



REPORT TO THE CITY COUNCIL of the City of Sacramento

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Staff Report
February 14, 2006

Honorable Mayor and
Members of the City Council

Subject: Approval of Selection of the Jibboom Street Development Team for the redevelopment of the Jibboom Street Power Station Site

Location/Council District: Jibboom Street, Richards Boulevard Redevelopment Area, Council District 1

Recommendation:

Adopt a Resolution: 1) Approving the selection of the Jibboom Street Development Team; 2) Authorizing the City Manager to negotiate an Agreement for an Exclusive Right to Negotiate ("ERN") with the Jibboom Street Development Team providing a 180-day period to negotiate the terms for redevelopment of the Jibboom Street Power Station site; and 3) Directing staff to return to Council with an ERN.

Contact: Celia Yniguez, Senior Project Manager, 808-7730
Leslie Fritzsche, Downtown Development Manager, 808-5450
Janet Baker, Park Planning, Design and Development Manager, 808-8234

Presenters: Celia Yniguez, Senior Project Manager

Department: Economic Development Department; Department of Parks and Recreation

Division: Downtown Development

Organization No: 4451

Summary:

This report recommends the selection of the Jibboom Street Development Team consisting of D.R. Horton and Ken Fahn Properties for the right to negotiation exclusively with the City for a 180-day period to produce a project proposal to develop the City-owned site known as the Jibboom Street Power Station (see location on Attachment 1).

Committee/Commission Action:

This recommendation was approved by the Jibboom Street Selection Committee, whose composition is described below.

Background Information:

The Jibboom Street Power Station site (the "Site") is located on Jibboom Street, approximately one-quarter mile north of the Old Sacramento Historic District. The Site, which is immediately adjacent to the City's new water intake structure, includes the historic Pacific Gas & Electric building and the designated parking areas to the north and east of the building. The Site consists of four acres and is located within the newly formed six and one-half acre Jibboom Street Park. The Jibboom Street Park, approved by the City Council in March 2005, is proposed to include development of a park green, picnic areas, interpretive signage, walking paths and landscaping.

The Site is also located within the Richards Boulevard Redevelopment Project Area. One of the major objectives outlined in the Richards Boulevard plan is the redevelopment of the Sacramento Riverfront, including revitalization of the Jibboom Street District. Within the Jibboom Street District are a number of restaurants and approximately 1,000 motel rooms, comprising one of the City's most thriving motel districts. The redevelopment of the Site would serve as a catalyst to promote reinvestment in the area, including reinvestment and/or redevelopment of the older motels.

In March 2005, the City approved release of a Request for Proposals (RFP) for the Site as part of the development plans for the Jibboom Street Park. In June 2005 an RFP was released. A presubmittal meeting for the RFP was held on July 11, 2005 to provide more detailed information on the Riverfront Master Plan, the Jibboom Street Park and specific Site information. A tour of the Site was also provided.

The original Request for Proposals included the following redevelopment objectives for the Site:

- Preserve the distinctive architectural features of the City Historic Landmark designated power plant building
- Establish a visitor attraction within the structure which could include restaurants, cafes or retail;
- Enhance public use of the surrounding Jibboom Street Park;
- Achieve an orientation to, and integration with, the riverfront; and
- Serve as a catalyst redevelopment project, assisting in attracting additional quality developments to the area and the continued implementation of the Richards Boulevard Redevelopment Plan.

In addition, the approved Riverfront Master Plan contained specific recommendations for development of the building, including:

- Establishing a main level to the building that is at the same elevation as the top of the levee in order to achieve a better riverfront orientation; and
- Creation of a public plaza west of the building that is buffered from freeway noise.

Proposals

On August 26, 2005, five submittals were received. Proposals were submitted by the Discovery Museum, Sacramento's Children's Museum, Thiebaud Jibboom Street Museum and Sculpture Garden, the Jibboom Street Development Team (D.R. Horton

and Ken Fahn) and the Water Center Alliance. The proposals varied dramatically in scope, all with different approaches to the redevelopment of the power station building. A summary of each of these proposals is included as Attachment 2.

