

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

February 6, 1996

CALL TO ORDER

The Regular Meeting of the Sacramento City Council was called to order by Mayor Serna at the hour of 2:06 p.m. on the above date in the City Council Chamber located at 915 I Street.

ROLL CALL

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

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1.0 CONSENT CALENDAR (Items 1.1 through 1.14)

A motion was made by Councilmember Waters, seconded by Councilmember Yee, to waive the reading and adopt the Consent Calendar, Items 1.1 through 1.14. The motion carried with a 9-0 roll call vote.

Public Review Items - Informational Only

1.1 Power Center Policy (D-All)

This item to be heard February 13, 1996, 7:00 p.m.

Sacramento Housing and Redevelopment

None

City Council

- 1.2 Approval of Change Order #6 in the amount of \$17,735.36 to M. Biundo Construction for the North Laguna Creek Park Phase I (LL71), located at Jacinto Avenue and Center Parkway. (D-8)
-

Adopted Resolution No.96-050.

RESOLUTION NO. 96-050

RESOLUTION APPROVAL OF CHANGE ORDER #6 IN THE AMOUNT OF \$17,735.36 TO M. BIUNDO CONSTRUCTION FOR NORTH LAGUNA CREEK PARK PHASE I (LL71)

- 1.3 Soil and groundwater remediation of the Meadowview Community Center site, located at Meadowview Road and 24th Street - professional services agreement with Kleinfelder, Incorporated for an amount not to exceed \$101,819.00. (D-8)
-

Approved Agreement No.96-020.

- 1.4 Modification of parking time limits on a portion of 40th Street in the Mercy Hospital Residential Permit Parking Area. (D-3)
-

Adopted Resolution No.95-051.

RESOLUTION NO. 96-051

A RESOLUTION MODIFYING PARKING REGULATIONS WITHIN THE MERCY HOSPITAL RESIDENTIAL PERMIT PARKING AREA

- 1.5 Truxel Road Interchange at Interstate 80 (PN:TH42), located between Interstate 5 and Northgate Boulevard - approval of Supplemental Agreement No. 3 to consultant services agreement No. 93-019 with Dokken Engineering in the amount of \$87,040. (D-1)
-

Adopted Resolution No.96-052.

RESOLUTION NO. 96-052

RESOLUTION APPROVING SUPPLEMENT NO. 3 TO CITY AGREEMENT NO. 93-019 WITH DOKKEN ENGINEERING (PN:TH42; TH47)

- 1.6 Resolution of Intention for abandonment of an alley within Council District 5 Pilot Project Area, a portion of the alley bounded by Sherman Way, Y Street, 41st Street and 42nd Street; Abandonment Proceeding No. 95-12. (D-5)
-

Adopted Resolution No.96-053 setting a hearing date for February 27, 1996 at 7:00 p.m.

RESOLUTION NO. 96-053

RESOLUTION OF INTENTION TO ABANDON A PORTION OF
THE ALLEY BOUNDED BY SHERMAN WAY, Y STREET, 41ST
STREET, AND 42ND STREET

ABANDONMENT PROCEEDING NO. 95-12

- 1.7 Granting Revocable Encroachment Permit for 18th Avenue, Norton Way, Willmington Way and Sutterville Road to Union Pacific Railroad to install a groundwater treatment system pipeline. (D-5)
-

Adopted Resolution No.96-054.

RESOLUTION NO. 96-054

RESOLUTION GRANTING REVOCABLE ENCROACHMENT
PERMIT FOR 18TH AVENUE, NORTON WAY, WILLMINGTON
WAY AND SUTTERVILLE ROAD

- 1.8 Pocket Road Assessment District No. 93-01, located adjacent to Pocket Road between Rivergate Way and River Village Drive - reduction Of assessment. (D-7)
-

Adopted Resolution No.96-055.

RESOLUTION NO. 96-055

RESOLUTION ORDERING REDUCTION OF ASSESSMENT AND
DIAGRAM NO. 1

POCKET ROAD ASSESSMENT DISTRICT NO. 93-01

- 1.9 28th Street Landfill Closure - execute an Amendment No.1 to the consultant and professional services Agreement No. 95-186, an additional \$50,000 with Harding Lawson Associates for engineering services. (D-3)
-

Adopted Resolution No.96-056.

