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# SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

October 21, 1980

CITY MANAGER'S OFFICE  
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Redevelopment Agency of the  
City of Sacramento  
Sacramento, California

Honorable Members in Session:

CITY GOVERNING BOARD  
PHILLIP L. ISENBERG, MAYOR  
LLOYD CONNELLY  
BLAINE H. FISHER  
THOMAS R. HOEBER  
DOUGLAS N. POPE  
JOHN ROBERTS  
LYNN ROBIE  
ANNE RUDIN  
DANIEL E. THOMPSON

SUBJECT: Amendment to Owner Participation Agreement  
Travelers Hotel Building

### SUMMARY

By the attached resolution you authorize the Executive Director to execute an Amendment to the Owner Participation Agreement pertaining to the Travelers Hotel Building. This Amendment obligates the Agency to make available to the redevelopers of the Travelers Hotel Building certain land adjacent to the existing structure on the south and west sides thereof.

### BACKGROUND

The Agency entered into an Owner Participation Agreement with a predecessor-owner of the Travelers Hotel Building on August 28, 1961. The current owners, Travelers Hotel Group, are contemplating the sale of the building to yet another group of investors. The current owners have indicated that as a condition precedent to their sale, they must produce for the prospective buyers legally binding obligations of the Agency with respect to certain changes in the Owner Participation Agreement.

Previously, on August 19, 1980, your Board approved a Memorandum of Understanding between the Agency and the prospective purchasers of the building. Subsequent to the approval of that Memorandum the current owners informed the Agency that the Memorandum of Understanding was not satisfactory in view of its non-binding nature. As a result, the attached Amendment incorporates several of the provisions of the Memorandum of Understanding including the following:

City Council  
Office of the City Clerk

COUNTY GOVERNING BOARD  
ILLA COLLIN  
C. TOBIAS (TOBY) JOHNSON  
JOSEPH E. (TED) SHEEDY  
SANDRA R. SMOLEY  
FRED G. WADE

EXECUTIVE DIRECTOR  
WILLIAM G. SELINE

P.O. Box 1834  
SACRAMENTO, CA 95809  
630 I STREET  
SACRAMENTO, CA 95814  
(916) 444-9210

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SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Date 10/28/80  
Referred to  
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City of Sacramento  
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1. Changes in structural requirements to meet current Fire and other Code requirements;
2. Elimination of the parking requirement;
3. Requirement of service and loading facilities;
4. Extension of plan approval period from 60 to 120 days and extension of the completion period from six months to 12 months;
5. An increase in the allowable floor area from six (6) times the area of the parcel to eight (8) times the area.

Additionally, this Amendment includes a provision obligating the Agency to deliver land, easements for light, air and pedestrian access, or some combination of the two as necessary to allow window placement in the south and west sides of the building.

A provision is also included which would allow the Agency to purchase the property at its present market value if the current or future owners thereof do not begin actual rehabilitation of the property within two (2) years of the date of the Amendment.

Due to the unresolved placement of a potential future parking garage to the west of the subject building, the Agency cannot determine at this time whether it will need to utilize land below street level immediately to the west of the building for its garage. As a result, by this document, the Agency agrees with the owner to grant an easement for light, air and pedestrian access or, at the Agency's option, to sell a similar amount of land to the owners of the hotel at a price not to exceed the price currently contracted for similar land in the same block to Downtown Plaza Associates. While the total area of the land to be included in the easement for purchase has not yet been determined, it will not exceed a twenty foot (20') wide strip along the south and westerly sides of the existing building for the length thereof.

## FINANCIAL IMPACT

This Amendment obligates the Agency to grant an easement of light, air and pedestrian access or sell a similar amount of land at a value below the current market value of that land. The total financial impact of such a transaction cannot be evaluated at this time in view of the undetermined amount of land involved.

