



May 5, 2005

Redevelopment Agency of the City of Sacramento
Sacramento, California

Honorable Members in Session:

**SUBJECT: K STREET REQUEST FOR PROPOSALS: CLARIFICATION OF
SELECTION COMMITTEE AND EVALUATION PROCESS**

LOCATION/COUNCIL DISTRICT: District 1, 700-, 800-, and 1000-blocks of K Street

RECOMMENDATION:

Staff recommends adoption of the attached Redevelopment Agency (Agency) resolution, which accomplishes the following:

1. Acknowledges the City's Economic Development Department, on behalf of the Agency, formation of a Selection Committee and evaluation process for the K Street Request for Proposals;
2. Upon completion of the evaluation process, directs staff to present the Selection Committee's recommendation for developer selection to the Agency, based upon the strength of the development team, the proposed project concept and project economics; and
3. Rescinds the Agency resolution RA 2005-026 adopted on April 26, 2005.

CONTACT PERSON: Traci Michel, Sr. Project Manager, 808-8645
Wendy S. Saunders, Economic Development Director, 808-8196

FOR THE COUNCIL MEETING OF: May 10, 2005

SUMMARY:

On April 26, 2005, Agency staff requested approval of a Selection Committee and evaluation process for the K Street Request for Proposals (RFP), which were issued in

early February 2005 for the 700, 800 and 1000 blocks of K Street. Staff also requested that four members of the City Council, acting in their capacity as members of the Board of the Agency, serve on the Selection Committee. A mistake in the resolution language provided an opportunity for two interpretations, one of which could give rise to a legal challenge under the Brown Act. This staff report and resolution are designed to clarify the language so there is no ambiguity as to the intent of the action. Staff is recommending adoption of the attached resolution, which clarifies the true intent of the previous action. The Selection Committee composition and evaluation process, as discussed in the previous staff report and meeting, remain the same.

BACKGROUND:

- On April 26, 2005, staff presented the Agency with a proposed Selection Committee composition and evaluation process for the K Street RFP's. The K Street RFP's were issued in early February 2005, in order to begin implementing the action items resulting from the JKL Corridor visioning process, which took place in late 2004. The JKL Corridor visioning process recommended strategic attention be given to three key development opportunity sites within the K Street corridor: the 700, 800 and 1000 blocks of K Street, with development objectives generally defined below:
 - **700 Block of K Street** – development of significant, regionally unique destination retail that takes advantage of the location adjacent to Downtown Plaza and maintains the historic scale and nature of the K Street storefronts.
 - **800 Block of K Street** – attraction of vibrant, ground-floor retail, housing, and civic or commercial uses.
 - **1000 Block of K Street** – focus on destination-oriented uses that take advantage of being located in an emerging entertainment district adjacent to the historic Crest Theatre, IMAX Theater, Convention Center Complex and several new nightclubs and restaurants.
- After Agency adoption of the resolution 2005-026 on April 26th, members of the public raised the issue of the Brown Act as it applied to the Selection Committee. The position of staff was that the Brown Act did not apply, because staff did not intend to establish a standing committee by the adoption of the resolution. An ad hoc selection committee, even one containing members of the governing board, is not generally subject to the Brown Act.
- After further review, it was noted that the resolution could be interpreted to be an establishment of a committee. While the staff report talked about staff establishing the Selection Committee, the resolution had the Agency approving the process. Staff intended to have the Agency approve the proposal review process only in the sense that the Agency was comfortable with the process and not in the sense that the Agency was adopting and establishing the process. The language in the resolution, however, did not clearly reflect staff's intent, and could give rise to a legal challenge to the process.

- Staff is recommending adoption of the attached resolution in order to reflect the true intent of the action and make it clear that the Agency did not establish a standing committee. Nothing in the process, as discussed in the previous staff report and meeting, is changed by the recommended action. The following 3-phase process still applies:

1. Establishment of Selection Committee

Staff will convene a Selection Committee comprised of three members of the public and four members of the City Council acting in their capacity as members of the Board of the Agency. The Mayor, in her capacity as the Chair of the Board of the Agency, will name the members of the Agency Board to serve on the Selection Committee.

