



**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



8

April 3, 1990

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

Honorable Members in Session:

SUBJECT: Work Program and Budget for Development of the Half Block Bounded by 8th and 9th Streets and "J" Street and the Alley Between "J" and "K" Streets, Approval of Request for Proposals and Authorization to Proceed with Developer Selection

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 work program and Request for Proposals.

Respectfully submitted,

ROBERT E. SMITH
Executive Director

TRANSMITTAL TO COMMITTEE:

SOLON WISHAM, JR.
Assistant City Manager

Attachment



SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY



April 10, 1990

Redevelopment Agency of the
City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: Approval of Work Program and Budget for Disposition and Development of the Half Block Bounded by 8th and 9th Streets, and "J" Street and the Alley Between "J" and "K" Streets, and Approval of Request for Proposals (RFP) and Authorization to Proceed with Developer Selection for the Proposed Project

SUMMARY

This report addresses the development of the half block bounded by 8th and 9th Streets, "J" Street and the alley between "J" and "K" Streets. The proposed course of action, including work program and budget, and RFP sets forth in detail the procedure, process, scope and description of the project elements (uses); development standards; assemblage and disposition of the site; developers selection criteria; and time schedule for selection of a developer for the site. The RFP process will include two phases: (1) Proposal Development and Selection; and (2) Option Period and Negotiation of Disposition and Development Agreement (DDA). An Environmental Impact Report (EIR) will be prepared once a developer/proposed project for the site is selected to negotiate for the disposition and development of the site. The DDA will not be executed until completion of the EIR. A Memorandum of Understanding (MOU) will be executed tying the developer to the proposed project until the DDA is executed. The agency will also entertain proposals from existing property owners to enter into an Owner Participation Agreement (OPA), as long as they conform to the performance standards established in the RFP.

BACKGROUND

In an ongoing effort to facilitate implementation of the City's Urban Design Plan and the Merged Downtown Sacramento Redevelopment Plan, the Agency has identified and prioritized a number of downtown sites that are in need of and are susceptible to development. One such site is the half block bounded by 8th and 9th Streets, and "J" Street and the alley between "J" and "K" Streets, Exhibit "A". This site was identified as a high priority site for the following reasons:

- o The site is composed of vacant parcels, structures that are blighted and in need of major rehabilitation, and in general represent a deteriorated and underutilized site.
- o The site is composed of fifteen (15) separate parcels with only two property owners owning more than one parcel (two each), and some parcels composing less than 1600 sq. ft. In fact, five parcels measure only twenty feet in width, which makes for limited utilization.
- o It is a site that could represent great potential for a highest and best use project, including office, retail and residential uses.
- o It is a site that has been identified as highly susceptible to development by Agency and City Planning Staff, and has drawn developer interest with one or more developers trying to assemble a large enough site to make development economical.
- o It is a highly visible site with the recent completion of the adjacent quarter block Renaissance Tower, and the current development of the Library Plaza Project on the north side of "J" Street.
- o The project would complement civic improvements planned or undergoing current construction in the area, i.e., the Library Plaza Project, Plaza Park, East End Parking Facility, etc., and would add additional vitality and variety to the area. The proposed project would provide an additional dramatic edge for Plaza Park, and could provide a significant user population for the J and K Street retail areas, while enhancing the view and vista corridor of "J" Street.
- o The site is strategically located in an area identified as a historic main street serving as an office core area providing for larger buildings, and as an important vehicular and pedestrian thoroughfare linking the cultural entertainment center to the east to the retail shopping center to the west.

- o The development of this site would act as a continuing sign on the part of the City and Agency of its interest in creating a truly unique city center through public/private ventures while enhancing 8th, 9th and "J" Streets as places linking activity areas and landmarks such as City Hall, Library Plaza, and Plaza Park with the City's K Street Mall.
- o This proposed project would stimulate further investment in the City's central core and provide for further high density development utilizing existing City infrastructure investments such as light rail, etc.
- o Development of the site will provide a higher and better use for the site above that currently existing, which will enhance and attract future development in the area and generate public revenues above those currently being generated in the area.
- o Development of the proposed site would be in line with establish policies and action plans recommended and adopted in the City's Urban Design Plan and Adopted Downtown Redevelopment Strategy.

The following discussion relates to the project scope and elements, assemblage and disposition of the site, developer selection criteria, and implementation of the RFP process.