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## VOTE AND RECOMMENDATION OF COMMISSION

At its meeting of October 20, 1980, the Sacramento Housing and Redevelopment Commission adopted a motion recommending adoption of the attached resolution by the following vote:

AYES: Fisher, Knepprath, Luevano, A. Miller, Serna,  
Teramoto, Walton, B. Miller

NOES: None

ABSENT: Coleman

## RECOMMENDATION

It is recommended that you adopt the attached resolution.

Respectfully submitted,

*William H. Edgar*

WILLIAM H. EDGAR  
Interim Executive Director

TRANSMITTAL TO COUNCIL:

*Walter J. Slipe*  
\_\_\_\_\_  
WALTER J. SLIPE  
City Manager

Contact Persons: Mac Mailes  
Brenton Bleier

RESOLUTION NO. \_\_\_\_\_

Adopted by the Redevelopment Agency of the City of Sacramento

October 28, 1980

AMENDMENT TO OWNER PARTICIPATION AGREEMENT  
TRAVELERS HOTEL BUILDING

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

Section 1. The Executive Director is hereby authorized to enter into that certain Amendment to Owner Participation Agreement for the Travelers Hotel, in form approved by Agency Counsel.

Section 2. The Executive Director is hereby authorized to convey any and all interests in land necessary to implement the Amendment to the Owner Participation Agreement referred to in Section 1, and to take such other actions necessary to encourage the rehabilitation of the Travelers Hotel pursuant to said Amended Agreement, provided that the Owner of said property shall have presented suitable final architectural plans to the Agency, the Agency and all other appropriate governmental bodies shall have approved said plans and the Owner shall have submitted, and the Agency have approved, suitable evidence of financing for the work.

\_\_\_\_\_  
CHAIRPERSON

ATTEST:

*William H. Selzer*

\_\_\_\_\_  
SECRETARY

AMENDMENT TO  
OWNER PARTICIPATION AGREEMENT

THIS AMENDMENT, made this \_\_\_\_\_ day of \_\_\_\_\_, 1980, by and between the REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO (hereinafter "Agency"), and TRAVELERS ASSOCIATES, a California partnership (hereinafter "Owner").

WITNESSETH:

WHEREAS, Owner is the owner of that certain real property (hereinafter "Property"), described in Exhibit "A" attached hereto and made a part hereof; and

WHEREAS, the Property is situated within the boundaries of the Capitol Mall Extension, Project No. 3 (hereinafter referred to as the "Project Area") and is subject to redevelopment in accordance with the provisions of the Redevelopment Plan adopted by the Agency on April 11, 1960, and adopted by the City Council of the City of Sacramento on June 16, 1960, as Ordinance No. 2208, Fourth Series, and as subsequently amended; and

WHEREAS, said Redevelopment Plan contains provisions for the participation by certain owners of property lying within the Project Area upon terms and conditions to be prescribed by the Agency; and

WHEREAS, Agency entered into an Owner Participation Agreement pursuant thereto dated August 28, 1961, with George Lay, who was then the owner of the aforesaid Property; and

WHEREAS, Owner is the successor in interest to the aforesaid George Lay; and

WHEREAS, since the time of the aforesaid Agreement certain changes have occurred in the Redevelopment Plan for the Property; and

WHEREAS, the parties hereto desire to make certain amendments and modifications to the aforesaid Owner Participation Agreement.

NOW, THEREFORE, it is agreed by and between the parties that:

1. Paragraph 3 of the aforesaid Owner Participation Agreement of August 28, 1961 is hereby amended and modified by the deletion of all of the language set forth therein and the substitution of the following language in lieu thereof:

"3. Owner shall make the alteration, improvement, modernization and rehabilitation which is described in Exhibit 'B' attached hereto and made a part hereof, and such work shall be performed within the time and in the manner set forth herein."

2. Paragraph 4(b) of the aforesaid Owner Participation Agreement of August 28, 1961 is hereby modified and amended by the deletion of all of the language set forth therein and the substitution of the following language in lieu thereof:

"4. (b) Within one hundred twenty (120) days after the approval of the detailed plans and specifications by the Agency and the City of Sacramento, the latter thereof, Owner shall commence the alteration, improvement, modernization and rehabilitation of the Property in accordance with such plans and specifications. Owner shall pursue such work with due diligence and shall complete such work within twelve (12) months after the commencement thereof. All such alteration, improvement, modernization and rehabilitation of the Property shall be made at Owner's sole cost and expense."

