



**SACRAMENTO  
HOUSING AND REDEVELOPMENT  
AGENCY**



August 4, 1987

Budget & Finance Committee of  
the City Council  
Sacramento, CA

Honorable Members in Session:

**SUBJECT:** Selection of Redeveloper and Approval of Proposal and  
Project Plans for the Reconstruction of the Orleans  
Hotel, Old Sacramento Parcel 48

SUMMARY

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

RECOMMENDATION

The staff recommends approval of the attached resolution  
approving selection of the redeveloper and project plans.

Respectfully submitted,

WILLIAM H. EDGAR  
Executive Director

TRANSMITTAL TO COMMITTEE:

*for: [Signature]*  
JACK R. CRIST  
Deputy City Manager

Attachment



**SACRAMENTO  
HOUSING AND REDEVELOPMENT  
AGENCY**



August 3, 1987

Redevelopment Agency of the  
City of Sacramento  
Sacramento, California

Honorable Members in Session:

**SUBJECT:** Selection of Redeveloper and Approval of Proposal  
and Project Plans for the Reconstruction of the  
Orleans Hotel, Old Sacramento Parcel Number 48

**SUMMARY**

Adoption of the attached resolution will approve the selection of Western Industrial Group, Inc. (W.I.G.) as the redeveloper for the reconstruction of the Orleans Hotel, Old Sacramento parcel number 48 as an eighty-five (85) room hotel, approve the project plans and authorize the Executive Director to execute Disposition and Development Agreements (DDAs).

**BACKGROUND**

The redevelopment of the vacant Orleans Hotel site, Old Sacramento parcel number 48, as the reconstructed Orleans Hotel for a hotel use has long been a priority project within the redevelopment plan for Old Sacramento. (See Exhibit A for site location.) Per the Agency's 1985 Halcyon Report, entitled Old Sacramento Problems Analysis and Business Development Plan, the development of hotel accommodations in Old Sacramento was recommended as the highest priority for development. The redevelopment of the Orleans Hotel has proven to be a very difficult project due in part to the inability of redevelopers to obtain financing, an agreement for parking or otherwise make the project "pencil out" based upon high reconstruction cost versus projected obtainable room rates and other income.

# SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the  
City of Sacramento  
August 3, 1987  
Page 2

Since 1975 there have been three (3) unsuccessful attempts to redevelop the Orleans Hotel Site:

1. 1800 INC

The first attempt was by 1800 INC, an effort undertaken as an ethnic Bi-centennial project. The proposal was for a mixed use office building with retail space on the street level, a restaurant at the lower level and a penthouse/rooftop private club with guest rooms. Financing was to be raised from throughout the State and country from businesses, organizations and persons of that ethnic heritage.

The land purchase price was \$49,700 based upon a value of approximately \$4.00 per square foot. Parking, as for similar Old Sacramento projects was to be developed by the Agency within 800 feet of the project in sufficient quantity to satisfy the redevelopment plan. Neither the purchase price nor parking were issues regarding the proposed redevelopment.

Complete construction documents were developed including the historic building facades. Preliminary and final plans were approved. The facade design from the approved plans has become the basis for all subsequent plans.

The redeveloper's failed to perform when they could not obtain sufficient investors or other financing. 1800 INC forfeited its good faith deposit and reportedly lost approximately \$100,000 in its attempt to redevelop the Orleans Hotel.

2. Orleans Hotel Associates

The second attempt to redevelop the Orleans Hotel was undertaken in 1979 by Orleans Hotel Associates (OHA), a primarily local limited partnership comprised of attorneys, judges, doctors, and other professionals of strong personal financial worth. OHA proposed to reconstruct the Orleans Hotel as a Hotel in conjunction with two (2) other Old Sacramento properties. Complete final construction documents including refined and fully detailed historic facades were approved by the Agency.

# SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the  
City of Sacramento  
August 3, 1987  
Page 3

The land purchase price was still \$49,700 and was not an issue. The land price remained \$49,700 into 1982.

OHA was the first redeveloper to seek an agreement for assured parking for the proposed Hotel(s). Accord on a parking agreement was not reached. Reportedly, due to the lack of an agreement on parking, an experienced hotel operator could not be obtained. Without a hotel operator OHA was unable to obtain a commitment for financing. For these reasons and other financial problems pertaining to the redevelopment of other Old Sacramento properties involving some of the OHA partnership, OHA sought to assign the redevelopment rights for the Orleans Hotel to other developers. When no other developer could be found, OHA was declared in default for non-performance. OHA forfeited its good faith deposit and reportedly sustained a loss of between \$280,000 and \$320,000.

### 3. MORCUDD

In 1982 MORCUDD, a development group comprised of two (2) Hotel/Motel owner-operator companies expressed an interest in acquiring the redevelopment rights from OHA in order to reconstruct the Orleans Hotel for a Hotel use. Agency staff proposed that as a condition for the approval of the assignment that the land price be increased from \$4.00 per square foot to \$12.00 per square foot in order to be consistent with the then current Old Sacramento land values as established by appraisals of the Agency owned vacant Old Sacramento parcels. Agency staff recommended that the land price be set at \$140,000 or "such lesser amount as determined appropriate by the Agency, in it's sole and absolute discretion, based upon the Agency's review of financial information regarding the development of the property."

MORCUDD was to pay the purchase price of \$140,000. MORCUDD also was to reimburse OHA its investment in the project to that time which was reportedly approximately \$300,000. This would provide MORCUDD with completed and Agency approved final construction plans.

MORCUDD elected not to enter into an assignment which could cost \$440,000 or more, electing instead several months after the default of OHA, to make a new proposal of it's own for the redevelopment of the Orleans Hotel.

# SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the  
City of Sacramento  
August 3, 1987  
Page 4

In the interval between the default of OHA and the receipt of the proposal from MORCUDD, the Agency had the land appraised. Based upon the size of the land and more so upon the Agency's stated intended use as a hotel, the value was established as being approximately \$24.00 per square foot, approximately doubling the land price to the current asking price of approximately \$274,000. (With no developer interest other vacant Old Sacramento parcels have remained valued at approximately \$12.00 per square foot.)

For MORCUDD the land price became a primary issue. MORCUDD's project proforma indicated that the project could not support the cost of the land. Several complex financing schemes involving payment for the land including deferred payment, payment with a loan back to the project at a below market interest rate were explored. MORCUDD continued to pursue project financing, a parking agreement and redesign to effect cost savings.

An agreement on hotel parking was not reached. Ultimately, MORCUDD was unable to obtain project financing. MORCUDD'S investment in the project and thus loss is assumed to be in excess of \$125,000 including the forfeiture to the Agency of a nonrefundable option fee of approximately \$24,000.

## The Current Proposal - Western Industrial Group, Inc. (W.I.G.)

In the fall and winter of 1985-1986 the Agency again advertised the availability of the Orleans Hotel parcel for redevelopment without the receipt of any developer interest.

Commencing in the early spring of 1986 staff began meeting informally with W.I.G. regarding the feasibility of constructing the long sought after hotel. W.I.G. is the developer of a recently completed hotel in Napa and is co-developer of the new Red Lion Inn in the Santa Rosa area and the Red Lion Inn in Concord (under an agreement with the Concord Redevelopment Agency).

In May 1986 W.I.G. submitted a proposal for the redevelopment of the Orleans Hotel as an eighty-five (85) room hotel conditioned upon determination of project feasibility and agreements regarding the land price, project parking, and a "Fast Track" construction method. W.I.G. and Agency staff have continued to

# SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the  
City of Sacramento  
August 3, 1987  
Page 5

work on project feasibility and supplemental agreements related to parking and construction of service court improvements. W.I.G. has proceeded to do space planning to determine construction cost, identify other project cost, assemble a development team and pursue and obtain a commitment for project financing. Total project cost is estimated to be approximately \$9,163,000. Construction is projected to be completed in fifteen (15) months.

Execution of the Disposition and Development Agreements (DDAs) is pending the Agency's approval of the selection of W.I.G. as the redeveloper for the Orleans Hotel, approval of the land purchase agreement and the terms of a parking agreement and other terms and conditions as proposed and contained in the attached Memorandum of Understanding (MOU) between W.I.G. and the Executive Director executed July 16, 1987. (See Exhibit B.) Excerpts from the project proposal are attached. (See Exhibit C.)

## FINANCIAL DATA

The estimated project cost is \$9,163,000 not including full land cost. The proposed terms of the land purchase are contained in the attached MOU which also provides a synopsis of negotiations. The value of the land is approximately \$274,000. The Agency's financial analysis consultant, McManis Associates, Inc. has analyzed the W.I.G. project proforma and agrees that the project will not support the land cost or full payment of parking fees within the initial ten (10) years of operation.

In order to assist the redeveloper, provide incentive, and affect project feasibility, it is proposed that the purchase price be reduced by ten percent (10%) per year thru the tenth (10th) year at which time the purchase price would be forgiven. However, should W.I.G. at anytime within the term of the purchase agreement sell or otherwise diminish its ownership interest to less than fifty-one percent (51%) the land price as prorated to that time shall be due and payable to the Agency and shall be placed into escrow as a condition for change of ownership. Should W.I.G. retain its ownership interest in the Orleans Hotel thru the term of the purchase agreement W.I.G. shall receive a complete land writedown.

The other financial impact upon the Agency will be that related to payment by the Agency to the City for parking fees related to the hotel parking for a period of five (5) years at full subsidy and thereafter decreasing twenty percent (20%) per year ending in

# **SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY**

Redevelopment Agency of the  
City of Sacramento  
August 3, 1987  
Page 6

the tenth (10th) year coinciding with the term of the land purchase agreement. The cost to the Agency is being negotiated with the City. It is estimated that the cost which will fluctuate with use could be \$48,000 annually during the period of full subsidy. It is anticipated that the financial benefit to the City and Agency from the redevelopment of the Orleans Hotel may compensate for a parking subsidy during the term of the subsidy. Attached is a projection of financial benefit to the City. (See Exhibit D.)

## **ENVIRONMENTAL REVIEW**

The redevelopment of the Orleans Hotel is consistent with previous environmental clearances and exemptions for Old Sacramento as an "ongoing" project predating environmental requirements.

## **POLICY IMPLICATIONS**

Agency policy has been to charge redevelopers the value of the Agency's property unless for project feasibility the value of the land is negotiated with the redeveloper. The recommendation regarding a declining land purchase price is a result of negotiations with the redeveloper for project feasibility and is consistent with previous Agency action.

Normally redevelopers are required to submit preliminary and final plans to the Agency for approval before acquisition of the Agency's land and the start of construction. Approval of the submitted project plans in lieu of preliminary and final plans is recommended in order for the developer to proceed via the City's approved "Fast Track" method for plan approvals, permits, and construction. (See Exhibit E.) The redeveloper is incorporating Agency previously approved final construction plans for the historic street facade and related details and will submit to the Agency supplemental construction documents as developed and submitted to the City under the "Fast Track" system for Agency approval during the course of construction. The recommendation is consistent with previous Agency action in that a similar approach has been followed for the construction of the Hyatt Hotel project.

# SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the  
City of Sacramento  
August 3, 1987  
Page 7

It is Agency policy to require the incorporation of historic signage upon Old Sacramento redevelopment projects when evidence of such signage exists. Due to a potential conflict of business identification with an existing motel chain which operates a property in Sacramento, it may be necessary to depart from the policy whereby historic signage is required to be incorporated within the facade construction. The possible ramification of adherence to the policy for the requirement of the inclusion of the historic signage is being investigated. The result of the investigation may result in the need to depart from existing policy requiring the historic signage upon this building, or the indemnification of the redeveloper by the Agency if the Agency requires the historic signage.

## VOTE AND RECOMMENDATION OF COMMISSION

At its regular meeting of August 3, 1987, the Sacramento Housing and Redevelopment Commission adopted a motion recommending adoption of the attached resolution. The votes were as follows:

AYES:

NOES:

ABSENT:

## RECOMMENDATION

The staff recommends adoption of the attached resolution which:

1. Approves the selection of Western Industrial Group, Inc. (W.I.G.), Benecia, California, as the redeveloper for the Orleans Hotel;
2. Approves the proposal for an eighty-five (85) room hotel with amenities including a lounge and full service restaurant;
3. Authorizes the Executive Director to execute, in a format acceptable to Agency Counsel, disposition and development agreements with W.I.G. including agreements for hotel parking between W.I.G. and the Agency, and the Agency and the City, and an agreement with W.I.G. and other Old Sacramento property owners adjacent to the project site, Old Sacramento parcel number 48, for construction of improvements upon Old Sacramento Service Court No. 48A; and

# SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the  
City of Sacramento  
August 3, 1987  
Page 8

4. Approves the project plans as submitted in satisfaction of the plan submittal requirements subject to subsequent submittal of supplement construction plans developed for the project under the City's approved "Fast Track" method for permits and construction.

