

SACRAMENTO CITY COUNCIL

--o0o--

SPECIAL MEETING

BUDGET AND FINANCE/TRANSPORTATION & COMMUNITY DEVELOPMENT
COMMITTEES

MS. LYNN ROBIE, Presiding

--o0o--

Held at:

City Council Chambers
915 "I" Street
Sacramento, California

--o0o--

TUESDAY, MAY 9, 1989

Reported by:

LINDA D. AKER, C.S.R. No. 2429

--o0o--

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

APPEARANCES:

COMMITTEE MEMBERS PRESENT: MS. LYNN ROBIE, Chairperson
District 8
DAVID M. SHORE, District 1
MS. LYLA K. FERRIS, District 2
DOUGLAS N. POPE, District 3
TOM CHINN, District 4
JOE SERNA, JR., District 5
MS. KIM MUELLER, District 6
TERRY KASTANIS, District 7

Also present: MS. MARTI FLORES,
Committee Secretary

--o0o--

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

I N D E X O F S P E A K E R S
--o0o--

<u>NAME</u>	<u>PAGE</u>
WISHAM, DOC	5,12,27
DAVIS, MIKE	6
BRANNAN, CAROL	15,24,54,89
MOGAVERO, DAVID	18,64
PLESCIA, ANDY	31
ROCHE, ROBERT E.	37
MOLLOY, JOHN	51,58
STEVE, SANDERS	73
HARNISH, JAMES	79

--o0o--

1 SACRAMENTO, CALIFORNIA, TUESDAY, MAY 9, 1989 2:00 P.M.

2 --o0o--

3 MS. ROBIE: We are ready to start the Budget and
4 Finance/Transportation and Community Development Meeting for May
5 nine, and we have on the agenda seven items.

6 What we're going to have to do is move as quickly as
7 we possibly can, and I think kind of to ask staff to try to make
8 some of your staff reports as precise and compact as possible.

9 So the Council Members that are present, looks like
10 almost everyone is here. Council Member Shore, Council Member
11 Ferris, Council Member Mueller, and Robie, and Council Member
12 Serna was just here a minute ago.

13 So I think let's just take them in order. And do you
14 want to read the first item?

15 MS. MUELLER: Just for the record, I'd like to state
16 that the court reporter and I, we have similar styles of
17 dresses, although it's different material. We are not the same
18 person, just for the record.

19 MS. FERRIS: You're not sisters or anything?

20 MS. MUELLER: No.

21 MS. ROBIE: Ms. Mueller is clarifying an important
22 issue here.

23 MS. MUELLER: That's right.

24 MS. ROBIE: Okay.

25 MS. FLORES: Resolution adopting a Finding of

1 Conformity between the Community/Convention Center Expansion and
2 the General Plan of the City of Sacramento. This activity is
3 within the scope of the Program EIR approved earlier, and the
4 Program EIR adequately describes the activity for the purposes
5 of CEQA.

6 MR. WISHAM: Chair Robie and members of the joint
7 committees: I first want to make a general statement by saying
8 that the five items that you have before you concerning the
9 expansion of the Sacramento Community/Convention Center
10 Expansion were all anticipated at earlier Council meetings. And
11 in fact these serve as follow-up items.

12 We are going to present these using various staff
13 members who have not only the expertise, but the familiarity
14 with them. And all of these items are scheduled to be heard
15 again tonight when the 7:30 Council Meeting begins.

16 And the first item which was just read deals with the
17 Finding of Conformity. And this is a second time that the
18 Council is dealing with conformity between the
19 Community/Convention Center Expansion and the General Plan. But
20 this finding will be from the standpoint of the scope of the
21 Program EIR.

22 So at this time, I'd like to ask Mike Davis, with
23 some assistance as necessary from Carol Brannon, to make a
24 presentation, because a presentation was made to the Planning
25 Commission earlier.

1 MS. ROBIE: There he is, down behind the podium.

2 MR. DAVIS: This, as Doc mentioned, this first item
3 is a report to you from your Planning Commission. And the
4 report is on the question of consistency of the proposed project
5 with the General Plan.

6 And the Commission has found, and there's a
7 resolution included in the packet, that you should find the
8 project consistent with the General Plan.

9 As Doc also mentioned, this is the second time this
10 matter has been presented to you. The first time, as I recall,
11 was on October twenty-fifth, and you made a finding of
12 consistency with the General Plan; and that finding was made in
13 the context of the overall environmental actions which you took
14 at that time, after several months and weeks of hearings and
15 considerations.

16 This particular action now is part of the
17 implementation process resulting from your earlier policy
18 decisions, and it deals specifically with the acquisition of the
19 site on which the Merrium Apartments building sits.

20 The Commission's finding of consistency is based on
21 two broad interpretations.

22 First is that the project; specifically, the
23 expansion site, responds directly to the City's General Plan
24 objectives to actively develop cultural and entertainment
25 facilities in the Downtown.

1 And secondly, that finding is based on the fact that
2 the Commission acknowledges that the project is supportive of
3 the General Plan's goals of enhancing cultural and entertainment
4 facilities in the Downtown area.

5 During the two meetings at which the Planning
6 Commission considered this item, there were three general
7 concerns raised by SOCA that the specific project was not
8 consistent.

9 One concern related to housing; the second concern
10 related to historical preservation, and the third concern
11 related to parking.

12 Specifically, as I recall, SOCA's concern was that
13 because the Merrium Apartments would be demolished, that thereby
14 removing housing, this action would not be considered consistent
15 with the General Plan's policy goals of maintaining housing and
16 developing housing in the Downtown area.

17 However, the Commission was presented with the facts
18 which suggest that the existing housing policy goals in the
19 General Plan are not site specific; and that the decision to
20 remove the Merrium is not inconsistent so long as replacement
21 housing is to be provided, a policy decision which the Council
22 has already made.

23 Secondly, with regard to historical preservation,
24 there was a concern that because again the building would be
25 demolished, that it was not consistent with the General Plan

1 policy in preserving historical structures.

2 Again, the Commission, I think, recognized that the
3 General Plan does not mandate historical preservation on a site
4 by site specific example, in that it promotes instead historical
5 preservation in the Downtown area. And the commission also
6 recognized that this Council has used due diligence in its
7 evaluation of the feasibility of preserving that structure. And
8 you have previously made the policy decision not to do that.

9 Then the third concern over potential nonconsistency
10 was with regard to the parking. As you know, this project when
11 it is built will require additional parking.

12 You have previously committed yourselves to providing
13 that required parking, and by structuring a mitigation measure
14 in the EIR for the project that would require you to do that.

15 And as a matter of fact, one of the items on the
16 agenda this afternoon dealing with supplemental environmental
17 work will now go forward and identify specific sites and
18 specific numbers of parking spaces, as a part of that
19 implementation.

20 So it was in consideration of these facts that the
21 commission voted 6-0, with three members absent, to report a
22 finding of consistency to the Council.

23 MS. ROBIE: Questions of Mike Davis.

24 You know, one quick question I had, Item 1 and Item 5
25 actually seem to be more related than the other items, it seems

1 to me. Because Item 1, you're talking about the consistencies
2 with the General Plan, and Item 5, you're actually talking about
3 the need for supplemental environmental review for the Community
4 Center. And you list four the areas: The parking, the retail,
5 the replacement housing, and a number of design treatments.

6 And maybe if we move to Item 5 before we do the other
7 items.

8 Doesn't it seem premature in a way to be talking
9 about replacement housing on Item 5, and then on Item 2, the
10 Merrium, and we've already talked about the General Plan, with
11 Item 1, to be taking the Merrium down before you talk about the
12 replacement housing with an EIR?

13 MR. DAVIS: I don't believe so. The Item 5 relates
14 to a specific contract which will enable you to fulfill an
15 earlier commitment already made through the environmental
16 process to provide replacement housing.

17 So Item 5 doesn't deal with the policy decision of
18 replacing housing. It's only an implementation step.

19 Item 1 is based on the fact that the basic goals and
20 objectives --

21 MS. ROBIE: Are met.

22 MR. DAVIS: -- of the General Plan are in compliance,
23 or vice versa, this project is in compliance with the basic
24 goals and objectives of the General Plan.

25 MS. ROBIE: Other questions?

1 MS. MUELLER: I had a couple questions. What was the
2 Planning Commission's vote? Was it unanimous on this?

3 MR. DAVIS: Unanimous of those in attendance. There
4 were six members present.

5 MS. MUELLER: You indicated that we had voted on this
6 similar issue, I guess it was the end of last year. If I recall
7 correctly, that was after we heard the EIR, but before we'd made
8 any decisions on which direction the majority of the Council
9 were to go in; is that correct?

10 MR. DAVIS: No, I believe that the decision, and the
11 legal staff is here to answer that specifically, but I believe
12 that the findings relate to the East Alternative Expansion
13 specifically.

14 MS. MUELLER: It was that vote which we also voted on
15 consistency with the General Plan.

16 MS. McCORMICK: There was a finding of consistency
17 with the General Plan. That was part of the findings of fact,
18 which the Council adopted, when it approved the Eastward
19 Expansion.

20 MS. ROBIE: Why do you have to bring it back then?

21 MR. DAVIS: Again, this specific 65402 finding
22 relates to the now acquisition of the property, which is defined
23 as a public project, and later actions on this agenda will
24 result in the acquisition of the property.

25 So it's -- there will probably be further 65402

1 decisions to go, perhaps, as you go through further
2 implementation steps.

3 MS. ROBIE: Item 1 directly relates to Item 2, and
4 Item 2 to Item 1, where you move into the Eastside, to the East
5 Expansion.

6 MR. DAVIS: Right.

7 MS. ROBIE: Okay. Other questions?

8 Is there anyone in the audience that has any
9 questions or statements on this particular item, Item 1?

10 We are going to do them one at a time. Okay. I'm
11 sorry, is there a motion? Motion by Mr. Shore.

12 Is there a second? Call the roll, I guess.

13 MS. MUELLER: I would just say consistent with my
14 vote then when we considered this matter earlier, I will be
15 opposing this measure, because it is linked to the following
16 items.

17 MS. ROBIE: I have to admit to you that I'm having
18 trouble with this. I really am, and the reason is that I don't
19 think it's inconsistent with the EIR. I really don't. Because
20 I think that Mike is right, is that these things are dealt with
21 separately, you know.

