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FROM CONTINUED
TO ~~7.1.97 2:00 PM~~
~~7.29.97 7:00 PM~~

June 18, 1997

Redevelopment Agency of the
City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: PREDEVELOPMENT AGREEMENT WITH THE BOYS AND
GIRLS CLUBS OF GREATER SACRAMENTO FOR A
NEIGHBORHOOD CENTER IN ALKALI FLAT

LOCATION AND COUNCIL DISTRICT

Northwest corner of 12th and G streets, Alkali Flat Redevelopment Area, District 1.

RECOMMENDATION

Staff recommends approval of the attached resolution authorizing the Executive Director to:

- enter into a predevelopment agreement with the Boys and Girls Club to provide \$200,000 for predevelopment expenses including site planning and floor plans, elevations, construction drawings, cost estimates, renderings necessary for fundraising, and other planning and environmental costs;
- begin negotiations to transfer the Agency-owned property at 1117 G Street to the Boys and Girls Clubs of Greater Sacramento.
- transfer of \$200,000 from the Alkali Flat Community Center Project to the Alkali Flat Boys and Girls Club project.

CONTACT PERSON

John Dangberg, Director, Community Development Department,
440-1357

FOR COUNCIL MEETING OF

July 1, 1997

SACRAMENTO HOUSING & REDEVELOPMENT AGENCY

Redevelopment Agency of the
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SUMMARY

This report requests authorization to enter into a predevelopment agreement for the development of a Boys and Girls Club in Alkali Flat and to provide predevelopment funding for architectural and planning activities including a contingency for additional planning studies if needed.

For further detailed information refer to the following attachments:

Attachment I- Statement of Physical and Economic Distress
Attachment II-Boys and Girls Club Mission Statement
Attachment III-Subject Site Map
Attachment IV-Center Schematic Designs
Attachment V-Boys and Girls Club Dedication Opportunities

PROJECT AREA COMMITTEE (PAC) ACTION

At its special meeting of June 16, 1997, the Alkali Flat Project Area Committee (PAC) voted to adopt a motion recommending the actions described in this staff report.

The votes were as follows:

AYES:	Bustamante, Camacho, Cabrera, Cervantes, Condon, Hansen, Owen, Parra, Valdez
NOES:	None
ABSTENTION:	Booher
ABSENT:	Delgado, Glauz, Miller

COMMISSION ACTION

At its regular meeting of June 18, 1997, the Sacramento Housing and Redevelopment Commission recommended approval of the attached resolution (s). The vote was as follows:

AYES:	Amundson, Cespedes, Dobbins, Hoag, Holloway, Newsome, Rotz, Simon, Taylor, Harland
NOES:	None
ABSENT:	Castello

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BACKGROUND

Needs and Purposes

It has long been a desire of the Alkali Flat neighborhood and adjacent central city neighborhoods to have a neighborhood center to serve the children of the Central City. A needs analysis conducted by both the City of Sacramento and the Boys and Girls Clubs of Greater Sacramento, found a critical need for drop-in services for youth in the Central City. Within a one mile radius of the Alkali Flat site there are over 4,500 youth within the 6-18 year age grouping. The facilities available to serve this youthful population are inadequate. In order to provide a facility, the Alkali Flat Project Area Committee and the City Council have allocated a total of \$1.3 million in Alkali Flat Tax Increment funds over the past several years.

Agency and City staff have been working with the Boys and Girls Club of Greater Sacramento to bring a neighborhood center to Alkali Flat. The neighborhood center will provide stability, a safe environment, counseling, mentoring and tutoring to the high percentage of disadvantaged children in the neighborhood. The focus and philosophy will be to boost the child's self esteem and self worth with the ultimate intention of breaking the poverty cycle, lowering the juvenile crime rate and vandalism, providing a safe haven for children and an alternative to gangs.

The Proposed Project

Approximately eighteen months ago, the Boys and Girls Clubs of Greater Sacramento was approached as a potential operator of the proposed Alkali Flat Neighborhood Center. The Boys and Girls Club was desired because of their tremendous success throughout the nation operating multi-purpose youth centers. The Boys and Girls Club is the fastest growing youth organization in the country. They provide at risk and inner city youth with activities and enrichment programs which promote self esteem, a sense of belonging and a desire to succeed. The club focuses on six specific areas of youth development: health education, social recreation, physical education, citizenship and leadership, cultural development, and an educational and tutoring program. (Refer to the Attachment II: Mission Statement, Boys and Girls Club.) The Club operates a facility based program with a prescribed layout designed for maximum supervision and visibility. The Club is open to all youth from 6-18 years of age for a nominal rate of \$12 per year.

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In the local vicinity, the Boys and Girls Club currently operates successful clubs in Lodi, Tracy and Stockton. In Sacramento, they currently operate programs at the Fruitridge Community Center while awaiting sufficient donations for the construction of a South Sacramento club on Lemon Hill Road in the Fruitridge area. The program opened at the Fruitridge Center in July 1996 with ten members and has since grown to over 350 members with average daily attendance of sixty young people per day. The Alkali Flat Neighborhood Center will be a second Sacramento club; fundraising will run concurrently for both clubs.

The proposed Alkali Flat facility will provide recreation and education services for Central City youth between 6-18 years of age. The Center is anticipated to reach 1,500 boys and girls in the Central City area within this age group. The Center will be open for community use Monday through Friday until 3:00 pm when the Boys and Girls Club will open. On weekends, the Center will be open for special events and activities and for field trips. The City of Sacramento will be able to operate programs out of the center during non-club hours as well. The Center will be designed as a multi-use facility and will include a gymnasium, activities center, computer center/class room, multi-purpose room, an arts center, a teen room, a junior member room and a full kitchen. An Alkali Flat Advisory Board will oversee the use of the Center and will make recommendations to the full Boys and Girls Club Corporate Board. In addition, the Alkali Flat Advisory Board will also appoint a person to serve as an ex-officio member on the Boys and Girls Club Corporate Board.