Respectfully submitted,

  
WILLIAM H. EDGAR  
Executive Director

TRANSMITTAL TO COUNCIL:

---

WALTER J. SLIPE  
City Manager

Contact Person: Theodore R. Leonard, 440-1320

0812M

# RESOLUTION NO.

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF

AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE  
PREDEVELOPMENT AND DISPOSITION AND DEVELOPMENT  
AGREEMENTS FOR THE REDEVELOPMENT OF THE  
ORLEANS HOTEL IN OLD SACRAMENTO

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

Section 1: The Agency finds that based upon the financial analysis of the Orleans Hotel Project by McManus and Associates it is necessary to discount the cost of the land in accordance with the staff report filed with this resolution.

Section 2: The Agency hereby approves the selection of Western Industrial Group (W.I.G.), a California corporation, as the redeveloper for the Orleans Hotel.

Section 3: The Agency hereby approves the proposal for the reconstruction of the Orleans Hotel as an eighty-five (85) room hotel with amenities including a lounge and full service restaurant.

Section 4: The Agency hereby approves the project plans as submitted for the redevelopment of the Orleans Hotel building site and the reconstruction of the Orleans Hotel under the City's approved "Fast Track" method for permits and construction.

Section 5: The Executive Director is hereby authorized to execute predevelopment and disposition and development agreements with Western Industrial Group, Inc. for the redevelopment of the Orleans Hotel and other agreements related to parking and construction of service court improvements.

\_\_\_\_\_  
CHAIR

ATTEST:

\_\_\_\_\_  
SECRETARY

0904L



## MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") is entered into as of July 16, 1987, by and between the Executive Director of the Redevelopment Agency of the City of Sacramento (the "Agency") and Western Industrial Group ("W.I.G").

RECITALS

- A. On or about May 1, 1986 W.I.G. presented an informal proposal for the reconstruction of the Orleans Hotel, Old Sacramento Parcel No. 48, as an eighty-five (85) room hotel (the "Project"); subsequently, Agency and W.I.G. have entered into negotiations regarding the proposed redevelopment.
- B. The Agency and W.I.G. desire to enter into this MOU for the purpose of:
1. Acknowledging the planning for the Project by W.I.G and the status of the negotiations as of the date of this MOU;
  2. Defining the Project;
  3. Stating the areas and points of agreement and issues as yet unresolved; and
  4. Establishing the framework for conducting further negotiations between Agency and W.I.G on the terms of project agreements and disposition and development agreements (the "DDAs") including provisions for project parking and for financing improvements related to the common service court area in connection with the proposed Hotel project improvements.

- C. It is the intention of the Agency and W.I.G. by entering into this MOU to generally define the Project and to provide direction to the staff of the Agency and to W.I.G. and their respective agents and consultants in order to proceed with planning and negotiations for the Project, subject to mutual agreement by the parties hereto and subject to compliance with all laws pertaining thereto, including public hearings and project clearances and approvals.

#### UNDERSTANDINGS

A. Parties to Project Agreements; Other Agencies; Consultations

1. The parties to the project agreements shall be:
  - a. The Agency;
  - b. The developer, Western Industrial Group (W.I.G.), a California Corporation. Additional participants shall be as set forth in project agreements. Any changes in the composition of the developer must be approved by the Agency. Once the final project agreements have been negotiated, the agreements will be submitted for approval by the Agency; and
  - c. The City of Sacramento (the "City") to the extent required to carry out the Project.

B. Scope of Project

For the purpose of establishing the possible scope of development for the project, the parties may negotiate the terms for the following:

1. Hotel: A hotel complex of approximately eighty-five (85) rooms of a quality substantially equal to or exceeding the requirements or qualification for participation as a Best Western Worldwide Lodging as established by Best Western Internation, Inc., to be constructed upon Agency owned Old Sacramento Parcel No. 48 as the reconstructed historic Orleans Hotel. Hotel shall

contain a full service restaurant and lounge, meeting and or banquet rooms, registration lobby, an ancillary retail space, an exterior garden court and rooftop amenities subject to applicable approvals.

The exterior elevations shall be reconstructed to reproduce and or replicate the historic appearance of the Orleans Hotel. (SEE EXHIBIT A.) The improvements shall be constructed in accordance with applicable building regulations and codes.

2. Service Court: A common service area adjacent to the project identified as Old Sacramento Service Court No. 48A for the joint use of developer and adjacent property owners as defined in other pre-existing DDAs between the Agency and property owners having an obligation to participate in Service Court No. 48A. The improvements shall be constructed by the developer in accordance with Agency construction documents and per applicable building regulation and codes.

C. Method of Disposition

If the parties reach agreement on the terms and conditions for development of this project, the parcels subject to this MOU shall be transferred separately per the terms and conditions of the agreement from the Agency to W.I.G. for purpose of development.

D. Service Court Improvements

The DDAs shall set forth the specific method by which W.I.G. shall construct and install, or cause to be constructed or installed, the necessary service court improvements and shall set forth the agreement for Agency or City reimbursement of developer incurred cost for the service court improvements to W.I.G.

E. Project Parking

The DDAs shall set forth a specific agreement related to project parking stating:

1. The number of spaces to be provided to W.I.G. by the City under an agreement between the Agency and City related to the payment of parking fees by the Agency to the City;

2. The setting of parking rates and percentages of rates, the hours of uses and rate changes;
3. Designation of a primary parking facility, location within the facility and an alternative facility; and
4. The term of the agreement and periods for and numbers of options for renewal of the parking agreement.

#### POINTS OF AGREEMENT

To date of this MOU the Agency and W.I.G. have reached agreement on the following:

##### A. General

1. All previous attempts at the development of the Orleans Hotel site as either a mixed-use retail and office building (1), or as a hotel use (2), have failed for lack of financial feasibility, an experienced hotel operator and or an agreement on parking, with the development rights terminated by the Agency for reason of the developers inability to perform.
2. The project will be beneficial to Old Sacramento and the City in that it will:
  - a. Return the property to the property tax role;
  - b. Provide tax increment revenue, transient occupancy tax (T & O Tax), and sales tax;  
(SEE ATTACHED EXHIBIT B - W.I.G. PROJECTION OF ECONOMIC BENEFIT;)
  - c. Create employment;
  - d. Provide the first new hotel accommodation within Old Sacramento since the beginning of the redevelopment of Old Sacramento;
  - e. Contribute to the support of both the Old Sacramento Business Improvement Area (B.I.A.) (Business Improvement District - B.I.D.) and the Old Sacramento Maintenance Assessment District; and

- f. Provide a positive psychological and economic impact within Old Sacramento.

B. Parking

In order to be successful the project requires designated parking for hotel patrons and guests. Agency proposes to provide by agreement with City sixty-eight (68) parking spaces in City parking structure P-2, located between I and J Streets and 2nd and 3rd Streets under an elevated portion of Interstate Highway I-5. The specific location of the spaces upon the upper level of the parking structure will be determined by the City. City will designate and identify the spaces in a manner to be determined. Hotel patron and guest parking will generally be by valet attendant. W.I.G. and or the Hotel Operator shall have the option of installing at its sole expense a dedicated telephone or other City approved communication system between City's parking structure and the Orleans Hotel. City shall provide an area within the parking structure adjacent to or in close proximity to the I Street entrance to the parking structure and appropriately designate and identify the area as the Hotel Valet Parking service area and install other appropriate signage providing direction from the 3rd Street entrance to the Valet parking service area and to the designated Hotel parking location within the parking structure. Agency shall reimburse City parking fees not paid by W.I.G. or Hotel Operator to City as set out in agreements to be entered into between Agency and W.I.G. and Agency and City.

Agency proposes to enter into a ten (10) year agreement with W.I.G. whereby Agency agrees to pay to City all Hotel parking fees per the terms and conditions of the agreements for a period of five (5) years commencing upon the date of the City's issuance of a Certificate of Occupancy for the operation of the Orleans Hotel. Thereafter for a period of five (5) years W.I.G. or Hotel Operator shall commence paying to City a proportion of the then current City parking fees at the rate of twenty percent (20%) in year six (6), and increasing twenty percent (20%) more each year thereafter until in the tenth year W.I.G. or Hotel Operator will pay one hundred percent (100%) of the then current parking fees. Agency shall endeavor to negotiate with City a reduced percentage rate for evening and overnite parking for Hotel guests and patrons.

The parking agreement shall also provide for interim use of the designated sixty-eight (68) parking spaces in advance of the issuance of the City's Certificate of Occupancy, commencing upon the issuance of the initial building permit for the project for use of the general contractor, project subcontractors, and project design consultants during the normal hours of construction and thereafter at other agreed upon times by the present user of the Orleans Hotel property being displaced by this project, subject to the terms and conditions of that agreement for parking upon the Orleans Hotel property. All such interim use parking shall be at the then prevailing parking rates and shall be paid for by the user and not by the Agency. Such interim parking use shall be for a term expiring upon the date of issuance by the City of a Certificate of Occupancy or within fifteen (15) months from the date of the issuance of the initial building permit whichever date occurs first.

The parking agreement shall be assignable upon a change in the primary ownership interest of fifty-one percent (51%) or more to the successor, or new ownership interest so long as the Orleans Hotel continues to be operated as a hotel of the nature and quality no less than that herein before described. Should Redeveloper determine that it is no longer feasible to operate the Orleans Hotel for a hotel or other quality lodging accommodation use or otherwise cease to operate the Orleans Hotel as a quality facility, the Agency or its successor may at its sole discretion terminate the Agreement for parking.

The parking agreement shall contain a provision for hotel guest "exit and return" privileges and for an overnight rate other than an hourly rate. The designated hotel parking shall be for the use of hotel guests and patrons and shall not be utilized by employees of the Redeveloper or employees of the hotel, vendors, tradesmen or any others engaged in normal business regarding the normal operation of the Orleans Hotel unless they are registered guests. The agreement shall contain a provision for notice of violation, and for termination of the agreement by the Agency or its successor.

The parking agreement shall contain a provision for temporary relocation of the designated hotel parking to another area within the facility in the event the designated parking area is inaccessible due to normal maintenance requirements.

Should the designated parking facility or parking area within the facility become inaccessible or unuseable from causes natural or otherwise outside of the control of the City and/or Agency, City and Agency will make a "goodfaith" effort to provide Redeveloper an alternative parking area in the parking facility or alternative facility but shall be under no obligation to provide all or any portion of the quantity of parking as set by the agreement, if in the sole opinion of the Agency, its successors, and/or the City it is determined that such alternative parking is not available.

C. Project Cost

W.I.G. has presented to Agency estimated project costs developed by the project team.

1. Construction Cost

The project building shell cost as guaranteed April 20, 1987 by the general contractor, NVE Constructors, Inc. ("NVE") is \$4,767.138. The Agency's construction cost consultant, Lee Saylor, Inc., has analyzed the project and the anticipated constructed cost and has concurred with the contractor that the proposed construction cost is fair and reasonable for this type of project and construction.

2. Project Proforma

The estimated total project cost per W.I.G. is \$9,162,905. The Agency financial analysis consultant, McManis Associates, Inc. has analysed the developer's proforma and generally agrees with W.I.G.'s conclusion regarding the economic feasibility of the project. It is W.I.G.'s opinion that the project will not support any land acquisition cost. The appraised value of the Orlean's Hotel site is approximately \$274,000. W.I.G. proposes that the Agency donate the land to

the project. McManis Associates, Inc. indicates that by the most optimistic projection, the project might be able to support payment for or against the land in the tenth (10th) year or possibly sooner if the market place will support an excallation to higher room rates.

D. Composition of the Development Team

The principal developer shall be W.I.G. The Hotel management and daily operation shall be by Cudd Management Co. and or Diversified Management, Inc., under an agreement with W.I.G., W.I.G. shall provide Agency with a copy of the proposed agreement and of the executed agreement if different from the proposed agreement.

The Architect for the project shall be Vitiello + Associates, Inc. W.I.G. shall provide Agency with a copy of the executed agreement for architectural and engineering consultant services.

Space design for the project shall be by Ostgren Associates Incorporated.

The general contractor for the construction of the project will be NVE Constructors, Inc. (NVE). W.I.G. shall provide Agency with a copy of the contractor's proposal and guaranteed cost and when executed a copy of the fully executed construction contract.

W.I.G. agrees to make no unilateral changes to the development team. W.I.G. may for cause add participants or substitute participants to the development team upon advance written notice to the Agency. Agency will not unreasonably deny its concurrence with any W.I.G. proposed changes to the development team.