RESOLUTION NO. 96-056

RESOLUTION AUTHORIZING THE CITY MANAGER TO SIGN AMENDMENT #1 TO THE CONSULTANT AND PROFESSIONAL SERVICES AGREEMENT WITH HARDING LAWSON ASSOCIATES FOR ENGINEERING SERVICES FOR THE CLOSURE OF THE 28TH STREET LANDFILL

- 1.10 Request to open an application period for the Sacramento Heritage, Inc., Board of Directors due to the recent resignation of Patricia Knight-Farley. (D-All)
-

Application period opened; applications due March 8, 1996.

- 1.11 Request to open an application period for the Sacramento Housing and Redevelopment Commission for an opening in the tenant category. (D-All)
-

Application period opened; applications due March 8, 1996.

- 1.12 Confirmation of the following nominations: Sacramento Housing and Redevelopment Commission, Christi Newsome, Category A [Mayoral appointment]; Youth Commission, Angela Torres, [At Large Mayoral appointment]; East Del Paso Heights TAC, incumbents Kathleen Caldarelli and Steve Johnson (nominations made 1/30/96). (D-All)
-

Nominations confirmed.

- 1.13 Addition of Chapter 61.17 to Title 61 of the Sacramento City Code relating to graffiti (Law & Legislative Committee 12/05/95). (D-All)
-

Passed for Publication and continued to February 13, 1996.

- 1.14 Mayoral appointments for various Boards and Commissions upon which Councilmembers serve (D-All):
-

Continued to February 13, 1996 for confirmation.

Law and Legislation Committee - Ortiz (Chair), Fargo, Steinberg, Waters
Personnel and Public Employees Committee - Cohn (Chair), Fargo, Ortiz, Steinberg

American River Water Resources Study - Yee, Kerth (alt)

Quarterly, Thursday, A.M.

County Sanitation District #1 - Pannell

Crocker Art Museum Co-Trustees - Mayor, Fargo (alt)

4th Tuesday at Noon

Local Agency Formation Commission (LAFCO) - Kerth

1st Wednesday at 5:30 p.m.

Overall Economic Development Program Committee - Yee

1-2 times per year at noon

Regional Transit Board (RT) - Kerth, Ortiz, Steinberg, Pannell

2nd & 4th Monday at 6:00 p.m.

Sacramento Area Commerce and Trade Org (SACTO) - Mayor, Waters
 2nd & 3rd Wednesday (alternating each month)
 Sacramento Area Council of Governments (SACOG) - Kerth, Fargo (alt)
 3rd Thursday at 9:00 a.m.
 Sacramento Area Flood Control Agency (SAFCA) - Fargo, Kerth, Cohn,
 Ortiz (alt), Steinberg (alt)
 4th Thursday at 1:00 p.m.
 Sacramento City Financing Authority - Mayor, Steinberg
 at least 1 time per year
 Sacramento County Disaster Commission - Mayor
 when called
 Sacramento Employment and Training Agency (SETA) - Ortiz, Pannell
 1st & 3rd Thursday at 10:00 a.m.
 Sacramento Metropolitan Air Quality Management District - Fargo, Ortiz,
 Steinberg
 1st Thursday at 5:30 p.m.
 Sacramento Metropolitan Cable Television Commission - Yee, Waters,
 Pannell, Steinberg (alt)
 1st Thursday at 2:30 p.m.
 Sacramento Mutual Housing Association Board - Ortiz
 not less than 6 meetings per year
 Sacramento Public Library Authority - Fargo, Cohn, Waters, Pannell,
 Yee (alt)
 3rd Thursday - alternate months beginning January at 4:00 p.m.
 Sacramento Regional County Sanitation District Board - Pannell (Mayor's
 designee)
 2nd & 4th Tuesday at 9:30 a.m.
 Sacramento Regional County Solid Waste Authority (JPA) - Cohn, Yee and
 Waters
 2nd Thursday at 1:00 p.m.
 Sacramento Sports Commission - Pannell
 1st Thursday at 12:00 noon
 Sacramento Transportation Authority - Kerth, Cohn, Yee, Pannell,
 Fargo (alt)
 2nd & 4th Thursday at 3:00 p.m.
 Sacramento-West Sacramento 2 x 2 - Mayor and Fargo
 when called
 Sacramento/Yolo Port District/Board of Electors - Mayor and Steinberg
 Sacramento/Yolo Port District Commission - Yee and Waters
 when called
 Technology Steering Committee - Kerth and Yee
 Water Advisory Commission - Waters
 3rd Thursday at 7:00 p.m.
 ACR132-Hannigan's Rail Committee - Cohn