22 But as far as the Merrium housing situation, I think
23 it is consistent with the EIR. Okay.

24 MS. FLORES: Robie?

25 MS. ROBIE: Aye.

1 MS. FLORES: Chinn?

2 MR. CHINN: Aye.

3 MS. FLORES: Ferris?

4 MS. FERRIS: Aye.

5 MS. FLORES: Mueller.

6 MS. MUELLER: No.

7 MS. FLORES: Serna?

8 MR. SERNA: Aye.

9 MS. FLORES: Shore?

10 MR. SHORE: Aye.

11 MS. ROBIE: Item 2.

12 MR. WISHAM: Chair, and members of the General
13 Committees, Item 2 is a request to authorize the City Manager to
14 take all actions necessary to acquire the Merrium Apartment
15 building, located at 1017 Fourteenth Street, to provide for the
16 expansion of the Sacramento Community/Convention Center.

17 This activity, of course, is within the scope of the
18 Program EIR approved earlier, and the Program EIR adequately
19 describes the activity, for the purposes of CEQA.

20 We had an earlier appraisal on the Merrium dated in
21 May of 1987, and that was one million one hundred and fifty
22 thousand dollars.

23 The structure appreciated because of all the
24 activities in the Downtown area to a point that it -- the
25 appraisal that we received from Howard A. Pearson November first

4
1 of 1988, which was over a year and a half later, approximately a
2 year and a half later, of one million three hundred thousand.

3 We have a willing seller through the investment group
4 that owns the Merrium, and they've agreed to sell for the City's
5 appraised value of one million one hundred -- one million three
6 hundred thousand dollars.

7 There is an estimate of one thousand five hundred
8 dollars in closing costs, and so the recommendation is that this
9 Joint Committee recommend to the City Council tonight that the
10 City of Sacramento acquire the Merrium as part of the expansion,
11 easterly expansion of the Sacramento Community/Convention
12 Center.

13 MS. ROBIE: Questions of staff? Is there anyone in
14 the audience that has a question about Item 2, or would like to
15 make a statement in relationship to Item 2?

16 Doc, why are we moving so quickly on -- on acquiring
17 the Merrium now when we certainly aren't ready for any expansion
18 yet? We haven't even finished the Supplemental EIR.

19 MR. WISHAM: If you look at the Supplemental EIR, it
20 does not relate to the Merrium. It relates to other factors for
21 the expansion. It does not.

22 MS. ROBIE: It relates to replacement housing,
23 though.

24 MR. WISHAM: But not specifically to the Merrium
25 acquisition, and/or the relocation of the tenants in that

1 structure.

2 We're moving because if you will note later on in
3 another item where we are contracting with SHRA for relocation
4 of the tenants, because we have a very tight time schedule now.

5 It will be some time in possibly September before the
6 final date, before the final person is out of there, because I
7 believe it's June nineteenth of 1988, based -- '89, based on
8 this schedule, would be the earliest that we can give notice to
9 tenants to move; the earliest.

10 And then they have ninety days thereafter before they
11 are to be relocated. And another, as I say, your question
12 directly relates to the item of the time it takes to relocate,
13 and to, of course, to schedule the necessary demolition of that
14 structure, and the City-owned scope of the building.

15 So we're not too soon at all if you look at the
16 schedule.

17 MS. MUELLER: Why, from your point of view, do the
18 people have to be out by September?

19 MR. WISHAM: I'm saying that September is the ninety
20 days. They don't have to be out by September. It depends on
21 when you notice them. They have ninety days thereafter.

22 MS. MUELLER: So, by December?

23 MR. WISHAM: Pardon?

24 MS. MUELLER: Are you saying by December they have to
25 be out?

1 MR. WISHAM: No. If you notice in June, they would
2 have to be out ninety days later. If you notice in September,
3 it's still ninety days. So that --pardon?

4 MS. MUELLER: Do we have an end date, or do you have
5 a date in mind?

6 MR. WISHAM: I'm sorry. I was saying in June. It
7 was -- it's July nineteenth. I'm sorry. So actually, it's
8 ninety days after that, based on the schedule.

9 MS. ROBIE: Your date would be October; is that --

10 MR. WISHAM: Yes. It would be October.

11 MS. MUELLER: So what happens in October then? I
12 mean, do we demolish the building in October?

13 MR. WISHAM: No, we start the process. We would, in
14 the meantime, to explain the process, we would in fact have
15 awarded a demolition contract, and be ready to demolish all of
16 the improvements funding on 14th south of the alley, which would
17 be the Schofield Building and the Merrium. And it would be
18 after the final relocation of the tenants in both buildings.

19 MS. MUELLER: And currently do we have a schedule for
20 breaking ground on the expansion?

21 MR. WISHAM: We have projections.

22 MS. MUELLER: What are those projections?

23 MS. BRANNAN: The actual construction schedule for
24 approximately July of 1991. But prior to that date, we have a
25 number of events that must transpire on the site, which will

1 consist of toxic testing, as well as preparation of the site for
2 the construction of the expansion.

3 In addition, we will have to do a number of
4 archaeological surveys and studies prior to the actual
5 construction proceeding with the expansion of the Exhibit Hall.

6 MR. WISHAM: So, you can see from all that has to be
7 done, this is not a generous schedule at all.

8 MS. MUELLER: Do we estimate those activities taking
9 the twenty months, or whatever it is?

10 MS. BRANNAN: They will be spread out during that
11 period. Some of the studies have to occur, and based on the
12 results of those studies, we will implement the design or make
13 changes, or direct the design based on those studies.

14 And then to give you some further understanding on
15 the actual relocation schedule, there are a number of events
16 that have to occur prior to relocation.

17 And those will be discussed in report number three,
18 which is the next report on your agenda.

19 But to give you a brief synopsis, those events, first
20 there will be interviews of the tenants, and a relocation plan
21 will be put together.

22 That relocation plan will be presented to Council,
23 and we're estimating that we will have that plan ready in June;
24 hopefully by the end of June.

25 That will depend totally upon our access and

1 availability to the tenants. The plan will be presented then,
2 following conceptual adoption of that plan by the Council, there
3 will be a thirty-day noticing period, of which the plan will be
4 circulated among the State Departments for review, and will come
5 back for final approval, and then at that point, there will be a
6 vacate notice. And that will start the ninety-day period.

7 So, you will actually trigger that vacate notice, and
8 that could come at any point after you have seen that relocation
9 plan.

10 MS. ROBIE: Doc, how much -- we keep hopping back and
11 forth between Item 5 and some of the other items which I think
12 relate so closely, it's difficult sometimes not to do that.

13 How much of that design is absolutely set in
14 concrete? We keep, and Item 5 talks about looking at the
15 design.

16 Would doing that EIR, would it exclude height, for
17 instance, instead of just going so many square feet to the east?

18 MR. WISHAM: I'd like to, first of all -- first of
19 all, there is no design.

20 MS. ROBIE: Well, that's right.

21 MR. WISHAM: There is no design. But there are
22 definitely issues that relate to the needs of the City in
23 providing the additional square footage.

24 MS. ROBIE: The square footage is there. Yeah.

25 MR. WISHAM: And there will be some limitations. But

1 if you have a question that relates to the design schedule, I
2 think Dave Mogavero, now, Dwayne Ray and Dave Mogavero are here,
3 and you heard the question, Dave.

4 If you'd approach the podium.

5 MR. MOGAVERO: Okay. My name is Dave Mogavero. I'm
6 the associate architect working with Facility Management on the
7 project. The question in regards to design right now, we are
8 working in the process of selecting an architect.

9 We do know, for a fact, going to the east we have a
10 hundred and thirty thousand square feet total land to build on.

11 If we assume that we're only going to get ninety
12 percent utilization, and that's very encouraging because we will
13 want to do something along J Street to encourage public traffic,
14 and to encourage open space, that will leave us with
15 approximately a hundred and ten thousand square feet.

16 We know that our goal is to achieve a hundred
17 thousand square feet of flat exhibit floor space. As a result,
18 we only allow ourselves ten thousand square feet for circulation
19 inside the facility.

20 We are compromising our ability to be able to achieve
21 the hundred thousand square feet if we try and take any land
22 away from what we've already set aside.

23 MS. ROBIE: But the EIR actually relates to retail,
24 so that -- so that the decision has already been made that
25 retail components will have to be not within the Community

1 Center, then, but at other sites around the Community Center?

2 MR. MOGAVERO: No. The decision has to be made yet
3 based on how much retail will be incorporated for its impact on
4 the Convention Center.

5 That decision really cannot be made until we have
6 more information on the type of retail spaces that actually
7 would work effectively in a Convention Center environment, and
8 also an attempt to work with some type of -- oh, schematic plan
9 or layout to see how that would affect the overall layout of our
10 facility.

6
11 We don't have enough information to know whether or
12 not we would exclude it or whether it can be included. What we
13 know is that we do have a potential conflict that we have to
14 address. But right now we don't have enough information.

15 We do not even have the program finished at this
16 stage. As a result, we don't have enough information to allow
17 you to make that specific decision at this point in time.

18 MR. SHORE: You don't necessarily have a conflict on
19 the retail. We may not agree with that anyway, depending on how
20 it affects the Convention Center.

21 MR. MOGAVERO: Exactly. We're not here to propose
22 at this time that retail be excluded from the plan. But what we
23 are telling you is in fact we are tight on square footage. And
24 we have to recognize that the information that we have so far
25 tells us we need a hundred thousand square feet of additional

1 exhibit floor space.

2 And if we're not going to have a total of a hundred
3 thousand square feet, trade-offs may have to be made.

4 MR. CHINN: Doc or Carol, and maybe even Dave, as
5 far as Item 2 is concerned, that basically talks about the
6 purchase of Merrium. I certainly, from one member here, have no
7 problem with that. I think that this is an opportune time to
8 buy it.

9 I also go on to state that the rest of the agenda
10 dealing with Merrium replacement housing, I also have no problem
11 with that.

12 What I do think, and by the way, none of those items
13 that we're taking up tonight talk about when Merrium needs to be
14 vacated, and when this 17th and K would be built, so forth and
15 so forth. Because there's a some interrelationship between
16 Merrium and 17th and K.

17 What I would strongly suggest is that assuming that
18 Council votes to approve these items today, tonight, so forth,
19 that we get back with a full schedule of when Merrium should
20 need to be vacated for construction of expansion; when 17th and
21 K would be available for some of the replacement housing, and
22 then talk about when we really need to vacate Merrium.

23 That is not the agenda item here, but I think it is
24 some concern that perhaps we don't move the Merrium people out
25 in the streets while we're waiting for 17th and K to be built.