E. Project Schedule

Agency and W.I.G. agree that time is of the essence. Project feasibility hinges on favorable financing terms including an affordable interest rate, and a construction schedule which requires commencement of construction and completion of all foundation and underground utility works before inclement weather conditions occur and before construction costs increase.

Therefore Agency agrees that W.I.G. shall with the concurrence of the City proceed and construct the project on the basis of the "Fast Track" method subject to necessary City approvals for each phase of the work. As W.I.G. is utilizing Agency previously approved architectural elevations, Agency agrees to accept the elevations and preliminary construction documents in satisfaction of the Agency's requirement for submittal of preliminary development and final construction plans providing no unilateral changes are made by W.I.G. or any of its consultants to the previously approved elevations as developed for the Agency by the Museum and History Division (M & HD) of the City. Agency shall be the final authority regarding the interpretation of the correctness of the historic facades to be reconstructed. W.I.G. agrees to submit to Agency all subsequent construction documents developed during or in satisfaction of the "Fast Track" method as required by City concurrent with their submittal to City.

Agency agrees not to unreasonably withhold Agency's Certificate of Completion.

OTHER ISSUES

The following issues required resolution by the Agency as the recommended action may affect policy.

A. Purchase of the Land

It is the Agency policy to receive payment for its land as a condition for the development rights. The Agency desires to sell the Orleans Hotel site to W.I.G. for the appraised value of approximately \$274,000.

1. Agency has proposed to W.I.G. that:

If at any time W.I.G. elects to sell its interest in the project, any proceeds of the sale exceeding a fifteen percent (15%) return on equity would be paid to the Agency in an amount up to but not exceeding the \$274,000 land cost and that there be no "Sunset" provision by which the cost of the land would be forgiven.

2. W.I.G. is not agreeable to any predetermined level of return on equity to be set by the Agency. W.I.G. has counter proposed that:

If at any time within the first five (5) years W.I.G. sells its interest that the Agency would receive payment for the land in full. However, if a sale were to occur at any time thereafter, the Agency would not receive any payment for the land.

3. Agency has counter proposed that:

The period per the W.I.G. counter proposal be extended to ten (10) years to coincide with the term of the proposed parking subsidy agreement and that at the end of the fifth (5th) year the price of the land be reduced by twenty percent (20%) consistent with the reduction in the Agency parking subsidy and be further reduced by an additional twenty percent (20%) per year thereafter until in the tenth (10th) year when W.I.G. or the hotel operator lose all parking subsidy the Agency would forgive the land price.

4. On June 26, 1987 W.I.G. agreed in concept that an agreement regarding the purchase of the land could coincide with the ten (10) year period of the parking subsidy agreement but proposes a continual reduction in the purchase price of ten percent (10%) per year commencing with the first (1st) year and continuing then to the tenth (10th) year at which time the Agency would forgive payment for the land.

5. Agency staff is in agreement in concept with the W.I.G. proposal of June 26, 1987 and shall recommend to the Agency the selection of W.I.G. as the Redeveloper for the reconstruction of the Orleans Hotel and the execution of a DDA with the following provision or one of similar wording by which W.I.G. and Agency agree:

The Land purchase price as stated herein shall be reduced by ten percent (10%) per year for a period of ten (10) years at which time the Agency shall forgive the purchase of the

land. Should W.I.G. or its successor or other approved ownership entity as otherwise provided for herein, propose to sell, assign or otherwise liquidate or diminish its ownership interest to less than fifty-one percent (51%) in the subject property within the stipulated ten (10) year period the purchase price of the land as then established by proration is due and payable to the Agency. The Redeveloper will not unilaterally enter into any sale of, contract for sale, or other transaction ultimately diminishing Redeveloper's ownership interest in the property to less than fifty-one percent (51%). Agency shall not unreasonably withhold Agency's approval of Redeveloper's proposed sale or other transaction. In the advent of a sale or other transaction diminishing Redeveloper's ownership as stated, Redeveloper agrees as a condition of the sale or transaction to place into an escrow account for payment to the Agency funds in the amount of the then determined purchase price.

Redeveloper's refinancing in and of itself shall not be cause for Redeveloper's payment of land purchase price to Agency.

An agreement related to payment of the land purchase price shall be subordinate to construction and "take out" financing.

**B. Term of Parking Agreement**

Agency and W.I.G. and Agency and City are in general concurrence regarding a parking agreement for Hotel parking.

As the proposed parking structure to be designated as the primary parking facility for use for Hotel parking is subject to the terms of an agreement between the City and the State of California (the "State") the Agency proposes and has agreed to enter into an agreement with W.I.G. for a term of use consistent with the remaining period of twenty-four (24) years under the City/State agreement with a condition consistent with the

City/State agreement for an additional ten (10) year option for a total term of thirty-four (34) years. Should City not elect to exercise its option for the additional ten (10) year term, Agency by agreement with City shall provide similar parking in the nearest Agency owned and/or City operated parking facility for the ten (10) year period.

W.I.G. requires an agreement of a minimum term sufficient to satisfy the conditions of the term of the project financing which is proposed to be thirty (30) years plus an additional twenty (20) years for a total of fifty (50) years to assure future operational feasibility and the saleability of the property and or operation with sufficient remaining term for the parking agreement to obtain financing and accomplish the sale.

To date Agency and City have not entered into any agreements for parking of a term longer than that required for the initial financing of the project.

Agency and City are agreed in concept to enter into a parking agreement which will provide W.I.G. a maximum term of thirty-four (34) years.

W.I.G. agrees to accept a maximum term of thirty-four (34) years but desires the incorporation of a provision into the terms of the agreement affording the Redeveloper the opportunity to negotiate a new agreement with the City for parking at any time the City and State and/or the City and Agency or its successors enter into a new agreement related to extending the term of the agreement or a new term by a new agreement. W.I.G. requests a stipulation that the City will not unreasonably deny Redeveloper the opportunity or fail to enter into negotiations for a subsequent parking agreement upon the expiration of the thirty-four (34) year term of the agreement.

Staff is in agreement in concept and shall recommend to Agency and City an agreement between W.I.G. and Agency and an agreement between Agency and City for parking for the Orleans Hotel for a maximum term of thirty-four (34) years with provisions for future negotiations for

possible subsequent parking agreements with the understanding of the Redeveloper that inclusion of such a provision in the subject agreement is not a commitment by the Agency or City to enter into any subsequent agreement for parking for the Orleans Hotel.

ACKNOWLEDGEMENT

- A. W.I.G. acknowledges the Agency is subject to City policies outside of the Agency's ability to affect change and that failure of the Agency to enter into the agreements aforementioned as a result of conflict with City policies or for any other cause shall not give rise to any legal liability or obligation by the Agency to W.I.G.
- B. This MOU does not purport to set forth all of the matters that must be negotiated to the mutual satisfaction of the parties as part of the project agreements.
- C. The purpose of this document is to acknowledge the understandings between W.I.G. and the Executive Director regarding the redevelopment of the Orleans Hotel and to set out proposed terms and conditions to be incorporated into a DDA for approval by the Agency.
- D. W.I.G. acknowledges that execution of this MOU by the Executive Director does not purport acceptance by or bind the Agency to the understanding contained herein nor to the execution of a DDA containing these understandings. Execution of this MOU does not limit the terms and conditions of the proposed DDA to these understandings nor does it create a binding agreement between the Redevelopment Agency of the City of Sacramento and W.I.G.

IN WITNESS WHEREOF, we have executed this instrument as of the date first above written.

APPROVED AS TO FORM:

*David T. Moore*  
Agency Counsel

REDEVELOPMENT AGENCY OF  
THE CITY OF SACRAMENTO:

BY *William H. Edgar*  
William H. Edgar  
Executive Director

APPROVED:

*[Signature]*  
Organization

REDEVELOPER:

WESTERN INDUSTRIAL GROUP

BY *[Signature]*

P. O. Box 234  
Benicia, CA 94510

(707) 745-4881

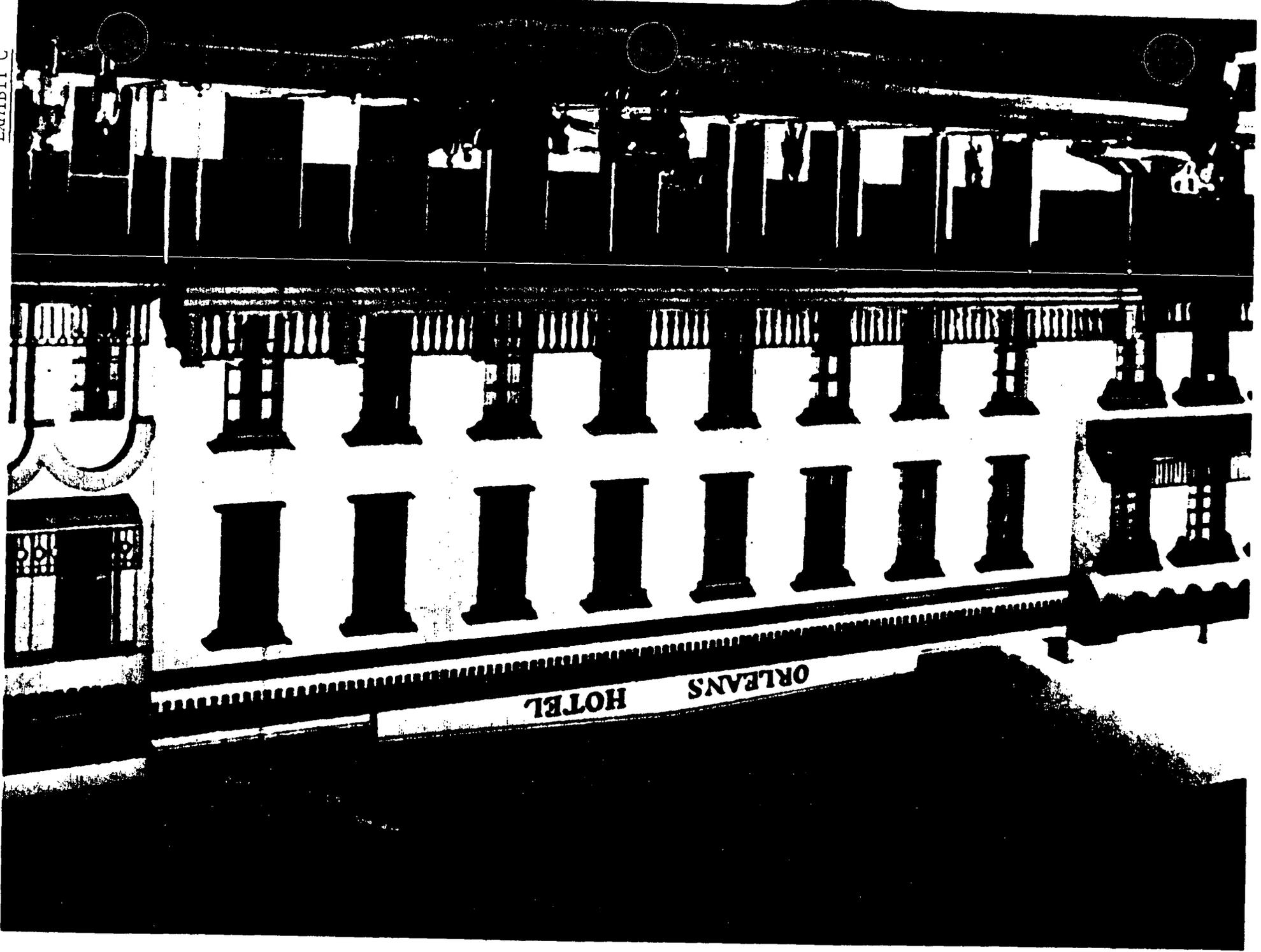
0776M

**PROJECT DESCRIPTION**

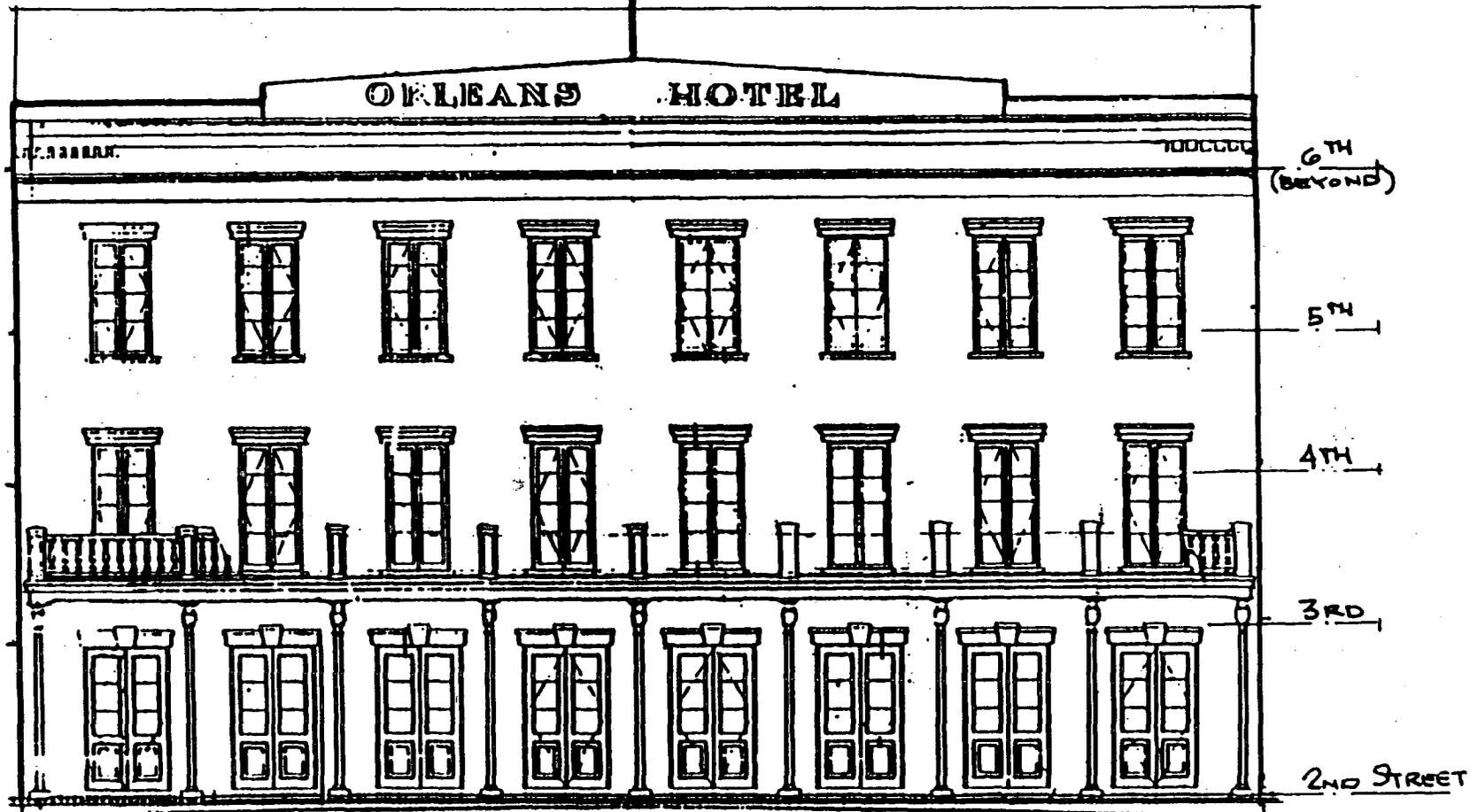
Built by John Kirk in just 21 days and 6 hours during the summer of 1853, the Orleans Hotel boasted 40 elegant guest rooms, a salon and additional sumptuous parlors, all in the fine continental tradition of the original Orleans Hotel which was built of wood and, as a result, totally demolished by the fire of 1852 that destroyed the greater part of Sacramento City.

The new Orleans Hotel, located only 7 blocks from our State Capitol Building, will try to capture the feeling of that era, through design, finish and decor. There will be 85 guest rooms, a full service restaurant and cocktail lounge, meeting rooms, and all the amenities that are desirable for the businessperson and traveler.

Old Sacramento and its reconstruction is, with this project, coming to complete fruition. It has been a remarkable undertaking that has paid off immensely for the City of Sacramento and will continue to do so for many, many years. The Orleans Hotel will be a much needed addition to all the other services provided for the business and political community and for the tourists and travellers who visit Sacramento.



ORLEANS HOTEL



ORLEANS HOTEL

6TH  
(BEYOND)