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2.0 SPECIAL PRESENTATIONS/GENERAL COMMUNICATIONS

None

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3.0 PUBLIC HEARINGS

None

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4.0 STAFF REPORTS

4.1 Sacramento City Employees' Retirement System (SCERS) Annual Financial Report Fiscal Year 1994-95. (D-All)

Received and filed.

4.2 Sacramento Area Flood Control Agency loan requirements. (D-All)

A motion was made by Councilmember Fargo, seconded by Councilmember Yee, to adopt Resolution No.96-057. The motion carried by an 8-1 vote, with Councilmember Pannell casting the No vote.

RESOLUTION NO. 96-96-057

A RESOLUTION AUTHORIZING THE CITY MANAGER, SUBJECT TO THE CITY ATTORNEY'S APPROVAL OF DOCUMENTS, TO EXTEND THE CITY'S UNSECURED \$10 MILLION LOAN TO SACRAMENTO AREA FLOOD CONTROL AGENCY (SAFCA) RETROACTIVELY FROM DECEMBER 31, 1995 TO DECEMBER 31, 1996.

4.3 Authorization to suspend formal competitive bidding and increase contract amount for bulk liquid chlorine to a total amount not to exceed \$70,000.00, with Sierra Chemical Company (requires two-thirds vote). (D-All)

This item was included in the vote along with the Consent Calendar. A motion was made by Councilmember Waters, seconded by Councilmember Yee, to adopt Resolution No.96-058. The motion carried by a 9-0 vote.

RESOLUTION NO. 96-058

A RESOLUTION SUSPENDING FORMAL COMPETITIVE BIDDING FOR THE PURCHASE OF BULK LIQUID CHLORINE AND INCREASING THE CURRENT CONTRACT TO A TOTAL AMOUNT NOT TO EXCEED \$70,000.00.

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5.0 S.H.R.A.

Public Hearing

- 5.1 "The Community That Cares" Grant: Individual project agreement, amendment to budget for authorized funding and Community Development Block Grant. (D-2)

A motion was made by Councilmember Waters, seconded by Councilmember Yee, to continue this item to February 13, 1996, 2:00 p.m. The motion carried by a 9-0 vote.

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6.0 CITIZENS ADDRESSING COUNCIL (MATTERS NOT ON AGENDA)

(A Three minute time limit is imposed on speakers addressing the Council under this heading)

- 6.1 Bob Baird, of Sacramento Unified School District, brought 18 students with him from the Community Life Class. From Sacramento, Kennedy, and McClatchey High Schools, the students gain valuable experience in community affairs via internships and hands-on learning.

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7.0 COUNCIL IDEAS AND QUESTIONS

- 7.1 Resolution in support of Proposition 203 [Steinberg]

A motion was made by Councilmember Steinberg, seconded by Councilmember Cohn to adopt Resolution No.96-059. The motion carried by a 9-0 vote.

RESOLUTION NO. 96-059

SUPPORT OF PROPOSITION 203

Councilmember Steinberg spoke in support of this proposition, stressing the need for modernization in the schools.

Councilmembers Kerth and Pannell agreed with Proposition 203, but expressed concern that the Proposition does not address rehabilitation in the schools, especially in low income areas.

Councilmember Fargo wanted to identify where State funding is applied, as there appears to be insufficient funding for either new or old schools.

Councilmember Steinberg clarified the means in which priorities are established, and said that developer fees raise the cost of housing.

Councilmember Ortiz wanted to know how much discretion is exercised by school boards.

Councilmember Pannell questioned what would be needed for Council to resume the responsibility of being trustees for the school system, with board members assuming a lesser role.