3. Paragraph 5 of the aforesaid Owner Participation Agreement of August 28, 1961 shall be amended and modified by deleting the language set forth therein and substituting the following language in lieu thereof:

"5. Owner shall within ninety (90) days after receipt of written notice from Agency join with Agency in executing covenants, conditions and restrictions which shall take the form of a Declaration of Restrictions, to be recorded in the office of the County Recorder of Sacramento County. Such Declaration of Restrictions shall be in substantially the form attached hereto as Exhibit 'C' and by reference made a part hereof, in which the Property is described as Parcel 'A'. In connection with the physical standards and requirements contained in said Declaration of Restrictions and applicable to the property described therein other than the Property, the parties hereto agree that the Owner shall, with respect to said Parcel 'A' perform the following requirements:

(a) The size of the building shall not be increased in any way beyond the existing structure as

of the date of this Amendment, except that Owner may add additional floor area by enclosing completely the light wells on the westerly side of the building and by enclosing partially the light wells on the easterly side of the building.

(b) No setback lines shall be required for the structure situated on the Property.

(c) Service areas for loading, unloading and service to the Property shall be provided by the Owner. The design of such areas shall be approved by the Agency.

(d) Owner shall submit to the Agency for approval plans and/or designs for all signs hereafter erected on the Property during the term covered by the Declaration of Restrictions.

(e) Owner shall provide for drainage into the storm and sanitary drainage system installed in conformity with the Redevelopment Plan.

(f) Owner shall provide the fire protection set forth in Exhibit 'B'.

(g) Agency shall convey to Owner at a price substantially equivalent to that charged to other redevelopers on the same block, the following:

(1) An easement for light, air and pedestrian access, a fee interest in the land or some combination of the foregoing, at the option of the Agency, for a distance not to exceed twenty feet (20') from the southerly and westerly property lines of the parcel as they exist on the date of this Amendment to Agreement.

(2) Said interests as they may be conveyed shall include provision for use as a garden court on the southerly side and a service court on the westerly side with access to J Street.

(3) Agency shall retain appropriate easements for light, air and pedestrian access to any lands conveyed."

4. It is understood and agreed by the parties that Exhibit "C" as it was attached to the Owner Participation Agreement

of August 28, 1961 conflicts in certain particulars with the provisions of this Amendment. Insofar as that Exhibit does conflict with the provisions hereof, the parties agree to modify or amend the form of Exhibit "C" to conform herewith.

5. Exhibit "B" as it was attached and incorporated into the Owner Participation Agreement of August 28, 1961 is hereby deleted in its entirety and the attached Exhibit, designated as "Amended Exhibit 'B'", shall be substituted instead and in lieu thereof in its entirety.

6. It is understood and agreed by the parties that Owner shall begin the rehabilitation of the Property within two (2) years of the date of this Amendment to Owner Participation Agreement. In the event that Owner fails to commence actual rehabilitation of the improvements within said two (2) year period, Agency may then acquire the Property from Owner at the fair market value as of the date of this Amendment as it shall be determined in accordance with Paragraph 7 below, and Owner agrees to accept such sum in full satisfaction and payment for the Property.

It is expressly understood by the parties that the provisions of this paragraph are in addition to any other remedies Agency may have for breach of this Agreement.

