



**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



7

September 29, 1987

Budget and Finance Committee
of the City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: Approval of a Contract between the Urban Land
Institute and the City of Sacramento for an Analysis
of the Capitol Mall Parking Site

SUMMARY

The attached report is submitted to you for review and
recommendation prior to consideration by the City Council of the
City of Sacramento.

RECOMMENDATION

The staff recommends approval of the attached resolution
authorizing the City Manager to execute a contract between the
City of Sacramento and the Urban Land Institute.

Respectfully submitted,

William H. Edgar

WILLIAM H. EDGAR
Executive Director

TRANSMITTAL TO COMMITTEE:

Jack R. Crist

JACK R. CRIST
Deputy City Manager

Attachment

00960



**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



September 23, 1987

City Council of the
City of Sacramento
Sacramento, CA 95814

Honorable Members in Session:

SUBJECT: Approval of a Contract between the Urban Land Institute and the City of Sacramento for an Analysis of the Capitol Mall Parking Site

SUMMARY

The City Council, on April 9, 1987, instructed the Redevelopment Agency of the City of Sacramento to initiate action for the development of the site presently occupied by a municipal parking garage on Capitol Mall (Lot "A", block bounded by Capitol Mall, 6th, 7th, and "L" Streets).

Because this is a prime development site, it is our belief that a professional marketing analysis needs to be performed to determine the market potential of the site, staff requires the assistance of professional consultants. This report, therefore, recommends the approval of the contract attached as Exhibit I between the City and the Urban Land Institute for the performance of a market analysis and development feasibility study.

BACKGROUND

In 1951, the City acquired eleven (11) parcels bounded by Capitol Mall, 6th, 7th, and "L" Streets for the purpose of developing off-street parking. The consolidated parcel, developed as Lot "A", is subject to the highest parking demand in the downtown area, and currently serves only hourly users. Though the 562 spaces in Lot "A" serve a decided need in the downtown, the City Council determined that the Capitol Mall property is too valuable to remain in use solely as a low-rise public parking structure.

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City Council
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Additionally, the Parking Division has recommended that structural modifications will be needed to make the garage suitable to meet long-term demands. The preliminary cost estimates for the long-term modifications were between \$1-2 million. Therefore, on April 9, 1987, the City Council instructed the Agency to initiate action to seek a developer to redevelop City Parking Lot "A".

Lot "A" is situated at a critical location in the Central Business District. It occupies a central location on Capitol Mall. It faces Plaza Towers on the west, One City Center on the east, and Weinstock's on the north. It lies adjacent to the retail core and is within six blocks of the Community/Convention Center. The light rail line stops along the lot's periphery on 7th Street. The recently adopted Urban Design Plan identifies this block as a "catalyst site" (see Exhibit II, Locational Map).

Because of the importance of the redevelopment of Lot "A" to the downtown, and at the direction of City Council, staff contacted the Urban Land Institute (ULI). The ULI is a well respected national professional organization which, among other things, performs comprehensive analyses for large development projects. For example, they recently completed a study of the appropriate location for Denver's convention center. The ULI's approach is to assemble a panel of nationally recognized developers, architects, urban economists and real estate experts to study a given issue for a brief, but intense, period of time. The panel studies the site independently, then meets with local public officials and professionals who are knowledgeable and experienced regarding development in Sacramento prior to formulating a recommendation on the best potential use of the property.

The ULI's specific task in Sacramento would be to determine what uses, including possibly office, retail, commercial, or a hotel use, is feasible on the site and in what proportion/configuration. Additionally, the ULI will be asked to recommend criteria for a development agreement which will provide the City with a long-term source of revenue, and to address the impact of site development on the parking situation in the downtown (see Exhibit III, Scope of Work).

FINANCIAL DATA

On June 9, 1987, by Resolution No. 87-037, the Redevelopment Agency allocated \$150,000 to the Lot "A" Capitol Project work program budget (Cost Center A00206). The ULI contract calls for payment of \$74,000.