Site

After studying the vacant sites in the area, the site preferred by the community and the site chosen through a professional feasibility study is the Agency-owned property at the northwest corner of 12th and G street (Attachment III: site map). The site which is approximately .7 acre will accommodate a center with a gross floor area of 17,780 square feet and 30 parking spaces. The site is preferred because of its size and rectangular shape and proximity to light rail and bus service. Staff recommends that the Agency-owned site be provided to the Boys and Girls Clubs of Greater Sacramento at no cost. The property disposition and development agreement (DDA) will be brought to the Redevelopment Agency at a later date.

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The Center

The interior design is modeled after other Boys and Girls Clubs and incorporates design suggestions from the Alkali Flat Project Area Committee (PAC). The design incorporates two classrooms and a library, provides maximum security for the children, and facilitates supervised activities. The schematic design for the exterior of the building has been preliminarily approved by the Alkali Flat PAC (Attachment IV). The project is calendered for approval by the Design Review and Preservation Board on July 16, 1997.

Financing

The development costs are as follows:

Land	\$ 0
Construction	\$ 1,550,000
Furnishings and Equipment	\$ 100,000
Architectural and Engineering Service	\$ 100,000
Permits and Fees	\$ 100,000
Contingency	\$ 150,000
Total Development Cost	\$ 2,000,000

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The proposed sources of funding are as follows:

Category	Amount	Source
Lead Contribution:	\$1.3 million	*Alkali Flat Tax Increment
Major Gifts:	1 @ \$150,000	Corporate Donation
	1 @ \$100,000	Corporate Donation
	2 @ \$ 75,000	Corporate Donation
	2 @ \$ 50,000	Corporate/Business Donation
	4 @ \$25,000	Corporate/Business Donation
Community Gifts	\$100-15,000 totaling \$100,000	Private Donations
Total Sources	\$2,000,000	

*This report recommends Agency funding of predevelopment costs of \$200,000. The balance of the \$1.3 million in Alkali Flat Tax Increment allocated for this project will be included in the terms of the Disposition and Development Agreement to be brought forward at a later date.

Fundraising Efforts

The total project costs including construction, soft costs, furnishings and equipment is \$2,000,000. In addition, three years operational funding totaling \$760,320 (\$253,440 per year) must be secured prior to opening. The gap between the available Agency funding of \$1,300,000 and the total cost for construction and operation will be funded through private donations and in-kind contributions. (Attachment V: Dédication opportunities.) Because of the successful history of the Boys and Girls clubs and the existing partnerships between the Agency, the City of Sacramento, the Alkali Flat Project Area Committee and Boys and Girls Clubs, it is expected that fundraising efforts will be fully successful in the near term. A fundraising committee has been established and is planning a marketing strategy. Local businesses have already pledged their support of the project and are considering donation opportunities. Ground breaking will not occur until all of the funds have been raised.

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Predevelopment Agreement

This staff report recommends Agency funding of all costs associated with predevelopment. These costs include architectural work including a full cost analysis; colored renderings for use in fundraising; construction drawings which will be necessary to secure building permits; planning and permitting costs; and the preparation of necessary environmental documentation. It is estimated that the cost of these items total \$200,000.

The Agency will monitor all architectural work and assist in the review of construction drawings and predevelopment payments. Any funding remaining from the predevelopment costs will be returned to the Alkali Flat Neighborhood Center account to be applied towards construction of the building. All items produced will remain the property of the Agency.

Public Process

The Alkali Flat PAC has been meeting regularly with various Boys and Girls Club board members and with the President of the Boys and Girls Clubs of Greater Sacramento to discuss neighborhood issues, programming and design of the Center. On May 21, 1997 the PAC approved the special permit, the variance to reduce the front setback, and the waiver of a masonry wall. This meeting was posted and flyers were distributed throughout the neighborhood. On May 19, 1997, City Neighborhood Services presented the special permit and the two variances to the City of Sacramento Area 1 Neighborhood Association Advisory Group who all had favorable comments regarding the development of the Alkali Flat Boys and Girls Club/Neighborhood Center.

FINANCIAL CONSIDERATIONS

The actions recommended in this report will be funded from currently available Alkali Flat tax increment funds. Total predevelopment costs shall not exceed \$200,000. Any savings incurred will be returned to the Alkali Flat Community Center fund. The attached resolution authorizes the transfer of \$200,000 of 1993 Alkali Flat TARB tax exempt funds originally allocated to the Alkali Flat Community Center Project to the Alkali Flat Boys and Girls Club Project.

POLICY CONSIDERATIONS

The actions proposed in the staff report are consistent with the goals as set forth in the Alkali Flat Redevelopment Plan, the Alkali Flat Implementation Plan, and past Alkali Flat revitalization strategies.

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ENVIRONMENTAL REVIEW

The proposed actions authorized in this report are in furtherance of the Alkali Flat Redevelopment Plan as amended. Per CEQA Guidelines Sections 15180, 15162, and 15163, planning activities for the potential development of neighborhood centers and actions to eliminate blight and provide for redevelopment opportunities were deemed approved at the time of adoption of the redevelopment plan. The proposed actions do not commit the Agency to a definite course of action since they are expressly made contingent on CEQA compliance prior to approval of a DDA or City entitlement per Agency and City environmental procedures (Stand Tall on Principals V. Shasta Union High School District (3rd Dist. 1991)235 Cal.App.3d772[1 Cal.Rptr.2d107]). No further environmental documentation is required at this time. NEPA does not apply.