2. Evaluation Process/Development Team Recommendation

The Selection Committee will review the K Street proposals and make a recommendation for each of the three development opportunity sites to the Agency, based upon the strength of the development team, the proposed project concept and project economics.

3. Exclusive Negotiation Agreement

Staff will recommend Agency selection of a developer for each of the three development opportunity sites and authorization to execute an exclusive negotiation agreement for purposes of negotiating a Disposition and Development Agreement and/or Owner Participation Agreement and commencing the environmental analysis.

It is typical throughout the state for a redevelopment agency to use an ad hoc selection committee to make recommendations on project proposals after issuance of an RFP. The most commonly used reference on California Redevelopment is Redevelopment in California (David F. Beatty *et al.*, 2004, Solano Press). It states that “responses submitted by developers are typically evaluated by a panel on the basis of formal selection criteria set forth in the RFP/RFQ”, that “the panel may consist of staff, agency members, outside consultants, or a combination of these”, and that “ultimately, the developer is selected by formal action of the agency”.

The process undertaken by staff follows the established formula with the addition of opportunities for public input.

FINANCIAL CONSIDERATIONS:

There are no financial actions being recommended as part of this report.

ENVIRONMENTAL CONSIDERATIONS:

The proposed actions do not constitute a project under CEQA per Guidelines Section 15378 (b) (4) (government funding activities that do not involve a commitment to any

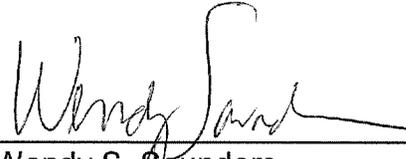
specific project) and 15262 (planning study for possible future action); nor a federal undertaking under NEPA.

POLICY CONSIDERATIONS:

The K Street RFP's will result in proposed projects consistent with the City's General Plan, Central City Community Plan, Merged Downtown Redevelopment Plan and Five-Year Implementation Plan, and the Cultural Arts and Entertainment District Master Plan. The selection of qualified development teams will be through a competitive process.

ESBD CONSIDERATIONS: Not applicable.

Respectfully submitted,



Wendy S. Saunders
Economic Development Director

RECOMMENDATION APPROVED:



ROBERT P. THOMAS
City Manager

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RESOLUTION NO. _____

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF

RESOLUTION ACKNOWLEDGING THE ESTABLISHMENT BY THE ECONOMIC DEVELOPMENT DEPARTMENT, ON BEHALF OF THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO, OF A SELECTION COMMITTEE AND EVALUATION PROCESS FOR THE K STREET REQUEST FOR PROPOSALS (700, 800 AND 1000 BLOCKS OF K STREET)

WHEREAS the City of Sacramento Economic Development Department ("EDD"), on behalf of the Redevelopment Agency of the City of Sacramento ("Agency"), issued Requests for Proposals ("RFP") in early February 2005 for the redevelopment of three K Street development opportunity sites located on the 700, 800 and 1000 blocks of K Street; and

WHEREAS EDD has proposed a Selection Committee and evaluation process for the review of the K Street RFP responses; and

WHEREAS, the Selection Committee established by EDD, in consultation with Agency staff, has seven members as follows: the Chair and three members selected by the Chair of the governing board of the Redevelopment Agency of the City of Sacramento; and three members of the public appointed by Staff.

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

Section 1. The Agency hereby acknowledges EDD's formation of the Selection Committee and the evaluation process outlined in the staff report.

Section 2. Upon completion of the evaluation process, staff is directed to present the Selection Committee's recommendation for developer selection for each of the three K Street development opportunity sites to the Agency, based upon the strength of the development team, the proposed project concept and project economics.

Section 3. The resolution regarding this subject matter, RA 2005-026 and adopted on April 26, 2005, is hereby rescinded.

CHAIR

ATTEST:

SECRETARY

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

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