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ENVIRONMENTAL REVIEW

No environmental review is required at this time since this is a feasibility study. An environmental impact report will be prepared in compliance with the California Environmental Quality Act prior to redevelopment of Lot "A".

POLICY IMPLICATION

Approval of the contract between the City and the ULI is consistent with the approved policies of the City and Agency.

VOTE AND RECOMMENDATION OF COMMISSION

At its regular meeting of September 21, 1987, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolution. The votes were as follows:

AYES: Glud, Moose, Pettit, Sanchez, Sheldon, Simon, Simpson, Wiggins,
Wooley, Yew, Amundson

NOES: None

ABSENT: None

RECOMMENDATION

The staff recommends approval of the attached resolution which authorizes the City Manager to execute a contract between the City of Sacramento and the Urban Land Institute.

Respectfully submitted,

William H. Edgar
WILLIAM H. EDGAR
Executive Director

WHE/WS:cmc

Transmittal to Council:

WALTER J. SLIPE
City Manager

Contact Person: Thomas V. Lee, 440-1355

2145J

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

AGREEMENT WITH THE URBAN LAND INSTITUTE FOR ANALYSIS OF THE CAPITOL MALL GARAGE SITE

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

Section 1: The City Manager is hereby authorized to execute the Agreement attached hereto as Exhibit "A" with the Urban Land Institute for Panel Advisory Services.

Section 2: The City Manager is further authorized to take such actions and to execute such documents as may be required to carry out the terms and provisions of the Agreement for Panel Advisory Services.

MAYOR

ATTEST:

CITY CLERK

101F
915

AGREEMENT FOR ADVISORY SERVICES

THIS AGREEMENT is entered into this _____ day of _____, 1987 by and between the CITY OF SACRAMENTO, State of California, herein called the "City," and THE URBAN LAND INSTITUTE, hereinafter called "ULI", a non-profit corporation which maintains as a part of its purposes an advisory service for the purpose of benefiting the public by better planning and utilization of urban land through rational and scientific methods.

Recitals

1. The City is involved in undertaking redevelopment activities pursuant to the California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.).

2. The City desires to engage the ULI to provide special advisory services to the Redevelopment Agency of the City of Sacramento (the "Agency") as required in connection with the redevelopment of Sacramento City Lot "A."

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. The ULI agrees to provide a Panel of less than nine (9) persons composed of members of the Institute who collectively have a varied and broad experience and knowledge applicable to the particular problems to be considered, including the planning, development and redevelopment of land and the ownership, management and financing of real property. Such Panel shall first be approved by the Agency.

2. Such Panel members will visit said City or project and the areas upon which its recommendations are sought for a period of not less than five (5) days, starting on or about October 26, 1987, during which time said Panel, directly and through its staff, will study said areas, consult with city officials and other organizations and persons familiar with the problems involved, and prepare its reports, conclusions and recommendations which will be presented to the Sponsor and its invited guests in Panel sessions at the close of the on site assignment.

3. The ULI agrees to provide the Agency with a written report of the study, its conclusions and recommendations. The Agency will be furnished 200 duplicate original copies of the report, including such exhibits as it may be necessary to augment the test. Additional copies of the report, if ordered before the termination of the Panel assignment, will be provided at the cost of printing, mailing and handling.

4. The ULI agrees to absorb the travel and living expenses of its Panel and staff while on site.

5. The Agency will furnish the Institute or its representatives and Panel, not less than 30 days in advance of the Panel meeting, 15 sets of such pertinent background data in the form of reports, plans, charts, etc., as may be presently available or readily developed for the preliminary study of the Panel prior to its inspection on site.

6. The Agency agrees to arrange insofar as possible to have appropriate persons in said City, including city officials and others, available for the purpose of consulting with and furnishing information to the Panel on specific matters relevant to the assignment as may be necessary and advisable during the period of the Panel's visit.

