. Mr. Kerth indicated that he would not support the project unless there are savings, not costs; for now, he believed the issue was too vague. Mr. Steinberg commented that the whole premise is that the project would be cost-neutral or cost-savings.

The vote to adopt an intent motion for staff to return with a resolution containing a modified centralized option passed with a 6-1 roll call vote, with Councilmember Hammond voting no and Councilmembers Pannell and Yee abstaining.

5.0 SHRA

Public Hearing

**** Note: Item 5.1 was heard out of sequence following Item 3.1.

5.1 Acquisition and Rehabilitation Loan to Nehemiah Progressive Housing Development Corporation, Inc. (Cont'd from 9-16-97, item 5.1) (D-All)

Beverly Fretz-Brown, Acting Director of Housing Development, SHRA, presented the report.

This resolution authorizes the Executive Director to prepare and execute a Subrecipient Agreement and related documents with Nehemiah to make a \$250,000 loan from Community Development Block Grant (CDBG) funds for the acquisition and rehabilitation of 25 boarded and vacant homes in redevelopment and target areas of the City, as approved by Agency Counsel; additionally, it authorizes a budget amendment to transfer \$250,000 from the CDBG Single-Family Rehabilitation Loans Project account to an account for the Nehemiah housing program.

The loan will fund up to 90% of the acquisition and rehabilitation cost of the homes, with Nehemiah providing 10 percent equity. At the sale of each home, the Agency's loan amount will be repaid at a four percent interest rate and will be made available to Nehemiah for subsequent loans until 25 homes have been acquired, rehabilitated, and sold to owner-occupants (within a three-year period). At the completion of the program, the Agency will request budgetary authority to grant Nehemiah the principal amount repaid (which will not exceed \$250,000) or \$10,000 per home completed, not to exceed the lesser of the actual amount of proceeds available or \$250,000, as payment of a developer fee to Nehemiah for the continuation of its housing activities. Nehemiah will also retain net sales proceeds that exceed the Agency loan.

At the end of the program, Nehemiah should be fully able to borrow funds from private lenders for its housing activities. With its \$250,000 loan and the profits from the sale of each home, it will have a significant working capital fund to continue its acquisition and rehabilitation programs or engage in other housing activities benefitting low-income people.

Councilmember Pannell commented that last Saturday he was in District 8 and passed a house on 23rd Street which used to be a former drug house and was rehabilitated. The improvements on the house have really made a difference to the neighborhood; Mr. Pannell urged SHRA to follow-up, bringing slides of the finished products to Council so they could see the changes. Mr. Pannell said this was a great program which helps to revitalize the community.

Mr. Harris, representing Nehemiah, expressed his thanks on behalf of Nehemiah; he shared a listing of new homeowners, broken out by Districts. Mr. Harris distributed information cards about the program, asking that Councilmembers pass them on to their constituents.

A motion was made by Councilmember Pannell, seconded by Councilmember Hammond, to close the hearing and adopt Resolution 97-578. The motion carried with a 9-0 vote.

RESOLUTION NO. 97-578

NEHEMIAH PROGRESSIVE HOUSING DEVELOPMENT
CORPORATION, INC. \$250,000 ACQUISITION AND
REHABILITATION LOAN

6.0 CITIZENS ADDRESSING COUNCIL (MATTERS NOT ON AGENDA)

None

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7.0 COUNCIL IDEAS AND QUESTIONS

- 7.1 Status report from P & PE Committee regarding potential appointments to the Sacramento Sports Commission [Pannell]

This item was for Council information, discussion, and possible direction to staff; no action was taken.

- 7.2 Councilmember Steinberg urged the City Council to enact a ban in the City on "Saturday Night Special" junk guns, citing the statistical links to violence associated with those who purchase them. Mr. Steinberg stressed that he did not want just a symbolic measure; he believed that legal organizations would protect the City's action regarding this issue. Mr. Steinberg urged that the issue be sent to Law & Legislation for discussion.

- 7.3 Councilmember Kerth raised the issue of students being allowed free in Crocker Art Museum only if they are enrolled in the Sacramento City Unified, but not if they are in other school districts. Mr. Kerth urged that this free admission policy for students be extended to other school districts. Councilmember Fargo agreed, suggesting that free admission be extended as well to private school students residing within the Sacramento City limits.

- 7.4 Mayor Serna appointed the following people to the North Sacramento Redevelopment Advisory Committee: James Carruthers, Donna Johnson, Buddy Bergstrom, Fred Lott, Robert Slobe, and Shirley Reisinger.

The Mayor appointed the following people to the Sacramento Sports Commission: Cleve Livingston, Matt Campbell, Mark Harris, and Richard Novoa.

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8.0 RECESSED INTO CLOSED SESSION AT 5:04 P.M.

- 8.1 Pursuant to Government Code Section 54956.9(a) for the following matters of pending litigation:
 - A. Sacramento River Protection League Mike Brodsky vs. City Council of the City of Sacramento and the City of Sacramento, Sacramento Superior Court No. 97CS02411
 - B. Victoria Witham vs. City of Sacramento, et al., Sacramento Superior Court Case No. 96AS01030

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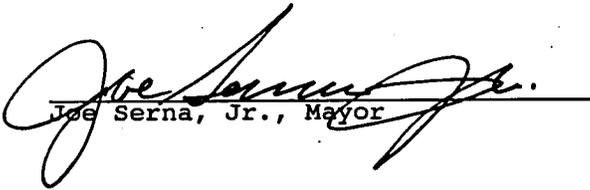
ADJOURNMENT

There being no further business to come before the City Council, the meeting was adjourned at the hour of 5:45 p.m.

Submitted


Valerie A. Burrowes, City Clerk

Approved


Joe Serna, Jr., Mayor