Project Scope and Elements

The ultimate project designed and selected for the site should be market determined, however, certain elements should be emphasized and would be encouraged as much as possible:

- o Highest and best use of site in accordance with the City's Urban Design Plan and Adopted Downtown Redevelopment Strategy.
- o Design and utilization of the site that is complementary to and takes into consideration adjacent developments, Library Plaza Center, etc., and such public spaces as Plaza Park.
- o Possible mixed-use development of the site, including but not limited to:

- o High-rise office development.
- o Commercial/retail uses on ground floor as well as vertical development above ground level.
- o High-rise residential units.
- o Public spaces and uses.

- o Quality design and utilization of materials.

- o Innovative approaches to meeting the on-site parking requirements of the proposed development, including utilization of adjacent light rail system, and an innovative and creative TSM program. The site is also important from the standpoint of pedestrian circulation patterns in the downtown core.

- o Housing and child care mitigation measures.

No minimum footages and/or specific uses are being recommended. This is to be a market driven/determined project. The Agency is looking for innovative and creative approaches to the design, use and development of this highly visible and unique site. This is an opportunity for developers to make a significant contribution to downtown Sacramento's development.

Disposition of Site

The following provides a brief description of the site.

- o The site is a half block, 1.18 acres, measuring three hundred twenty (320) feet on the "J" Street frontage and one hundred sixty (160) feet on the 8th and 9th Street frontages, for a total of fifty one thousand two hundred (51,200) square feet.

- o The site is zoned C-3 Central Business District.

- o There is a twenty (20) foot alley separating the site from the adjacent half block occupied by Renaissance Tower and the River City Bank Building.

- o The site is currently divided into eleven (11) separate parcels, the largest being eighty feet by one hundred sixty feet (80' x 160'), or twelve thousand eight hundred (12,800) square feet, and the smallest being twenty feet x eighty feet (20' x 80') or sixteen hundred (1,600) square feet.

- o Two of the parcels located at the corner of 8th and "J" Streets are vacant. The remaining parcels have structures ranging from poor to fair, with fifteen separate businesses housed on the remaining block. The businesses are mainly "mom and pop" small retail/restaurant/ or office (2nd floor) operations. The corner structure facing "J" Street at 9th (northwest corner of block) (828 "J" Street) is currently listed in the City's Preservation Ordinance as a "Priority" structure, and is the only part of the block within the Plaza Park/Central Business District Preservation Area. One mid-block parcel is also listed on the National Register of Historic Places because of the tile facade on the building. The tiles could be either incorporated into a new structure or removed to a site like the Crocker Museum.
- o There are nine separate owners of the eleven (11) parcels. Parcels 2 and 3 are under single ownership as well as parcels 9 and 10.
- o There has been speculative interest in putting together a project for the site, but as of this date, no major consolidation or acquisition of parcels has occurred.

It is proposed that in developing a Request for Proposals (RFP) for the site, the Agency would assist the selected developer in assembling the eleven (11) parcels under single ownership. The selected developer would be responsible for providing whatever funds would be necessary for purchase of the site. It is estimated that fair market value of the site, including costs for demolition and relocation, etc., would range between eight million dollars (\$8,000,000) and ten million dollars (\$10,000,000). Pursuant to your recently adopted Intermediate Range Goals for the Agency, there is no land write-down or other form of subsidy envisioned for this site. The involvement of the Agency would be to facilitate assemblage of the necessary parcels for development of the site. The Agency will also entertain proposals from existing property owners to enter into an Owner Participation Agreement (OPA) for development of the half block as long as they conform to the performance standards established in the RFP. It should be noted that the OPA will only be considered for owner(s) with majority ownership.

Developer Criteria

It is the Agency's intent to use a Request for Proposals (RFP) process to select a developer for the site. A RFP will be developed and will contain the following material:

- o A general overview of the Sacramento market and downtown development opportunities.
- o A discussion of the specific site opportunities and development possibilities, again highlighting the market determined approach to development of the site.
- o A discussion of design criteria, emphasizing the importance of the design element in the overall selection process because of the pivotal location of the site and adjacent development.