7. The Agency will provide conference rooms for the use of the Panel and staff during their stay and transportation to be used for any necessary inspection of said City or project areas by the Panel. The Agency further agrees to make advance arrangements for hotel accommodations for the Institute Panel and staff.

8. In return for the advice and recommendations of the Institute, the Agency agrees to pay the Institute the total sum of SEVENTY FOUR THOUSAND DOLLARS (\$74,000) of which sum SEVEN THOUSAND FOUR HUNDRED DOLLARS (\$7,400) shall be paid upon entering this agreement; THIRTY SIX THOUSAND SIX HUNDRED DOLLARS (\$36,600) shall be paid on or before the time the Panel is on site. In the event that the Agency cancels the Panel assignment, it is understood that these payments are non-refundable. The balance of THIRTY THOUSAND DOLLARS (\$30,000) shall be paid upon the conclusion of the Panel's services under this Agreement. It is understood that the foregoing payment to the Institute is to be used to support and encourage the Institute's scientific and educational programs.

9. ULI shall indemnify and hold CITY and AGENCY free and harmless from any and all claims, losses, damages, injuries and liabilities, including but not limited to all costs and fees of attorneys and litigation, arising from the death or injury of any person or persons, from the damage or destruction of any property or properties, from the violation of any laws, ordinances or codes or any other act or omission caused by, or in connection with ULI's performance of any provision of this Agreement.

10. ULI shall provide the following insurance policies which name CITY as an additional insured and provide a 30 day written notice to CITY before cancellation:

(a) General Liability. Such policy shall include, but is not limited to contractual liability, public liability, and property damage coverage with a single limit liability amount of not less than ONE MILLION DOLLARS (\$1,000,000).

(b) Automobile. If motor vehicles are used in performing services hereunder, automobile insurance coverage must be obtained with not less than THREE HUNDRED THOUSAND DOLLARS (\$300,000) single limit liability.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

CITY OF SACRAMENTO

APPROVED AS TO FORM:

City Attorney

BY

Walter J. Slipe
City Manager

APPROVED:

Finance Department

URBAN LAND INSTITUTE

Account Code: _____

Organization: _____

Cost Center: _____

BY: _____

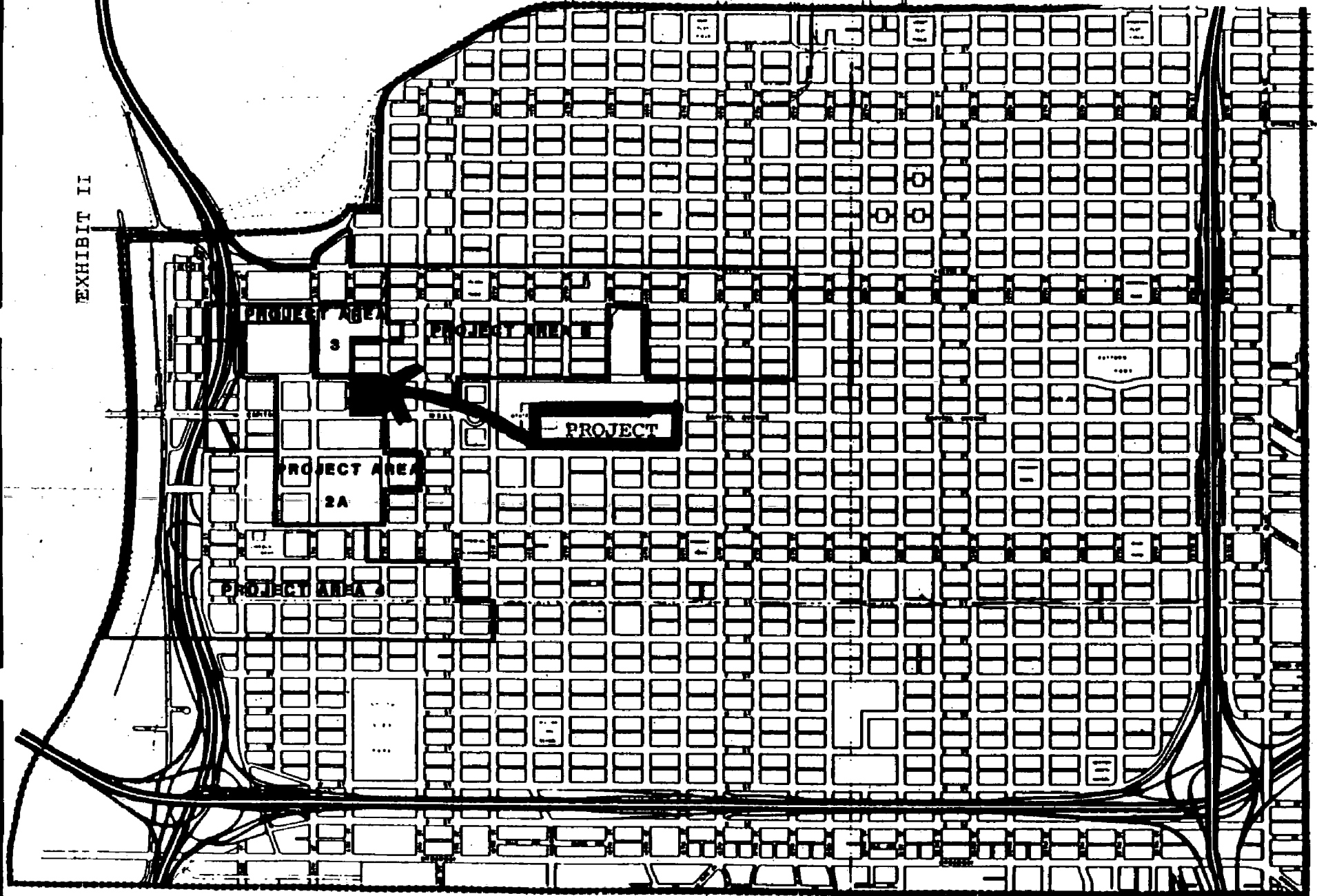
APPROVED:

Organization

Fed. Tax/ID No: _____

154WPP1(236L)

EXHIBIT II



SACRAMENTO HOUSING and REDEVELOPMENT AGENCY
DOWNTOWN REDEVELOPMENT PROJECT AREAS

Scale in Feet
North
12-76

I. Scope of Development

The Panel's Assignment.

In 1986, the Redevelopment Agency of the City of Sacramento approved and adopted a Redevelopment Plan for the central business district, a 430-acre area of downtown Sacramento that incorporates the financial district, civic center, downtown retail shopping district, office district, and waterfront recreational areas.

The project site, one square city block of 108,800 square feet, is located between 6th and 7th Streets on Capitol Mall, the premiere boulevard entrance to the city of Sacramento and the State Capitol, and a location which borders the office/financial district and the retail district. Presently, the site is a City-owned, two story parking garage with 562 public parking spaces. The City has decided to offer this site for development purposes and has requested that the Urban Land Institute (ULI) conduct a feasibility study of the development potential of the site.

The City presently receives \$419,630 (net) from the existing parking garage. This revenue increases by \pm 10% each year. Whatever development is recommended for the site, the City would like ULI to consider whether/how a similar revenue stream

directly related to parking income can continue to flow to the City and the potential for replacement of the 562 public parking spaces on site. The City wants to consider retention ownership of the land with a land lease as one development option.

The City is committed to pursuing development on this site consistent with the recently adopted Sacramento Urban Design Plan. The Plan identifies this site as a catalyst site for development.

II. Scope of Work

This Scope of Work is intended to be the basis for the provisions of technical assistance through the Urban Land Institute's Panel Advisory Service.

The purpose of this Scope of Work is to analyze the market characteristics of the surrounding area as well as the regional market for a number of potential development site uses, such as mixed use, office, retail, and hotel.