M/WBE CONSIDERATIONS

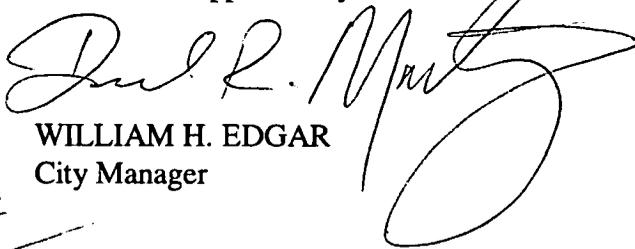
The Agency's M/WBE policy will apply to the contracts proposed in this report.

Respectfully submitted by,



THOMAS V. LEE
Executive Director

Transmittal Approved by:



WILLIAM H. EDGAR
City Manager

LOA

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RESOLUTION NO. 97-030

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF _____

**PREDEVELOPMENT AGREEMENT FOR
ALKALI FLAT BOYS AND GIRLS CLUB/ALKALI FLAT
NEIGHBORHOOD CENTER AT 1117 G STREET**

BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO:

Section 1. The Executive Director is authorized to negotiate with Boys and Girls Clubs of Greater Sacramento for disposition of Agency-owned real property at 1117 G Street, APN 002-0155-024, for development as a Boys and Girls Club and a neighborhood center.

Section 2. The Executive Director is authorized to execute a predevelopment agreement in the form on file with the Agency Clerk, subject to modifications as approved by Agency Counsel, and which shall provide for funding in an amount not to exceed \$200,000 for certain predevelopment activities.

Section 3. The Executive Director is authorized to transfer \$200,000 of 1993 Tax Allocation Revenue Bond tax-exempt funds from the Alkali Flat Community Center project to the Alkali Flat Boys and Girls Club project.

CHAIR

ATTEST:

SECRETARY

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

CITY OF SACRAMENTO STATEMENT OF PHYSICAL AND ECONOMIC DISTRESS

1. Population Density

The City of Sacramento has a population of 369,365, according to the 1990 Census figures. This represents a 34% increase from 1980 to 1990. The urbanized incorporated area of the City is approximately 98 square miles giving an overall density of 3,769 persons per square mile. The population density in the Alkali and Mansion Flat/Washington Park neighborhood is approximately 4,000 persons per square mile, just slightly higher than the citywide density.

2. Net Change in Per Capita Income, 1980 - 1990

The City's per capita income between 1980 and 1990 substantially increased from \$7,600 to \$14,087, an increase of 89%. The median household income for the City in 1980 was \$18,257, while in 1990 it is \$28,183. In the Alkali and Mansion Flat neighborhood, the median household income is approximately \$22,000, almost a quarter less than the City as a whole.

3. Percent Unemployed

In 1990, 4% of Sacramento's population was unemployed compared to 10.3% in 1979. In the Alkali/Mansion Flat neighborhoods, the unemployment percentage is 13.5%, over three times as high as the City as a whole.

4. Percent of Households without Automobiles Available

In 1990, 19,294 households or approximately 5% of the City's households were without automobiles. This percentage is three times as high in the Alkali/Mansion Flats neighborhood because of the number of low income families.

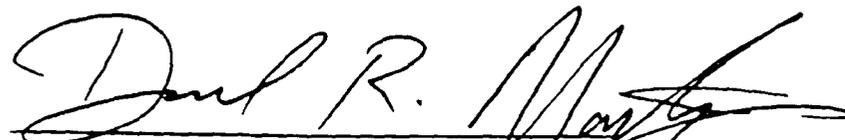
5. Total Population Under 18 Years of Age and 60 Years and Over

In 1990, 26% of the City's population was under 18, while 16% were over 60 years of age. This is compared to the Alkali/Mansion Flats neighborhood, which had 18% under 18 and 10% over 60.

6. Percent of Persons with Income Below 125% of "Poverty Level" Income

In 1990, 22% of all persons in the City of Sacramento were within the 125% of poverty guidelines. This is up from 20% in 1980. In the Alkali/Mansion Flats neighborhood, 17% of the households were within 125% of poverty.

I certify that this information is true and accurate to the best of my knowledge.


David R. Martinez, Deputy City Manager

July 1995
(10)

TOP TEN NEIGHBORHOODS BY RISK FACTORS

ZIP CODE	COUNTY CPA	CITY CPA	AREA	BIRTH RATE <18	% UNMARRIED BIRTHS	% FHH CHILDREN	PERCENT RENTER	PERCENT VACANCY	PERCENT DIVORCE	PERCENT SEPARATED	% LT/SCHL HIGH	PERCENT POVERTY	% CHILDREN POVERTY	% PUBLIC AID	PERCENT UNEMPLOY	TOTAL
95815/38	8	3	Del Paso Heights	91.2	54.5%	0.17	0.60	0.04	0.18	0.11	0.49	0.38	0.57	0.43	0.17	1
95817	15	8	Oak Park	54.7	61.9%	0.20	0.59	0.08	0.15	0.12	0.36	0.33	0.51	0.36	0.12	2
95817	15	7	Oak Park	49.9	51.0%	0.19	0.70	0.07	0.11	0.11	0.36	0.40	0.58	0.41	0.15	3
95820	15	7	Oak Park	50.2	47.9%	0.17	0.61	0.06	0.10	0.08	0.54	0.51	0.69	0.41	0.20	4
95815	8	3	North Sacramento/Moral	132.5	46.2%	0.12	0.57	0.05	0.18	0.12	0.34	0.29	0.57	0.30	0.08	5
13	6	6	Alkali Flat	43.0	53.8%	0.10	0.88	0.09	0.15	0.08	0.31	0.29	0.48	0.25	0.11	6
95823	16	9	So Sacramento/Parkway	59.8	49.0%	0.17	0.62	0.05	0.12	0.07	0.40	0.35	0.52	0.26	0.12	7
95823	16	9	So Sacramento/Parkway	69.9	46.9%	0.19	0.51	0.07	0.13	0.09	0.33	0.30	0.47	0.24	0.15	8
95838	8	3	Del Paso Heights	59.3	46.7%	0.18	0.48	0.10	0.16	0.04	0.46	0.25	0.35	0.36	0.18	9
95814	13	6				0.24	0.90	0.04	0.23	0.18	0.46	0.56	0.70	0.61	0.58	10