Specific requirements of the developer would be:

I. Developer Experience

- A. Prior experience in development of major urban inner city projects.
- B. Previous experience with major urban developments as relates to:
 - 1. Economic success of projects;
 - 2. Overall architectural and design quality of previous developments;
 - 3. Project size in terms of order of magnitude of construction;
 - 4. Successful operation, with emphasis on quality maintenance; and
 - 5. Previous joint public-private projects.
- C. Timeliness of performance.
- D. Demonstrated ability to undertake and complete major urban projects and respond to public objectives.
- E. Delivery of product as initially represented.

II. Management Experience

- A. Experience in operating specific types of projects, ranging from office to retail to residential.
- B. Success in achieving high-quality project maintenance standards.

III. Financial Capability

- A. Ability to raise adequate capital for the project.
- B. Strength of current relationships with financing services, e.g., ability to obtain commitment letter from a financial institution.
- C. Resources and tenacity ("staying power"), e.g., ability to obtain an "AA" rating from Moody's or Standard and Poor's.
- D. Ability to provide for operation and maintenance.
- E. Submission of a non-refundable fee of approximately five thousand dollars (\$5,000) at the time of submission of response to RFP. (The non-refundable fee will be utilized by the Agency to cover administrative costs associated with reviewing each proposal for the project.)
- F. Submission of a non-refundable fee of one percent (1%) of the appraised property value, estimated fee of eighty to one hundred thousand dollars (\$80-100,000), upon commencement of DDA negotiations.

IV. Organization and Management Approach

- A. Clear lines of responsibility within the developer's organization which the Agency can rely on to be effective and responsible.
- B. Previous construction management experience as it relates to major urban projects.

V. Qualifications of Key Personnel

- A. Qualifications and experience of key persons and entities associated with the developer in previous projects, and in the team that will be developing the project.
- B. Ability to bring an architect or architectural firm of merit to the project.

VI. Other Factors as Appropriate for Specific Development

- A. How does the developer plan to meet such public objectives as the 2% for public art, child care services, contribution to housing trust fund, transportation system management plan, etc.?
- B. What additional incentives might the developer be willing to offer in developing the site?

Emphasis will be placed on:

- o Experience and financial capacity of the developer, including overall strength of development team.
- o Design team experience and design quality of proposed project.
- o Proposed project, i.e., magnitude, uses, design, etc.
- o Market viability and financial feasibility of proposed project.
- o Business offer and development schedule.
- o Fulfillment of objectives and goals and conformity with City plans and policies.

Developer Selection and Project Schedule

The first phase will involve:

- o Submittal of qualifications relating to developer experience.

- o Management experience in project of a similar nature.
- o Organization and management approach.
- o Qualifications of personnel/development team.
- o Financial capability of the developer.
- o Market viability and financial feasibility of proposed project.
- o Project scope and element size and mix.
- o Design of project.
- o Project economics/financial pro formas.
- o Proposed method of financing project.
- o Incentive package offered by developer.
- o Business offer/development schedule, i.e., disposition and takedown of site, proposed financing, etc.

The result of this phase will be the selection of a single developer/project by the Redevelopment Agency.

The second and final phase will include a 120-day option period during which the developer and Agency would:

- o Refine and finalize commitments regarding: project scope, scale, and size; project design; business terms; disposition of the site; performance schedule; etc.; and
- o Negotiate a Disposition and Development Agreement (DDA) that details contractual responsibilities of the developer and Agency regarding the project.

The general time frame for the developer selection and DDA/OPA negotiation process is seven (7) months. Commencement of construction would be approximately twelve (12) months after negotiation of a DDA/OPA for the site/project, with the construction period being approximately eighteen (18) to twenty-four (24) months.

The schedule for the developer selection process is anticipated to be as follows:

<u>Procedure</u>	<u>Timeline</u>	<u>Total Elapsed Time</u>
I. Developer/Proposal Selection: Phase I		
. Request for Proposals (RFP) Issued	- 0 - (6/1/90)	- 0 -
. Response to RFP	45 days (7/16/90)	1.5 mos.
. Agency Review of Developer Qual's. & Proposals. Interview and requests for add'l. and clarifying info.; developer responses to Agency requests for add'l. info. Selection of three finalists.	45 days (9/1/90)	3 mos.
. Formal presentations to SHRC & SHRA by three finalists. Selection of developer and project by SHRC (advisory) and SHRA.	30 days (10/1/90)	4 mos.
II. Option Period and Negotiation of Disposition and Development Agreement (DDA) or Owner Participation Agreement (OPA): Phase II		
. Negotiation and execution of Disposition and Development Agreement (DDA) or Owner Participation Agreement (OPA) between Agency and Developer. Memorandum of Understanding (MOU) on DDA/OPA executed. EIR started.	90 days (1/1/91)	7 mos.
. Developer Designs Project (Conceptual/Schematic to Engineering Drawings) and EIR completed. DDA/OPA executed.	270 days (10/1/91)	16 mos.
. Start of Construction	Spring 1992	-0-
. Completion of Project	Spring 1994	-0-

A flow chart is attached as Exhibit "B."