5TH

4TH

3RD

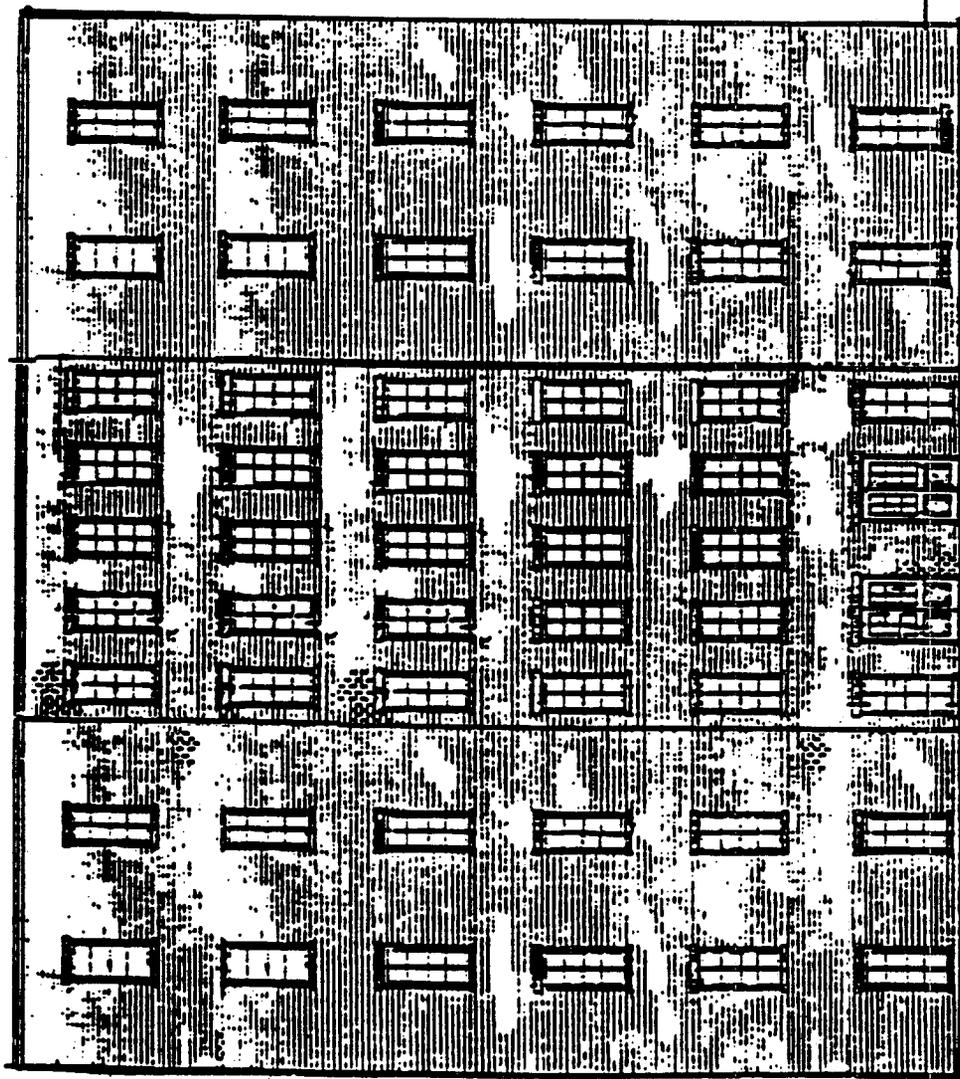
2ND STREET

**FRONT ELEVATION**

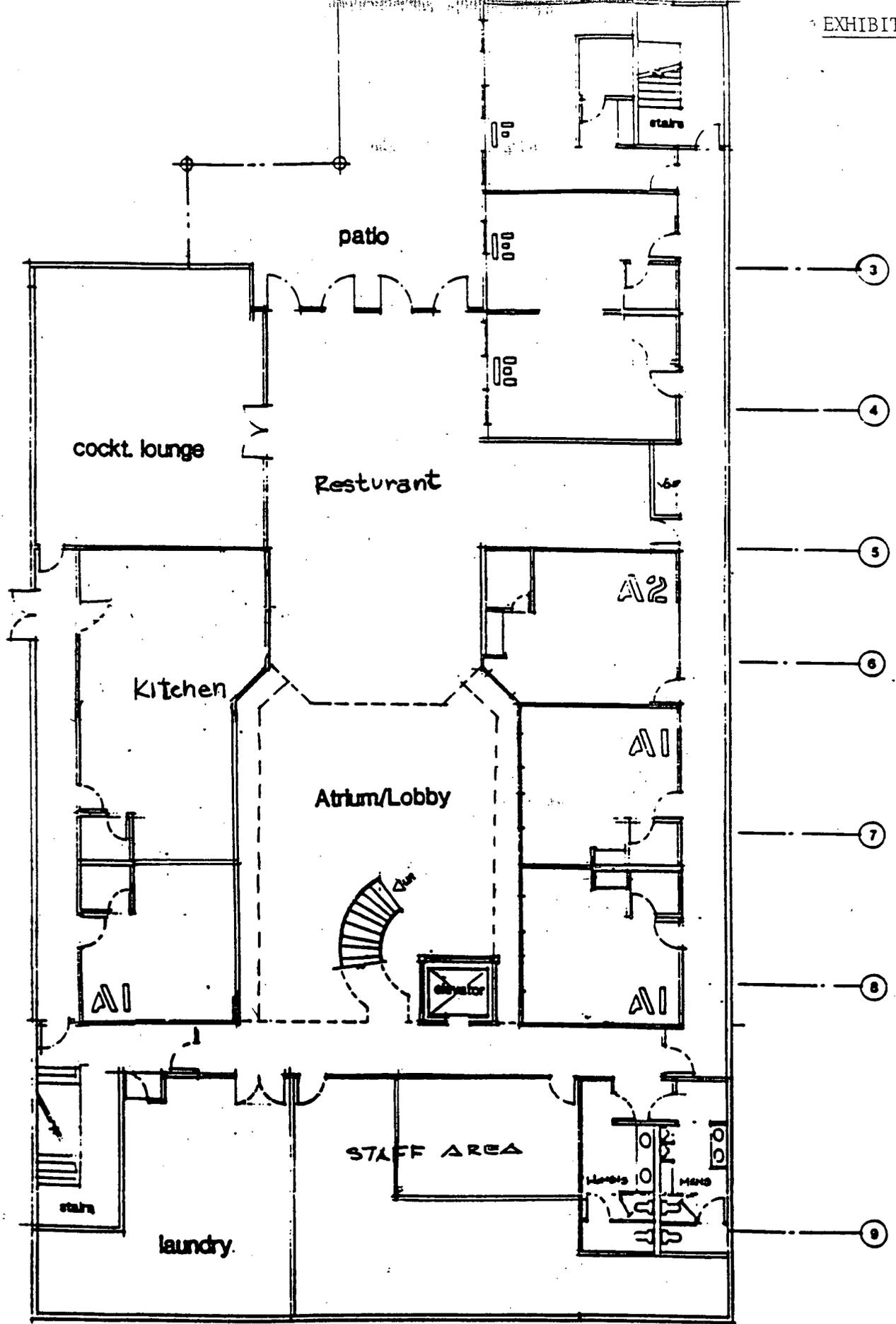
No Scale  
1ST

EXHIBIT C

NO SCALE

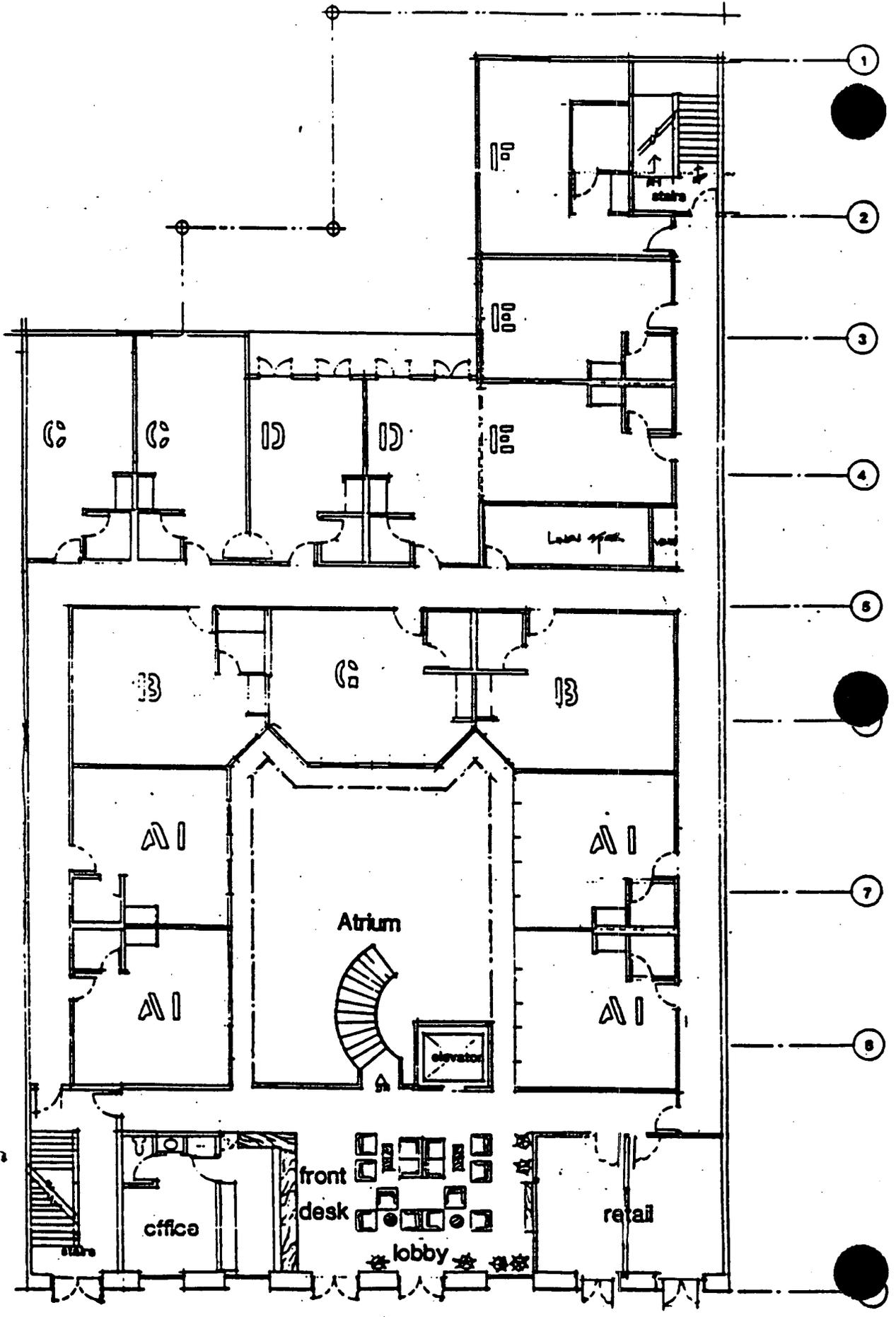


REAR ELEVATION

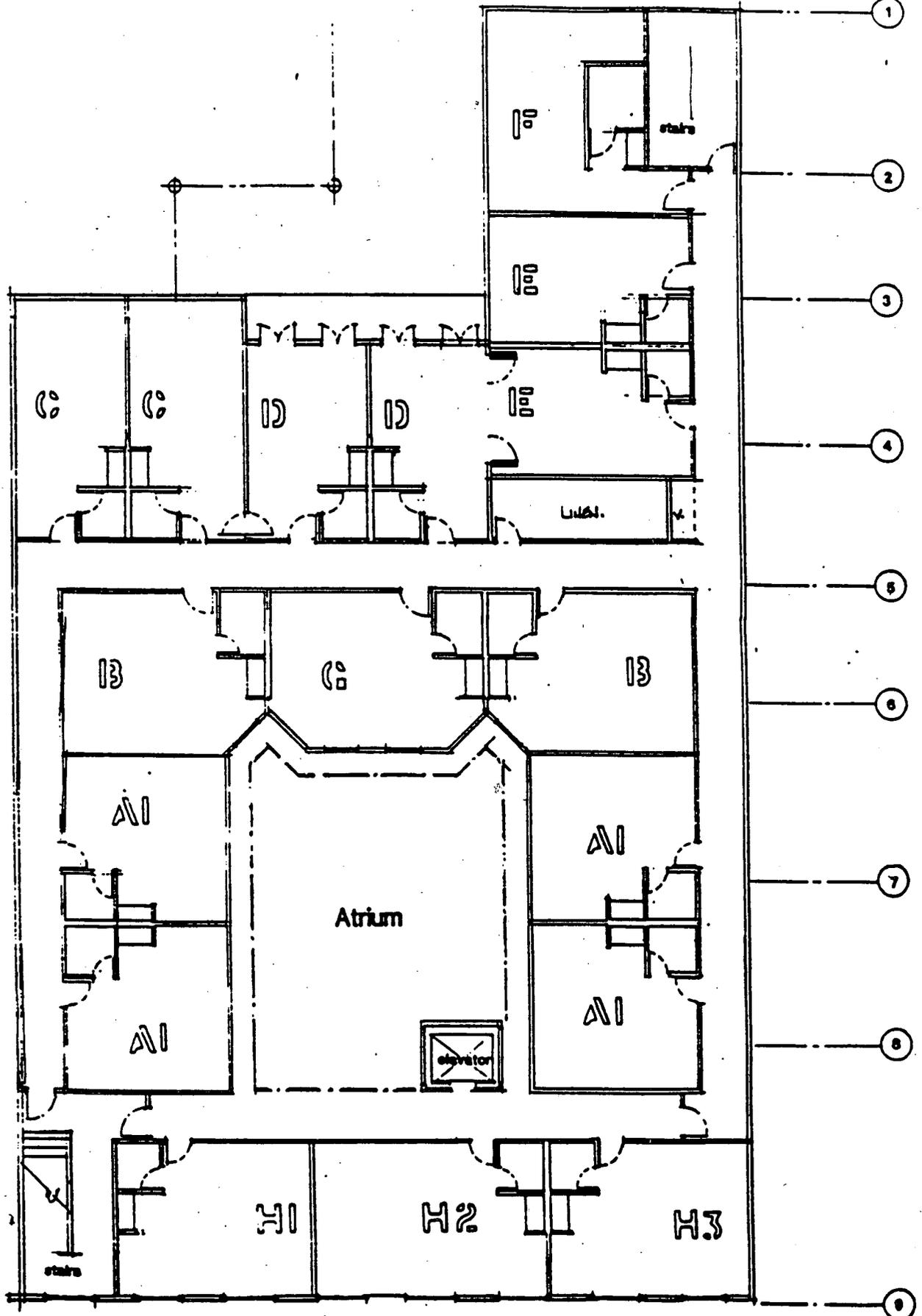


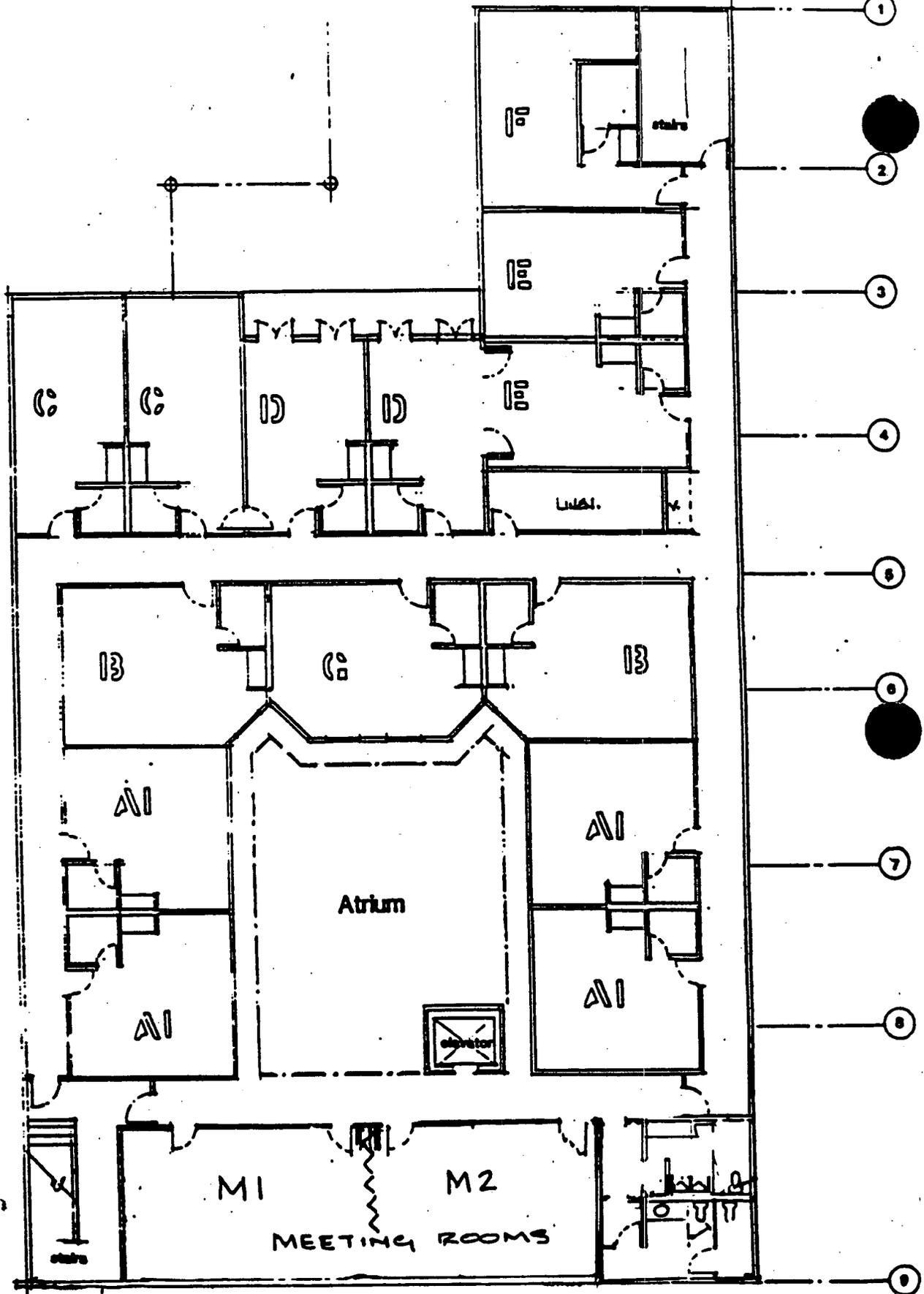
see sheet 1-5

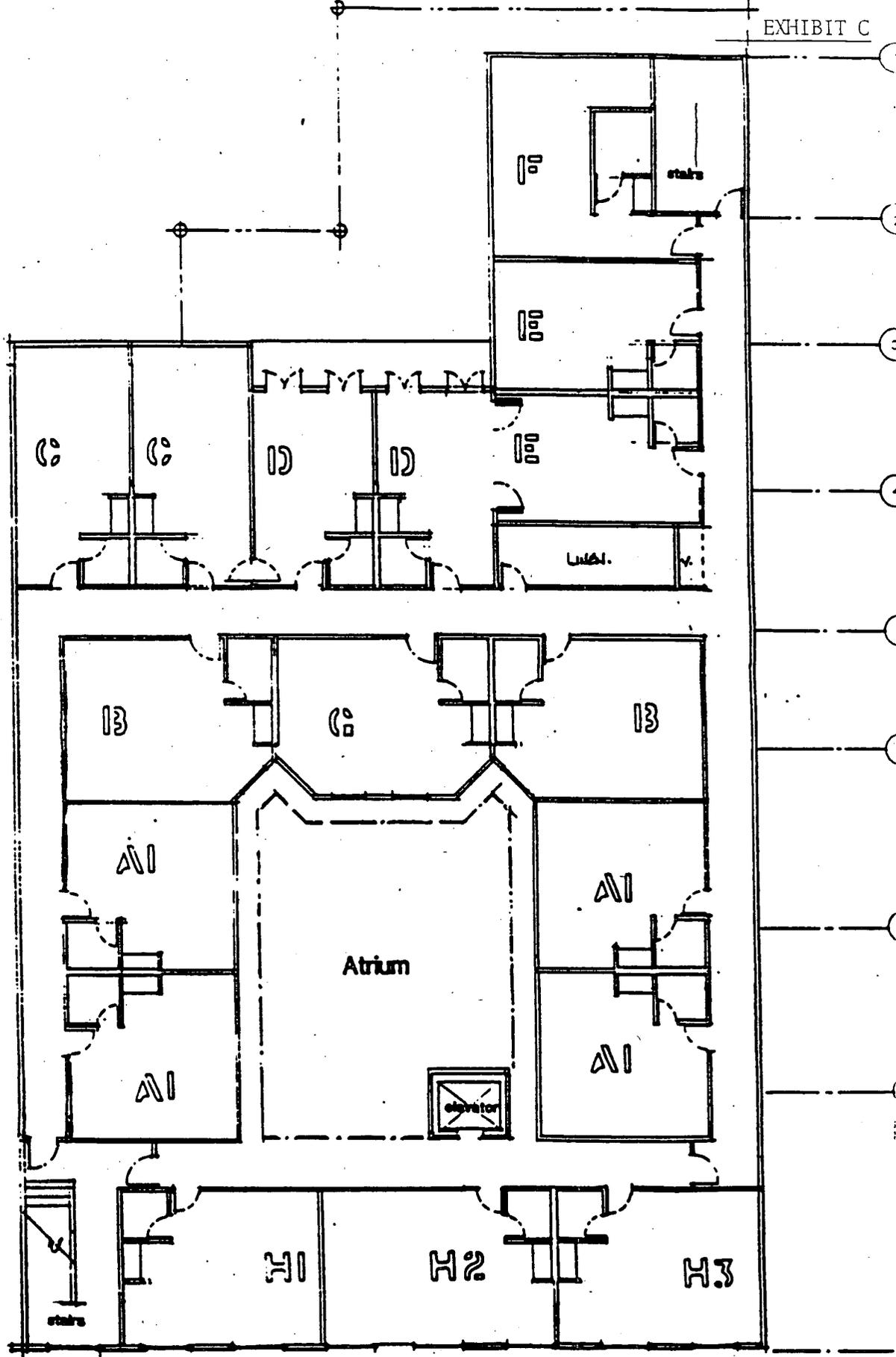
1st Floor



STREET LEVEL / 2ND STREET







May 06, 1987

Mr. Nicholas C Wieting  
Western Industrial Group, Inc.  
920 First Street  
Suite 201  
Benicia, CA 94510