1 MR. WISHAM: You realize, of course, I understand --

2 MR. CHINN: Unless there's something else that I
3 haven't seen here.

4 MR. WISHAM: I think one thing that is an assumption
5 that you may be making, and some of the -- some of your
6 statement is that 17th and K is directly related to the Merrium,
7 and it isn't.

8 MR. CHINN: Some. Maybe --

9 MS. ROBIE: It isn't a clear item.

10 MR. WISHAM: At least no decision by the Council has
11 been made relating one to the other. And if you were to, that
12 would be unusual. I'll put it that way.

13 Simply because where we are talking about relocation
14 of residents of a structure which is covered by a body of law
15 already, procedures well-known and utilized, and as the next
16 item on the agenda, but we're also talking about replacement
17 housing, which is a City Council policy. And it's to your
18 discretion when you use it.

19 You decided as part of the policy decision relating
20 to this, that you would -- you would bring back to the market in
21 the central area at least the same number that we are losing, in
22 the demolition of Merrium. And that we are accomplishing.

23 We have no problem, by the way, on the second -- on
24 the first part. We understand clearly what you would like to
25 see; and that is, a further description of what the time

1 schedule is as it relates to the Merrium vacation, and the
2 necessity to demolish both the Merrium and the Schofield.

3 MR. CHINN: Even if 17th and K has no linkage or
4 possibly no linkage with the Merrium, I think there would
5 probably still need to see when the people really need to be out
6 of Merrium in order for the first piece of construction, the
7 first soil testing or whatever, needs to be done east of 14th
8 Street.

9 MR. WISHAM: We understand that, and that's clear.

10 MR. CHINN: Whether or not it's September, October,
11 November is that critical to construction, I think we need to
12 take a look at that.

13 MR. WISHAM: I think -- I believe that's easy to
14 accomplish.

15 MR. CHINN: By the purchase, and whether or not
16 after we purchase it, will be "the landlord," so forth and so
17 on, to allow the people to stay, and find housing, and so forth
18 and so on. That's the ultimate. Is that a possibility?

19 MR. WISHAM: Well, the fact is when we become owner
20 of record, we have two choices: We're either going to manage it
21 with existing staff resources, or are we going to hire another
22 private or public entity to manage it through the period that we
23 are in fact relocating people?

24 MR. CHINN: See, I don't want to be cold about it.
25 I don't want -- I want to buy it, but I don't want to be cold

1 about it, and move people out when we may not need it at a
2 particular time.

3 MR. WISHAM: I understand. We'd be sensitive to
4 that. We'd have to be sensitive to that.

5 MR. CHINN: Particularly, since we're not even into
6 the design drawings yet, or we're about to select an architect.

7 MR. WISHAM: I understand that, and we do have a lot
8 of lead time, and numerous opportunities for the Council to deal
9 with that.

10 But your request is something that will be done. We,
11 in fact, have given you today the optimal time for notice of
12 relocating.

13 MR. CHINN: I have to say, once we buy it, the
14 argument is over. The argument is over, whether, as far as
15 removing Merrium is concerned.

16 The only question is when. And when is up to us, or
17 up to the City to decide, based on the expansion construction.

18 MR. WISHAM: Yes, that is Council's discretion,
19 correct.

20 MR. SHORE: I have a question.

21 MS. MUELLER: Just one more question. The 1.3
22 million dollars, that's on the CIP project, what is the exact
23 source of funding?

24 MS. BRANNAN: The source of funding is cash from the
25 Community Center fund.

1 MS. MUELLER: From the COP (sic)?

2 MS. BRANNAN: From the CIP.

3 It's been approved for this portion of the Community
4 Convention Center Expansion Project.

5 MR. SHORE: I'll move the item.

6 MS. ROBIE: We have a motion for Item 2 by Council
7 Member Shore, and it's been seconded.

8 MR. POPE: This item, is this -- is this 3?

9 MS. FLORES: Robie?

10 MS. ROBIE: No.

11 MS. FLORES: Chinn?

12 MR. CHINN: Aye.

13 MS. FLORES: Ferris?

14 MS. FERRIS: Aye.

15 MS. FLORES: Mueller?

16 MS. MUELLER: No.

17 MS. FLORES: Serna?

18 MR. SERNA: Aye.

19 MS. FLORES: Shore.

20 MR. SHORE: Aye.

21 MS. ROBIE: Motion is carried. Item number 3.

22 MS. BRANNAN: Item number 3 before you is the
23 execution of an individual project agreement for professional
24 relocation services with the Redevelopment Agency for the
25 Merrium Apartment building.

1 Under State law, the City must provide relocation
2 services for tenants of buildings that it purchases and
3 demolishes.

4 In the case of the Merrium Apartment building, the
5 City must provide comparable housing for the tenants of the
6 building.

7 The report that is before you requests that you
8 authorize a City Manager to enter into an individual project
9 agreement with the Redevelopment Agency of the City of
10 Sacramento to provide for professional relocation services.

11 If you'll look at the body of your report, Exhibit 1
12 identifies what those services will consist of.

13 Roughly, they are relocation payments, and moving
14 costs, and rent assistance payments as applicable to forty-one
15 tenants.

16 In addition, the relocation services will consist of
17 the preparation of a relocation plan; and finally, the technical
18 assistance of Redevelopment Agency relocation specialists, to
19 fulfill all of the conditions of the State law.

20 The report before you has a recommendation that you
21 authorize the City Manager to execute an individual project
22 agreement, which is a typical form of contracting for these
23 services with the Redevelopment Agency.

24 MS. ROBIE: Any questions?

25 MR. SHORE: I would imagine this item would be

1 unanimous.

2 MR. CHINN: Second it.

3 MS. MUELLER: Again, the exact source of funding is
4 the cash, the CIP?

5 MS. BRANNAN: The Capitol Improvement Project for the
6 expansion, PA-11, and is funded from cash from the Community
7 Center funds.

8 MS. MUELLER: And it will not exceed three hundred
9 thousand?

10 MS. BRANNAN: The estimated cost is three hundred
11 thousand.

12 MS. ROBIE: There is a motion by Council Member
13 Shore, and seconded by Council Member Pope; is that correct?

14 MR. POPE: Yes.

15 MS. ROBIE: And I think we have a unanimous --

16 MS. MUELLER: I'll just say, I think we will get to
17 this more on Item number 4 as well.

18 I realize this is cash approved for the Community
19 Center expansion, but I cannot support what's going to be today
20 a total of two million dollars going for purchasing a building,
21 knocking it down. And I don't think providing really any kind
22 of net increase or net wash of housing.

23 And I'll elaborate on that more under Item 4.

24 MR. SHORE: You don't oppose relocation assistance to
25 the tenants?

1 MS. MUELLER: In the context, I do.

2 MS. ROBIE: In the context. But after -- I have
3 problems with purchasing it now and some other things, but once
4 that decision is made, I think that you need to relocate people
5 and that is the kind thing to do.

6 You know, we do a good job of that.

7 MS. MUELLER: I just -- I have a real problem with
8 this whole package though. I see it as a package. I don't see
9 any one decision as being separate.

10 MS. ROBIE: We probably better call the roll on that

11 MS. FLORES: Robie?

12 MS. ROBIE: Aye.

13 MS. FLORES: Chinn?

14 MR. CHINN: Aye.

15 MS. FLORES: Ferris?

16 MS. FERRIS: Aye.

17 MS. FLORES: Mueller?

18 MS. MUELLER: No.

19 MS. FLORES: Serna?

20 MR. SERNA: Aye.

21 MS. FLORES: Shore?

22 MR. SHORE: Yes.

23 MS. ROBIE: Item 4 is replacement housing for the
24 Merrium Apartments.

25 MR. WISHAM: Item 4 actually is an A and B

1 Resolution: One is the City, and one is for the Agency. And I
2 have Andy Plescia and of course, Carol Brannan to assist me with
3 the report.

4 Essentially from an overview standpoint, we have a
5 duty, based on the City Council policy decision, to provide
6 replacement housing for the loss of the forty-one units
7 represented by the Merrium Apartment building.

8 And the goal the Council set for us, policy decision
9 was forty-one or more.

10 To accomplish this, we started looking for projects
11 that were in need of funding. And I'll have to tell you that we
12 looked at the Agency projects as well as the Capitol Area
13 Agency, which, of course, does an excellent job of providing
14 mixed use housing, retail, what have you in the Downtown area.

15 We found one project in each that was suffering from
16 under funding, or need of a subsidy in order for the project to
17 be real, or to happen.

18 Fortunately, the one that the City's agency was
19 working on was actively being negotiated. And we were able to,
20 with the assistance of the Sacramento Housing and Redevelopment
21 Agency, to enter the process. And they did a fine job in
22 negotiating, I think, with the developer, RJB, and we have a
23 representative today to talk about the details on that, if
24 necessary.

25 But I would say that we're very pleased that we have

1 identified fifty-one units of housing that would not have
2 occurred in the near future unless certain priority changes on
3 expenditures had occurred.

4 I do want to say that I have been asked the question,
5 aren't you double counting?

6 MS. ROBIE: Yeah.

7 MR. WISHAM: Aren't you double counting because we
8 were counting on this before. And I think we can make it clear
9 through the report, and I always said no, we're not double
10 counting.

11 And in fact, the requirement was never placed on this
12 developer to provide housing at that location. And the
13 requirement was based on a dedication of land for housing,
14 because that was a goal of the redevelopment area in this area
15 when they applied for -- when RJB Company applied for
16 seventy-five thousand square feet housing -- pardon me,
17 seventy-five thousand square foot office building in this area.

18 In fact, the Council, the Redevelopment Agency
19 Commission, and, of course, the Planning Commission did in fact
20 deny the project.

21 Later on, the City Council approved it, with the
22 dedication of the 80 x 160 lot.

23 That's one issue.

24 That aside, however, the argument of, aren't you
25 double counting fails rather rapidly because if the City is now

1 willing to put up four hundred thousand for this project, which
2 we're recommending, that allows the Agency, which admittedly was
3 under funded to do this project initially, fortunately, they
4 have new fund sources with some change of priorities and some
5 new policy decisions, could afford the project.

6 But this allows, in effect, the Agency to free up
7 their four hundred thousand dollars to go do another project.
8 And their goal set by their Commission and, of course, this
9 body, this Council, is to provide housing within this area.

10 So, I say that if you want to argue the point,
11 technically housing wasn't required of this developer. But
12 that's really splitting hairs. The basic issue is you get two
13 for one.

14 You're going to get another project out of the
15 Agency. And we strongly recommend that the replacement housing
16 proposal that we're making here be approved in concept, because
17 later on, you will be dealing with the Agency on the issue of
18 actually approving the contract.