Mayor Serna referred this issue to the City Attorney, Samuel Jackson.

- 7.2 Councilmember Pannell called for a review of all existing committees to be accomplished within 60-90 days, for the purpose of consolidating, purging as needed, and clarifying duties. He suggested that the Design/Review Board might be combined with Planning, as an option.

Councilmember Fargo inquired as to when it would be appropriate for Council to send alternates to various boards, and how those alternates might be established. She requested a legal ruling from the City Attorney's office.

- 7.3 Councilmember Cohn spoke in support of the successful conference held last week at SMUD promoting the use of electric vehicles, which have now been tested in 20 sites throughout the country. He said Sacramento was a progressive city, leading the way along with Phoenix, AZ and some areas in southern California. Councilmember Waters was in agreement.

- 7.4 Councilmember Pannell reported that he had attended the graduation at Meadowview for the 15 students who were involved in the ROP program. He was enthusiastic about the results, saying that half of the graduates would be working on the Federal Building, with good jobs and good opportunities, and felt that it was a productive partnership.

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8.0 CLOSED SESSION

None

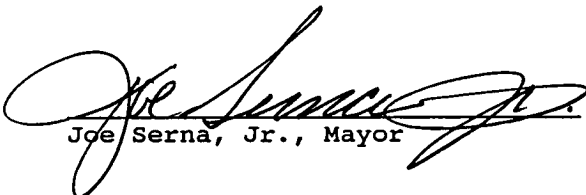
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There being no further business to come before the City Council, the meeting was adjourned at the hour of 3:06 p.m., in memory of Police Officer James King.

Submitted


Valerie A. Burrowes, City Clerk

Approved


Joe Serna, Jr., Mayor

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REGULAR MEETING

FEBRUARY 6, 1996

CALL TO ORDER

The Regular Meeting of the Sacramento City Council was called to order by Mayor Serna at 7:00 p.m. on the above date in the City Council Chamber located at 915 I Street.

ROLL CALL

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

Absent: None

PLEDGE OF ALLEGIANCE was led by visiting Boy Scout troops

9.0 SPECIAL PRESENTATIONS/GENERAL COMMUNICATIONS

9.1 "Hang In There" recognition of 'The Food Depot'

Mayor Serna presented the resolution to Bill Lipe, owner of the Food Depot.

9.2 Recognition of Outstanding Citizenship and activities enhancing community betterment: City Planning Commission, William R. Walker; and Meadowview Development Committee, Newton Steve Ekpo.

The certificates of appreciation were presented by Mayor Serna.

10.0 PUBLIC HEARINGS

None

11.0 STAFF REPORTS [ECONOMIC DEVELOPMENT ISSUES]

11.1 SACTO Quarterly Report [oral report] (D-All)

Al Gianini, SACTO Director, gave a brief report. He announced that SACTO's annual mixer would be held at the SMUD Customer Service Center on February 28, 1996. April 16, 1996 was the annual plant tour. This

year they would be visiting the Coca Cola facility in Natomas.

Mr. Gianini informed the Council of two current projects. SACTO would be running a year-long advertising campaign showing the successful food companies in the area and also a high-tech advertising campaign on the area's computer market.

Mr. Gianini stated that out-of-state inquiries had exceeded in-state inquiries again this past year.

Councilman Yee asked Mr. Gianini what prompted this change. Mr. Gianini replied there were several factors, but two particular ones were that the State of California had amended its workers' compensation laws; and the cost of doing business in neighboring states had equalized.

This information was received and filed.

11.2 Downtown Partnership status update [oral report] (D-All)

Tom Carroll said that the goals of the Partnership were to insure that the downtown area was clean, safe and revitalized. He spoke of the Partnership's litter and graffiti abatement program as well as the guide program.

Mr. Carroll said that the Partnership was planning on having the Jazz Society at the Thursday night market and other music series were being planned. He informed the Council that the children's festival would be held on the K Street Mall this year on June 1st.

Mr. Carroll spoke of business revitalization efforts and ideas which promoted focusing on the area between 7th and 13th Streets with outdoor dining and music venues. Mayor Serna recommended using the staff band from CSUS.

