

ECONOMIC DEVELOPMENT DEPARTMENT

CITY OF SACRAMENTO

5.2

November 25, 2003

City Council
Sacramento, CA

Honorable Members in Session:



**SUBJECT: REPORT BACK ON RESULTS OF REQUEST FOR
QUALIFICATIONS PROCESS RELATED TO PROPOSED
"PLAZA LATINA" PROJECT AND RELATED ACTIONS**

LOCATION/COUNCIL DISTRICT: Citywide

RECOMMENDATION:

Staff recommends adoption of the attached resolution authorizing:

- 1) The execution of a Memorandum of Understanding between the City of Sacramento, the Sacramento Hispanic Chamber of Commerce, Hispanic Retail Group and Forest City Development to cooperate in performing a feasibility analysis related to the proposed "Plaza Latina" development;
- 2) The City Manager, or designee, to negotiate a development agreement, or similar agreement, specifying terms under which the Project is to ultimately be developed;
- 3) The City Manager is directed to return to the City Council with the results of the "Plaza Latina" feasibility analysis and any negotiated agreement between the parties.

CONTACT PERSON: Tom Zeidner, Sr. Econ. Dev. Proj. Manager, 264-1931
Kristan Otto, Citywide Economic Development Manager
264-7948

FOR THE COUNCIL MEETING OF: December 16, 2003

Building on Our History - Creating The Place to Be.

SUMMARY:

This report provides an update on the results of a request for qualifications process, administered by the Citywide Economic Development staff, to select a private sector developer to participate in assessing the feasibility of the proposed "Plaza Latina" development within the City of Sacramento.

A private development team has been selected and staff is requesting the City Council approve the terms of a Memorandum of Understanding (MOU) between the City, the Sacramento Hispanic Chamber of Commerce (SHCC) and entities chosen through the selection process. It is further recommended that the Council authorize negotiation of a development agreement (or similar document) with parties to the MOU for approval at a later date. This action is in follow up to the Council's earlier approval of: 1) an MOU between the City and SHCC related to development of a project concept and feasibility analysis; and 2) a request for qualifications process to select development entities to participate in assessing the proposed project's feasibility.

BACKGROUND

On November 19, 2002, the Citywide Economic Development staff reported to the City Council that it had been in discussions with the Sacramento Hispanic Chamber of Commerce (SHCC) concerning possible development of a Hispanic-themed commercial and cultural center within the City of Sacramento. At the conclusion of the November 19th hearing, the Council adopted a resolution authorizing the City Manager to execute a Memorandum of Understanding (MOU) with the SHCC to cooperate in assessing the feasibility of the proposed project, tentatively named "Plaza Latina." The MOU called on the parties to undertake "an open and disciplined approach" to assessing the proposed Project's feasibility through steps that were to include, but not be limited to:

- Selection of a Project Planning Committee to steer the analysis process;
- Development of a Project description;
- Definition of the Project concept;
- Consideration of a formal Request for Proposals (RFP) or Request for Qualifications (RFQ) to assist in the performance of the feasibility analysis; and
- Consideration and selection of professionals whose support may be necessary in completing the feasibility analysis.

The Project Planning Committee was formed early on to push the process forward. Committee members included leadership and certain members of the SHCC as well as staff from the Citywide Division of the Economic Development Department. The efforts

of the Committee resulted in the project description and concept becoming much further defined and articulated. That concept was presented to Council on April 29, 2003 as being “a Latin-American marketplace and upscale multi-use commercial/entertainment destination point in the Sacramento Region.”

The concept contemplates the Project proceeding in two phases, the first of which being a “unique project designed for retail and commercial shopping, dining, and entertainment with prominent display of Hispanic culture, customs and tradition.” Phase two is envisioned as a residential development component to be incorporated into the overall Project that will promote “community vitality and affordable housing.” The Project’s architectural theme is envisioned to be Spanish, Mission or California Franciscan styles which, in following a pattern set in Mexico in the early years of Spanish occupation, buildings are arranged around an open square.