19 This went to the Redevelopment Agency last night, and
20 based on -- based on the project alone, the Commission voted to
21 approve the project as proposed by the Agency staff of the 17th
22 and K venture, which is the venture of RJB.

23 That concludes my report.

24 There is a B portion of the item which Andy Plescia
25 will speak to, and we stand for questioning after Andy has an

1 opportunity to comment. And/or John Molloy, whoever is going to
2 do it.

3 MS. ROBIE: You want to go ahead with the staff
4 report, and then ask the questions?

5 John, did you have -- oh, Andy, excuse me, you're
6 going to go on?

7 MR. PLESCIA: Sure. Doc actually mentioned a lot of
8 things I was going to speak to. Maybe I will focus on the
9 project a little bit.

10 This project is about fifty-one units: Two bedroom
11 and one bedroom units. We have about ten one-bedroom units, and
12 the balance are two-bedroom units.

13 Some of these are two bedroom one bath, and some are
14 two and two. The square footages range anywhere from six
15 hundred feet to eight hundred and eighty square feet.

16 And the rents on the per square foot basis will run
17 anywhere from about fifty-one cents to about eighty cents per
18 square foot.

19 As Doc indicated, as a condition of the St. John's
20 Plaza approval, RJB was required to deed outright to the Agency
21 the 80 x 160 parcel.

22 The Agency then stepped in and acquired the three
23 adjacent parcels to the west, between the property deeded to us
24 and the existing office building, and --

25 MS. ROBIE: There are three parcels?

1 MR. PLESCIA: There are three parcels. The Agency
2 expended about six hundred and seventy-six thousand dollars to
3 acquire these three properties. And you understand those were
4 commercially zoned properties; and in a couple cases, a
5 business, and improvements on the structure.

6 So we did expend a substantial amount of money
7 assembling the land. It was obviously our intent in the context
8 of this to utilize the site; not only the three parcels we
9 acquired, but the fourth parcel will be received deeded to us
10 from RJB for residential purposes.

11 We all recognize that the Downtown housing does not
12 pay for itself. And I think we've all been privy to a lot of
13 studies and reports lately, including the R Street Corridor
14 Housing Study, that indicates that even market rate housing,
15 given the rental structure of Downtown, given the land cost, et
16 cetera, does not pencil out.

17 And there's a degree of public assistance that's
18 going to be necessary, and we recognize that in this case.

19 Going back to the R Street study, housing report,
20 that indicates that even market rate needs in excess of twenty,
21 and in some cases thirty thousand dollars on a per unit basis.

22 What you've got here, given the cost that we're
23 proposing here is about a twelve thousand dollar per unit
24 subsidy, which we think is fairly reasonable. And to deliver
25 fifty-one units, ten of which will be rent restricted for low to

1 moderate income households.

2 We think it is in perspective to what all the studies
3 and reports are telling us, we think is very good. And given
4 our experience with other projects, we think it is right in line
5 with what it's going to take to make a residential project in
6 this particular area of Downtown work.

7 So we feel good about that. We spent a lot of time
8 working with the developer. We spent nine or ten months
9 slugging it out, so to speak, relative to the business terms.
10 And both sides, I think, have given substantially to make this
11 we think a very desirable project to do in this location.

12 There's obviously a reasonable return for the
13 developer, but at the same time, I think it's a reasonable
14 participation on the public sector portion, which will basically
15 be in two forms: One is in the form of a long term ground
16 lease; and the other is in the form of a short term loan,
17 basically an equity loan, which is a five-year note, four
18 hundred thousand dollars due and payable in five years, or upon
19 sale or refinancing.

20 That's also at an interest rate of about seven and a
21 half percent, which is the interest rate of the Agency's
22 Investment Pool rate, which is typically what the City has done
23 on other equity loan type arrangements.

24 The lease is basically in the early years a below
25 market rate lease, but in -- by the tenth year, it will

1 accelerate to a fair market lease rate; and then go for the
2 balance of the term of the lease, which is about fifty-five
3 years in duration.

4 And at the end of the term, we will then obviously
5 still own the real property and improvements at the end of the
6 term of the period of the lease.

7 Let me stop there. If you'd like, and we can get
8 into questions about the specifics of the business deal and the
9 business arrangement. If you'd like, and we'll try and put
10 those questions to bed.

11 MS. ROBIE: Questions again? David had a question
12 and I think Doug had a question, also.

13 MR. SHORE: I have a real quick comment in response
14 to the testimony. I, first of all, I support what the staff is
15 recommending, and I recollect when we were in this whole debate
16 process trying to get housing into that area as part of the
17 Sanger process, and that goes back more than five years, and
18 hasn't been easy to get housing going without subsidy.

19 So I think it's needed. The one thing I would point
20 out, though, as a caveat in consideration of support for this,
21 is that what you've previously identified -- I can't find it at
22 this moment -- but I know there's a couple of hundred that you
23 guys have, that that not go anywhere but for housing.

24 And also, so that we don't have this as being a
25 substitute for the money.

1 So what I think the Council message should be,
2 assuming the Council supports this, that you recommit the
3 funding that you have available for either land banking, further
4 housing or some other mechanism to make housing happen in the
5 Northeast Corridor, so it gives us an opportunity to get extra
6 units on top of this.

7 As long as you do that, then I support making -- I
8 support this proposal.

9 MR. PLESCIA: We have no problem with that. And the
10 fact of the matter is, we will use that other money, if it
11 doesn't go for this, will go for another project.

12 As you know, we will be gaining control of the site
13 at 18th and L Street very shortly with conjunction with Carl
14 Panattoni's, and we have acquired and have plans to develop a
15 fifty-two unit project on that corner. This could be committed
16 towards that, or other projects in that area.

17 The money that -- if the City doesn't contribute
18 towards this, that we would, is already in what we call the
19 "northeast neighborhood" budget line item, if you will.

20 And we have no problem with what you're suggesting.
21 And if you want to go so far as to make that a condition of this
22 approval, we don't have a problem with that.

23 MR. SHORE: It would be my intent to make that
24 condition. Panattoni is another one that sat for a number of
25 years. What is going to happen in the City is that we're in the

1 process now of actually generating some new housing for that
2 area, and that's really to the long term health of that whole
3 corridor. So this project and the Panattoni project, or
4 whatever else you might identify, I would -- I would make that a
5 condition.

6 MR. PLESCIA: The advantage of what you're saying
7 and what Doc indicated is that by the City participating on
8 this, it allows us to use that other money for another project.

9 So in essence that, and otherwise that money would be
10 going here, and we would not have the financial ability to deal
11 with the second project.

12 MR. SHORE: And that would meet the spirit of the --
13 the majority vote on the Convention Center which was to find
14 replacement housing, because you're not substituting money;
15 you're creating the ability to do more, that's correct.

16 That's all.

17 MS. ROBIE: Doug, did you have a question?

18 MR. SERNA: I have a question.

19 MS. ROBIE: Doug, you have a question and then Joe --

20 MR. POPE: On the actual multi-family structure, how
21 much is it costing us in the pro forma, how much on a per unit
22 basis? What is the total?

23 MR. PLESCIA: The construction costs?

24 MR. POPE: Yes.

25 MR. PLESCIA: Bob is here. I believe the estimated

1 construction cost is 4.1 million.

2 MR. POPE: What I'm talking about, it's hard to
3 figure it all out.

4 MR. PLESCIA: You can ask Bob about that.

5 MR. ROCHE: Bob Roche, representing the developers
6 on the project, which I might mention at this time, not only
7 includes RJB interests, but we have two strong partners which
8 will certainly help us to get the 3.2 million dollar
9 conventional loan we will need for the project.

10 And we are calling this the 17th and K Venture
11 Partners, a California limited partnership. And that's
12 consisting of RJB interests, Commonwealth Equity Trust,
13 President Jeff Berger, and TFT Associates, which is the Tad Toby
14 Family Trust, who is an investor here in Sacramento, and owns
15 most of the 1515 K Street office building, and many other
16 properties.

17 So we feel that will help us certainly get the major
18 loan that we'll need for this property.

19 To answer your question, Doug, the breakdown is
20 approximately two -- two million nine hundred thousand dollars
21 for the residential portion, and about one million for the
22 commercial below.

23 I believe that calculates out to around fifty-seven
24 thousand dollars per unit.

25 Our costs are much lower than those that were stated

1 in the R Street Corridor Consultant Study that was made, which
2 called for the huge subsidy on all residential buildings.

3 So, at least that's our estimate at this time, and we
4 won't know until you finally have the plans totally prepared,
5 and go out to bid. And then you'll know for sure what it is
6 going to cost.

7 But, we're satisfied with the feasibility of it, and
8 I might say that the staff did a tremendous job on us,
9 negotiating with us, Andy and Tom Lee and Wendy.

10 MR. SHORE: I hope you enjoyed it.

11 MR. ROCHE: Pardon?

12 MR. SHORE: I hope you enjoyed it.

13 MR. ROCHE: Oh, we certainly did.

14 And when we began, it was for the request for a five
15 hundred thousand dollar interest free five-year loan, and a
16 dollar per year lease of the site for fifty-five years, for
17 market rate apartments.

18 And we've come from that side to the twenty percent
19 low/moderate income, paying seven and a half percent interest
20 instead of no interest for the four hundred thousand dollar
21 loan; and then paying three percent of the gross revenues
22 probably beginning in the sixth year, or if the gross revenues
23 reached six hundred and forty thousand dollars prior to that,
24 then that three percent is triggered, and then the six percent
25 of the gross.

1 So, you know, they've done a great job.

2 MR. POPE: So, Bob, that's just pure construction
3 costs, since there's no land. We're keeping the land.

4 MR. PLESCIA: Right.

5 MR. ROCHE: Yes, the land -- in fact, the entire
6 project reverts back to the Agency.

7 MR. POPE: So there's no land cost allocated in
8 this?

9 MR. ROCHE: No.

10 MS. ROBIE: Okay.

11 MR. ROCHE: In fact, that's the total development
12 cost. Besides the construction cost, that includes all the
13 architectural engineering, the various testings, and financing
14 fees, and many other things.

15 MR. POPE: I guess you're going to have eleven
16 thousand five hundred square feet of commercial.

17 MR. ROCHE: The latest plan -- initially, when all
18 this was being put together, the units were, size wise, about
19 six hundred to eight hundred and eighty square feet.