RE: Orleans Hotel  
Old Sacramento, CA

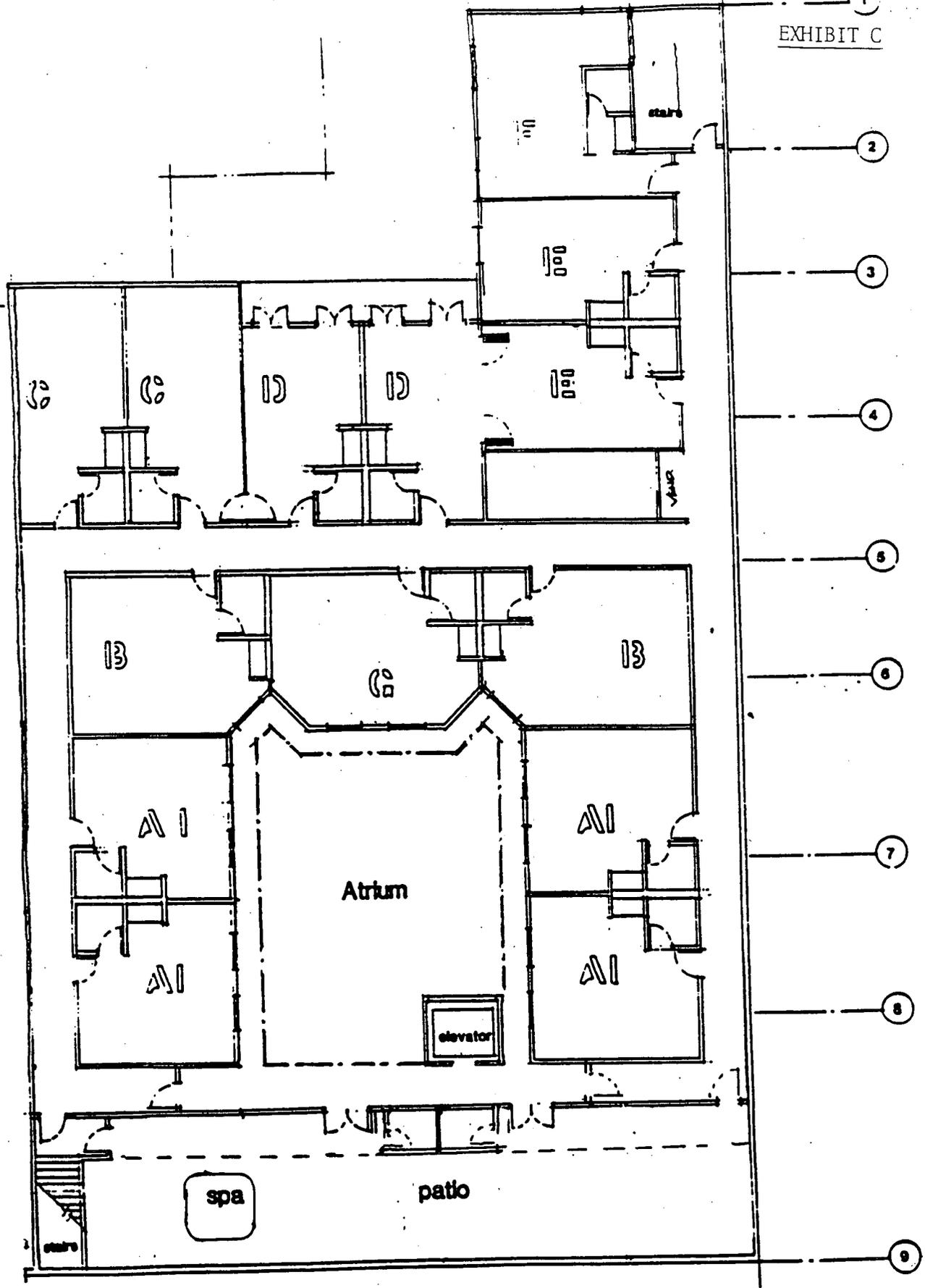
Dear Nick:

Enclosed herewith is an updated proposal package for the Orleans Hotel in Sacramento, CA. This package includes the following information:

1. Updated Estimate (4/14/87) which illustrates a complete cost breakdown which totals \$ 4,767,138. This estimate is based upon concepts developed by Ostgren & Associates.
2. Updated Design & Construction Schedule. This schedule assumes a notice to proceed date for design activities by May 15, 1987 and indicates a completion date of June 23, 1988.
3. Current NVE Qualification Statement, along with an audited Financial Statement.
4. Current brochures for Vitello & Associates, the Architectural Firm and Ostgren & Associates, the Interior Design Firm.

NVE has been involved with this project since its early inception in 1983. The construction costs started at 4.3 Million and was reduced through some creative value engineering changes to 3.9 Million. Then as a result of scope increases, a steadily increasing inflation rate over 4 years and large recent insurance rate increases, it has escalated to the current estimate of 4.7 Million.

During the past 4 years NVE's staff of engineers have recommended several design changes which have reduced costs and increased the number of hotel rooms while maintaining the high level of quality required for this project. One such change was redesigning the original steel structure to masonry and concrete plank construction. This change netted an approximate savings of \$150,000 and reduced the required space between floors for the structure thus allowing a higher (more desirable) ceiling in the rooms.



6th Floor

**OSTGREN ASSOCIATES INCORPORATED**  
FACILITY PROGRAMMING / PLANNING  
INDUSTRIAL ENGINEERING AND DESIGN  
15 Lombard at Sansome San Francisco, CA 94111 (415) 956-2115  
Sacramento, CA (916) 448-0348 Santa Clara, CA (408) 748-7799

May 11, 1987

Mr. Nick Wieting  
Western Industrial Group  
P.O. Box 234  
Benecia, CA 94510

Dear Nick:

Per our conversation, Ostgren Associates Incorporated (OAI) is pleased to be the recognized Interior Design Consultant for the Orleans Hotel "Old Sacramento." Over the past year we have completed Phases I, Architectural Assessment; II, Planning; and part of III, Concept Development.

The original concept by the City for the Orleans Hotel has been completely redesigned according to current construction methods, and replanned to be more efficient and functional for today's market while meeting all current code requirements.

We have recreated a grand old hotel and added popular amenities including a restaurant, bar, and cocktail lounge, finished in the materials of today yet reflecting the ambience of yesterday.

As project manager/designer I will guide the OAI team in their areas of responsibility from beginning to end.

Sincerely,  
OSTGREN ASSOCIATES INCORPORATED

Ronald Kwan  
Associate



cc: N. Ostgren

**NVE CONSTRUCTORS, INC., QUALIFICATION STATEMENT**  
1987 Edition

Modeled After AIA Document A305

---

**SUBMITTED TO:** Mr. Nick Wieting  
Western Industrial Group  
1345 West L Street  
Benicia, CA 94570

**SUBMITTED BY:** NVE Constructors, Inc.  
**ADDRESS:** P.O. Box 13068  
320 North 10th Street  
Sacramento, CA 95813  
**PHONE:** (916) 444-0790

1.0 How many years has your organization been in business as a General Contractor?

We have been in business as a General Contractor for 27 years.

2.0 How many years has your organization been in business under its present business name?

We have been in business under the name NVE Constructors, Inc. for six months.

2.1 Under what other or former names has your organization operated?

We were in business from June 1, 1960 to November 1, 1981 under the name Nielsen-Nickles Company; and concurrently from March 3, 1977 to November 1, 1981 under the name Vasko and Associates.

(Nielsen-Nickles merged with Vasko & Associates to form Nielsen, Vasko, & Earl and in 1986 this was changed to NVE Constructors, Inc.)

NOTE: In June 1986 NVE opened in the Southwest as NVE Southwest, Inc., a New Mexico Corporation.

3.0 If a corporation answer the following:

3.1	Date of incorporation:	1963 Nielsen-Nickles Company 1977 Vasko and Associates 1981 NVE, Inc.
3.2	State of incorporation:	California
3.3	President:	George E. Vasko
3.4	Executive Vice President:	Dave Barber
3.5	Secretary:	Georgia Vasko



Lee Saylor, Inc.

ORLEANS HOTEL

## COST MODEL ESTIMATE

LSI JOB # 9808A

DATE 05/15/87

PAGE SDF 1

ITEM #	DESCRIPTION	QUANTITY	UNIT	UNIT COST	TOTAL COST	DETAILS OF ITEMS
<b><u>SUMMARY</u></b>						
1.1	DEMOLITION	59,220	SF	.63	37,400	
1.2	SITWORK			1.31	77,862	
2.1	SUBSTRUCTURE			3.48	206,131	
3.0	STRUCTURE			9.28	549,432	
4.1	ENCLOSURE, VERTICAL			4.08	241,402	
4.2	ENCLOSURE, HORIZONTAL			.42	24,773	
4.3	SUPPORT ITEMS			3.27	193,527	
5.1	INTERNALS, VERTICAL			11.05	654,598	
5.2	INTERNALS, HORIZONTAL			3.49	206,529	
5.3	FINISHES, SPECIAL			2.02	119,697	
5.4	INTERIORS			.10	5,700	
6.0	SPECIALTIES			.51	30,000	
7.0	EQUIPMENT			.10	6,000	
8.0	SPECIAL CONSTRUCTION				NONE	
9.0	CONVEYING			2.86	169,360	
10.1	PLUMBING & FIRE PROT			6.17	365,448	
10.2	H.V.A.C.			6.31	373,500	
11.0	ELECTRICAL			5.36	317,680	
	<b>SUBTOTAL</b>	<b>59,220</b>	<b>SF</b>	<b>60.44</b>	<b>3,579,039</b>	
	<b>PRORATES</b>			<b>17.89</b>	<b>1,059,542</b>	
	<b>TOTAL ESTIMATED PRICE</b>	<b>59,220</b>	<b>SF</b>	<b>78.33</b>	<b>\$4,638,581</b>	

Mr. Nicholas Wieting

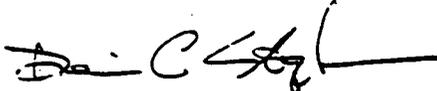
May 01, 1987

Page Two

The physical constraints coupled with the seasonal tourist business in Sacramento provides some unique challenges in building this hotel. Creatively turning these types of challenges into opportunities is how NVE has built its reputation. We are anxiously awaiting the start of construction and look forward to working on your team.

Sincerely,

NVE CONSTRUCTORS, INC.



Dennis C Stephan  
Vice President Estimating

DCS:mg  
enclosure

- 4.0 List industries in which NVE has provided General Contracting services:

High Technology	Retail	Energy
Hotel	Publishing	Defense
Office	Treatment Plant	Residential
Health Care	Transportation	Tourism
Warehouse	Manufacturing	Government

- 5.0 What construction services are offered by NVE?

General Contracting, Design/Build, Construction Management, Project Development Assistance

- 6.0 List states and categories in which your organization is legally qualified to do business. Indicate registration or license numbers, if applicable. List states in which partnership or trade name is filed.

States and categories in which NVE Constructors, Inc. is legally qualified to do business:

Alaska	A18220
Nevada	019470 AB
California	219434
Arizona	51960
Washington	01-37566
Utah	000034856-4
Idaho	5925-AAA-1-3
New Mexico	24532
Oregon	

- 7.0 We normally perform the following work with our own forces:

Earthwork	Project Cost Control
Carpentry	Project Management
Concrete	Construction Supervision
Estimating	Hoisting
Scheduling	General Conditions

- 8.0 Have you ever failed to complete any work awarded to you? If so, when, where, and why:

NVE Constructors, Inc. has completed 100% of the work awarded to it.

