

APPROVED
BY THE CITY COUNCIL

MAY 11 1999



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OFFICE OF THE
CITY CLERK

CITY OF SACRAMENTO
CALIFORNIA

DOWNTOWN AND REGIONAL ENTERPRISE DEPARTMENT
DEVELOPMENT GROUP

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SACRAMENTO, CA 95814

916-264-7223
FAX 916-264-8161

May 11, 1999

City Council
Redevelopment Agency of the City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: AMENDMENT OF DISPOSITION AND DEVELOPMENT AGREEMENT
AND FINAL DESIGN APPROVAL FOR THE RIVERFRONT HOTEL
PROJECT

LOCATION AND COUNCIL DISTRICT: Southeast corner of Capitol Mall and Front
Street, District 1

RECOMMENDATION:

Staff recommends adoption of the attached resolution, which authorizes the Deputy City
Manager to:

- Amend the Disposition and Development Agreement (DDA) for the Riverfront Hotel Project between the Agency and Promus Hotel Corporation to transfer \$450,000 from the Merged Downtown Developers Assistance Project to the Project for enhancement of building materials and related costs; and
- Approve the final designs for the project.

CONTACT PERSONS:

Traci Michel, Sr. Management Analyst, 264-8645
Wendy Saunders, Downtown and Regional Enterprise Department Manager, 264-8196

FOR COUNCIL MEETING OF: May 11, 1999

SUMMARY:

This report requests actions in addition to the approved DDA necessary to adequately implement the development of a full-service hotel located on the riverfront within the Merged Downtown

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Redevelopment Project Area. Staff recommendations include: 1) authorizing the Deputy City Manager to amend the DDA for the Riverfront Hotel Project between the Agency and Promus Hotel Corporation to transfer \$450,000 from the Merged Downtown Developers Assistance Project to the Project for enhancement of building materials and related costs; and 2) approval of the final designs for the project.

BACKGROUND:

On February 23, 1999, the City Council approved a DDA between the Agency and Promus Hotel Corporation for the development of a full-service hotel located on the riverfront within the Merged Downtown Redevelopment Project Area. The DDA detailed the following responsibilities:

Promus Hotel Corporation Responsibilities

The Promus Hotel Corporation will be responsible for developing and providing a hotel on the 1.6-acre site, which includes:

- Constructing a 249-room, full-service hotel to serve the Sacramento region;
- Participating in the City's Art in Public Places Program;
- Obtaining private construction and permanent financing for the project;
- Obtaining all entitlements, subject to the appropriate approval process, required for the project; and
- Completing all necessary environmental analysis for the project.

The total budget for the project is estimated at approximately \$35,000,000.

Agency Responsibilities

The Agency will be responsible for assisting the Promus Hotel Corporation with developing the site, including:

- Transferring the site to the Promus Hotel Corporation;
- Design and construction of all off-site improvements; and
- Completing all remaining toxic remediation currently required for the site.

In response to comments received by Councilmembers, the following modifications have been made to the design of the building:

- Balcony railings were added to the North and East elevations;
- The base color and stepped projection that defines the limit of the base color, were lowered one story, now capturing the first two stories instead of three, to enhance the overall proportions of the building, defined as base, shaft, and cap;
- The base stepped projection detail was enhanced from one step to two, matching a similar detail at the eighth floor line;
- The projections that align vertically under the gabled dormer elements were enhanced to provide greater shadow detail to the East, South and West elevations;
- Windows were added to the Southeast corner of the building (facing east) located in the sitting rooms of units on the 2nd through 7th floors;
- The parapet cap was enhanced to match the adjacent eave detail at the Southeast corner of the

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- building (at the flat-roofed transition area);
- The base stepped projection detail will be extended around the Southeast corner of the building where it was previously omitted;
 - The projecting sill detail was added at all windows where that detail was previously omitted (adds shadow and texture); and
 - If approved, an enhanced base material consisting of color coordinated pre-cast concrete panels and Arizona Sandstone accents will be added to a majority of the exterior first floor of the hotel, porte-cochere and terrace area.

On March 17, 1999, the Design Review Board recommended approval of the proposed project design. The project as proposed includes an exterior building coverage of EIFS with accents of pre-cast concrete panels on the columns of the porte-cochere, as well as the on the columns at the perimeter of the terrace. A strong desire for enhanced materials was expressed, but not required by the Design Review Board.