KEY
Birth Rate < 18: Mothers Under 18 years
% Unmarried Births: Percent of Births to Unmarried Mothers
% FHH: Percent of Households Headed by a Single Mother with Children Under 18 Years
Percent Renter: Percent of Households Renter Occupied
Percent Vacancy: Percent of Housing Vacant
Percent Divorce: Percent of Adults Divorced
Separated: Percent of Adults Separated
% LT/SCHL: Percent of Persons 18 years and Over Not Completing High School
Percent Poverty: Poverty Rate
% Children Poverty: Child Poverty Rate
% Public Aid: Percent of Households Receiving Public Assistance
Percent Unemploy: Unemployment Rate

MISSION STATEMENT

The mission of the Boys & Girls Clubs of Greater Sacramento is to provide safe places for youth of all backgrounds to become responsible and productive adults and leaders. The Clubs provide positive alternatives, promote self esteem, a sense of belonging and a desire to succeed.

A New Youth Center

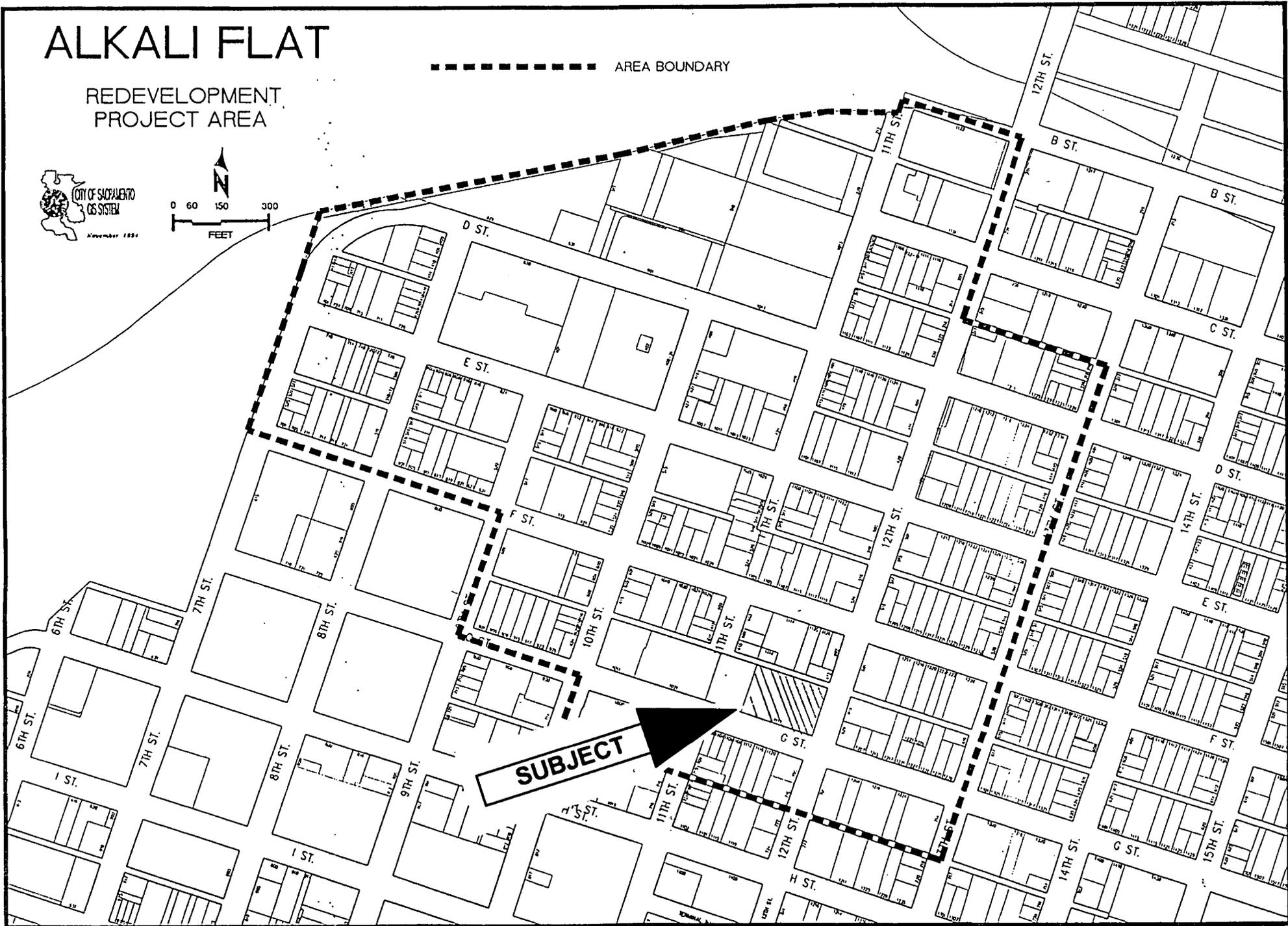
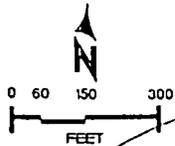
The dream is to provide a safe, welcoming place for boys and girls to participate in programs and activities which engage their interests, enhance their self-esteem, and encourage them to achieve their fullest potential. The programs and services housed will focus on youth needs: health, citizenship, education, cultural opportunities, and leisure partnerships. The facility will:

- Be a multi-purpose resource center or location where youth and families can find information about a variety of services and programs provided for youth.
- Be a place where youth can come together to socialize, learn, and have fun in a healthy, safe environment.
- Be a safe zone for youth who need counseling, are in trouble, need support groups, or a place to go on an in-service school day.
- Be a focal point where all groups, agencies and organizations can come together for the purpose of sharing information, resources, coordinating activities, developing partnerships and serving the "whole" community.
- Be a place where youth share with the community in activities and programs which affect them.

ALKALI FLAT

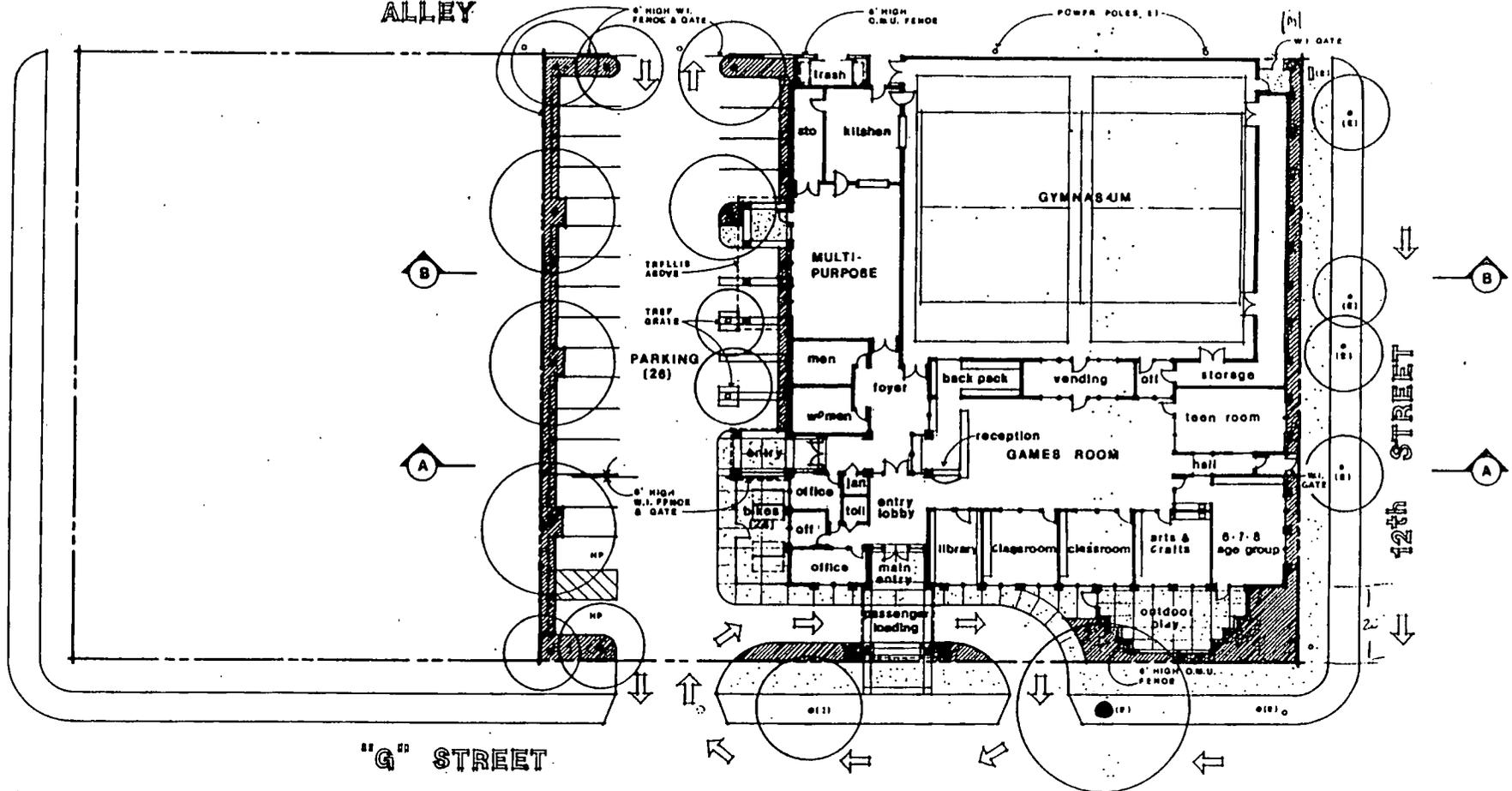
REDEVELOPMENT
PROJECT AREA

----- AREA BOUNDARY



11th STREET

ALLEY

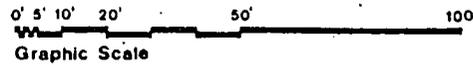


"Q" STREET

12th STREET



SITE DEVELOPMENT PLAN



gross floor area - 17,780 sf
 parking spaces - 26 stalls
 (1 stall per 684 sf)

BOYS & GIRLS CLUB
 ALKALI FLAT NEIGHBORHOOD CENTER
 12th & "Q" STREET, SACRAMENTO, CA.