It was also reported on April 29th that further definition of the Project concept would require some critical analysis of its market feasibility. The City Council thus approved preceding with, in cooperation with SHCC, a request for qualifications (RFQ) process to select a development entity to participate in the completing the feasibility analysis. The RFQ was released in May 2003. It requested information from interested parties in order to assess respondents’ qualifications based on a set of selection criteria that included:

1. General Experience: overall experience of development team in planning, design, financing, construction and marketing of mixed-use developments; and experience in a lead role in implementing mixed-use projects from initial planning through project completion and operation.
2. Development experience:
 - a. Development projects: experience with urban mixed-use development specifically in regards to project size and complexity; construction style; economic success; overall architectural and design quality; and timeliness of performance.
 - b. Management experience: experience in managing and operating projects containing uses comparable to the proposed development; experience in achieving high quality project maintenance standards.
 - c. Design and planning experience: experience of designated architect and planning & design consultants as evidenced overall quality of previous similar projects.
 - d. Construction and management experience: experience constructing project within established time schedules and within approved construction/development budgets; experience in constructing similar

projects.

- e. Public/private project experience: experience with joint public/private development projects including demonstrated ability to work effectively with public agencies, response to public objectives, and deliver development projects as initially represented.
 - f. Organization, personnel & management: organization of development team indicating clear lines of responsibility, which can be relied upon for effective and responsive action; qualification of key personnel who will participate in the proposed project; experience, qualifications and strength of key contractors, consultants and specialists designated as part of the proposed development team.
3. Financial Capability: overall financial strength of the development team; demonstrated ability to provide necessary capital for predevelopment activities; secure construction and permanent loan financing; provide required equity; and provide funding for ongoing operations (including maintenance, reserves, etc.); and strength of current relationships with financial resources specifically in regards to securing loan commitments from financial institutions.

The RFQ had a submittal deadline of June 20, 2003, by which time staff had received four complete qualifications statements from development entities interested in pursuing the Project. Those entities' qualifications were subsequently considered by a seven-person selection committee, which included:

1. The Citywide Economic Development Manager (as designee for the City Manager);
2. One staff representative of the City Redevelopment Agency;
3. Both President/CEO and General Council to the SHCC;
4. Two representatives of SHCC member firms engaged in real estate development; and
5. One Citywide Economic Development Project Manager.

The Committee, in its application of the selection criteria, interviewed the four responding firms and chose two finalists, from which it requested a Plaza Latina "concept paper." The finalists were therein asked to describe their expected approach to the Project in Sacramento, including details on various components to be included (i.e., retail, residential, office, entertainment). They were also asked to elaborate on their team members' respective roles and how they expected to involve community groups and the SHCC in their planning and execution of the Project.

Following its consideration of the concept papers and a second round of interviews with the finalists, the Selection Committee was unanimous in its choice of the Hispanic Retail Group (HRG) with which to engage in the Project feasibility analysis. HRG is a

consortium formed recently with the intent of developing Hispanic-oriented projects nationwide. Included in the consortium is Forest City Enterprises, a large real estate development company based in Cleveland, Ohio with \$5 billion in assets and another \$2 billion under development. The Legaspi Company and Streetscape Equities are participants with Forest City in HRG. Legaspi has extensive experience in Hispanic-oriented retailing in markets focused in California, the southwestern United States and Mexico. Streetscape Equities is an investment vehicle that facilitates venture capital investment in real estate transactions.

Proposed Memorandum of Understanding

With the selection of HRG through the RFQ process, the City staff, leadership of the SHCC and the principals of HRG have recognized a need to formalize their relationship prior to proceeding further with the Project feasibility analysis. An MOU has thus been drafted for the Council's consideration, which is included as Attachment I. The intent of the MOU is to summarize terms and conditions under which the City, SHCC and HRG will proceed in a cooperative effort towards a comprehensive analysis of the Plaza Latina concept. The MOU states the purpose of the analysis will be to create a "Project Plan" to enable the parties (or others invited by the parties) to determine whether to ultimately enter into a development agreement to proceed with actual construction of the Project.