Mr. Carroll also spoke about bringing movie theaters to the east end of K Street to anchor that area of the downtown.

Councilwoman Ortiz spoke about having the flower vendors back in front of the cathedral on Thursday night markets.

Mayor Serna stated that Sacramento should strive to become the City of festivals.

Councilwoman Fargo requested hearing more about the Partnership's business and revitalization plans. Mr. Serna recommended agendaizing that for next month's meeting.

Tom Bright asked about the City's liability with the guide program. Mr. Carroll replied that there was no liability for the City.

This information was received and filed.

11.3 Old Sacramento Management Board status update [oral report] (D-All)

Ed Aston, Old Sacramento Management Board, informed the Council of improvements in Old Sacramento. He said the number of boating docks were being increased and maintenance in the area would be improved by

increasing refuse disposal containers.

Mr. Aston spoke about the living history program, which involved people in period costumes strolling throughout Old Sacramento. He said the Old Town merchants strongly supported the downtown partnership guides and felt they enhanced security in the area.

Mr. Aston said the "Spirit of Sacramento" vessel was currently being rebuilt and would be back in service in August. The "Matthew McKinley" would be the replacement boat in the interim.

Councilman Yee asked if there was a visitor's fee for docking in Old Sacramento. Mr. Aston replied docking was free. He added that some ships might require services which the City could charge for.

Councilwoman Fargo asked the status of the "Globe".

Mr. Aston replied it was in dry dock in Miller Park.

This information was received and filed.

NOTE: ITEMS 11.4 AND 11.5 WERE DISCUSSED TOGETHER.

11.4 Overview of Convention Center activities and business opportunities (D-1)

11.5 Convention Center Status Report (D-1)

David Martinez, Deputy City Manager, stated that the Council had authorized staff to look independently at three major issues: (1) How was the Convention Center performing; (2) What were the current and projected parking issues in the downtown area; and (3) How could the City facilitate construction of another downtown hotel.

Mr. Martinez said these three independent efforts had been brought together by the City Manager's Office to develop strategic options that could advance the effectiveness for the Convention Center and stimulate cultural and entertainment development along K Street. He said that this issue and suggested strategies were reviewed by: the Sacramento Hotel Association Board of Directors; a working group of the Convention and Visitor Bureau; the Metropolitan Chamber of Commerce; the Downtown Partnership Executive Committee; and an advisory panel of local real estate officials.

Mr. Martinez concluded by saying the only action requested by staff this evening was that Council authorize City and SHRA staff to pursue negotiations on two business proposals. Staff would return in 90-120 days with definitive development proposals and agreements for final consideration by Council.

Mr. Martinez introduced Denise Connolly from Keyser Marston Associates (KMA), a consultant hired by the City to perform an analysis of the Convention Center.

Denise Connolly presented a summary of her company's findings, conclusions and recommendations from the analysis of the market potential and financial consequences of the expansion of the Sacramento Convention Center.

Ms. Connolly stated that since the City's hotel room tax, known as transient occupancy or TOT tax, was a major source of funding for the Convention and Visitor's Fund, the City had requested an analysis of future TOT revenues as well. She noted that the operating experience from which to test the market response to the expanded facilities was extremely limited. KMA suggested that the analysis be updated after the facility expansion was fully complete, and after event planners had adequate time to respond to the new facilities, given their respective booking cycles.

Ms. Connolly said that KMA evaluated activity at the convention center in terms of eight event segments. The eight segments were divided into two groups. Group A consisted of major conventions; conventions, conferences, and seminars; and trade shows. These were the segments which traditionally had been considered the prime targets for convention center business, and the focus of the expansion efforts. Group A events had booking priority, and were usually booked two years or more in advance of the event.

Ms. Connolly said that Group B events consisted of performing arts; contemporary concerts; receptions and food functions; small meetings and other functions; and sports. With the exception of performing arts and major sports events like the Nike competition, these events were usually booked less than two years in advance, and thus had secondary booking priority to Group A events.

Ms. Connolly informed the Council that there was market opportunity for growth of both events and total revenues from the Group A event segments. However, the potential to take advantage of the market opportunity was entirely dependent on whether the supply of hotel rooms in close proximity to the Convention Center was increased either by expansion of existing properties or addition of new hotels.