FINANCIAL DATA

In order to proceed with the 8th and "J" Streets development program, staff is proposing the following project development budget:

RFP Preparation	\$15,000
Consultant Services (i.e., Financial Analysis, Real Estate Counseling Services, etc.)	40,000
Appraisal(2)	15,000
Contingency	10,000
EIR	(Developer to Pay)
Legal Costs	(Developer to Pay)
Relocation Costs	(Developer to Pay)
Demolition and Site Costs	<u>(Developer to Pay)</u>
TOTAL	\$80,000 =====

The total budget cost of the project as presented above would be eighty thousand dollars (\$80,000). Project funding will be derived from the transfer of funds from the Agency's tax increment developer's assistance fund to a cost center to be established for this project. The selected developer of the site shall be responsible for reimbursing the Agency for all direct third party costs as outlined above, including the Eighty Thousand Dollars (\$80,000). In addition, the RFP and developer selection process implies and anticipates a long-term commitment on the part of the Agency to provide staff support to this project.

MBE/WBE

The Agency's MBE/WBE policy will be implemented on applicable contracts referred to in this report.

ENVIRONMENTAL REVIEW

An Environmental Impact Report (EIR) would be required before a Disposition and Development Agreement (DDA) or Owner Participation Agreement (OPA) is executed, and a specific project is accepted by the City/Agency.

POLICY IMPLICATIONS

The action proposed in this staff report is consistent with previously approved policies, as outlined in the City's Urban Design Plan and Merged Downtown Sacramento Redevelopment Plan, and therefore, no policy changes are being recommended.

VOTE AND RECOMMENDATION OF COMMISSION

At its meeting of April 2, 1990, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolution. The votes were as follows:

AYES:

NOES:

ABSENT:

RECOMMENDATION

The staff recommends adoption of the attached resolution approving the proposed work program and budget for disposition and development of the property bounded by 8th and 9th Streets, and "J" Street and the alley between "J" and "K" Streets, and for approval of the Request for Proposals (RFP), and authorizing the Executive Director to initiate and proceed with the developer selection process for the proposed project.

Respectfully submitted,


ROBERT E. SMITH
Executive Director

TRANSMITTAL TO COUNCIL:

WALTER J. SLIPE
City Manager

Contact Person: Douglas Grandquis, Program Manager,
Downtown Development, 440-1355

DG:cmc

RESOLUTION NO.

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF _____

APPROVING REQUESTS FOR PROPOSALS
FOR DEVELOPMENT OF THE
HALF BLOCK BOUNDED BY 8TH AND 9TH STREETS AND J STREET
AND THE ALLEY BETWEEN J AND K STREETS

WHEREAS, the Redevelopment Plan for the Merged Downtown Sacramento Redevelopment Area was adopted by City Ordinance on June 17, 1986 ("Redevelopment Plan"); and

WHEREAS, The real property located on the half block bounded by 8th, 9th, J Streets and the alley between J and K Streets in the City of Sacramento ("Site") is located within the Project Area designated by the Redevelopment Plan; and

WHEREAS, several of the objectives in the Redevelopment Plan are:

- a) To serve as the basis for the revitalization of Downtown Sacramento and the elimination of urban blight;
- b) To create additional employment opportunity for residents of the downtown area;
- c) To create an economically viable commercial area;
- d) Implement the Urban Design Plan and Downtown Sacramento Redevelopment Implementation Plan and Strategy;
- e) To maximize private participation and investment toward redevelopment of Downtown Sacramento; and

WHEREAS, the development of the site is essential to achieving such objectives of the Redevelopment Plan for the Downtown Area; and

NOW, THEREFORE, BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO:

Section 1: The Request for Proposals in accordance with the staff report filed with this resolution is approved and the

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

Executive Director is authorized to initiate and proceed with the developer selection process for the Site.