The Project Plan is to consider specific sites within the city on which the Project might be developed. Based on attributes of those sites, the plan will include detailed descriptions of the Project components, architectural designs and elevations of contemplated structures. Also to be included are identification of critical path items for completion of the Project Plan, as well as development and operating financial data necessary to permit a full analysis of the Project. The MOU will assign to SHCC the lead role for developing outreach through which proposed design and development plans will be presented for community input. Finally, the MOU reflects the participants' belief that a key element of the Project will be to establish business opportunities for small and emerging businesses and, accordingly, that the Plan will include an appropriate business recruitment component.

The overall Project Plan is to be formulated under the leadership of a Project Planning Committee. The MOU will require the Committee to include two representatives of the City, two from the SHCC and three representatives of HRG. In the event the Project Plan indicates that the Project is feasible to the satisfaction of all parties to the MOU, the attached resolution authorizes staff to negotiate a development agreement (or similar document) specifying terms for ultimate development of the Project, subject to Council approval.

FINANCIAL CONSIDERATIONS:

The actions associated with the recommendations of this report have no direct financial impact upon the City. Execution of the MOU recommended herein does not entail any

commitment of City funds to the feasibility analysis or eventual development of the Project. Any recommendations concerning City financial participation in the Project will be addressed in future reports to Council.

ENVIRONMENTAL CONSIDERATIONS:

The recommended actions are not a project as defined by the California Environmental Quality Act (CEQA) as they do not involve activities that may cause a direct or indirect impact upon the environment (Public Resources Code Section 21065).

POLICY CONSIDERATIONS:

The recommendations contained in this report are consistent with the Economic Development Strategy Framework adopted by the Sacramento City Council in April of 2000, and the MOU between the City and the SHCC, approved by the City Council on November 19, 2003.

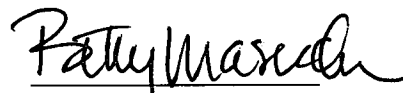
The recommendations are similarly consistent with several goals of the City's 2001-2004 Strategic Plan, including: 1) "Enhance and preserve the neighborhoods"; 2) "Establish and strengthen community and regional partnerships to enhance the quality of life"; 3) "Preserve and expand the arts and culture, open space, urban forest, parks, and recreation opportunities; and 4) "Promote and support economic vitality".

ESBD CONSIDERATIONS:

As no goods or services are being contemplated with this report, ESBD considerations do not apply.

Respectfully submitted:


KRISTAN OTTO
Economic Development Manager


BETTY MASUOKA
Assistant City Manager

RECOMMENDATION APPROVED:


ROBERT P. THOMAS
City Manager

Table of Contents:
Attachment I: Plaza Latina MOU – Page 7-12
Resolution – Page 13-14

December 16, 2003

Jose de Jesus Legaspi, Chair
Hispanic Retail Group
1625 Paramount Boulevard
Montebello, California 90640

Brian M. Jones
ForestCity Development California, Inc.
785 Market Street, 14th Floor
San Francisco, California 94103

E. Dennis Trinidad
President and Chief Executive Officer
Sacramento Hispanic Chamber of Commerce
2848 Arden Way, Suite 230
Sacramento, California 95825

Re: Memorandum of Understanding to Develop "Plaza Latina" Project

Gentlemen:

The purpose of this Memorandum of Understanding ("MOU") is to summarize the terms and conditions under which the City of Sacramento ("Sacramento"), the Sacramento Hispanic Chamber of Commerce ("SHCC") and the Hispanic Retail Group/ForestCity Development California, Inc. ("Developer") will undertake a cooperative effort for the development of a real estate project in the City of Sacramento called "Plaza Latina" (also referred to as the "Project").