20 And I've noticed in their latest calculations,
21 because now they're very well set out, that the units are a
22 little larger, and they start at about six hundred and
23 twenty-five to the eight hundred and eighty.

24 And what was the other point that had changed
25 slightly?

12

1 Well, it's not important, I guess. But --

2 MR. POPE: I guess, does this -- that -- like in
3 your commercial, it's eighty-six, almost eighty-seven dollars a
4 foot. Does that include the parking?

5 MR. ROCHE: Oh, yes. The parking structure of two
6 hundred and eighty-three spaces, and two-story concrete garage
7 is all included.

8 MR. PLESCIA: The eighty-three spaces?

9 MR. ROCHE: Eighty-three. What'd I say?

10 MR. PLESCIA: I thought you said two eighty-three.

11 MR. ROCHE: I'm sorry.

12 MS. ROBIE: Joe had a question. Did you get your
13 question answered?

14 MR. SERNA: Part of my question is. Did you finish?
15 I kind of would like to know a little bit more about the
16 building and the architecture and maybe --

17 MR. ROCHE: David Mogavero is here.

18 MR. SERNA: I'd like to know what the materials are
19 going to be and that sort of thing. But I'll let the floor go
20 back to Doug.

21 MS. ROBIE: I thought you were done.

22 MR. POPE: I'd like to know more details about the
23 project. I don't necessarily need to go through them here
24 today. But I don't know that it's going to shed any light.

25 It's going to be of interest to other people.

1 MR. ROCHE: Doug, I believe the overall cost
2 averages out to about fifty-four dollars a square foot,
3 including the garage, the residential, and the commercial.

4 MR. POPE: What kind of -- well, I want to see all
5 the economics of this thing, because you didn't have it in any
6 of the staff reports.

7 MS. ROBIE: Does that actually come back, Andy, or
8 no?

9 MR. PLESCIA: You will see it in the form of a
10 Disposition Development Agreement. What we're asking you to do
11 today is basically approve the terms of the business agreement,
12 and conceptually the plan.

13 We will go back and translate that into a formal
14 Disposition Development Agreement with a schedule of
15 performance, etc. and you will have the preliminary plans
16 attached to that.

17 But the basic business terms are what are before you
18 today.

19 MS. ROBIE: Um-hmm. So some of the --

20 MR. PLESCIA: I've got some of that information
21 here.

22 MR. POPE: I'd like to see it.

23 MS. MUELLER: Can I ask a follow-up? Maybe I
24 missed --

25 MR. SERNA: I'm waiting for the architect.

1 MS. MUELLER: Maybe I missed something, but what does
2 that mean for the rent per unit? Do we have a sense of the rent
3 per unit?

4 MS. ROBIE: There is a figure here. That was one of
5 the questions I wanted to ask when we're done. What about this
6 twenty percent set aside for low income. Maybe you want to go
7 into that before you actually ask it --

8 MR. SERNA: The percentage of their income; right?

9 MS. ROBIE: Yeah.

10 MR. PLESCIA: Let me give you --

11 MS. ROBIE: The twenty percent set aside for low
12 income.

13 MR. PLESCIA: Let me give you an idea of what the
14 rent would be based on, if I can get to this.

15 For the one bedroom one bath, this is unassisted,
16 this would be market rate, would be four fifty-five.

17 The one bedroom one bath, for persons making eighty
18 percent of median, would be also at four fifty-five.

19 And what you find here in Sacramento is given the
20 rental market is folks at about the eighty percent median is
21 about where the market is anyway. And that's typically what our
22 experience has been, given the Section Eight program, and all
23 the other programs we administer.

24 The one bedroom one bath for persons making fifty
25 percent of median, the rent is at three-o-three. You can see a

13
1 difference between the four fifty-five. Jumping to the two
2 bedroom -- two bedroom one bath, persons at eighty percent of
3 median would be five sixty-eight.

4 Two bedroom one bath, at fifty percent of median,
5 would be three forty. And the two bedroom two bath would be at
6 seven hundred. And none of those would be assisted.

7 All of the assisted units are in the one bedroom or
8 the two bedroom one bath. There's five in each of the styles.

9 MS. ROBIE: I don't think it said that here, that the
10 assisted are only in the ones -- well, those --

11 MR. PLESCIA: There would be ten assisted units:
12 Five would be one bedrooms, and five would be two bedroom one
13 bath.

14 MS. ROBIE: Okay.

15 MR. POPE: What are those figures you are handing
16 us, fifty and eighty? I don't understand that.

17 MR. PLESCIA: The --

18 MR. POPE: Do you have this?

19 MR. PLESCIA: Rents per square foot, Doug?

20 MR. POPE: And the rates: Eighty percent, one
21 bedroom one bath, and the fifty percent --

22 MR. PLESCIA: Right. The eighty percent and fifty
23 percent indicate the percentage of the income at the median.
24 Those are the persons making -- that's the rent that would be
25 for persons making eighty percent of median, or persons making

1 fifty percent of median of the area.

2 That's what their -- their rent would be different
3 than the unrestricted, or market rate unit in some cases.

4 MR. SERNA: To qualify for the twenty percent of the
5 unit being assisted by us.

6 MS. ROBIE: And the twenty percent figure is pretty
7 much what we use on everything. We don't move it up to thirty
8 percent or --

9 MR. PLESCIA: Yeah. As a policy, what we've been
10 trying to do in units where we provide financing is to provide
11 at least twenty percent. We do not want to develop a hundred
12 percent assisted units.

13 MS. ROBIE: I know that.

14 MR. PLESCIA: The intent here, particularly in a
15 neighborhood like this, or in R Street, or those areas, is to
16 develop a mixture of income levels and income within the
17 projects, and not try to have them all assisted.

18 That's been our typical practice is to try and do
19 that.

20 MS. ROBIE: We know it doesn't work when we have
21 ninety percent. We've all dealt with ninety percent subsidized
22 housing, and this is a much bigger mix.

23 What if we said we wanted to have a few extra
24 subsidized units? Say we wanted to go to twenty-five and thirty
25 percent; would that be a workable number?

1 MR. SHORE: Wait a second. Why would I want to do
2 that in my District, when my District has the largest amount of
3 low income housing, and I just approved -- a few months ago, I
4 supported low income housing two blocks from where I live.

5 And if we tried to build that type of low income in
6 most areas, we'd have a big fight on our hands. And I have no
7 problem with the mixture of units of eighty/twenty percent; but
8 philosophically, why are you asking me to accept anymore?

9 I have a problem with that. Because it's Downtown?

10 MS. ROBIE: The reason to think about that is the
11 kind of replacement housing that you're replacing, I question
12 the percentage that is of low income housing, low income people
13 who are at the Merrium.

14 And if you wanted to align the replacement as closely
15 as you possibly could -- one of the criticisms --

16 MR. SHORE: You want a mixture of low income
17 housing, then let's go out to the suburban areas and identify
18 some. But I've taken my share Downtown.

19 MS. MUELLER: Realizing the rates at the Merrium, is
20 it comparable to what you could get at the Merrium now?

21 MS. ROBIE: That's right.

22 MS. MUELLER: Could you remind us of what the range
23 of rents are at the Merrium?

24 MR. PLESCIA: I'm going to let Carol do that, because
25 we were not involved in that.

1 Let me also comment on Lynn's comment. The other
2 aspect of that besides the policy is the economic reality --

3 MS. ROBIE: I understand.

4 MR. PLESCIA: -- which is, the more you restrict
5 rents, the tougher it is to make it pencil out, which is more
6 GAP financing and more public financing. If you tip the scale
7 one way, it's going to tip the other way, which is you're going
8 to put more money into it, because it's not going to work.

9 MS. ROBIE: That's right.

10 MR. PLESCIA: So that's the down side of doing that.
11 And the other down side is the policy of trying to
12 mix within these neighborhoods.

13 And if you go back to your downtown redevelopment
14 plan, and this neighborhood, which we call the northeast
15 neighborhood, and the R Street neighborhood, what we're trying
16 to do is develop a mixture, and not trying to focus on all low,
17 but to try to create a mixture, not only area wide, but project
18 wide. So you don't end up with concentrations in any particular
19 project and any particular area.

20 MS. ROBIE: And I agree with that.

21 MR. PLESCIA: Don't forget the economics issue,
22 because that's a real one. And I think the developer will tell
23 you that. I mean, that's a real factor here.

24 MS. ROBIE: And I agree with that, because in the
25 areas -- I don't care where it is -- whether it's in Meadowview

1 or any place, where you have high percentages of low income
2 housing together, it doesn't work. You and I have had more than
3 our share of that, you know, in neighborhoods where it's too
4 high.

5 What I was trying to see, and I realize the economics
6 is very fragile. What I was asking is, if we tried to move it
7 up a little bit more, so that you have maybe a couple of extra
8 housing units to replace those at the Merrium, I have a strong
9 feeling from talking to the residents that come from the Merrium
10 that there's a high percentage of low income people there.

11 And some seniors and some others, and who are trying
12 to match that as best we could in the economics of making the
13 project viable. Because it doesn't do you any good to not have
14 a project that is really going to work and function well.

15 I mean that, you know, putting a project on line like
16 that is not serving anybody's need. And that's what I was
17 asking.

18 If you did move it up slightly to match that, could
19 the economics actually sustain it? If you just -- I mean --

20 MR. SERNA: You have to subsidize it.

21 MS. ROBIE: You have to subsidize it slightly more,
22 and that's what I'm saying.

23 MR. PLESCIA: The answer is, Lynn, you have to go
24 back and rerun pro forma analysis to determine what additional
25 degree of participation is going to be required. And I'm sure

1 that's what it would -- it's not going to work given the set of
2 numbers sitting in front of you.

3 MS. ROBIE: No, I understand.

4 MR. SHORE: I'm sorry. Go ahead.

5 MS. ROBIE: That was what my interest was to try to
6 match that.

7 We are criticized constantly all over the City
8 because when we tear down apartment buildings, or lower type
9 income housing, then we don't replace it with the same form of
10 housing. And we replace it with higher income housing, which we
11 do need in the Central City, and believe me, I'm really
12 supportive of that.

13 But we also have this group of people out there that
14 we keep pushing further and further and further away from ever
15 having decent housing. And I think if we talk to anybody in Old
16 Sacramento or any place, and that is exactly what people say to
17 you.