Selection Committee Process and Recommendation

A nine-member Selection Committee was established to review the proposals. The Selection Committee consisted of a cross-section of interests with representatives from Capitol Station District, Downtown Sacramento Partnership, City Parks and Recreation Commission, Sacramento Metropolitan Arts Commission, City Design Review and Preservation Board, Old Sacramento Foundation, City Parks and Council District 1. In addition, Robert Bailey of AMS Planning and Research, a nationally recognized firm specializing in the planning and development of arts and cultural facilities, participated in the review of the proposals. Interviews for all the teams (except for the Water Center Alliance, which was deemed by the Selection Committee to be nonresponsive) were set for November 9, 2005. Shortly before the interview time, the Thiebaud Jibboom Street Museum notified staff that it would not continue with the process. The remaining three teams were interviewed.

Based on a review of the information submitted and the development team interview, the Selection Committee recommended selection of the Jibboom Street Development Team for negotiations for the development of the Jibboom Street Site.

Jibboom Street Development Team Proposal

The Jibboom Street Development Team proposes to construct a new residential building on the northern portion of the Site (the area shown as paved area in the Park plan). Developed by D.R. Horton and designed by Mogavero-Notestine and Associates, the building is envisioned to anchor a new district that will serve to enliven an underutilized area of Sacramento's riverfront. Additionally, Ken Fahn Properties will be the lead for identifying a mix of users for the power station building that will capitalize on the building's landmark architecture and provide opportunities for public use. Key to the identification of the tenants will be the desire to make the building a public amenity for all to enjoy.

Jibboom Street Development Team

The Jibboom Street Development Team has extensive experience in residential, retail and entertainment development projects.

D.R. Horton, Inc. is a strong nationally known housing developer with over twenty-five years of experience. The company is publicly traded and self-financed. Traditionally, the firm has focused on the development of single-family housing but has recently added urban high-rise living to its repertoire. Recent projects center in San Diego and include:

- Park Boulevard East, 107 condominiums
- Park Boulevard West, 120 condominiums
- La Boheme, 224 condominiums
- Union Square, 262 condominiums

Most recently it has been selected by the County of Sacramento to build a condominium project on a County-owned site at 7th and I streets (the former interim City Hall site).

Ken Fahn Properties is a local development entity that has completed a number of projects, primarily infill projects in urban settings. Examples of local projects include:

- The Park (15th and L streets) – a lively destination restaurant/nightclub complex featuring Masons, Ma Jong, and The Park Lounge;
- Sherman Office Building (2300 Stockton Boulevard) – awarded “Best Adaptive Reuse” project featuring 45,000 square feet of retail and office across from U.C. Davis Medical Center;
- Posey’s Station (1100 O Street) – renovation of an existing building to create a vibrant dining corner with La Bou and Vallejos.

The projects listed above represent the team’s successful track record in development, quality architectural design, financial capability and overall development experience.

This team is recommended because of the following:

- D.R. Horton, Inc. is a strong nationally known housing developer with an indicated ability to finance the residential project;
- The residential component will create financial resources through tax increment that can be used for other projects in Richards Boulevard;
- The residential tower and the renovation of the power station building will provide a 24-hour use that will enhance the sense of public safety and security on the riverfront;
- The renovation of the power station building into a visitor attraction with public amenities will bring new users to the riverfront.

Exclusive Right to Negotiate

Staff is recommending that the Council authorize the execution of an Agreement with the Jibboom Street Development Team for the Exclusive Right to Negotiate for a 180-day exclusive negotiation period to produce a project proposal to develop the City-owned site known as the Jibboom Street Power Station. The proposed ERN would include milestones that must be achieved by the City and the Jibboom Street Development Team in order for the project to progress. The 180-day period is proposed to allow time for the Jibboom Street Development Team to refine its concepts for both the residential and the power station building. In accordance with direction received from the Selection Committee and City staff the Jibboom Street Development Team will be asked to:

- Continue pursuing options that would establish a visitor attraction within the structure which could include museums, restaurants, cafes, or retail;
- Develop Site options that would have a significant public component;
- Refine project concepts for the residential structure that would be sensitive to its location on the waterfront with the potential of modifying the building footprint;
- Work closely with City Economic Development and City Parks and Recreation staff in the development of an overall proposal that is in keeping with the framework of the Riverfront Master Plan and the Jibboom Street Park plan; and

- Focus on completing both project components on or near the same schedule.