Consistent with the Design Review Board's recommendation and City Council's desire to have a high quality, landmark hotel on the riverfront, staff feels that enhancing the building materials at the base of the building is an important addition to the project. However the increased costs associated with the enhancements would make the project financially infeasible for the Developer. The following option is being proposed by staff to subsidize enhancing the building materials for the project:

Proposed Building Enhancements

In addition to the currently proposed project, pre-cast concrete panels would be used along the building's base at the areas of primary public contact/view. This includes the north, west, a majority of the east, and a portion of the south elevations of the building. The base of the building is approximately 10' high. This also includes the pre-cast concrete panels for the porte-cochere and all terrace pedestals. Sandstone accents would be included at the base of the porte-cochere and the terrace area. The accent is typically on the lower 3 to 6 feet of the column elements.

The additional cost for the building enhancements and related costs is approximately \$450,000. Staff is proposing to use Developers Assistance Project funds for the increased costs. Estimated property tax generated from the project will cover the enhancement costs in two years as illustrated below:

	Year 1	Year 2	Year 3+
Estimated Enhancement Costs	\$450,000	\$170,000	-\$0-
Estimated Reimbursement	\$280,000	\$170,000	-\$0-
Balance of Reimbursement	\$170,000	-\$0-	-\$0-
Remaining Tax Increment	-\$0-	\$110,000	\$280,000

Economic Development

The hotel project is estimated to add over 100 full- and part-time permanent employment opportunities and 300 construction jobs for local residents, as well as generate approximately \$950,000 in transit occupancy tax, \$280,000 in tax increment, and \$150,000 in indirect sales tax

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annually. In addition, the project will produce economic activity to support the surrounding retail and potentially attract new businesses to the area.

Schedule of Development

Subject to Redevelopment Agency of the City of Sacramento approval of the DDA with Promus Hotel Corporation, staff will proceed with the entitlement process and site preparation for the development of the Site. It is anticipated that project construction will begin in late Summer 1999, and will be completed in Fall 2000.

FINANCIAL CONSIDERATIONS

Based on preliminary estimates, an additional \$450,000 will be required for the building material enhancements. Staff recommends transferring Merged Downtown Developer Assistance Project funds to the Riverfront Hotel Project for the additional costs.

POLICY CONSIDERATIONS

The actions proposed in the staff report are consistent with the economic development goals of the Merged Downtown Redevelopment Plan and Implementation Plan, the Riverfront Master Plan, and past Downtown revitalization strategies.

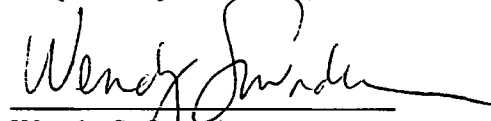
ENVIRONMENTAL REVIEW

A Mitigated Negative Declaration was prepared and approved for the project. The proposed actions will not result in a significant change in the project description. Therefore, no further environmental analysis is required.

M/WBE CONSIDERATIONS

Developer will comply with Agency's M/WBE policy.

Respectfully submitted,



Wendy S. Saunders
Downtown Development Manager

FOR CITY COUNCIL INFORMATION:



ROBERT P. THOMAS
City Manager

APPROVED:



THOMAS V. LEE
Deputy City Manager

As Amended

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF
SACRAMENTO RA99-020

ON DATE OF _____

**MERGED DOWNTOWN SACRAMENTO REDEVELOPMENT PROJECT AREA:
RIVERFRONT HOTEL: AMENDMENT OF DISPOSITION AND DEVELOPMENT
AGREEMENT AND APPROVAL OF FINAL PROJECT DESIGN**

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

Section 1. The Deputy City Manager is authorized to amend the Disposition and
Development Agreement for the Riverfront Hotel Project between the Redevelopment Agency of
the City of Sacramento ("Agency") and Promus Hotel Corporation.

Section 2. The Deputy City Manager is authorized to transfer \$450,000 from the Merged
Downtown Developers Assistance Project to the Riverfront Hotel Project for enhancement of
building materials and related costs.