18 MR. SHORE: And we've got 16th and Oak.

19 MS. ROBIE: This is the same type of policy.

20 MR. SHORE: We've got 16th and Oak. We've done the
21 midtown on 12th Street, which is SRO, and the other one on Ridge
22 Way, and we've done the Sequoia. I don't know. I think --

23 MR. SERNA: Let me ask a question here, since we're
24 on this. I'm not sure how much experience, Carol, you have on
25 the Merrium, but I remember when -- maybe the Council members

1 can remind me, when we first got into supporting the Merrium
2 several years ago was for parking, for example.

3 And I remember the managers of the Merrium came to us
4 and said, we were lacking for parking, and they needed parking.
5 And they -- they made an arrangement with the City that would
6 allow their tenants to have parking in our Convention Center
7 garage; do you remember that?

8 MS. ROBIE: Yeah.

9 MR. SERNA: All right.

10 And we, because they were all complaining that there
11 was no residential parking for them. We subsequently gave them
12 that parking in the Convention Center garage; and soon
13 thereafter, by the way, and correct me if I'm wrong here, soon
14 thereafter, the parking was granted, the tenants that were there
15 were asked to move, and the rents went up.

16 Does anybody remember that?

15

17 MR. SHORE: I remember on the parking, but I don't
18 recall the last part.

19 MR. SERNA: I got some complaints about it
20 afterwards.

21 MS. ROBIE: I did, too.

22 MR. SERNA: And the Council, I think, you know, to
23 our benefit, wanted to act in good will and I voted for it on
24 the basis that --

25 MS. ROBIE: So did I.

1 MR. SERNA: -- we had low income people there that
2 had automobiles, and had no way of parking them.

3 We gave them the parking, or struck a deal with them
4 to give them some form of parking, parking subsidy, and granted
5 that situation.

6 And then they turned around, and at least the
7 complaints were to me, evicted those tenants, and then raised
8 the rents and kept the parking. You know, I mean, legally you
9 can get it.

10 MS. MUELLER: Does that mean we should penalize the
11 Merrium by knocking it down?

12 MR. SERNA: No, not at all. But it seems to me some
13 of the concern in the name of low income people here is, I don't
14 want to be crude or rude, is a little more than being
15 sanctimonious now; all right?

16 Because those of us that do have public housing in
17 our Districts, you know, do take it. We're glad to take it,
18 and, you know, but I don't like to have the name of the poor in
19 vote on the basis somehow you're viewing this as an equity issue
20 when in fact this Council was very supportive in the past of
21 that situation, and you wound up throwing people out, if that's
22 accurate.

23 And they kept the parking. Now, that's -- that's not
24 dealing with a sense of integrity, if that situation is correct,
25 and I resent that.

1 MS. ROBIE: The only reason I ask this is because of
2 that kind of thing happening where we can't control its, you
3 know. But when --

4 MR. SERNA: You can't use the name of the poor when
5 it's convenient.

6 MS. ROBIE: You can't control these kinds of
7 developments, and what I think you ought to have is as many
8 units for that group of people as you can possibly stretch, and
9 make these projects work. And that was what the question was
10 all about.

11 If we increased it slightly so that maybe one or two
12 more units would be for lower incomes, and we would subsidize
13 it, could the economics still go.

14 And I --

15 MR. MOLLOY: There is another factor. The answer to
16 your question is, of course, at some subsidy level you can get
17 additional units in there.

18 The other factor to be considered here is that the
19 developer also has a marketing battle here to fight. And
20 getting people to move into the Downtown area and take these
21 units, there is a tension between the total number of low income
22 units that you get into a project, and the marketability of that
23 project. And so they're concerned about that, too.

24 I don't think there would be a big problem with a few
25 more units, you know, because at some subsidy level you can

1 certainly do that.

2 But I think they're concerned about the mixture as
3 well, and their -- their preferred mixture is the eighty/twenty
4 mixture. And that's where they're sort of at.

5 MS. ROBIE: I don't have any problem with that, but I
6 think you can really move those mixtures up a lot higher than
7 that.

8 MR. SHORE: I don't agree.

9 MS. ROBIE: And make the units go. I think you can
10 even move them, you know, to thirty and forty percent, and make
11 them go.

12 I think you have -- you have to keep them -- you
13 know, you have to be very careful.

14 And we found out where the mixtures are. I have some
15 good units that are forty percent, that are okay. But beyond
16 that, you're in big trouble, and we all know that.

17 But I was just thinking more of twenty-five percent,
18 or at least get one or two more units. And there are a lot of
19 seniors there, and they're good tenants for mixtures; whatever.

20 MS. MUELLER: Carol reviewed the rents of the
21 Merrium, and I think that's back on point, which is what's the
22 current rents, and is this proposal comparable?

23 MS. ROBIE: Yeah.

24 MR. SHORE: I will say as a Downtown resident, I
25 think these aren't bad rents at all. I really don't.

1 And, you know, I meant to also mention, Doug
2 mentioned as well, when we did all the mortgage revenue bonds at
3 Natomas, all those apartments that we built up there were twenty
4 percent.

5 11th and G, I believe, is twenty percent. And we've
6 got the Victorian complex over there that we built a few years
7 ago, within the District 1, and in Central City, and adjacent to
8 Central City we've done a tremendous amount of low income
9 development.

10 And I don't think we have to be guilt-tripped into
11 adding more units into this.

12 And in the history of CADA, which has been the
13 biggest builder of residential Downtown says eighty/twenty is a
14 good mix.

15 I think we're doing something that is reasonable.

16 And on top of that, it's taken us years to get this
17 going. And this goes back five years; this, as well as the
18 other projects up there on 18th. And then we finally put
19 something together.

20 I think we ought to be elated that we're finally
21 getting housing in that area.

22 MS. MUELLER: Again, my question is, is it comparable
23 to the Merrium now? I'm not arguing the twenty percent.

24 MR. POPE: As a matter of fact, I don't know. I
25 wouldn't be at all surprised if it's not double the rental rates

1 for the Merrium. Because you just can't build a duplicate unit
2 and rent the thing, even with subsidies.

3 MS. BRANNAN: Actually, it's comparable.

4 MR. POPE: It's comparable?

5 MS. BRANNAN: Right. It depends on how you look at
6 it. The Merrium Apartments --

7 MR. POPE: Okay.

8 MS. BRANNAN: -- has twenty-one studios. There's a
9 total of forty-one units. Twenty-one of those are studios.

10 This replacement housing project does not have
11 studios. Of the twenty one-bedroom apartment units in the
12 Merrium complex, in November of 1988, the rent levels ranged
13 from three hundred and forty-five dollars to four hundred and
14 ten dollars.

15 The one bedroom units in the replacement housing
16 project range from three hundred and three dollars to four
17 hundred and fifty-five dollars, for the twenty percent set
18 aside.

19 MR. SHORE: Which means it's comparable.

20 MS. MUELLER: What about the other twenty units?

21 MS. BRANNAN: Pardon me?

22 MS. MUELLER: The other twenty units?

23 MS. BRANNAN: The twenty-one studios range from two
24 hundred and fifty dollars to two hundred and ninety-five
25 dollars. But you should be aware that we are not building

1 replacement studios. We're building one bedroom and two bedroom
2 replacement housing.

3 MR. CHINN: But the criteria though, Carol, is not
4 so much how much they're paying there now, but how much income.
5 And you don't probably don't have any idea what income they are

6 MS. BRANNAN: We have an initial survey from the
7 owners of the Merrium Apartment complex. And it appears
8 initially, based on that survey, that ten to thirteen of the
9 residents, and it appears that they're approximately forty-five
10 residents, ten to thirteen of those qualify as low income. The
11 remainder do not.

12 MR. CHINN: Ten to thirteen out of forty-one?

13 MS. BRANNAN: Forty-five. But it's up and down
14 because people move in and move out, and that's an
15 approximation.

16 MR. CHINN: You're talking about twenty percent.

17 MS. BRANNAN: Now, we will not know those final
18 numbers in terms of the numbers of low income residents in that
19 complex until we go in and begin our tenant interviews.

20 That's the first point at which we will have
21 accurate, precise information.

22 MR. CHINN: So we could come up with, say, twenty
23 percent of the people in the Merrium qualifying and --

24 MS. BRANNAN: That's quite possible.

25 MR. CHINN: Sure.

1 MR. KASTANIS: I've got a question.

2 MS. MUELLER: I've got questions.

3 MS. ROBIE: Other questions, Terry, and then we'll
4 open it up, if there's anyone from the audience --

5 MR. KASTANIS: Let me ask the information about the
6 sizes of the existing Merrium Apartments. Carol, do you have
7 that? What do those studio apartments -- how big are they?

8 MS. BRANNAN: The studio apartments are all over the
9 board. They begin at two hundred and fifty-two square feet, and
10 go up to seven hundred and thirty-five square feet.

11 MR. POPE: Seven hundred and thirty-five square
12 feet?

13 MS. BRANNAN: There's only one of those.

14 MR. KASTANIS: How many at two fifty-two are there?

15 MS. BRANNAN: There are six of those.

16 MR. KASTANIS: How about --

17 MS. BRANNAN: This is a rather odd configuration,
18 but it appears to be based on the location of the actual
19 apartment, individual apartment complex, to a portion of the
20 building.

21 For instance, they bring a central core, and they may
22 be on the end -- they may be larger there. Or on the sides, a
23 bit smaller on the sides.

24 MR. KASTANIS: How about the others?

25 MS. BRANNAN: The square footage begins at two

1 hundred and fifty-two, and it goes up to three hundred and
2 fifty, which are two. Three hundred and seventy-six square
3 feet, of which there are five.

4 Three hundred and ninety-two square feet, at which
5 there are three; four hundred and seventy-six feet of which
6 there are eight; and five hundred and eighty-eight square feet,
7 of which there are six.

8 Six hundred and forty-four square feet, of which
9 there are eight; six hundred and fifty-one square feet, one of
10 those; six hundred and seventy-two square feet, one of those;
11 and seven hundred and thirty-five square feet, one of those.

12 And I believe that may be the manager's.

13 MR. KASTANIS: So in terms of what we're doing,
14 we're replacing really larger apartments, really.

15 MS. BRANNAN: Yes.

16 MR. KASTANIS: That's commendable. I'm absolutely
17 shocked and delighted to think that we are going to do something
18 better than what we currently have.

19 There's no doubt in my view that two hundred and
20 fifty two square feet, I don't care what you call it, studio or
21 whatever, and require people to live under those conditions is
22 intolerable.

23 And as a public agency, I'm glad to see us do
24 something that will at least be bringing us to six hundred
25 square feet.