Staff will return to the Council for approval of the ERN.

Financial Considerations:

There are no financial considerations associated with the actions associated with this report. Any financial matters included in the ERN will be addressed in the subsequent report seeking approval of the ERN.

Environmental Considerations:

The proposed action to authorize negotiations with the developer to further redefine the proposed project scope and to commence environmental review is authorized under CEQA Guidelines Section 15262, planning for possible future action.

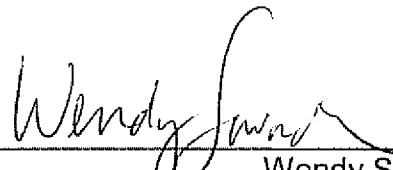
Policy Considerations:

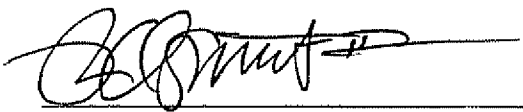
The developer selection and negotiation period will result in a proposed project that is consistent with the Richards Boulevard Redevelopment Plan, the 2005 Richards Boulevard Implementation Plan and the Jibboom Street Park Plan.

Emerging Small Business Development (ESBD):

No goods or services are being purchased.

Respectfully submitted by


 Wendy S. Saunders
 Economic Development Director


 Robert G. Overstreet II
 Parks and Recreation Director

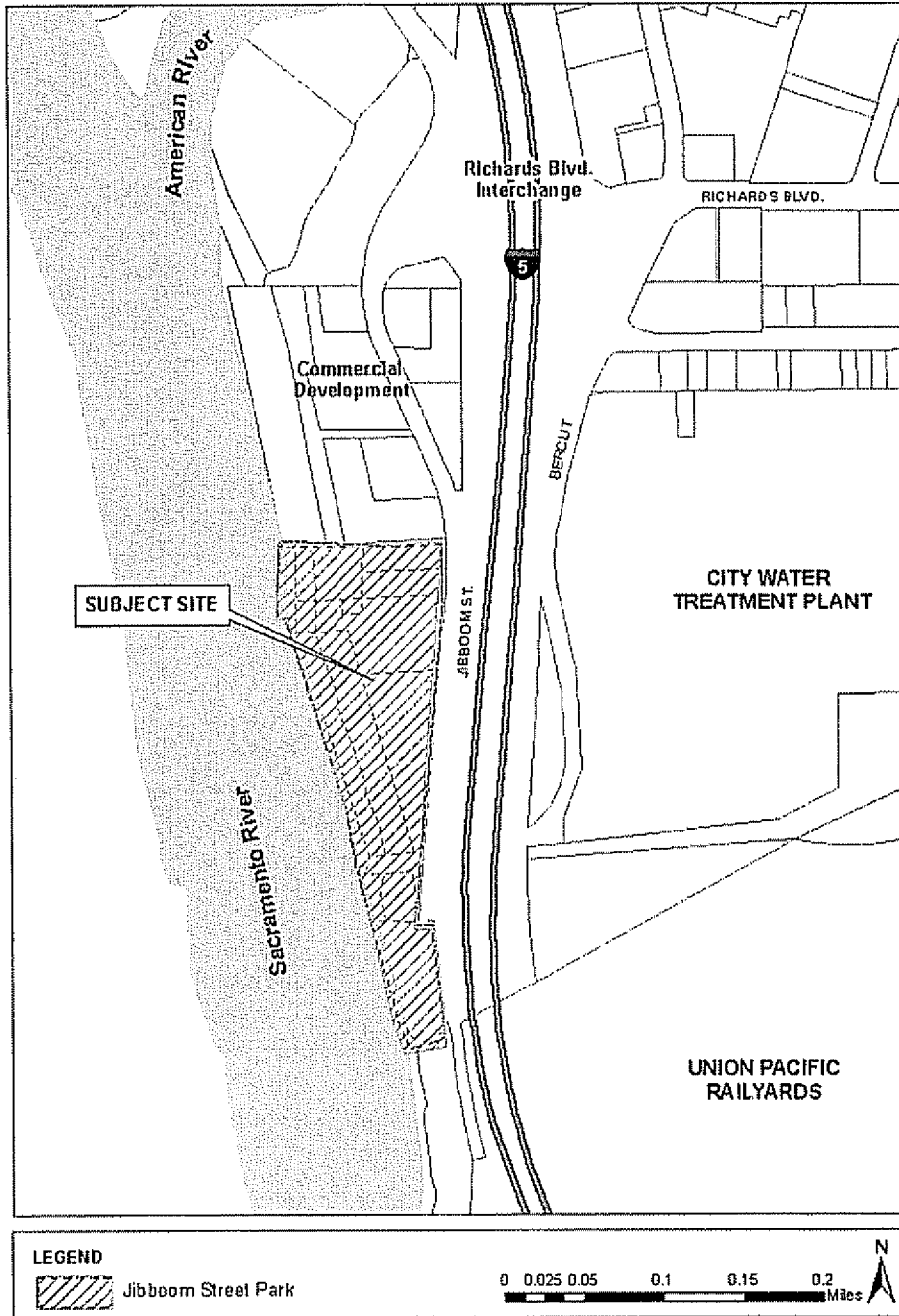
Recommendation Approved:

for: 
 RAY KERRIDGE
 Interim City Manager

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Historical Jibboom Street Power Station Parcel Map



SUMMARY OF JIBBOOM ST. POWER STATION RFP SUBMITTALS

| | Sacramento Children's Museum | Thiebaud Jibboom Street Museum and Sculpture Garden | D.R. Horton Residential Mixed Use | Aqualica Water Visitor's Center | Discovery Museum |
|---|--|--|--|--|---|
| <u>Development Team</u> | | | | | |
| <u>Lead Developer/Contact Associate Developer Operator Architect /Consultants</u> | n/a n/a Sac.Children'sMus. Robert Chong n/a | Heller Pacific, Inc. (Mike Hellier) Lebaron's Fine Art(Paul Thiebaud) n/a n/a n/a | D.R. Horton (Kevin Smith) Ken Fahn Properties (Ken Fahn) Fahn & Co. (Michael Fahn) Mogavero Notestine n/a Page & Turnbull, Mahlum, Nolte Assoc., Miyamoto Int., Interface Engineering | n/a n/a The Water Alliance (Ken Murray) Patri Merker n/a Barry Howard, Sim Van Der Ryne, Forell/ Elssor Engrs., Knowledge Based Consulting, ARG, Page&Turnbull | Carson Development (J. Otto) The Discovery Museum Liaonakis Beaumont n/a Dreyfluss Blackford Architects, Buehler & Buehler, John F. Otto. |
| <u>Narrative Description</u> | | | | | |
| <u>Proposed Mix of Uses</u> | <ul style="list-style-type: none"> 31,000 s.f. museum (19,500 existing bldg. + 11,000 s.f. addition) Amphitheater Garden | <ul style="list-style-type: none"> Public museum operated by private entity Major park component | <ul style="list-style-type: none"> High-rise residential condominiums (203 units) Civic amphitheatre (1,400 seats) 400 parking spaces Restaurant, café, and nightclub in Power Station Building Major park component | <ul style="list-style-type: none"> Aqualica: Visitor's Center is Jibboom Power Station Building. Technology Center: Digitally driven interactive cultural attraction, celebrating water resources Research Center: Modelling N. Cal waterways, fiber optic links, etc. Archives: Space for City Archives Restaurants, shops | <ul style="list-style-type: none"> Creation of a Science & Space Museum in Jibboom Power Station (32,000 s.f.) IMAX Theater/Planetarium (8,000 s.f.) Restaurant, amphitheater, café (10,000 s.f.) Partial deck park adds 50-60 spaces Major park component |
| <u>Proposed Cost</u> | <ul style="list-style-type: none"> Not given | <ul style="list-style-type: none"> Not given | \$130 million | \$25 million | \$26.9 million |
| <u>Deal Points</u> | <ul style="list-style-type: none"> Public/private partnership with City of Sacramento No specific financing plan provided | <ul style="list-style-type: none"> Contribution of fee title to land & building at no cost No environmental defects Relocate PG&E power line Create parking solution for museum and future development. First right of refusal for any other property that City might control along Jibboom Street. | <ul style="list-style-type: none"> Subsidy for rehabilitation of Power Station Building Subsidy for parking structure City to own amphitheater but Fahn & Co. exclusive right to operate events City to relocate PG&E Power Line Utilities to be provided for residential use Environmental issues to be resolved to allow | <ul style="list-style-type: none"> Not given | <ul style="list-style-type: none"> Discovery Museum to conduct fund raising effort with 60% of the funds to be raised in 18-24 months |

