

RESOLUTION NO. 2009-021

Adopted by the Redevelopment Agency
of the City of Sacramento

March 10, 2009

MERGED DOWNTOWN SACRAMENTO REDEVELOPMENT PROJECT AREA: APPROVAL OF THE 1012-1022 K STREET REHABILITATION PROJECT, AUTHORIZATION FOR EXECUTION OF A DISPOSITION AND DEVELOPMENT AGREEMENT WITH 1012 K STREET, LLC. AND APPROPRIATION OF AGENCY FUNDS

BACKGROUND

- A. The Redevelopment Agency of the City of Sacramento ("Agency") has adopted the Merged Downtown Sacramento Redevelopment Plan ("Redevelopment Plan") and an "Implementation Plan" for the Merged Downtown Redevelopment Project Area ("Project Area").
- B. The 1012 K Street, LLC ("Developer") is requesting ownership of certain real property ("Property"), in the Project Area and which Property is generally described as 1012-1022 K Street and more particularly described in the legal description, attached as Exhibit A to the proposed Development and Disposition Agreement. The sale of the property and the construction of the Project are consistent with the goals and objectives of the Redevelopment Plan to strengthen retail and commercial functions and to stimulate new commercial expansion and economic growth is consistent with the Implementation Plan adopted for the Redevelopment Plan. The sale of the Property will assist in the elimination of blight as stated in the 33433 Report.
- C. The Agency and Developer desire to enter into an Development and Disposition Agreement ("DDA") a copy of which is on file with the City and Agency Clerk, which DDA would assist with the financing of the 1012-1022 K Street rehabilitation and would require improvements within the Property ("Project"), as further described in the DDA and associated Participation Agreement.
- D. The Agency and Developer desire to enter into a Reimbursement Agreement a copy of which is on file with the City and Agency Clerk, which Agreement would assist with the financing of hazardous abatement and interior demolition at the 1012-1022 K Street.
- E. The abatement and soft demolition work is an obligation of the Agency's, but is interwoven with the Developer's improvements such that they cannot be done practically by separate contract and competitive bidding would result in greater public costs in project delay.
- F. The Agency, as the lead agency pursuant to the California Environmental Quality Act has determined that the proposed project as described in the DDA is exempt from CEQA requirements.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO RESOLVES AS FOLLOWS:

- Section 1. The Agency approves the project concept for the renovation of the former Hit-or-Miss Building and Rite Aid buildings at 1012 – 1022 K Street for three entertainment venues including two nightclub spaces (totaling 7,350 square feet), a 5600 square foot restaurant/lounge, and a fourth entertainment use at 1012 K Street to be identified within the next nine months.
- Section 2. The Executive Director will prepare a Notice of Exemption for the sale of the Property and for the execution of the DDA, Reimbursement Agreement and related documents for the Project based on the finding in the accompanying staff report that the Project is in accordance with CEQA.
- Section 3: After due considerations of the facts presented, the findings, including the environmental findings that the project not create significant impacts to traffic, air quality, parking or historic resources, as stated in the staff report that accompanies this Resolution, are approved.
- Section 4. The consideration for the Agency's conveyance of the Property to Developer is the Developer obligations under the DDA, and the fair reuse value of the Property at the use and with covenants, conditions, restrictions required by the DDA and Grant Deed is <\$8,591,193.>
- Section 5. The Development and Disposition Agreement, Participation Agreement, and related documents are approved and the Executive Director or her designee is authorized to execute the Development and Disposition Agreement, in substantially the same form as that which is on file with the City and Agency Clerks and to take all such actions, execute said instruments, and amend the budget as may be necessary to effectuate and implement this resolution and the Development and Disposition Agreement to provide expenditures of \$5,400,000 from the Merged Downtown funds received as part of the Sheraton sale toward costs outlined in the Development and Disposition Agreement for the construction of a mixed use project.
- Section 6. The Executive Director or her designee is authorized to enter into the Reimbursement Agreement for the abatement of hazardous building materials and soft demolition in an amount not to exceed two hundred ninety-one thousand five hundred dollars (\$291,500) of Merged Downtown funds received as part of the Sheraton sale allocated to the Project.
- Section 7. Staff is directed to work with individuals and the Midtown Business Association (MBA), Old Sacramento and the Downtown Sacramento Partnership (DSP) in a matching funds effort to fund a collaborative marketing effort. Maximum annual Agency funding is \$50,000 that will match 1:1 money raised by the MBA and DSP. The term of the Agency's commitment is two years. The Agency will consider renewing the effort upon evaluation in two years.

- Section 8. City and Agency staff is directed to pursue proposals for the Downtown Sacramento Redevelopment Area that are destination attractions which targets (a) daytime as well as nighttime visitors and (b) hospitality patrons.
- Section 9. Any consolidation of on or more of the buildings at 1016 -1022 K Street must come back to the Board for approval.
- Section 10. The \$2.01 million allocated for tenant improvements/acquisition for 1012 K Street will not be disbursed until the Agency Board has approved the use.

Adopted by the Redevelopment Agency of the City of Sacramento on March 17, 2009 by the following vote:

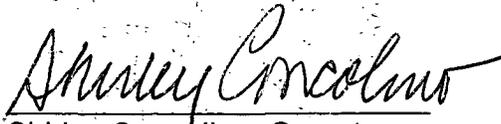
Ayes: Councilmembers Cohn, Fong, Hammond, McCarty, Pannell, Sheedy, Tretheway, Waters, and Mayor Johnson.

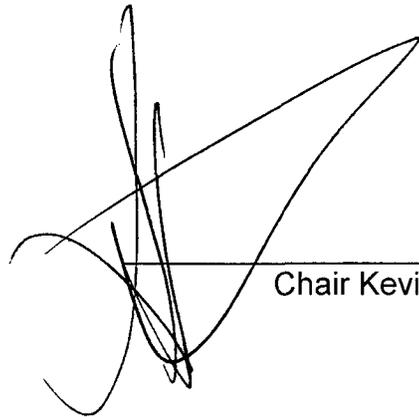
Noes: None.

Abstain: None.

Absent: None.

Attest:


Shirley Concolino, Secretary


Chair Kevin Johnson