1 That's also small. When you ask people to live in
2 those kind of conditions, I think the staff is to be commended.

3 MS. ROBIE: I agree. We should increase the square
4 footage of the smaller ones, if we can keep from it. Okay.

5 Kim, you had a question, and we can open it up to the
6 public.

7 MR. SERNA: I'd like to hear from the architect at
8 some point.

9 MS. ROBIE: Okay. I'm sorry.

10 MS. MUELLER: Can I ask a question? David, could you
11 state again your condition?

12 You wanted to put a condition on this expenditure?

13 MR. SHORE: Simply that the money that was
14 previously listed, which was in his staff report, I can't find
15 it for the moment. Two hundred plus thousand dollars, in that
16 area, be committed for further residential in that area, so that
17 this doesn't become replacement money, but so this doesn't
18 become replacement money for existing redevelopment.

19 MS. MUELLER: That's what I'm trying to understand.
20 Where is the Redevelopment Agency money that could have been
21 used on this project? Is it --

22 MR. MOLLOY: We've been allocating some of our
23 so-called northeast neighborhood fund. This goes way back to
24 the 1985 Redevelopment Bond issue when we set aside, I believe
25 at the time it was three million dollars for housing ostensibly

1 in the northeast neighborhood.

2 We've borrowed from that on one occasion or another
3 for other housing projects elsewhere throughout the Downtown.

4 Right now, there's two hundred and eighty thousand
5 dollars remaining in that account. And that would be some of
6 the money which if this became a Redevelopment Agency funded
7 subsidy, the money would come out of that.

8 So it's sitting there, and I think what David is
9 saying is that he wants to see that used in the northeast
10 neighborhood on housing.

11 MR. SHORE: That's right.

12 MR. MOLLOY: Which would be our intention to do, and
13 so, you know, we don't have any problem with that motion.

14 MS. MUELLER: Is it currently dedicated to any
15 project, or is it just free --

16 MR. MOLLOY: There's no specific project for that
17 portion. The balance, you know, RJB's request for subsidy isn't
18 going to go down depending upon the funding source.

19 So they'll still need the four hundred thousand.
20 We'll have to go to essentially other resources for the balance,
21 and the difference between the two eighty and the four hundred
22 thousand. So that would have to come out of some other agency
23 resource at this point in time.

24 And we could probably look at our cash flow and
25 manage a hundred and twenty thousand dollars.

1 MS. MUELLER: And would we have done that anyway?
2 Were you on a track to identify the four hundred thousand
3 without this project coming to us today?

4 MR. MOLLOY: Yes. But I'll tell you that there is
5 the 18th and K project; there is Hank Fisher's proposed project
6 over at 14th and O; and there is land banking the R Street
7 Corridor; and there is the Shasta Hotel.

8 And there is a lot of other housing projects that are
9 going to be hungry for subsidy dollars coming up in the
10 relatively near future; so, the answer is yes.

11 We were on track to spend that money on housing, but
12 not necessarily in this project. And you know, we really
13 welcome this City money coming into the project.

14 MS. MUELLER: Just a couple of questions on the
15 specific proposal before us.

16 I understand that in the arrangements that the Agency
17 actually had the option of going to an RFP, and not following
18 through with RJB. Did you consider that option?

19 And if so, why didn't you go forward with that? Or
20 are you convinced this is absolutely the best possible deal that
21 you could get on this project?

22 MR. MOLLOY: It's a good deal. I think we're
23 getting these units, and you remember, the Devine and Dong (sic)
24 study on the R Street corridor that had to do with the subsidy
25 levels in the Downtown required. And they were up there thirty

1 thousand dollars up to a hundred thousand dollars per unit
2 subsidy even for market rate housing in the Downtown.

3 Depending on how you look at it, we're coming in with
4 about a twelve thousand dollar payment subsidy on this project.

5 We think to obtain housing in the Downtown, this is a
6 very good deal from a subsidy prospective. And so I'm not
7 saying that if, you know, maybe there's some other deals
8 somewhere that could possibly be, but we think this is a very --
9 this is a very good one.

10 MS. MUELLER: It's a judgment call. You weigh the
11 time it would take for the RFP --

12 MR. MOLLOY: Right. And RJB never backed away from
13 negotiating with us. They were in there all the way. And it
14 took us a long time to strike this deal because, as you heard
15 from Bob Roche, their rate of return is not that high on this
16 project.

17 And so they, you know, were maneuvering around to try
18 to bring in a project at which they could sustain from a
19 corporate perspective, and that we could sustain from a subsidy
20 perspective.

21 MS. ROBIE: Okay.

22 MS. MUELLER: One more, and I just want to say before
23 we go forward, I mean, I think that if we could do what we're
24 doing today, that we could also find a way to divert the two
25 million dollars that we're being asked to decide on today; to --

1 to purely housing, to insure a distinct positive increase in
2 housing.

3 And I just -- I have a real problem with us spending
4 a large amount of money on the purchase of a building to knock
5 it down, and then get units that I don't think are comparable
6 to -- to the Merrium.

7 So I mean, I know the majority of the Council has
8 spoken. I just feel a need to once again state my position on
9 this. And I guess there was some slight encouragement.

10 Statements that there might be some money, if we go
11 forward with this. If the majority goes forward on this, there
12 might be some money, for instance, to work on the Shasta, which
13 we are going to be talking about in the next month.

14 And I think we ought to keep that in mind, that there
15 are some, you know, and it's another eighty units that recently
16 went off of the market, and maybe there's a way to expedite
17 getting them back on the market. And I think this Council ought
18 to seriously consider that.

19 MR. SHORE: We made policy decisions. One of the
20 the policy considerations is Downtown housing, and another one
21 is the expansion of the Convention Center. And a majority of
22 this Council believes that for the economic health and
23 well-being of Downtown, that makes a lot of sense.

24 And so we weigh those competing interests. And it's
25 our desire to go forward with that expansion, and that's the

1 majority viewpoint.

2 And on the collateral point, we also believe housing
3 is important. So that's why you get these competing interests.

4 If we had no desire to expand the Convention Center,
5 then you're right. We could put all of this money into housing,
6 and that's a possibility.

7 Our evaluation of the Downtown's long term growth
8 needs, which I believe are also supported by the Mayor, from her
9 comments in the paper, is that that is important to expand the
10 Convention Center, and try to make it happen. And so we have
11 these mixed interests.

12 MS. ROBIE: Okay.

13 MS. MUELLER: I'm not necessarily opposed to
14 expanding the Convention Center. I think it's how you do it is
15 the question.

16 I still think that there are -- there were clear
17 alternatives sometime back, and I think there are some
18 alternatives that can be explored.

19 MR. SHORE: In my eight years on the Council,
20 sometimes you can have alternatives, and sometimes it will make
21 things happen. And we're making housing happen today, so --

22 MS. ROBIE: Okay. What we're going to have to do --

23 MR. SERNA: Let's hear from Mr. Mogavero, who can
24 tell us a bit--

25 MS. ROBIE: We would love to. Our court reporter is

1 running out of paper.

2 We have two minutes or three minutes.

3

4

(Recess taken at this time)

5

6

MS. ROBIE: We are ready to start.

7

8

9

MR. MOGAVERO: I've been instructed by the Assistant City Manager to keep it brief. This is going to be a beautiful building. Thank you.

10

11

MR. SERNA: Let me remind you, Dave, that he works for us.

12

13

14

15

16

MR. MOGAVERO: I'll just go through this quickly. Let me walk you through the building, if I can. If we could start with the upper left-hand corner, the drawing in the upper left-hand corner, that's a ground floor map. And the top of the drawing is where K Street is.

17

18

The right-hand side of the drawing is where 17th Street is.

19

20

21

22

23

Over on the left is the existing RJB structure, which is on the corner of 15th and K. And the building is essentially sort of a very narrow horseshoe shape that wraps around; eleven thousand square feet of leasible area that can be used for commercial purposes.

24

So it can go either office or retail.

25

MS. ROBIE: Now, right here? (Indicating)

1 MR. MOGAVERO: The top drawing. At least -- I'm
2 talking about the plan up on top now.

3 MS. ROBIE: Yeah. I thought --

4 MR. MOGAVERO: On the elevation, you can see the
5 ground floor commercial space as well. It's a four story
6 structure altogether.

7 On the north along K Street is, like I said, eleven
8 thousand square feet of commercial space. And on the south
9 along the alley side is a two level parking structure that's
10 semi-subterranean. There's, I believe, eighty-three parking
11 spaces planned in that parking structure.

12 Maybe before I go too much further, I should really
13 emphasize that this is a very, very conceptual outline for the
14 project; enough to get us through an identification of what the
15 cost is going to be; what the general character is going to be
16 for the project.

17 MR. SERNA: This is going to change quite a bit then?

18 MR. MOGAVERO: A reasonable amount. And between
19 those two structures, the ground level is the courtyard.

20 We went to some effort to get a reasonable amount of
21 area in the middle of the project that has some terra firma, as
22 opposed to all structure on top of the entire property. So we
23 could get some substantial trees in the courtyard.

24 Moving to the top right drawing, you can see the
25 pattern of the residential, the residential units that will be

1 on three levels above the ground floor. And it's kind of a
2 horseshoe arrangement.

3 And the courtyard widens out on that level, so that
4 that upper portion of the courtyard, only the residential
5 component of the project has access to it; whereas, the lower
6 portion of the courtyard would have access from the rear of the
7 commercial, and to the residential, and to the residents as
8 well.

9 We haven't laid out the floor plans for the
10 individual units, but they will all have a common orientation.
11 And their entryway into the interior of the courtyard.

12 It sort of defines a smaller -- smaller scale of
13 neighborhood. If you look at that second level plan, or second,
14 third and fourth level plans, there's outdoor terraces for just
15 about every single unit. And they're oriented towards the
16 street, so it provides some surveillance along the streets.

17 The elevations, I think, are relatively
18 self-explanatory. You can see the residential component up
19 above, and the commercial down below.

20 As I've indicated, we've attempted to make that lower
21 level commercial space so it can go either office or retail.

22 The retail spaces are a little bit less than you find
23 in suburbias, so we would work with a Downtown retail
24 environment a little bit better.

25 And we have some windows out in the courtyard, in

1 case somebody does want to use it for an office.

2 The reason for the flexibility primarily is we're
3 uncertain as to whether or not a retail market is on K Street in
4 this location right now.

5 I would suggest -- it's my experience that probably
6 we're five to ten years away from retail working on that street.
7 It doesn't have the exposure that J or Sixteenth Street does.
8 It's fairly unlikely that a retailer would be interested in that
9 location.