A further objective of the Scope of Work is to delineate potential uses from the market demand characteristics identified.

The ULI, under a separate Contractual Agreement with the

Redevelopment Agency of the City of Sacramento shall be compensated for the work performed under this plan.

DRAFT

The attached schedule identifies tasks, estimates time commitments and defines schedules in order to facilitate and expedite the technical assistance process.

The proposed work is to begin September 25, 1987, with a ULI site visit on October 25-30, 1987, and a final report will be completed by January 31, 1988.

The final product produced by this plan will be an Urban Land Institute Panel Advisory Service Report to which the Agency shall have access to 200 copies for the purpose of advertising the Capitol Mall Project.

As we see it, there are a number of issues which the ULI should specifically address before recommending one of four potential uses for the site. The following general questions should be addressed:

- 1) Market Demand - What is the best and highest use given the existing and projected market conditions and absorption rates for various uses?
- 2) Project Magnitude - Given the potential market, what size and intensity is best to attract tenants/users?
- 3) What impact would a land lease have upon the financing of a

proposed project?

- 4) What impact would replacement public parking have on the project from a physical and economic perspective?
- 5) Design Considerations - How will the project design relate to the important surrounding design concerns such as: Light Rail station; Downtown Plaza Mall and stores; possible street closures around the project site; Capitol Mall setback requirements?
- 6) Is financial participation on the part of the City:
a) possible; b) necessary?
- 7) Should the site be developed as one large structure or multiple structures?
- 8) Timing Considerations - Given the existing resource and projected development activity, what is the recommended time frame for implementation of the project?

Questions to be addressed as they relate to specific uses are as follows:

9) Office:

Given the existing and projected market, identify the potential users and what effect this will have on size of floors, plates, building quality and design.

10) Hotel:

Given the local market, what is the potential for a major high quality hotel on this site?

11) Retail:

If retail is recommended for the site, should it be anchor destination or service retail?

III. Schedule and Tasks

Task	Description	Schedule
NEEDS ASSESSMENT	<p>The objective of Task I is to describe the market niche and generate a set of development parameters for opportunities at 7th Street and Capitol Mall.</p>	
Material Review	<p>- Define and review the market area (regional and downtown) that could support new development.</p>	September
Market Definition	<p>Possibilities for development would include office mixed use, hotel and retail (use categories). The above would be based on a review of:</p>	October
	<p>a. Demographics to include income, population, households.</p>	1987
	<p>Establish economic base for various use categories.</p>	September
		October
		1987

Research market demand

September

October

Analysis of:

1987

absorption rates

presence of

specialized markets

analysis of existing

space

location

gross and net

areas

rent per s.f.

parking and cost

lease terms

tenant finish

allowances

building services

amenities

list of tenants

DRAFT

- review existing plans for downtown which pertain to downtown development as well as the project site. Special attention should be paid to the recently adopted Urban Design Plan.

September

October

1987

- review use categories with an objective to ascertain those that have the potential to be expanded and would need another location such as Capitol Mall.

- Replacement trends for use categories (i.e. stock of class A, B, C buildings).

- conduct interviews of staff, developers, and, where possible, existing merchants.

October

1987

- review requirements of City for development of

site and analyze
development opportunities
based upon these
requirements.

PRELIMINARY REPORT

Prepare a preliminary report
to include:

December
1987

- DRAFT**
- a. existing inventory of use categories.
 - b. marketability analysis of the present/future demand for site use.
 - c. proposed tenant mix based on market niche and available developable acreage.
 - d. size of project; square footage of each use.
 - e. recommend marketing and urban design strategies.

f. outline development strategy for the agency for implementing the development opportunity.

g. outline developer solicitation (RFP or RFQ) and analysis proposals

FINAL REPORT

Subject to discussions and comments received on the preliminary report, prepare a final set of recommendations to include:

January
1988

a. the analysis done as part of Task II (items a-g);
and

b. a strategy indicating the role and sequenced steps the agency should take in implementing the project.