- 9.0 Within the last five years, has any officer or partner of your organization ever been an officer or partner of another organization when it failed to complete a construction contract? If so, attach a separate sheet of explanation.

No officer or partner of our organization has ever been an officer or partner of another organization when it failed to complete a construction contract.

## I N P R O G R E S S

- 10.0 List major construction projects your organization has in progress, giving the name of project, owner, architect, contract amount, percent complete, and scheduled completion date.

CONSTRUCTION PROJECTS IN PROGRESS IN 1987:RAMADA INN*Negotiated*

COST (1987 \$): \$6,393,000  
 TYPE OF FACILITY: Hotel  
 SIZE: 97,900 SF, 180 rooms, 7-story  
 LOCATION: Cypress, California  
 OWNER: Ramada Inc.  
 3838 E. Van Buren, Phoenix, AZ (602) 273-4660.  
 LENGTH OF JOB: 10 Months  
 START DATE: April 1987  
 DATE OF COMPLETION: June, 1988  
 ARCHITECT: Solberg & Lowe, Doug Lowe, 1901 Main Street  
 Santa Monica, CA (213) 392-9521  
 STRUCTURAL SYSTEM: Concrete  
 % BY OWN FORCES: 15%

RED LION INN*Negotiated*

COST (1987 \$): \$16,536,000  
 TYPE OF FACILITY: Hotel  
 SIZE: 244,790 SF  
 LOCATION: Modesto, California  
 OWNER: Grant Companies  
 Allen Grant, 1117 Lone Palm, Modesto, CA  
 Modesto, CA (209) 521-7161  
 LENGTH OF JOB: 14 Months  
 START DATE: Proposed - Fall 1987  
 DATE OF COMPLETION: " - December 1988  
 ARCHITECT: Lee & Sakahara, Doug Lee, 3190-K Airport Loop  
 Costa Mesa, CA (714) 979-6283  
 STRUCTURAL SYSTEM: Concrete, Steel  
 % BY OWN FORCES: 25%

RELATED PROJECTSHOTELSMARRIOTT COURTYARD HOTELSelect Bid

COST (1987 \$): \$6,348,000  
 TYPE OF FACILITY: Hotel  
 SIZE: 81,946 SF/147 Rooms/3 Story  
 LOCATION: Foster City, California  
 OWNER: Marriott Corporation, John Kittermaster  
 Three Twin Dolphin Drive, Suite 230  
 Redwood City, CA 94065 (415) 349-5880  
  
 LENGTH OF JOB: 10 Months  
 DATE OF COMPLETION: August, 1987  
 ARCHITECT: Bull/Volkman/Stockwell  
 350 Pacific Avenue  
 San Francisco, CA 94111  
  
 STRUCTURAL SYSTEM: Wood  
 % BY OWN FORCES: 35%

RAMADA INNNegotiated

COST (1987 \$): \$6,393,000  
 TYPE OF FACILITY: Hotel  
 SIZE: 97,900 SF, 180 rooms, 7-story  
 LOCATION: Cypress, California  
 OWNER: Ramada Inc. William Noble, VP Construction  
 3838 E. Van Buren, Phoenix, AZ (602) 273-4660  
  
 LENGTH OF JOB: 10 Months  
 START DATE: August, 1987  
 ARCHITECT: Solberg & Lowe, Doug Lowe, 1901 Main Street  
 Santa Monica, CA (213) 392-9521  
  
 STRUCTURAL SYSTEM: Concrete  
 % BY OWN FORCES: 15%

RED LION INNNegotiated

COST (1987 \$): \$16,536,000  
 TYPE OF FACILITY: Hotel  
 SIZE: 244,790 SF  
 LOCATION: Modesto, California  
 OWNER: Grant Companies  
 Allen Grant, 1117 Lone Palm, Modesto, CA  
 Modesto, CA (209) 521-7161  
  
 LENGTH OF JOB: 14 Months  
 START DATE: Proposed - Fall 1987  
 ARCHITECT: Lee & Sakahara, Doug Lee, 3190-K Airport Loop  
 Costa Mesa, CA (714) 979-6283  
  
 STRUCTURAL SYSTEM: Concrete, Steel  
 % BY OWN FORCES: 25%

**MARRIOTT COURTYARD HOTEL****Select Bid**

**COST (1987 \$):** \$4,872,000  
**TYPE OF FACILITY:** Hotel  
**SIZE:** 79,653 SF/145 Rooms/4 Story  
**LOCATION:** Santa Ana, California  
**OWNER:** Marriott Corporation  
 Three Twin Dolphin Drive, Suite 230  
 Redwood City, CA 94065  
 John Kittermaster (415) 349-5880  
**LENGTH OF JOB:** 10 Months  
**DATE OF COMPLETION:** January, 1987  
**ARCHITECT:** Bull/Volkman/Stockwell  
 350 Pacific Avenue  
 San Francisco, CA 94111  
**STRUCTURAL SYSTEM:** Wood  
**% BY OWN FORCES:** 35%

**MARRIOTT COURTYARD HOTEL****Negotiated**

**COST (1987 \$):** \$5,380,000  
**TYPE OF FACILITY:** Hotel  
**SIZE:** 147 Rooms/79,152 SF  
**LOCATION:** San Bruno, CA  
**OWNER:** Marriott Corporation  
 Three Twin Dolphin Drive, Suite 230  
 Redwood City, CA 94065  
**LENGTH OF JOB:** 9 Months  
**DATE OF COMPLETION:** December, 1986  
**ARCHITECT:** Bull/Volkman/Stockwell  
 350 Pacific Avenue  
 San Francisco, CA 94111  
**STRUCTURAL SYSTEM:** Wood  
**% BY OWN FORCES:** 35%

**CLUB HILTON****Negotiated**

**COST (1987 \$):** \$13,133,000  
**TYPE OF FACILITY:** Hotel  
**SIZE:** 298 Room Hotel/181,000 SF/5 stories  
**LOCATION:** Pleasanton, California  
**OWNER:** Leisure Sports, Inc.  
 Dennis Garrison, (415)463-2822  
 7090 Johnson Drive  
 Pleasanton, California  
**LENGTH OF JOB:** 14 Months  
**DATE OF COMPLETION:** January, 1986  
**ARCHITECT:** Edward J. Gee & Associates  
 555 Delharo Street, Suite 400  
 San Francisco, CA  
**STRUCTURAL SYSTEM:** Post-Tensioned Concrete  
**% BY OWN FORCES:** 15%

CLARION MANSION INNNegotiated

COST (1987 \$): \$1,539,000  
 TYPE OF FACILITY: Remodel  
 SIZE: 41,000 SF  
 LOCATION: 16th & H Streets, Sacramento, CA  
 OWNER: AIRCOA, 9250 E. Castilla,  
 Englewood, CO (303) 779-1219  
 Scott McFarlane, VP of Design & Construction  
 LENGTH OF JOB: 3 Months  
 DATE OF COMPLETION: September, 1984  
 ARCHITECT: Vitiello & Associates, 1931 H Street,  
 Sacramento, CA  
 STRUCTURAL SYSTEM: Wood Frame  
 % BY OWN FORCES: 20%

CLARION HOTELNegotiated

COST (1987 \$): \$10,489,000  
 TYPE OF FACILITY: Hotel expansion & remodel  
 SIZE: 172,500 SF, 251 rooms, 6-story  
 LOCATION: 401 E. Millbrae Ave., Millbrae, CA  
 OWNER: AIRCOA, 9250 E. Castilla, Englewood, CO  
 (303) 779-1219  
 Scott McFarlane, VP of Design and Construction  
 LENGTH OF JOB: 14 months  
 DATE OF COMPLETION: September, 1984  
 ARCHITECT: VMR Architects, 1420 Blake St.  
 Denver, CO.  
 Mel Roth, (303) 837-1137  
 STRUCTURAL SYSTEM: Cast-in-place, post-tensioned concrete  
 % BY OWN FORCES: 27%

SHERATON INNSelect Bid

COST (1987 \$): \$6,376,000  
 TYPE OF FACILITY: Hotel addition  
 SIZE: 108,000 SF, 3-story, 160 rooms  
 LOCATION: 45 John Glenn Dr., Concord, CA  
 OWNER: California Innkeepers  
 400 Primrose Rd., #200  
 Burlingame, CA  
 Enid Craighead, President (415)348-7400  
 LENGTH OF JOB: 15 months  
 DATE OF COMPLETION: July, 1983  
 ARCHITECT: Bodrell Jordan Smith  
 480 San Antonio Road, Ste 150  
 Mountain View, CA (415) 941-8770  
 STRUCTURAL SYSTEM: Wood frame  
 % BY OWN FORCES: 22%

**NORTH SHORE CLUB****Negotiated**

**COST (1987 \$):** \$11,479,000  
**TYPE OF FACILITY:** Hotel, casino remodel & parking garage  
**SIZE:** 116,000 SF, 6-story  
**LOCATION:** Crystal Bay, NV  
**OWNER:** William Schuppel & Associates  
 550 Kearny Street  
 San Francisco, CA, (415)788-0310  
**LENGTH OF JOB:** 15 Months  
**DATE OF COMPLETION:** Project terminated after foundations  
**ARCHITECT:** William Schuppel & Associates  
**STRUCTURAL SYSTEM:** Cast-in-place concrete  
**% BY OWN FORCES:** 20%

**CONCORD HILTON INN****Negotiated**

**COST (1987 \$):** \$14,323,000  
**TYPE OF FACILITY:** Hotel and convention center  
**SIZE:** 212,000 SF, 11-story, 340 rooms  
**LOCATION:** 1970 Diamond Blvd, Concord, CA  
**OWNER:** AIRCOA, 9250 E. Castilla, Englewood, CO;  
 Scott McFarlane, VP, Design & Construction  
 (303) 779-1219  
**LENGTH OF JOB:** 21 months  
**DATE OF COMPLETION:** December, 1982  
**ARCHITECT:** VMR Architects, 420 Blake  
 Denver, CO (303)837-1137  
**STRUCTURAL SYSTEM:** Cast-in-place, post-tensioned concrete  
**% BY OWN FORCES:** 14%

**HARRAH'S TAHOE HOTEL, PHASE II****Select Bid**

**COST (1987 \$):** \$4,761,000  
**TYPE OF FACILITY:** Hotel (structure only)  
**SIZE:** 360,000 SF, 535 rooms  
**LOCATION:** Stateline, NV  
**OWNER:** Harrah's Club, Inc.  
 P.O. Box 10, Reno, NV  
 Ron Jeffrey, Sr. VP/General Mgr. (702)786-3232  
**LENGTH OF JOB:** 10 Months  
**DATE OF COMPLETION:** November, 1975  
**ARCHITECT:** Martin Stern, Jr., AIA, Arch. & Assoc.  
 9348 Santa Monica Blvd.  
 Beverly Hills, CA  
 (213)273-0215  
**STRUCTURAL SYSTEM:** Cast-in-place concrete  
**% BY OWN FORCES:** 80%

**HARRAH'S RENO HOTEL**

**Select Bid**

**COST (1987 \$):** \$19,268,000  
**TYPE OF FACILITY:** Hotel and casino remodel & addition  
**SIZE:** 420,000 SF, 4-story and 23-story addition  
**LOCATION:** 2nd and Center Streets, Reno, NV  
**OWNER:** Harrah's Club Inc.  
P.O. Box 10, Reno, NV  
Bob Martin, (702)786-3232  
**LENGTH OF JOB:** 15 Months  
**DATE OF COMPLETION:** November, 1969  
**ARCHITECT:** Martin Stern, Jr. & Associates  
9348 Santa Monica Blvd.  
Beverly Hills, CA, (213)273-0215  
**STRUCTURAL SYSTEM:** Structural steel  
**% BY OWN FORCES:** 15%

PRIOR TO 1982

**SILVERCREST EUREKA****Negotiated**

**COST (1987 \$):** \$7,480,000  
**TYPE OF FACILITY:** Senior housing (HUD Section 8)  
**SIZE:** 115,000 SF, 152 units, 5-story  
**LOCATION:** Eureka, CA  
**OWNER:** Salvation Army Residences, Inc.  
 30840 Hawthorne Blvd.  
 Ranchos Palos Verdes, CA  
 Dr. Bill Roberts, Director (415) 863-6520  
**LENGTH OF JOB:** 16 Months  
**DATE OF COMPLETION:** June 1981  
**ARCHITECT:** John Carl Warnecke & Associates  
 417 Montgomery St.  
 San Francisco, CA, (415) 397-4200  
**STRUCTURAL SYSTEM:** Concrete block  
**% BY OWN FORCES:** 13%