According to Ms. Connolly, the addition of new hotel rooms nearby, would allow these events the potential to grow from the current level of 126 events to 190 events, thereby generating \$2.4 million in user fee revenues by FY 2004-2005. If the nearby hotel room supply was not expanded, only 36 new Group A events were projected to be captured, and the resulting growth in user fee revenues would be limited to \$692,800.

Ms. Connolly stated that there was market opportunity for growth of Group B event segments as well, but at a lower growth rate than for the Group A events. The potential for these events was relatively independent of whether or not the hotel inventory expanded, with certain exceptions. The future potential for Group B events was estimated at 541 events and \$4.5 million in user fee revenues by FY 2004-2005, compared to the current levels of 332 events and \$1.8 million in user fees.

Ms. Connolly next discussed Center-generated TOT revenues. She said these events currently generated 51,000 room nights of hotel demand. Given new additions to the nearby hotel supply, by FY 2004-2005, the Center was projected to generate nearly 207,000 room nights of hotel demand. Without new hotels, the Center was projected to generate only 146,000 room nights of hotel demand. By 2004-05 Center-generated TOT revenues were estimated to increase to \$2.4 million for new hotels.

It was a major conclusion of the analysis, Ms. Connolly said, that the available supply of hotel rooms was the key limiting condition impacting the future growth of TOT revenues. Unless the room inventory was

increased, the projected growth in demand would exceed the capacity of the existing inventory. A strong indicator of the lack of capacity in the area hotels was the current reluctance to commit room blocks to potential conventions.

Ms. Connolly projected that if new hotels were added, future city-wide TOT revenues from all sources of hotel demand would increase from the current level of \$9.5 million to \$18.4 million by FY 2004-2005. Without additional hotel rooms, the future TOT revenues would be limited to \$15.5 million.

According to Ms. Connolly, prior to the current expansion, the Convention Center facilities were operating at near capacity levels. Therefore, marketing for most of the event segments had been relatively passive. However, with the expanded facility and resultant increased marketing opportunities, a revised marketing strategy was warranted.

Mayor Serna asked why Sacramento could not handle the larger conventions. Ms. Connolly replied because of the number of hotel rooms.

Mr. Serna asked how many rooms were needed, and in what proximity to the convention center. Ms. Connolly replied a block of 3,600 rooms were needed for 75,000 square feet of convention space, or 1,200 rooms during the peak night, and the proximity should be within 6 blocks.

Councilman Kerth stated that Sacramento had that many rooms now. Ms. Connolly replied there needed to be 1200 committed or released rooms.

Councilman Steinberg clarified that there was a problem getting blocks of rooms for type A conventions. Ms. Connolly replied that was correct.

Mr. Steinberg asked if a shuttle could be used for hotels out of the downtown area. Ms. Connolly replied that would allow the City to capture a portion of the conventions; but, the City would be at a marketable disadvantage if hotels were not in close proximity to the Convention Center.

Councilman Yee asked what the optimum number of hotel rooms was for the size of the City's convention center. Ms. Connolly replied an additional 450 rooms.

Councilman Waters requested a report back on the bad quality of water at the Convention Center.

Tom Bright addressed the Council and asked about the profit/loss of the Convention Center for the past year; the cost of the consultant; the amount of money to be realized if the Center was sold; and whether the City taxed suppliers directly.

Mayor Serna stated that the City Manger's office would provide these answers to Mr. Bright.

This information was received and filed.

- 11.6 Downtown Hotel Development Opportunities; Negotiation with Hilton Hotels and Lankford and Taylor; and six-month suspension of other agency hotel negotiations. (D-1)

Gene Masuda, SHRA Downtown Development Director, stated that the Redevelopment Agency had conceptually approved a policy for development of downtown hotels which required some form of public assistance. Agency staff was recommending formal adoption of the Downtown Hotel Policy by Council.

Mr. Masuda said that since December, 1995, Agency staff had received four downtown convention-oriented hotel proposals in various stages of development: two submissions from the Hilton Hotels Corporation and McCuen Properties, one from Lankford and Taylor, and one from Ravel Properties. Each proposal varied as to hotel product type and amount/form of requested public assistance.