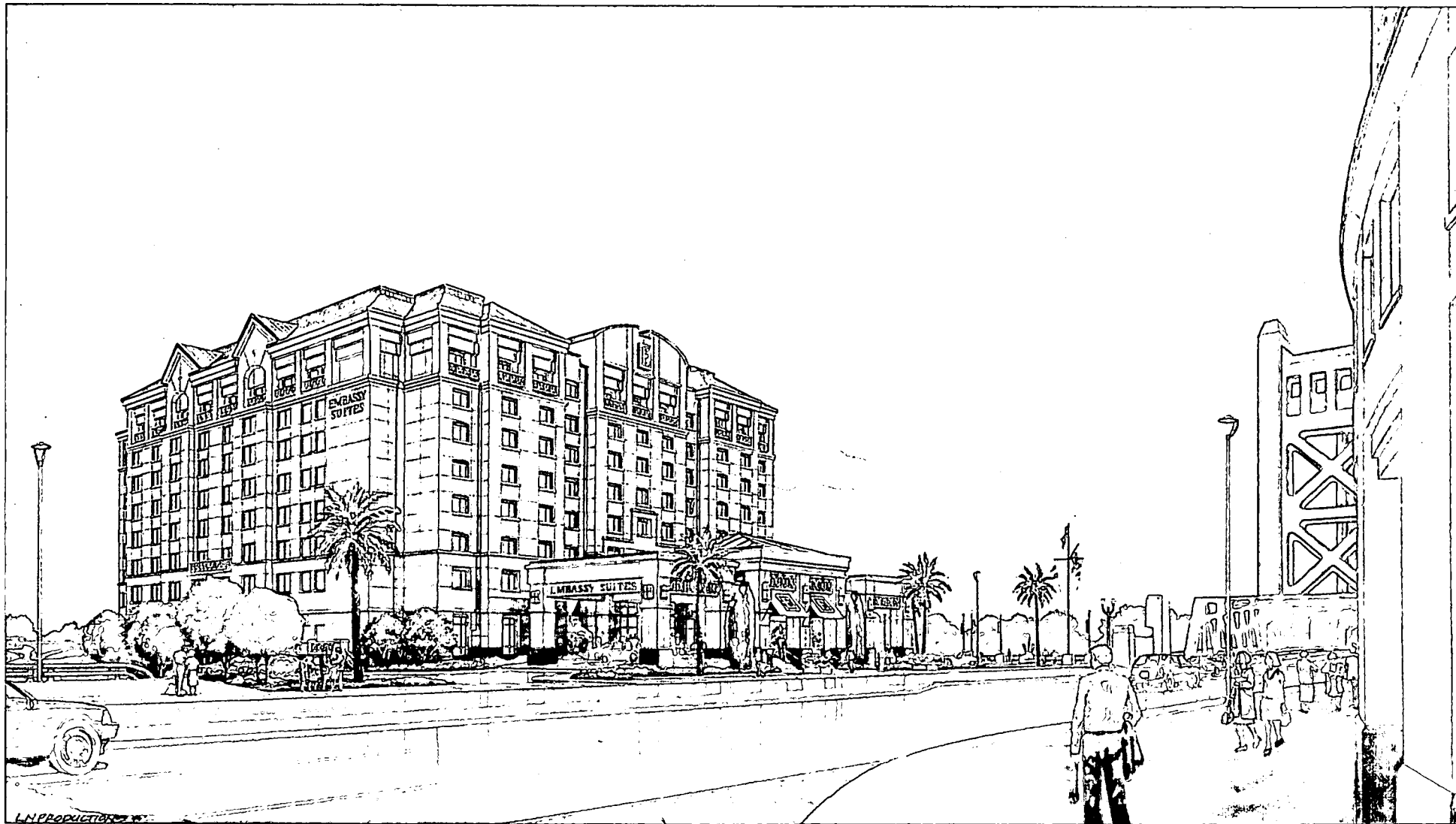
CHAIR

SECRETARY

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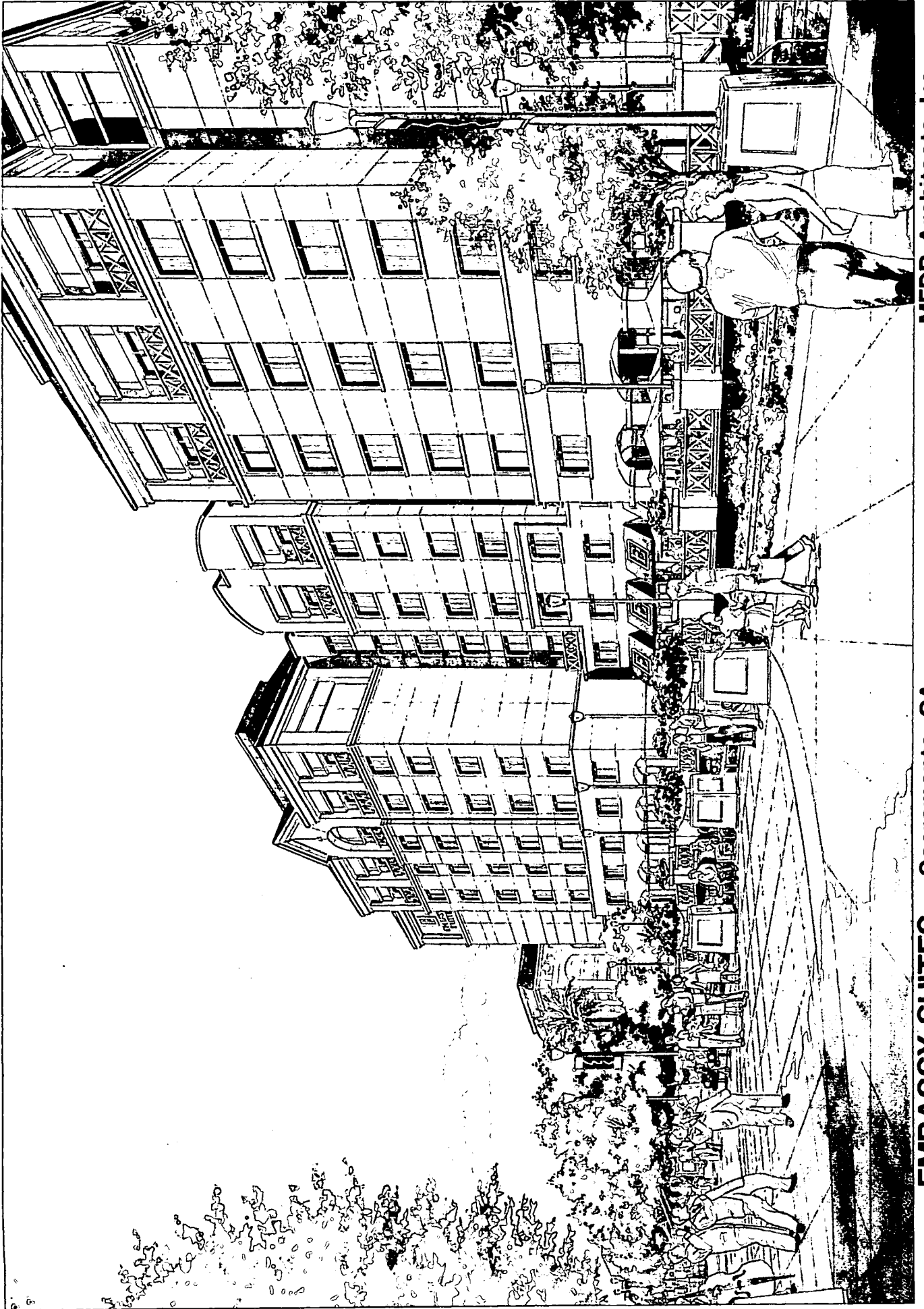
RESOLUTION NO.: _____

DATE ADOPTED: _____



EMBASSY SUITES
Sacramento, CA

MFDB Architects, Inc.



EMBASSY SUITES Sacramento, CA

MFDB Architects, Inc.

AMENDED RESOLUTION

**ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF
SACRAMENTO**

ON DATE OF _____

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Section 2. The Deputy City Manager is authorized to transfer \$450,000 from the Merged Downtown Developers Assistance Project to the Riverfront Hotel Project for enhancement of building materials and related costs.

Section 3. The Deputy City Manager is authorized to amend the Disposition and Development Agreement, in a form as approved by Agency Counsel, as necessary to assure compliance with the approved design and conditions.

CHAIR

SECRETARY

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RESOLUTION NO.: _____

DATE ADOPTED: _____