**CALIFORNIA STATE RAILROAD MUSEUM****Open Bid**

**COST (1987 \$):** \$12,466,000  
**TYPE OF FACILITY:** Museum  
**SIZE:** 100,000 SF,  
**LOCATION:** 125 I St., Old Sacramento, CA  
**OWNER:** State of CA - Dept. Parks & Rec.  
 2125 19th St., Ste 201, Sacramento, CA,  
 George York, Const. Supervisor (916) 445-3044  
**LENGTH OF JOB:** 18 Months  
**DATE OF COMPLETION:** May, 1981  
**ARCHITECT:** Spencer Associates  
 542 High St., Palo Alto, CA  
 (415) 328-2200  
**STRUCTURAL SYSTEM:** Masonry  
**% BY OWN FORCES:** 16%

**THE TOWER****Negotiated**

**COST (1987 \$):** \$1,703,000  
**TYPE OF FACILITY:** Retail complex  
**SIZE:** 42,000 SF  
**LOCATION:** 1690 Arden Way, Sacramento, CA  
**OWNER:** Huntington Group  
 601 University Ave., Sacto., CA,  
 Bill Robbins, (916) 920-1021  
**LENGTH OF JOB:** 7 Months  
**DATE OF COMPLETION:** July, 1981  
**ARCHITECT:** Carissimi-Rohrer Architects  
 1515 River Park Dr., #200  
 Sacramento, CA  
 Walter Rohrer (916) 920-2929  
**STRUCTURAL SYSTEM:** Masonry  
**% BY OWN FORCES:** 13%

**ÖSTGREN ASSOCIATES INCORPORATED**  
FACILITY PROGRAMMING / PLANNING  
INDUSTRIAL ENGINEERING AND DESIGN  
15 Lombard at Sansome San Francisco, CA 94111 (415) 956-2115  
Sacramento, CA (916) 448-0348 Santa Clara, CA (408) 748-7799

May 11, 1987

Mr. Nick Wieting  
Western Industrial Group  
P.O. Box 234  
Benecia, CA 94510

Dear Nick:

Per our conversation, Ostgren Associates Incorporated (OAI) is pleased to be the recognized Interior Design Consultant for the Orleans Hotel "Old Sacramento." Over the past year we have completed Phases I, Architectural Assessment; II, Planning; and part of III, Concept Development.

The original concept by the City for the Orleans Hotel has been completely redesigned according to current construction methods, and replanned to be more efficient and functional for today's market while meeting all current code requirements.

We have recreated a grand old hotel and added popular amenities including a restaurant, bar, and cocktail lounge, finished in the materials of today yet reflecting the ambience of yesterday.

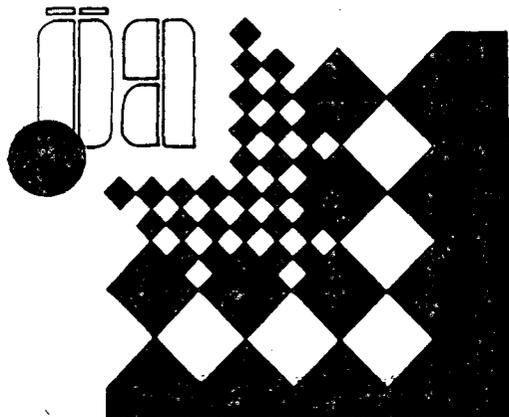
As project manager/designer I will guide the OAI team in their areas of responsibility from beginning to end.

Sincerely,  
ÖSTGREN ASSOCIATES INCORPORATED

  
Ronald Kwan  
Associate



cc: N. Ostgren



Östgren Associates also participate in the development of employees dining facilities for corporate clients; fast food dining for chain restaurants and specialty dining facilities for theme restaurants.

This planning and development is closely coordinated with the owner/operator and their Food Service consultants.



## FIRM

Östgren Associates (ÖA) is a professional interiors firm practicing facilities programming, space planning, industrial engineering, design, and development of hospitality facilities.

Efficiency and excellence characterize the services we have been providing for building owners, developers, architects, realtors and tenants for over thirteen years.

Our multi-disciplinary approach tailors projects to meet individual client needs, objectives, budget and schedule requirements.

Staff expertise in the areas of site and space planning, finance, architecture, engineering, organizational communications and interior design is brought together to form a cohesive reference team. The team identifies and integrates all factors of the facility planning process and provides continuity from initial conceptualization through detailed design and occupancy.

The core of our work is in the planning and the interior design development of Hospitality Facilities ranging from Restaurants to Hotels and Casinos.

## SERVICES

- Research and Programming
- Planning
- Theme Development = Interior and Exterior Design
- Budget Analysis
- Furniture and Material Selection and Design
- Lighting and Power plans
- Graphic Design: uniforms menus and signage
- Construction documents and specifications
- Project management

## PRINCIPAL PROJECTS

- Cheyenne Mt. Inn and Conference Center
- Royal Lahaina Resort Hotel
- Golden Nugget Casino Hotel – Las Vegas and Atlantic City
- Manila Peninsula Hotel
- Arizona Biltmore Hotel
- Acapulco Princess Hotel
- Hyatt on Union Square
- Kona Surf Resort Hotel

## RONALD KWAN ASSOCIATE

Ronald Kwan was educated at the University of British Columbia, Canada, and received his Industrial Design Degree from the Art Center College of Design in Pasadena.

During the past several years Kwan has been quite active in the field of interior design for the hospitality industry. His most recent responsibility was as the Director of Interior Design and Project Management for AMFAC Hotels. Just prior to that Kwan was on the various design teams for such gaming facilities as the Golden Nugget Las Vegas and Atlantic City, NJ and Harrah's expansion in Reno.

Internationally, Kwan has been credited as being a project designer for such hotels as the Manila Peninsula Hotel, Manila; Hyatt Regency Hotel, Waikiki, Honolulu; and the Acapulco Princess Hotel, Acapulco, Mexico.

# ÖSTGREN ASSOCIATES INCORPORATED

15 Lombard at Sansome SAN FRANCISCO CA 94111 (415) 958-2115  
SACRAMENTO CA (448) 448-0348 SANTA CLARA CA (408) 748-7799

AFFILIATED OFFICES: PORTLAND, OR STAMFORD, CT HOUSTON, TX ORANGE CA  
LONDON, ENGLAND STOCKHOLM, SWEDEN

**ÖSTGREN ASSOCIATES INCORPORATED**  
FACILITY PROGRAMMING / PLANNING  
INDUSTRIAL ENGINEERING AND DESIGN

**REPRESENTATIVE PROJECT AND CLIENT LISTING**

RONALD KWAN  
Industrial Designer

CHEYENNE MOUNTAIN INN AND CONFERENCE CENTER  
Colorado Springs, Colorado  
Consultant/W.W.D. & E. Architects

ROYAL LAHAINA RESORT HOTEL  
Maui, Hawaii  
DALLAS-FORT WORTH HOTEL  
Dallas, Texas  
Director of Interior Design/AMFAC Hotels

RIVER INN CASINO & RESORT HOTEL  
Reno, Nevada  
JV with Bond & Brown Architects

HARRAH'S CASINO HOTEL  
Reno, Nevada  
GOLDEN NUGGET CASINO HOTELS  
Las Vegas, Nevada  
Atlantic City, New Jersey  
H. Conversano & Associates

MANILA PENINSULA HOTEL  
Manila, Phillipines  
Wimberly, Whisenand, Allison, Tong & Goo Architects

HYATT REGENCY - HEMMETER CENTER  
Honolulu, Hawaii  
R. Crowell & Associates

ARIZONA BILTMORE HOTEL  
Phoenix, Arizona  
On loan to Taliesan West (Frank L. Wright)

**öa** ÖSTGREN ASSOCIATES INCORPORATED  
FACILITY PROGRAMMING / PLANNING  
INDUSTRIAL ENGINEERING AND DESIGN

REPRESENTATIVE PROJECT AND CLIENT LISTING

RONALD KWAN (Continued)

TOWA REEF RESORT HOTEL

Tumon Bay, Guam

TAOYUAN INTERNATIONAL AIR TERMINAL

Taipei, Taiwan

Intergraf - division A.C. Martin, Architects

ACAPALCO PRINCESS RESORT HOTEL

Acapalco, Mexico

HYATT ON UNION SQUARE

San Francisco, California

COCONUT GROVE RESORT HOTEL

Coral Gables, Florida

H. Hirsch & Associates

RIVER QUEEN CASINO HOTEL

Las Vegas, Nevada

KONA SURF RESORT HOTEL

Kona, Hawaii

R. Zimmer & Associates

Vitiello + Associates, Inc.  
Architects

EXHIBIT C

1931 H Street  
Sacramento, California 95814  
(916) 446-0206

May 22, 1987

Mr. Nicklas Wieting  
Western Industrial Group  
920 First Street, Suite 201  
Benicia, CA 94510

SUBJECT: ORLEANS HOTEL, "OLD" SACRAMENTO, CALIFORNIA

Dear Nick:

I am very pleased and encouraged to hear that your project is again active and is scheduled for construction this summer.

During the last year, we have continued to develop the hotel floor plans with Osteren Associates, and to verify code compliance with redevelopment, building, planning and fire departments reviews. During these reviews, NVE has continued to track construction cost, so with this background, I am in a position to assure you of an expedient design and construction document schedule.

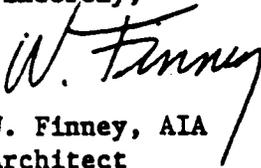
I would like to note that the design build team which includes; ourselves, NVE—General Contractors, and Rex Moore, Electrical Contractors and Engineers, have work together in the past on the State Franchised Tax Board Building of 500,000 SF, a project which was completed two months ahead of schedule.

For you review I have included a partial list of restoration projects we have been involved with.

I look forward to working with you on this project, and this team feels confident of it's overall success.

If you have any questions, do not hesitate to call.

Sincerely,

  
W. Finney, AIA  
Architect

cc: Celia Romerso, NVE w/attachments

**VITIELLO + ASSOCIATES, INC.  
EXPERIENCE - RESTORATION/REHABILITATION PROJECTS**

**Commercial Buildings**

Booth Building Old Sacramento Historic Area	Historic Reconstruction. Space planning, interior design, construction documents for radio station, retail shops. 12,300 S.F.
Boyd-Davis Building Old Sacramento Historic Area	Historic restoration. Space Planning, construction documents for retail shops. 12,000 S.F.
Heywood Building Old Sacramento Historic Area	Historic restoration. Space planning, construction documents for retail shops, offices. 12,000 S.F.
Mechanic's Exchange Building Old Sacramento Historic Area	Historic restoration. Space planning, interior design, construction documents for retail shops and offices. 14,000 S.F.
Morse Building Old Sacramento Historic Area	Historic restoration demonstration project. Space planning, construction documents for retail shops. 9,600 S.F.
P. B. Cornwall Building Old Sacramento Historic Area	Historic restoration. Space planning, construction documents for retail shops and offices. 6,000 S.F.
What Cheer House Old Sacramento Historic Area	Historic restoration. Space planning, interior design, construction documents for retail shops, offices, restaurant. 50,000 S.F.
Regis Hotel Sacramento	Rehabilitation/office conversion. Space planning, construction documents. 32,000 S.F.

ORLEANS HOTEL

Economic Benefit to Redevelopment Agency, City and County

		PROPERTY TAXES	Accrued Total	CITY ROOM TAX 10%	Accrued Total	
Year	1	\$ 59,976		\$ 141,164		
	2	60,576	120,552	151,247	292,411	
	3	61,162	181,734	161,330	453,741	
	4	61,794	243,528	184,599	638,340	
	5	62,412	305,940	195,458	833,798	
	6	63,036	368,976	206,316	1,040,114	
	7	63,366	432,342	217,175	1,257,289	
	8	64,303	496,645	228,034	1,485,323	
	9	64,946	561,591	241,064	1,726,387	
	10	65,595	627,186	254,095	1,980,482	
SALES TAXES ON BAR AND RESTAURANT 6%						
			6%	Accrued Total	1%	Accrued Total
Year	1	\$ 544,000	32,640		5,440	
	2	655,000	39,300	71,940	6,550	
	3	680,000	40,800	112,740	6,800	
	4	840,000	50,400	163,140	8,400	
	5	1,000,000	60,000	223,140	10,000	
	6	1,050,000	63,000	286,140	10,500	
	7	1,102,500	66,150	352,290	11,025	
	8	1,157,630	69,458	421,748	11,576	
	9	1,222,710	73,627	495,375	12,227	
	10	1,276,280	76,577	571,952	12,763	95,281