SK#1

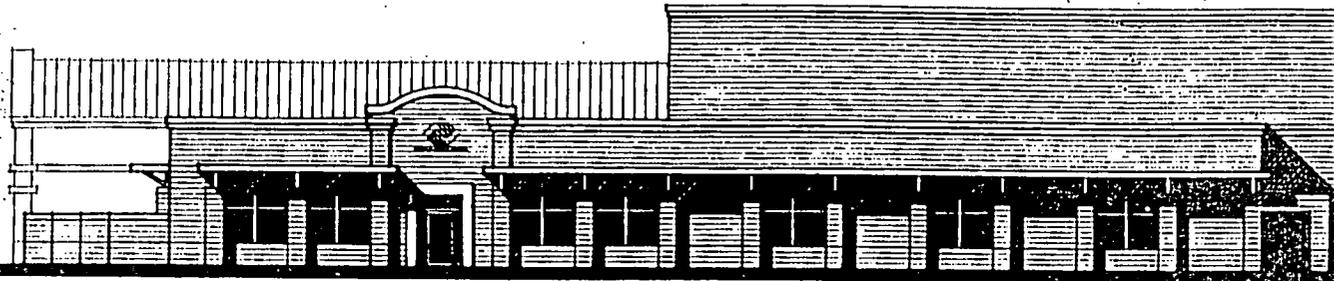


HOSHIDA & REYES
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 2420 K STREET, SUITE 210
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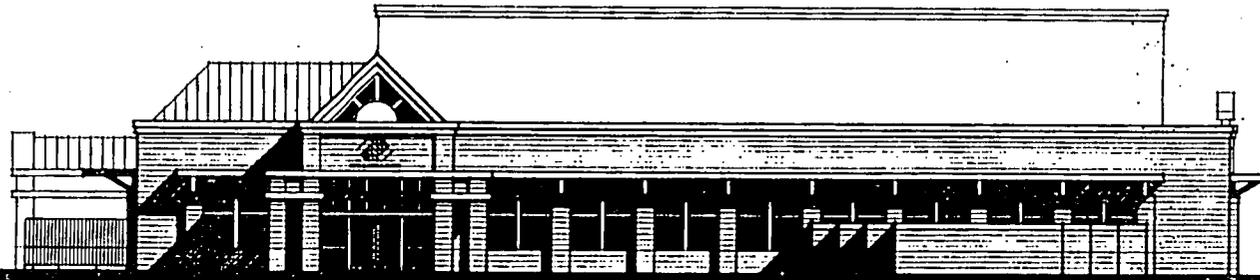
Attachment IV

REVISED

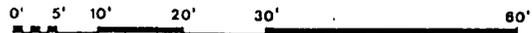
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EAST



SOUTH
EXTERIOR ELEVATIONS



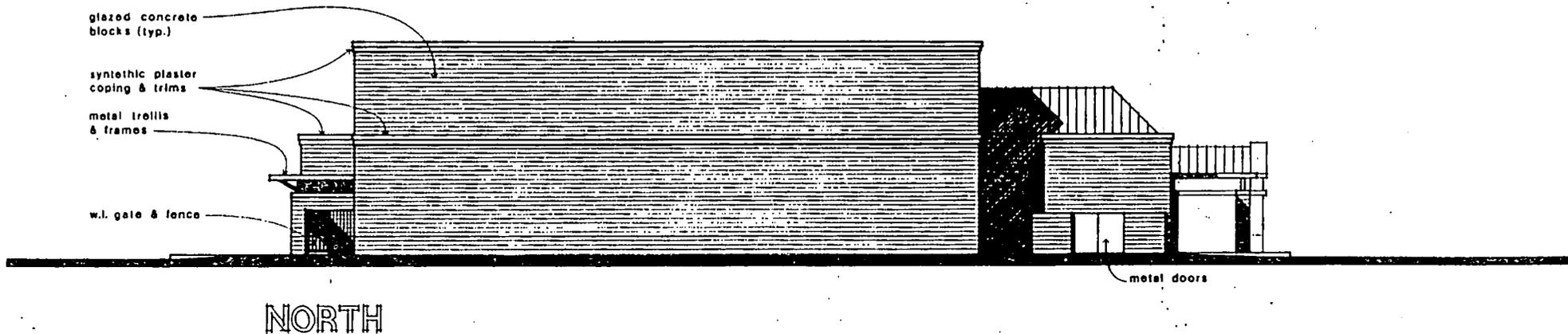
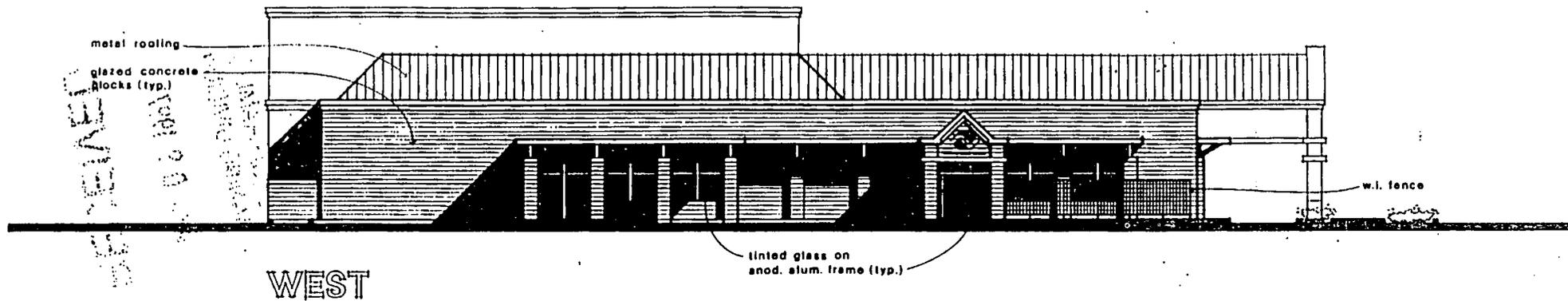
Graphic Scale

BOYS & GIRLS CLUB
ALKALI FLAT NEIGHBORHOOD CENTER
12th & "G" STREET, SACRAMENTO, CA.