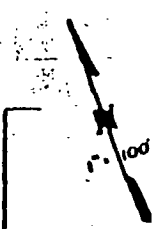
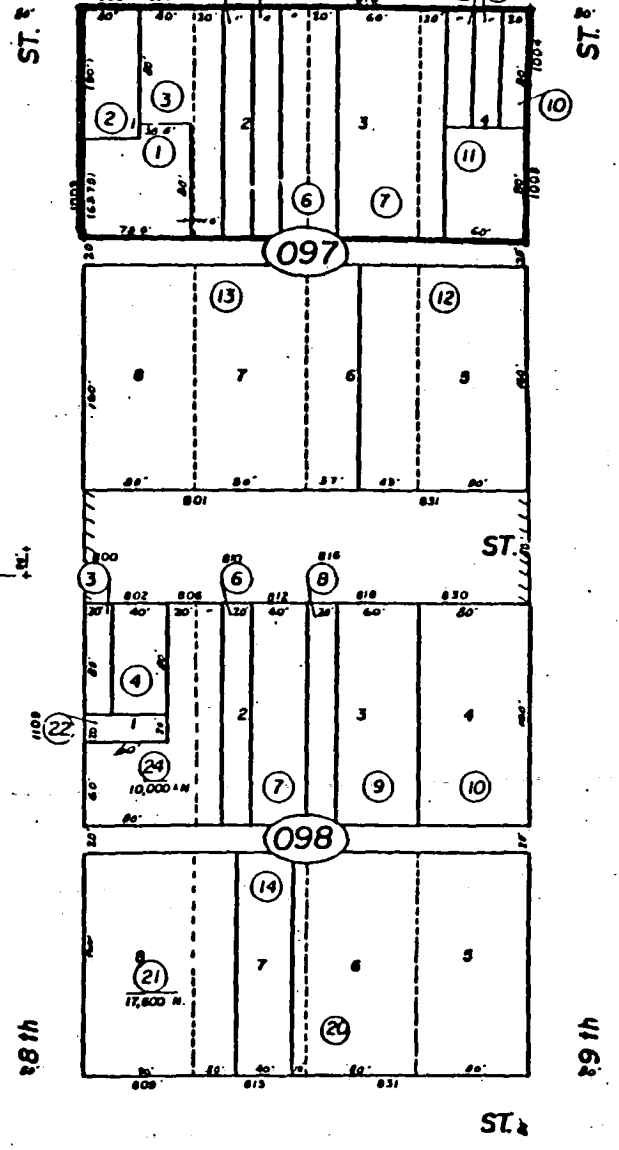
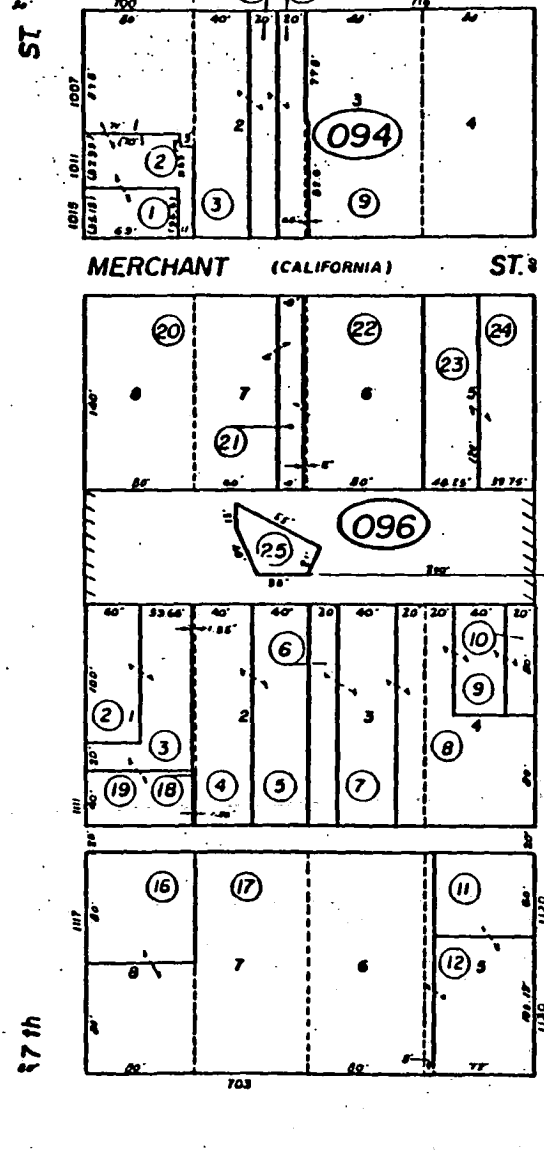
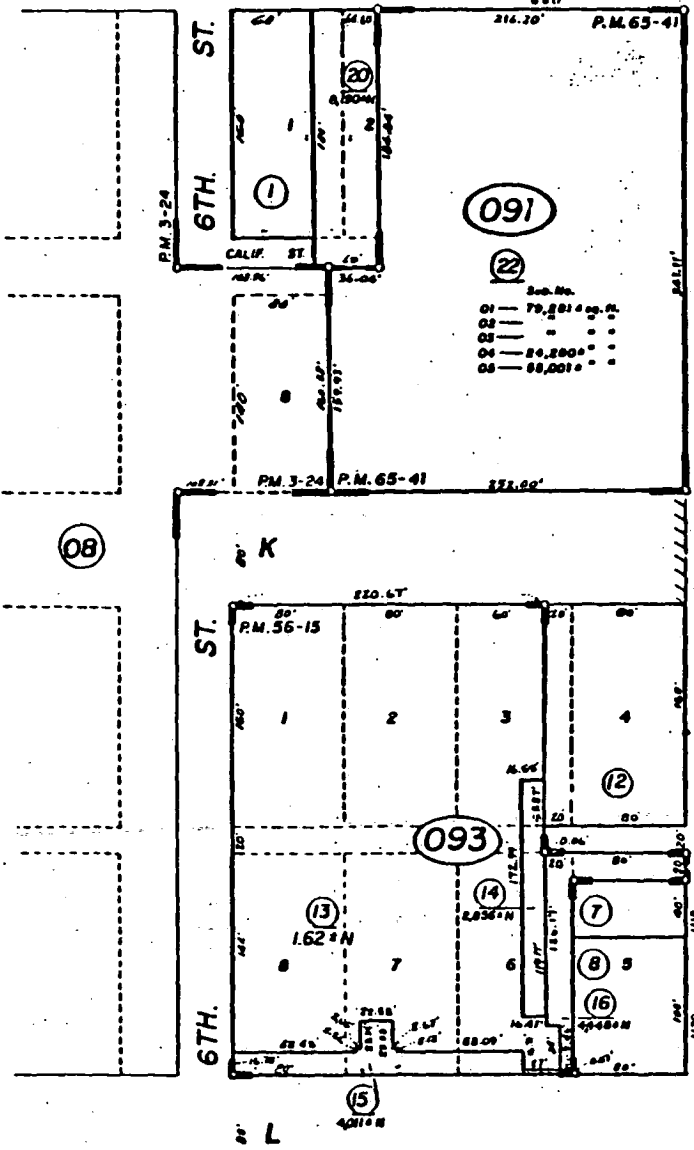
Section 2: The amount of \$80,000 is allocated to the project work program and the Executive Director is hereby authorized to expend approved budget funds for implementation of the project.

CHAIR

ATTEST:

SECRETARY

P:\SHARE\RESO\RFP



Parcel Map, Bk. 3, Pg. 24 (7-29-70)

NOTE - Assessor's Black Numbers Shown in Ellipses
Assessor's Parcel Numbers Shown in Circles

CITY OF SACRAMENTO
Assessor's Map Bk. 6 - Pg. 09
County of Sacramento, Calif.

(15)

Exhibit "A"

TENTATIVE WORK SCHEDULE
FOR
9th and "J" STREETS SITE
DEVELOPER SELECTION AND IMPLEMENTATION.

	1990												1991												199
	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J			
I. Developer/Proposal Selection Phase I																									
1. Agency Approval	-																								
2. Preparation of RFP (40 days)	_____																								
3. RFP Issued (45 days)	_____																								
4. Review Responses to RFP (45 days)	_____																								
5. Finalists' Presentation to SHRC/SHRA (30 days)	_____																								
6. Selection of Developer/Proposal	_____																								
II. Option Period and Negotiation of DDA/OPA																									
1. Negotiation of DDA/OPA (90 days)	_____																								
2. Design (270 days) EIR completed & DDA/OPA executed	_____																								
3. Construction begins (2 years)	_____																								