The signature of authorized representatives from each of the parties below to this MOU will signify the agreement of each party to proceed forward under the terms and conditions of this MOU as of the date that the last party signs the MOU (the "effective date"). Except as otherwise set forth below, the parties agree that this MOU does not, and will not, create a binding legal relationship between the parties and that no binding legal relationship will exist with respect to Plaza Latina or otherwise unless and until a definitive development agreement and related

documents ("Development Agreement") between the parties are fully executed and delivered.

1. **Plaza Latina Project.** The undersigned parties agree to work cooperatively to perform a comprehensive analysis concerning the development of Plaza Latina. The purpose of this analysis will be to create a plan ("Project Plan") to permit the parties to make an intelligent decision on whether they wish to enter into a Development Agreement for the Project. It is agreed by the parties that Plaza Latina will be designed as a retail commercial center built around a "signature" Spanish/Mexican plaza that will host many community and cultural activities oriented to the Hispanic culture. The essential Project Components will include: (1) retail commercial development of restaurants and stores selling goods and services in demand within the Hispanic community, (2) appropriate residential development designed to secure direct access to the Plaza Latina goods and services, (3) cultural affairs and community activities, (4) recreational activities and (5) the appropriate mix of the foregoing components. Each of the Project Components will be evaluated in the analysis and included in the final Project Plan.

2. **Project Plan.** To achieve the objectives set forth in this MOU, the parties agree to cooperate with one another in the finalization of the Project Plan and analyses for the Project. The Project Plan will be sufficiently detailed to enable the parties, or others invited by the parties to participate, to properly evaluate their participation in the Project. The Project Plan will include a detailed description of the Project Components, several architectural designs of the contemplated structures and elevations for the Project, the identification of critical path miles specific to each of the Project Components, and development and operating pro-formas that are necessary to permit a full analysis of the Project. Each of the draft Project Plan elements to be submitted to the Project Planning Committee for review shall be prepared under the direction of the Developer.

3. **Project Planning Committee.** The parties agree to establish a Project planning committee ("Planning Committee") consisting of two (2) representatives of the City Sacramento, two (2) representatives of the SHCC and three (3) representatives of the Developer. Each party may change its representatives on the Planning Committee from time to time by written notice to the other parties. The Planning Committee will be responsible for taking a leadership role in supporting the various business and legal analyses required under this MOU, and in the finalization of the Project Plan required for the Project. Each member of the Planning Committee shall independently engage and pay for such professional services of architects and others that it may find necessary or desirable in furtherance of the Project.

4. **Project Plan Components.** The parties agree that an systematic and disciplined approach to the preparation of the Project Plan is in the best interests of the public, the interests of each party to the MOU, and will lead to a

more accurate and useful Project Plan. The parties agree that the Project Plan will include, but not be limited to, the following steps:

- a. Project Vision Statement. The Planning Committee will adopt a Project Vision Statement for Plaza Latina that will establish the design and development parameters for the Project Plan. The Project Vision Statement will define the architectural requirements, construction requirements and functional components for Plaza Latina and will be of sufficient detail to permit the development of critical path milestones for each Project Component required for the Project.
- b. Project Components. The parties agree that the Project must include a development plan and specific critical path milestones for each of the Project Components of Plaza Latina and provide a specific timetable for the design, development and implementation of each component of the Project.
- c. Project Design. The architectural theme for the Project will be a distinctive design offering a variety of Spanish, Spanish Colonial, Californian Franciscan and Mission styles. The architectural elements of the Project will be presented to the Planning Committee at a conceptual level, through a conceptual site plan and illustrative elevations, for approval as part of the Project Plan.
- d. Site Selection. The parties agree that selection of the site for the Project is one of the most important elements of the feasibility analysis. Immediately following the effective date of this MOU, the Planning Committee will meet (1) to identify the selection criteria that will be used to select the site for the Project, and (2) to select one or more sites for the Project so that each can be addressed in the Project Plan.
- e. Community Support and Outreach. The parties agree that SHCC will lead the effort to develop community support for the Project. With the assistance and support of Sacramento and Developer, SHCC will establish a schedule of community meetings at which the Project Vision State, the design and development of the Project will be presented for community input and support. Community presentations and outreach materials and activities shall be subject to prior review and unanimous prior approval by members of the Project Planning Committee.
- f. Business Development. The parties agree that one of the important elements of the Project is to establish business opportunities for small and emerging businesses that desire to