| | Sacramento Children's Museum | Thiebaud Jibboom Street Museum and Sculpture Garden | D.R. Horton Residential Mixed Use | Aquatica Water Visitor's Center | Discovery Museum |
|------------------------------------|---|---|---|---|---|
| <u>Most Relevant Projects</u> | | | resolved to allow residential use | | |
| <u>Past Major Projects</u> | <ul style="list-style-type: none"> No projects have been completed | <ul style="list-style-type: none"> Paul Thiebaud Gallery LeBaron's Fine Art East End Lofts/ 01 Lofts 13th & S Lofts | <ul style="list-style-type: none"> Park Boulevard West Park Boulevard East La Boheme Union Square | <ul style="list-style-type: none"> Old Mint, San Francisco | <ul style="list-style-type: none"> Ebner Building, Sacramento REA Building, Sacramento 19th & O Mixed Use Bldg. |
| <u>Financial Capability</u> | | | | | |
| <u>Financial statements</u> | Start-up organization. No existing financials | Audited financial statements provided; | Audited financial statements provided; strong financials. | No financials submitted | Financials provided; organization appears financially stable |
| <u>Public/Private Partnerships</u> | No | Yes | Yes | Yes | Architect has worked with City of Sacramento Parks and Recreation Dept. |
| <u>Project Feasibility</u> | Project challenging for start up organization | Proposers Withdrew | Users and subsidy for power station building still to be determined | Dependent on fund raising and City to provide ongoing operational subsidy submittal | Dependent on fund raising for museum |

Qualification Evaluation per RFP

- Experience with the product type proposed by respondent;
- Experience with entertainment development in downtown and other urban areas;
- Prior relationship with key tenants;
- Evidence of financial resources consistent with project requirements;
- Experience in redevelopment or other public private development;
- Track record of superior architectural design;
- Compatibility of proposed land use with goals identified in this RFQ; and
- Track record of development team.

Project Objectives per RFP

- Preserve the distinctive architectural features of the City Historic Landmark;
- Establish visitor attraction within structure;
- Enhance public use of the surrounding Jibboom St. park;
- Achieves an orientation to, and integration with the riverfront; and
- Serve as a catalyst redevelopment project

RESOLUTION NO.

Adopted by the City Council of the City of Sacramento

Date _____

**SELECTION OF JIBBOOM STEET DEVELOPMENT TEAM
AND AUTHORIZATION TO NEGOTIATE EXCLUSIVELY WITH THE JIBBOOM STREET
DEVELOPMENT TEAM FOR 180 DAYS
REGARDING THE TERMS OF AN AGREEMENT
FOR REDEVELOPMENT OF THE CITY-OWNED PROPERTY
KNOWN AS THE JIBBOOM STREET POWER STATION SITE**

BACKGROUND

- A. In June 2005, the City issued a Request for Proposals for development of the City-owned site known as the Jibboom Street Power Station Site ("Site").
- B. A nine-member Selection Committee reviewed the five proposals that were submitted by the August 26, 2005 deadline
- C. Based on the Jibboom Street Development Team's experience, qualifications, and vision for the Site, the Selection Committee recommended execution of an Exclusive Right to Negotiate agreement with the Jibboom Street Development Team (comprised of D.R. Horton and Ken Fahn Properties) and further negotiations to develop the project proposal.

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

- Section 1. The Jibboom Street Development Team is selected as the preferred developer for the redevelopment of the Site.
- Section 2. The City Manager is authorized to negotiate an Agreement for Exclusive Right to Negotiate with Jibboom Street Development Team providing a 180-day period to negotiate the terms of an agreement for redevelopment of the Site.
- Section 3. Staff is directed to bring back to the City Council an Agreement for Exclusive Right to Negotiate for execution.