

APPROVED
BY THE CITY COUNCIL

JAN 27 1998

OFFICE OF THE
CITY CLERK



43

OFFICE OF THE
CITY MANAGER

CITY OF SACRAMENTO
CALIFORNIA

CITY HALL
ROOM 101
915 I STREET
SACRAMENTO, CA
95814-2684

PH 916-264-5704
FAX 916-264-7618
TDD (ONLY) 916-264-7227

January 14, 1998

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: Old Sacramento Waterfront Restaurant Negotiations

LOCATION AND COUNCIL DISTRICT: Old Sacramento, District 1

RECOMMENDATION

- 1) Approve intention to negotiate without bids for two waterfront restaurant developments in Old Sacramento;
- 2) Direct City Clerk to publish the notice of intention to lease without bids at least once prior to the granting of the lease.
- 3) Authorize staff to negotiate lease for new restaurant with the owner/developer of Rio City Cafe.
- 4) Authorize staff to negotiate with two development teams for a new restaurant development on a site south of Rio City Cafe. Staff will return to Council after 45 days for selection of development team and authorization to negotiate lease.

CONTACT PERSON: Kristan Otto, Development Manager, 264-7948

FOR COUNCIL MEETING OF: January 27, 1998

SUMMARY

This report provides information about three restaurant development proposals that have been received for the Old Sacramento waterfront. Staff recommends commencement of negotiations with all three proponents without a formal bid process.

BACKGROUND INFORMATION

In the last two months, staff has received three letters of interest from restaurant developers/operators for two sites on the Sacramento waterfront.

1) Rio City Cafe - Request for Expansion

The owner/operator has expressed interest in expanding the existing restaurant operations to include a new restaurant. Expansion will include, in large part, an area just north of the existing restaurant, which is currently leased by the operator. The additional area requested will include the wharf area to the north of the existing building to almost K Street and the area of the river formally occupied by the Globe for outdoor dining. See Exhibit 1.

2) South of Rio City Cafe

Two restaurant developers/operators, independent of each other and without solicitation by the City, have expressed interest in a waterfront location just south of Rio City Cafe, north of the Tower Bridge. See Exhibit 1. Both restaurant teams are well known, have strong financial backing and several waterfront locations across the country.

Permit Process

In both cases, the proponents have expressed a strong interest in being under construction by late this summer. An extensive federal permitting process is required in both of the cases above to allow construction (piles) in the waterway. The development window for driving piles is from August 1 to November 30. Other permitting issues will include historic preservation of the Old Sacramento District and mitigation of impacts to riparian habitat. Applications for both sites will be submitted concurrently.

Coordination will be necessary with several internal and external organizations/agencies, including but not limited to: Old Sacramento Management Board, Old Sac Merchants Association, State Railroad Museum, State Historical Preservation Office, History and Science Commission, Department of Fish and Game, Reclamation Board.

Both restaurant sites will include an area over the river for outside dining that will encompass a portion of the river that is State property. The City currently has a Master lease with the State Lands Commission for that part of the riverfront. City will need to execute an agreement with State Lands for a consent to lease to the restaurant operator.

Proposed Negotiation Process

Given the success of the existing Rio City Cafe Operations and their existing lease for a large portion of the needed space, staff finds that the formal bid procedure is inappropriate. Staff proposes to exclusively negotiate with the existing owner/operator of Rio City for an additional restaurant on the site.

On the site south of Rio City, staff finds that both restaurant development teams are uniquely qualified and desirable for the proposed waterfront location. Staff does not believe an extended public bid process would yield a significantly greater number of quality responses. Staff believes it is in the best interest of the City to negotiate with both development teams over the next forty-five (45) day period to further refine the proposals and the lease terms. Upon completion of the forty five days, one development team will be selected to continue into final lease negotiations.

Staff will negotiate a ground lease which will require the restaurant developer to construct the restaurant and related improvements. At the end of the lease term or in case of default, the City would own the building and improvements. Staff will return to City Council for approval of the leases.

FINANCIAL CONSIDERATIONS

During negotiations, any expenditures of staff time and/or professional services for coordination or permitting will be within the existing budget of the Downtown Department.

POLICY CONSIDERATIONS

This report requests authority to negotiate without bids according to Section 12.02.073 of the City Code. In the Rio City case, staff finds that special circumstances exist that would make the use of the bid procedure inappropriate (Subsection G). For the site south of Rio City, staff proposed a ground lease for a term in excess of twenty years where the lessee, as a condition of the lease, will be required to construct facilities on the leased premises having a value in excess of one hundred thousand dollars, and these facilities will become the property of the city upon termination of the lease (Subsection C).

ENVIRONMENTAL CONSIDERATIONS

None required for authorization to negotiate.

MBE/WBE

Rio City Cafe is a certified minority-owned business.

Respectfully submitted



Thomas V. Lee
Deputy City Manager

RECOMMENDATION APPROVED:



William H. Edgar
City Manager

APPROVED
BY THE CITY COUNCIL

JAN 27 1998

OFFICE OF THE
CITY CLERK

RESOLUTION NO. 98-033

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

**RESOLUTION GIVING NOTICE OF INTENTION TO NEGOTIATE LEASES FOR
WATERFRONT RESTAURANT DEVELOPMENT WITHOUT BIDS
AND
AUTHORIZING NEGOTIATIONS OF LEASES FOR TWO RESTAURANT DEVELOPMENTS
ON THE OLD SACRAMENTO WATERFRONT**

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

- 1) Intention to negotiate without bids for two waterfront restaurant developments in Old Sacramento is approved;
- 2) City Clerk is directed to publish the notice of intention to lease without bids at least once prior to the granting of the lease.
- 3) Staff is authorized to negotiate lease for new restaurant with the owner/developer of Rio City Cafe.
- 4) Authorize staff to negotiate with two development teams for a new restaurant development on a site south of Rio City Cafe. Staff will return to Council after 45 days for selection of one of the development teams and authorization to negotiate lease.

MAYOR

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

4

Item 4.3

Proposed New Restaurants

Sacramento River