Mr. Masuda told the Council that Agency and City staff had evaluated each proposal and were recommending that the Agency and the City enter into negotiations with Hilton Hotels Corporation and McCuen Properties on City property at 13th and J streets, and with Lankford and Taylor on 13th and K streets.

According to Mr. Masuda, the project concept by Hilton would involve the purchase and adaptive reuse of all or a portion of parking lot E, located at 13th and J streets, resulting in construction of a 400-500 room convention-oriented hotel. This proposal might require the use of a portion of the tax increment revenues generated by the project, but did not require an out-of-pocket cash subsidy from the City.

Mr. Masuda said the City would retain a consultant (HVC) to assist with the negotiations with Hilton to determine if the City was receiving appropriate payment for the property, and to determine if the Agency was providing an appropriate level of tax increment for the project. Negotiations would provide for construction of replacement parking near or adjacent to the Lot E site, pending the outcome of the parking study being completed by Public Works.

As part of the final approval, Mr. Masuda said Hilton would be required to assist in retail tenant relocation and placement of City parking garage employees; endeavor to use local firms in design and construction; construct the project with prevailing wages and comply with City M/WBE requirements; cooperate with Convention Center staff in marketing and booking conventions; and maintain the parking lot in good condition and operate it as a public garage which was open concurrent with events at the Convention Center.

According to Mr. Masuda, Lankford and Taylor's project included 200,000 square feet of office space; a 2,000 seat, 9-screen theater complex using the existing Esquire facade; ground floor retail; several improvements to the public space on K Street and between 13th and 12th streets; and a potential hotel component of up to 250 rooms. The hotel component was dependent upon the outcome and size of the proposed Hilton Hotels.

Mr. Masuda said the Lankford and Taylor project might require the use of a portion of the tax increment financing generated by the project and potential outlay for development of the cinema complex and related streetscape improvements. He said the Agency would retain a consultant to assist with the negotiations to determine if the Agency was providing an appropriate level of tax increment for the project. If the project was approved, Lankford and Taylor would be required to: endeavor to use local firms in design and construction; construct the project with prevailing wages and comply with City M/WBE requirements; and allow

parking to be used during evening and weekends.

Mr. Masuda discussed the benefits of the projects to include \$923,000 in TOT annually; property taxes in excess of \$1.1 million; additional sales tax; approximately 200-300 construction jobs, and 375 permanent jobs; and the ability for the City to be competitive when bidding on conventions. He said this was a very aggressive strategy, and the goal was to do both projects simultaneously.

Gary Francois, from Lankford and Taylor, stated that he believed their proposed hotel would be a great benefit to the Convention Center.

Mayor Serna said that the City would like to see the proposed number of rooms increased beyond 250 rooms. Mr Francois replied that his organization would do an economic study to determine the feasibility of building more rooms. He thanked the Council and staff for their consideration of this project.

David Taylor of Lankford and Taylor, stated that they had committed their financial resources to this project.

Mr. Serna stated that he had some concerns about the project. He said the City was not willing to commit to long-term subsidies. In addition, design and replacement parking were two issues that needed to be discussed.

Councilman Waters asked if Hilton Hotel backed out of the proposal would the City still continue with Lankford and Taylor. Mr. Masuda replied that was correct.

Councilwoman Fargo thanked staff for their work on these projects. She said the four areas of concerns that she wanted discussed in negotiations were: subsidy; blocking the hotel rooms for conventions; parking; and design.

Councilman Steinberg asked if a cinema was a good investment.

Bill Farley, Economic Development Manager, stated that staff's preliminary analysis showed that it would be.

Councilwoman Ortiz asked about the loss of revenue from giving up the parking garage.

Mr. Farley replied that only a portion of the garage would be sold. He predicted a loss of revenue of approximately \$100,000 - \$400,000 per year.

Councilman Kerth said that he felt the room block issue was very important.

Mayor Serna stated for the record that the \$14 million investment made by the City for the Hilton Hotel had been completely recovered.

Public Testimony:

Lee Adler, Sacramento Hotel Association, spoke in support of staff's recommendations. He commended Bill Farley and the SHRA staff who had worked on this project.