SK# 2



HOSHIDA & REYLS
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EXTERIOR ELEVATIONS



Graphic Scale

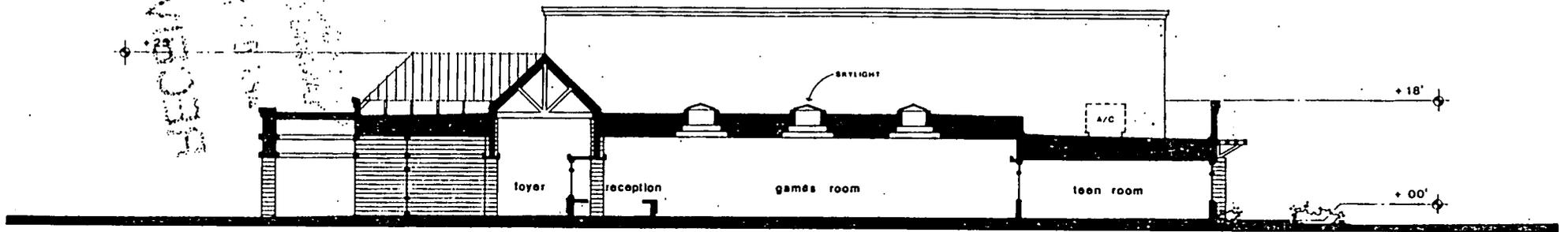
BOYS & GIRLS CLUB
 ALKALI FLAT NEIGHBORHOOD CENTER
 12th & "G" STREET, SACRAMENTO, CA.

SK# 3

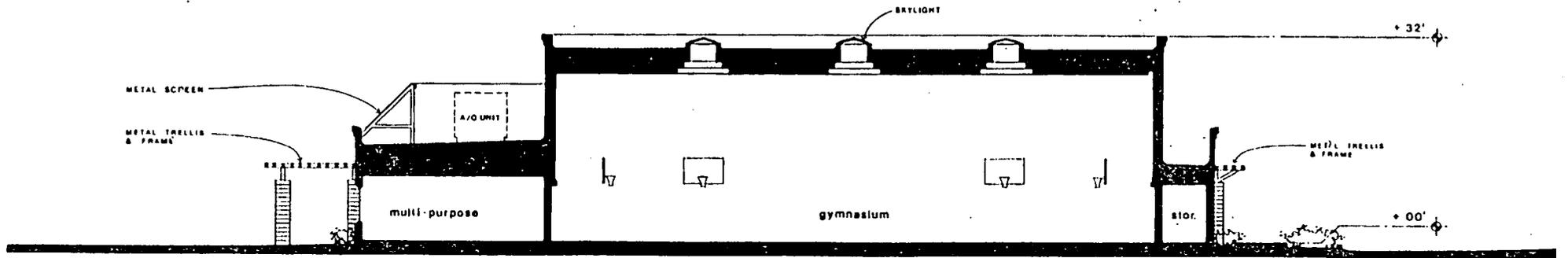


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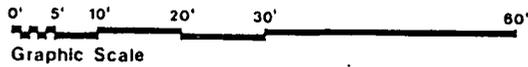
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SECTION "AA"



SECTION "BB"



BOYS & GIRLS CLUB
ALKALI FLAT NEIGHBORHOOD CENTER
12th & "G" STREET, SACRAMENTO, CA.

SK-4

 **HOSHIDA & REYES**
ARCHITECTS - PLANNERS - ENGINEERS
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Boys and Girls Clubs Greater of Sacramento Alkali Flat

Building Tributes & Dedication Opportunities

			Per Year
A.	Building Dedication COMMITTED	1,300,000	433,333
B.	Gymnasium	150,000	50,000
C.	Activities Center	100,000	33,333
D.	Computer Learning Center/Class Room	75,000	25,000
E.	Multi-purpose Community Center	75,000	25,000
F.	Health Education Room/Class Room	50,000	16,667
G.	Teen Room	50,000	16,667
H.	Arts Center Room	25,000	8,333
I.	Nutrition Center (Kitchen)	25,000	8,333
J.	Lobby	25,000	8,333
K.	Junior Member Room 6, 7, 8	25,000	8,333
L.	Weight Training Room	15,000	5,000
M.	Administrative Offices	15,000	5,000
N.	Entry Way - Main	15,000	5,000
O.	Entry Way - Side	15,000	5,000
P.	Membership Center	15,000	5,000
Q.	Donor Wall	15,000	5,000
R.	Other Gifts	10,000	3,333
	TOTAL	\$2,000,000	666,665

MEMORANDUM OF UNDERSTANDING

**CENTRAL CITY YOUTH PARTNERSHIP AGREEMENT
BETWEEN WASHINGTON NEIGHBORHOOD CENTER AND
BOYS AND GIRLS CLUB OF GREATER SACRAMENTO, INC.**

WHEREAS, the Boys and Girls Club of Greater Sacramento, Inc. ("BGC") and the Washington Neighborhood Center ("WNC") now enter this Memorandum of Understanding entitled the Central City Youth Partnership Agreement ("MOU"). The MOU is an agreement of affiliation between BGC and WNC based on a long-term lease (the material terms of which are set forth below) between the BGC and WNC for the establishment of collaborative programming.