7. In the event that the Agency elects to exercise its options under either Paragraph 6 of this Amendment or under Paragraph 10 of the original Agreement, the following procedure shall be employed to determine the fair market value of the building as of the relevant date:

- A. Agency shall notify Owner in writing of its intention to exercise its option, under either Paragraph 6 hereof or Paragraph 10 of the original Agreement, to purchase the building. As part of that notice, Agency shall designate an independent fee appraiser of its choice to undertake a determination of the fair market value as of the relevant date. Said notice shall be mailed to Owner at Owner's last known address, postpaid first class mail or, at the option of the Agency, shall be personally served upon a representative of Owner.
- B. Owner shall, within fifteen (15) days from the date of mailing of Agency's notice, or the service thereof, notify Agency in writing of its selection of an independent fee appraiser of its choice to undertake a determination of the fair market value as of the relevant date. If Owner shall fail or neglect for any reason whatsoever to select such an appraiser or to give proper notice of such selection to Agency within the prescribed period,



Owner shall be deemed to have waived its rights to select such an appraiser. In the event of such a waiver, Agency shall select a second independent fee appraiser.

- C. The two appraisers selected pursuant to subparagraphs A and B of this Paragraph shall confer and cooperate in an attempt to reconcile any difference which may occur in their respective estimates of fair market value. If the aforesaid two appraisers shall fail to agree upon a single fair market value as of the relevant date, the two appraisers shall mutually select a third appraiser, who having access to all of the data, materials and conclusions of the first two, shall conclusively establish the fair market value of the building. If the two appraisers shall fail to agree upon a mutually agreeable third appraiser, they shall mutually request the local chapter of the American Institute of Real Estate Appraisers, or any successor organization, to select a third such appraiser. That appraiser shall then proceed to conclusively establish the fair market value of the building.
- D. When the fair market value has been established in accordance with the foregoing, either by agreement of the first two appraisers or by the resolution of a third, said established value shall be deemed conclusively established as the fair market value of the building as of the relevant date as between the parties.
- E. The Agency may then tender to the Owner the conclusively established fair market value, less the amount of any outstanding liens of record and Owner shall convey to Agency a fee simple interest by warranty deed.
- F. The parties shall each bear the cost of the appraisers they select, except if the Agency selects the second appraiser under the procedures of subparagraph B above, the Agency shall pay the cost thereof and deduct such amount from the amount tendered to Owner pursuant to subparagraph E hereof. The cost of the third appraiser shall be shared equally, except that if the Owner should fail, neglect or refuse to pay his pro rata share of such cost, the Agency may pay the entire amount and deduct the Owner's pro rata share from the amount tendered pursuant to subparagraph E hereof.
- G. Agency and Owner, for themselves and their respective successors or assigns, do hereby waive any and all defenses they may have relative to the procedure employed to establish fair market value to the extent that the procedure employed complies with the provisions of this section.

8. All provisions of the aforementioned Owner Participation Agreement of August 28, 1961 except those expressly amended or modified herein, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to Owner Participation Agreement as of the date first above written.

REDEVELOPMENT AGENCY OF THE CITY  
OF SACRAMENTO

By \_\_\_\_\_  
Executive Director

APPROVED AS TO FORM:

\_\_\_\_\_  
Chief Counsel

TRAVELERS ASSOCIATES, a California  
partnership

By \_\_\_\_\_  
Donald Barclay, Partner

STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF SACRAMENTO )

On this \_\_\_\_\_ day of \_\_\_\_\_, 1980, before me, the undersigned, a Notary Public in and for said County and State, personally appeared \_\_\_\_\_, known to me to be the \_\_\_\_\_ of the REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO, a public body, corporate and politic, that executed the within instrument, and known to me to be the person who executed the within instrument on behalf of said Agency, and acknowledged to me that such Agency executed the same, and acknowledged to me that such Agency executed the same pursuant to a resolution of the Members thereof.

WITNESS my hand and official seal.

[S E A L]

\_\_\_\_\_  
Notary Public in and for said  
County and State.

STATE OF CALIFORNIA )  
 ) ss.  
COUNTY OF SACRAMENTO )

On this \_\_\_\_\_ day of \_\_\_\_\_, 1980, before me, the undersigned, a Notary Public in and for said County and State, personally appeared \_\_\_\_\_, known to me to be \_\_\_\_\_ of TRAVELERS ASSOCIATES, the partnership that executed the within instrument, and known to me to be the person(s) who executed the within instrument on behalf of said partnership therein named, and acknowledged that such partnership executed the same.