Tom Farrell, Metropolitan Chamber of Commerce, spoke in support of the project and recommended that the shuttle service be given serious consideration.

Tom Carroll, Downtown Partnership, and Moe Mohanna spoke in favor of the projects.

A motion was made by Councilmember Fargo, seconded by Councilmember Steinberg, to adopt Redevelopment Agency Resolutions 96-004 and 96-005 and City Resolutions 96-060 and 96-061 related to the downtown hotel development opportunities. The motion carried with a 9-0 roll call vote.

REDEVELOPMENT AGENCY RESOLUTION NO. 96-004

DOWNTOWN DEVELOPMENT OPPORTUNITIES: ADOPTION OF HOTEL POLICY; NEGOTIATION WITH LANKFORD AND TAYLOR; AND SIX-MONTH SUSPENSION OF HOTEL NEGOTIATIONS AT SITES OTHER THAN THE NORTHWEST CORNERS OF 13TH AND J STREETS

REDEVELOPMENT AGENCY RESOLUTION NO. 96-005

DOWNTOWN DEVELOPMENT OPPORTUNITIES: ADOPTION OF HOTEL POLICY; NEGOTIATION WITH HILTON HOTELS CORPORATION AND MCCUEN PROPERTIES; AND SIX-MONTH SUSPENSION OF HOTEL NEGOTIATIONS AT SITES OTHER THAN THE NORTHWEST CORNERS OF 13TH AND J STREETS

RESOLUTION NO. 96-060

DOWNTOWN DEVELOPMENT OPPORTUNITIES: ADOPTION OF HOTEL POLICY AND NEGOTIATION WITH HILTON HOTELS CORPORATION AND MCCUEN PROPERTIES

RESOLUTION NO. 96-061

DOWNTOWN DEVELOPMENT OPPORTUNITIES: ADOPTION OF HOTEL POLICY AND NEGOTIATION WITH LANKFORD & TAYLOR

12.0 S.H.R.A.

None

13.0 CITIZENS ADDRESSING COUNCIL AGENCY OR AUTHORITIES BY PERSONAL APPEARANCE OR TELEPHONICALLY ON MATTERS NOT ON THE AGENDA

13.1 Christine Bish, with Californians for Educational Freedom, encouraged Council members to contact her personally for information on the issue of government vouchers for private education.

13.2 Greg called in to inform the Council of the blighted condition of the levees along the River in Mr. Yee's district. He said they were full of trash and bottles, and at times people smoking marijuana congregated there.


14.0 COUNCIL IDEAS AND QUESTIONS

- 14.1 Mayor Serna requested the City Manager to send Mr. Bright all the relative information that he had requested on the Convention Center.
- 14.2 Councilman Waters recommended placing a sign at handicapped parking spaces and the areas next to them stating the fine.
- 14.3 Councilman Yee requested a report back on the City's contract with the Detox Center as it related to the transportation of inebriated individuals.
- 14.4 Councilman Kerth requested a report back on how the City could be involved in discussions the County had with the State related to the establishment of half-way houses for parolees on the basis of need.
- 14.5 Councilman Cohn discussed the paroling of the levees in his district , and the work being done to one of them. He informed his constituents that there was no immediate danger of flooding. He also requested that staff meet with SAFCA and other agencies to move up the time frame for repairs to the levees.
- 14.6 Councilman Pannell requested that a schedule for meetings in the neighborhood be established.
- 14.7 Councilman Pannell requested that staff agendize for discussion the establishment of a probation team that would take a proactive role in fighting crime in the City.

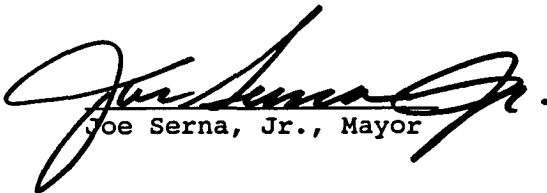
15.0 ANNOUNCEMENTS

ADJOURNMENT - There being no further business to come before the Council, the meeting was adjourned at 10:30 p.m. in memory of Officer James King

Submitted


Valerie A. Burrowes, City Clerk

Approved


Joe Serna, Jr., Mayor