locate their businesses at the Project. The parties will cooperatively to identify and qualify businesses who wish to locate to the Project and include a specific business recruitment plan as part of the Project Plan.

5. **Term.** The parties agree that the term of this MOU will begin as of the effective date and extend to March 31, 2004 unless the Project Plan is not complete as of such date. If the Project Plan is not completed by March 31, 2004, the MOU term shall extend to such date that it is completed; provided however that in no event shall the MOU term extend beyond the close of business on June 30, 2004.

6. **Exclusivity.** The parties agree that during the term of this MOU, each party will work on an exclusive basis with each of the other parties to finalize the Project Plan as outlined in this MOU. Each party agrees that during the term of this MOU that it will not take independent or unilateral steps to design, develop or construct a real estate development project in the "restricted area" with characteristics substantially similar to Plaza Latina without the express written consent of each of the other parties to the MOU. For purposes of this MOU, the term "restricted area" shall be deemed to include an area that includes the geographic boundaries of Sacramento County and a radius of 20 miles around the boundary lines of Sacramento County.

7. **Confidential Information and Nondisclosure.**

(a) Exchange of Data for Due Diligence Analysis. The parties shall provide information to each other, or to any accountant, consultant or legal counsel engaged to prepare or to contribute to the Project Plan or other deliverables contemplated by this MOU. The parties agree that the information provided under this Paragraph 7(a) shall be solely for the purpose of preparing the Project Plan and other activities as contemplated under this MOU. Further, each party agrees to restrict access to such data and to the Project Plan to those persons within their respective organizations who have a *need to know* in order to fulfill the obligations hereunder.

(b) Nondisclosure of Confidential Information. The parties acknowledge that during the course of discussions, investigations and due diligence concerning the activities covered by this MOU that they may disclose or receive confidential information from the other parties. Accordingly, each party to this MOU agrees and represents that it will not, either prior to or subsequent to the expiration of this MOU, disclose any confidential information received from any other party except as may otherwise be required by law. The parties further agree that no party will independently or unilaterally provide any public statements concerning the subject matter of this MOU or the Project contemplated hereunder. Further, each party to the MOU agrees to consult with the other parties and to

coordinate the substance of any press releases or public statements concerning this MOU.

8. **Assignment.** The undersigned agree that the rights and responsibilities of the parties and signatories to this MOU may not be assigned and that any attempt to effect an assignment shall be void and non-binding on the other parties.

9. **Applicable Law.** This MOU shall be construed and enforced in accordance with the law of the State of California.

10. **Partially-Binding Effect.** The parties acknowledge that this MOU is an agreement in principle to negotiate the terms and conditions of the performance of a Feasibility Analysis for the Project. Accordingly, the parties agree that this MOU shall not create any binding legal commitments between them, and that any such binding legal commitments will come into place only upon the execution and delivery of a Development Agreement and/or related documents, if any, setting forth the full scope of the rights and responsibilities of the parties. The foregoing notwithstanding, the parties agree to be bound by the provisions of this MOU concerning the participation in the Planning Committee (paragraph 3), Project Plan Components (paragraph 4) its term (paragraph 5), exclusivity (paragraph 6), confidentiality and non-disclosure (paragraph 7), assignment (paragraph 8), applicable law (paragraph 9) and partial-binding effect (paragraph 10).