WITNESS my hand and official seal.

[S E A L]

\_\_\_\_\_  
Notary Public in and for said  
County and State.

EXHIBIT "A"

DESCRIPTION OF OWNER'S PROPERTY

All that certain real property situate in the City of Sacramento, County of Sacramento, State of California, particularly described as follows:

Lot 4 in Block bounded by J and K, Fourth and Fifth Streets of the City of Sacramento, according to the official map or plan thereof.

AMENDED EXHIBIT "B"

WORK TO BE PERFORMED BY OWNER

A. EXTERIOR

- 1.0. Refurbish the lower exterior of the building on the J Street and 5th Street elevations from sidewalk grade to a height just under the existing projecting lower belt cornice at the ceiling of the mezzanine floor level and do the following other work:
  - 1.01. Remove pipe awning frame from sidewalk and building at 5th Street entrance to the existing restaurant.
  - 1.02. Remove all advertising signs visible from the sidewalks and design new sign space into modernized fronts (Item 1.0 above) as integral part of such modernization.
  - 1.03. Refurbish or replace as necessary existing disappearing awnings, mechanisms and recesses.
  - 1.04. Remove or completely renovate the two (2) existing marquees at the 5th Street and J Street entrances to the hotel lobby.
  - 1.05. Refurbish or remove the existing revolving doors at the two (2) street entrances to the hotel lobby so as to comply with the requirements of the Building Code of the City of Sacramento.
  - 1.06. Plant and maintain street trees in permanent planters around property in the sidewalk space in back of the street curbs on J and 5th Streets.
- 2.0. Clean, point, waterseal and paint and where appropriate parget and paint, and/or veneer all exterior brickwork above the lower belt cornice on the J and 5th Streets elevations of the building and above grade on the alley (south) and west elevations of the building, and do the following other work:
  - 2.01. Replace all window sash with metal sash in connection with Item 2.0 above, and replace all windows in outer courts and on west elevation with steel sash and reinforced glass in accordance with the Building Code requirements of the City of Sacramento, except as to the north and east facades wherein the requirements of the State Office of Historic Preservation shall be followed.

AMENDED EXHIBIT "B" (Continued)

- 2.02. Scale and paint all ironwork on existing fire escapes and remove the ladders.
- 2.03. Remove large vertical corner sign on northeast corner of building.
- 2.04. Remove the existing exterior metal duct stack flues on the alley (south) elevation of the building.
- 2.05. Clean and repair main cornice; plug old electric bulb outlets on under side and paint under side of main cornice.
- 3.0. Remove and relocate the utility penthouses above the roof and do the following other work:
  - 3.01. Remove large structural steel frame signs from the roof.
  - 3.02. Refurbish or replace flagpole on roof and fly flag.
  - 3.03. Replace existing miscellaneous television antennas on roof with one (1) master antenna.

B. INTERIOR

- 4.0. Perform the following work to conform to the Building and Fire Codes of the City of Sacramento:
  - 4.01. Remove the existing main stairway above the mezzanine level.
  - 4.02. Remove existing stairway on the west side of the building (south of lobby).
  - 4.03. Provide a new stairway at each end of the building from the basement to the top floor with at least one of the foregoing stairways extending to the roof level.
  - 4.04. Provide automatic fire extinguishing system for entire basement floor.
  - 4.05. Install new fire hose lines throughout entire building, including the basement.
  - 4.06. Remove dumbwaiter and trash chute shafts.
  - 4.07. Replace existing main electrical service equipment.

AMENDED EXHIBIT "B" (Continued)

- 4.08. Replace existing electrical distribution panels on each floor with modern dead front panels, and replace any defective wiring throughout the system.
- 4.09. Remove all interior walls except those on the main floor and those on the mezzanine level which are visible from the main floor.

EXHIBIT "C"

DECLARATION OF RESTRICTIONS

[To be inserted]