WHEREAS, WNC has played an important role in the Sacramento community for approximately fifty years,

WHEREAS, WNC is currently in financial difficulty due to the decline of grants and donations,

WHEREAS, BGC is a new facility-based organization without a facility, and presently without funds with which to build or operate a facility,

WHEREAS, BGC has been approached by the Alkali Flat PAC to receive monies with which to partially fund a Central City Boys and Girls Club in Alkali Flats, and

WHEREAS, BGC is currently raising the remaining funds with which to build and operate a facility at Alkali Flats,

WHEREFORE, BGC and WNC understand as follows:

1. BGC will enter a fifteen-year lease with five-year options for space at 400 16th Street, Sacramento, CA., also known as the Washington Neighborhood Center. The material terms of the lease shall be as follows:

A. BGC shall lease space for its corporate offices at WNC for an all-inclusive sum of \$1,000.00 per month until its own facilities are completed. The lease amount for the first three months hereunder shall be due in lump sum (\$3,000.00) within 10 days following the City Council's approval of the Predevelopment Agreement ("PDA"). The lease amount for the second three months hereunder shall be due in lump sum (\$3,000.00) within 10 days following the City Council's approval of the Disposition and Development Agreement ("DDA"). BGC has been invited into the Central City region as a service provider under a PDA and DDA. Should either the PDA or DDA fail to be approved by the City Council, the lease shall be void and all monies paid thereunder shall be due for repayment within thirty days written notice by BGC to WNC. BGC hereby agrees to pay a prorated sum due for the amount of

time it occupies space in the WNC if either the PDA or DDA fails to win approval. Notwithstanding the above, upon the physical occupancy of the corporate offices at WNC, the lease amount shall be due on the first day of each month.

B. Following eighteen months from the date of approval of the PDA or opening for complete operation of the BGC facility at Alkali Flat, whichever is later, BGC shall lease space for programming at WNC for an all-inclusive sum of \$1,000.00 per month, payable on the first day of each month.

C. Between the date of the approval of the PDA and the date of commencement of leasing of programming space at WNC, BGC shall offer technical assistance in program development, staff training, and grant proposals.

D. Upon the opening for complete operation of the Alkali Flat facility, BGC shall allocate 10% of all non-designated monies raised at organized fundraising events for BGC programs at WNC, for the sum of 2 years of estimated programming costs, for the duration of the lease term. If 2 years programming costs are accounted for, the 10% obligation shall cease until such time as less than 2 years programming costs are held in reserve. BGC shall provide an annual accounting to WNC of the non-allocated funds it received at organized fundraising events in the period since the last disbursement.

E. WNC shall bear all costs and responsibilities of maintenance for the premises. WNC shall indemnify and hold harmless BGC for any and all claims arising BGC's presence on the facility, except for those claims due to the sole willful act or negligence of BGC. WNC shall name BGC as an additional named insured on its Commercial General Liability policy and any other policy relating to the safety of the premises. Said insurance shall be maintained current throughout the term of the lease and shall have minimum coverage for all insured of at least \$1,000,000.00 per occurrence. WNC shall provide proof of said insurance to BGC on each one-year anniversary of the lease.

F. The lease shall be void upon any of the following:

- 1) The written agreement of the parties, for any reason.

- 2) The termination of the lease by either party on the fifth and/or ten year anniversary of the date the lease is signed by both WNC and BGC. Termination shall occur upon written notice by either party to the other.

- 3) The building becomes unsafe or unfit for its intended purpose.
- 4) The City of Sacramento declines to enter the PDA or DDA with BGC.
- 5) If either party intends to use the building for purposes other than a youth development facility.
- 6) Upon WNC's breach of the provisions set forth in Part E.

2. Within thirty days of this MOU , WNC will submit a grant proposal to Sacramento Housing and Redevelopment Agency (SHRA) a grant for \$75,000.00. This sum shall represent the minimum amount WNC needs to maintain "seed programming" which will be used as the basis for future fundraising efforts and grant requests to sources in addition to SHRA.

3. BGC will immediately offer to WNC technical assistance in drafting the proposal to SHRA.

4. BGC will offer to WNC training and other information to assist WNC with its seed programming.

5. BGC will support WNC's grant proposal to SHRA for seed programming based on BGC's belief that the youth of Sacramento will benefit in the short and long-terms if WNC becomes financially stable.

6. WNC will support the Pre-development Agreement between BGC and SHRA.

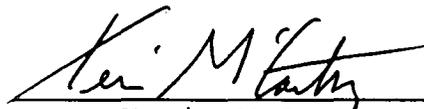
7. WNC and BGC will immediately begin to attend monthly meetings organized by the City of Sacramento of non-profit, youth development organizations located in the Central City portion of Sacramento. The purpose of the meetings will be to identify opportunities for collaborative efforts between these non-profit, youth development organizations.

8. Upon receipt of its grant from SHRA, WNC will maintain "seed programs" which will form the basis of future grant proposals.

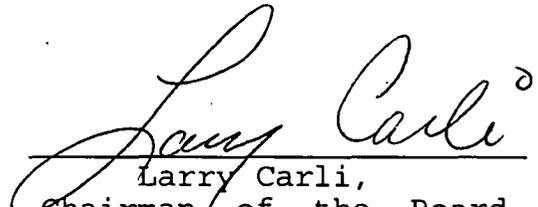
9. Based upon the good faith undertaking of items 1 through 7 herein, when the Disposition and Development Agreement ("DDA") between SHRA and BGC is being considered by the City Council, WNC will support the DDA.

IT IS SO UNDERSTOOD.

Date: 7-28-97


Kevin McCartney,
Executive Director,
Boys and Girls Club of
Greater Sacramento, Inc.

Date: 7-29-97


Larry Carli,
Chairman of the Board,
Washington Neighborhood
Center