On behalf of the City of Sacramento we look forward to working with both of you on this important and historic project.

City of Sacramento, a Municipal Corporation

By: _____
Betty Masuoka
Assistant City Manager

APPROVAL AS TO FORM:

ATTEST:

City Attorney

City Clerk

On behalf of the **Sacramento Hispanic Chamber of Commerce**, I understand the terms and conditions of the MOU and agree to be bound by them.

**Sacramento Hispanic Chamber of
Commerce,**

Date: _____, 2003

By: _____
E. Dennis Trinidad
President and Chief Executive Officer

On behalf of the **Hispanic Retail Group**, I understand the terms and conditions of the MOU and agree to be bound by them.

Hispanic Retail Group, a California
corporation,

Date: _____, 2003

By: _____
Jose de Jesus Legaspi
Chair

On behalf of the **ForestCity Development California, Inc.**, I understand the terms and conditions of the MOU and agree to be bound by them.

**ForestCity Development California,
Inc.**, a California corporation,

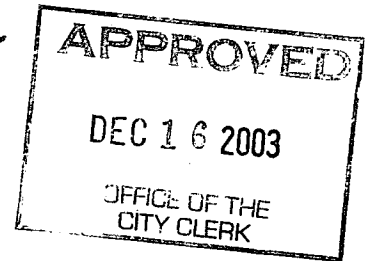
Date: _____, 2003

By: _____
Brian M. Jones
President

RESOLUTION NO. 2003-905

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON THE DATE OF _____



RESOLUTION AUTHORIZING EXECUTION OF A MEMORANDUM OF UNDERSTANDING WITH THE SACRAMENTO HISPANIC CHAMBER OF COMMERCE, THE HISPANIC RETAIL GROUP AND FOREST CITY DEVELOPMENT TO COOPERATE IN PREDEVELOPMENT ACTIVITIES RELATED TO THE PROPOSED "PLAZA LATINA" PROJECT

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

WHEREAS, the City of Sacramento ("City") entered into a Memorandum of Understanding ("Original MOU") with the Sacramento Hispanic Chamber of Commerce ("SHCC") to cooperate in assessing the feasibility of a Hispanic-themed cultural and commercial center ("Project") within the City;

WHEREAS, the terms of the Original MOU called upon the City and SHCC to consider the utility of a formal Request for Qualifications ("RFQ") for purposes of seeking other parties whose assistance may be required to adequately assess the feasibility of the Project;

WHEREAS, on April 29, 2003, the City Council adopted a resolution authorizing: 1) the City Manager to issue an RFQ for development entities to participate in analyzing the market feasibility of the Project, and to convene a selection Committee ("Selection Committee") to review responses to the RFQ; 2) the Selection Committee to apply the selection criteria specified in the RFQ in selecting a responding development entity ("Selected Entity"); and 3) the City staff to negotiate the terms of an agreement under which the City, SHCC and the Selected Entity will proceed to assess the Project's feasibility for approval by the City Council;

WHEREAS, the RFQ was issued and responses reviewed by the Selection Committee, which chose the Hispanic Retail Group/Forest City Development California ("HRG") as the Selected Entity.

NOW, THEREFORE, BE IT RESOLVED THE COUNCIL OF THE CITY OF SACRAMENTO:

SECTION 1.

The terms of the Memorandum of Understanding, presented to the City Council, between the City, SHCC, and HRG to proceed with the Project feasibility analysis ("Developer MOU") are hereby approved and the City Manager, or designee, is authorized to execute the Developer MOU on behalf of the City.

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

SECTION 2.

The City Manager, or his designee is authorized to enter into negotiations with SHCC and HRG concerning a development agreement, or similar document, specifying terms under which the Project is to ultimately be developed.

SECTION 3.

The City Manager is directed to return to the City Council with the results of the Project feasibility analysis and any negotiated agreement between the City, SHCC and HRG for Council review and approval.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____