10 The last drawing is a view into the courtyard; very
11 rough massing drawing. You can see the Community building in
12 the upper left-hand corner overlooking the lower courtyard.

13 We're actually anticipating some kind of a rose
14 garden or something of that nature in the upper level of the
15 courtyard.

16 I think the other thing I'd like to point out to you
17 is the street scape. We're actually looking at planting trees
18 in the existing parking strip, so that we can widen the sidewalk
19 along the street.

20 And instead of putting trees in the normal sidewalk
21 area, we're going to improve the parallel parking circumstances
22 along the street, and actually put some trees in there.

23 MR. SERNA: That's on K and Seventeenth?

24 MR. MOGAVERO: On K Street and on Seventeenth Street
25 as well. So that we're really looking for every opportunity to

1 enhance the possibility for retail that we can.

2 We have clear glass right on the face -- right on the
3 face of the building immediately adjacent to the property line;
4 a lot of glass opportunity; a lot of signage opportunities.

5 And also making the sidewalk as wide as possible, so
6 that somebody that wants to open a restaurant has an opportunity
7 to put some outdoor seating, or actually put their wares out in
8 the street, if they wanted to.

9 So with that, I'll answer any questions that you
10 have.

11 MR. SERNA: David, what kind of use of materials do
12 you anticipate on this building, especially on the K Street and
13 Seventeenth Street elevations?

14 MR. MOGAVERO: K Street and Seventeenth Street and
15 the alley will all likely be the same finish. We're looking at
16 dominantly very deeply colored cement plaster, with some mix of
17 tile in the upper portion as a backdrop to the building.

18 And also down at grade. We want to use a good
19 durable surface on the bottom floor of the building.

20 I should point out probably that the parking
21 structure is actually going to be concrete, board and place
22 concrete. And that concrete will be expressed on the alley side
23 of the building, down to the grade.

24 We've set it back about three feet so we can put --
25 we have a little bit of room to plant some climbing vines to

1 overtake that portion of the structure along the alley, to
2 soften the alley environment a little bit.

3 But the dominant finish materials for the exterior
4 phases of the building is cement plaster, again with some very
5 deep coloration to it, and tile.

6 MS. ROBIE: Okay.

7 MR. SERNA: Seems to me that any residential project
8 in the Downtown area is real critical, especially at the street
9 scape, the phase that the public looks at a lot.

10 If, because of the difficulty in making housing work
11 Downtown, I think it has to be -- has to have some uniqueness
12 built into the design, some quality built into the design;
13 whether it's color, whether it's use of material.

14 And if you decide on low budget operations, you're
15 not going to get that. And I think you're going to make housing
16 much more difficult to really get under way.

17 So I want to encourage the developers, especially
18 Bob, that I understand there are always financial difficulties.
19 You don't want to shortcut -- shortcut any real cost in terms of
20 materials. And I know that's always a temptation.

21 And I just want to caution you that you ought to
22 really look at the building and the quality of this project.

23 MR. MOGAVERO: If I had to identify what the budget
24 priorities, because building is essentially that, distributing
25 the dollars where it's going to be the most important, probably

1 the interior of the units will be very straightforward: Simple
2 well planned and usable, but very straightforward in terms of
3 finish quality.

4 And that the dollars that we will expend will be put
5 into two areas primarily: One is the quality of the exterior
6 finish at the perimeter of the building, the outside of the
7 building; and also the quality of the landscaping, and the
8 common facilities in the courtyard.

9 I think the courtyard is the place where we've got a
10 real opportunity to sell the project. Our thoughts for the
11 exterior have been that we feel there's got to be some very
12 strong coloration in this neighborhood.

13 It's very neutral, and there's very few trees to
14 those two blocks, on Fifteenth to Seventeenth Street, and
15 actually Sixteenth to Eighteenth. I'm sorry.

16 MR. SERNA: It's very uninteresting; very dull.

17 MR. MOGAVERO: It really needs some of the life and
18 richness to make it a place that feels like it's a place you'd
19 want to live.

20 MS. ROBIE: Okay. Terry?

21 MR. KASTANIS: The first floor, is that a marble
22 grade or black marble? What is the first floor?

23 MR. MOGAVERO: The ground floor will be some kind of
24 ceramic tile. Maybe we'll end up using some sort of tiled
25 (sic) granite, or something like that; but not likely.

1 I suspect we're looking at some sort of ceramic tile.

2 MR. KASTANIS: And the red columns, the red sections?

3 MR. MOGAVERO: They're plaster. And Terry, we're
4 going to eliminate those columns coming all the way to the
5 ground there. We wouldn't want the plaster coming to the grade.

6 And like I said, this is real rough sketch. This
7 elevation was drawn in about a day and a half.

8 MR. KASTANIS: This is going to Design and Review,
9 I'm assuming; is it not?

10 MS. ROBIE: It has to --

11 MR. MOGAVERO: The whole process, and as Andy pointed
12 out, was that once you approve the business deal, then we have
13 to go back and prepare preliminary drawings for the project, and
14 more detailed cost estimates. And that will come back to
15 Planning Commission, Design and Review Board, and the Council, I
16 believe, as well.

17 MR. MOLLOY: That's correct.

18 MR. KASTANIS: We'll see it again.

19 MS. ROBIE: Okay. Let's move along very quickly.

20 MR. SHORE: I have a question. I hope you don't
21 mind, since it is my District.

22 Dave, on the interior, I like the looks on the
23 exterior, by the way and that's good. I agree with your
24 concept.

25 On the interior, because you have a mix of commercial

1 and residential in the center area, is that -- the public access
2 to that, is that going to be through the building?

3 MR. MOGAVERO: The public access to the inner area
4 will not be available.

5 MR. SHORE: That's for the residents?

6 MR. MOGAVERO: If you look at the ground floor plan,
7 the access into the residential is off of Seventeenth Street,
8 because of some geometry issues. And that will be a secured
9 entrance, as the parking will be secure.

10 And so access to that courtyard will only be
11 available to folks that are actually using the ground floor,
12 commercial, and the residents of the project, and their guests,
13 of course.

14 MR. SHORE: Okay. The only -- that's good, because
15 since it is a transitional area.

16 The only other thought I had was the renters, any
17 time you have as far as benches or things that serve the
18 residential. A lot of times apartments or rental units don't
19 have any place to do anything except go to your apartment and
20 leave.

21 MR. MOGAVERO: Right.

22 MR. SHORE: You have a nice opportunity with that
23 interior area for people to be able sit or whatever.

24 MR. MOGAVERO: We have a community room that's on the
25 upper level that only the residents can get to. That's what

1 we're looking for in the lower courtyard as well.

2 And I'm hoping we'll be able to do something like
3 kind of a rose garden on that upper level.

4 MR. SHORE: Some benches --

5 MR. MOGAVERO: There's benches in there, Dave; a lot
6 of them.

7 MR. SHORE: Good.

8 MS. ROBIE: Okay. Let's kind of move along on this,
9 unless there are other questions on this item.

10 Let's move on Item A and B.

11 MR. SERNA: I move the item.

12 MS. ROBIE: Replacement housing is A, and B is
13 actually the execution of the pre-development agreement.

14 MR. CHINN: I second it.

15 MS. ROBIE: I'm sorry. And actually it would go with
16 the mixed housing use on K Street.

17 MR. KASTANIS: I'll move.

18 MR. SHORE: We have public testimony.

19 MS. ROBIE: I said we would have public testimony.
20 Steve, would you like -- do you have any comments?

21 MR. SANDERS: I'll just be very brief on this item.
22 I know it's before you tonight.

23 I'm Steve Sanders, Sacramento City Association. I
24 just had a question.

25 It was something came up in the staff report that we

1 had not heard before, and we do -- we do dispute that this is
2 actually replacement housing for the Merrium.

3 We believe it's a long committed project for the
4 northeast neighborhood, which as Mr. Molloy had indicated, had
5 been supported through the 1985 bond measure.

6 And it was our understanding that the commitment was
7 there; that yes, the developer's participation was limited to
8 providing one of the parcels, and the Agency went ahead and
9 bought the others.

10 Clearly to us, the six hundred and seventy-six
11 thousand dollars of public money had already been expended long
12 before the decision to abolish the Merrium had ever been made.

13 The Agency had made a commitment, not only a policy
14 commitment, but a cash commitment to build this housing. That
15 was in advance of any thought that this was replacement for
16 something else.

17 Secondly, we dispute that the loan from the
18 Convention Center fund is a "make or break" part of this
19 project.

20 Four hundred thousand dollars at 7.5 percent over
21 five years, compared to, say, a ten percent market rate loan is
22 a cash contribution of something on the order of fifty thousand
23 dollars.

24 If you compute the percentage of two and a half
25 percent spread, and spread it out over five years, we find it

1 very hard to believe that fifty thousand dollars is the amount
2 that makes or breaks a four million dollar project.

3 It looks more like window dressing, and a way to take
4 an existing project and call it something else.

5 Finally, we'd like to get some more information on
6 the three million dollars that was dedicated to the northeast
7 neighborhood that was somehow, what I'd heard, and maybe I heard
8 it incorrectly, was that -- that the 1985 three million dollar
9 fund was borrowed for elderly housing elsewhere.

10 If that's true, we have a real concern about that.
11 Clearly, the projects that have been installed at Seventeenth
12 and K, and Eighteenth and L could have gone forward if that
13 money had not been diverted to some other use.

14 It was our clear expectation that those funds had
15 been made available in 1985. We've been wondering why these
16 have been bare patches of ground ever since.

17 I hope that we can get some response to that, either
18 now or at the Council meeting this evening.

19 MR. MOLLOY: First on the issue of the subsidy,
20 essentially the subsidy -- the pure subsidy of the differential
21 spread between the seven and a half percent loan and the, say,
22 market rate ten percent loan will be about forty or fifty
23 thousand dollars.

24 But there's also the matter of the deferral of that
25 payment. And there's some present value that goes into that

1 that makes the subsidy really much closer to a hundred thousand
2 dollars.

3 And, you know, Bob will tell you that that really is
4 an important subsidy for this project. And it's one of the
5 things that's enabling us in particular to allow the rent
6 reductions for the twenty percent units.

7 So that actually is a very important subsidy.

8 With respect to the northeast neighborhood bonds, as
9 we brought projects forward over the years, we have always
10 mentioned the fact, and the Riverview Plaza is one of those, and
11 the Sequoia Hotel is another one, and several other housing
12 projects that we've done; the Ridgeway and so forth, have all
13 eaten somewhat into our total housing fund.

14 I don't have the complete breakdown of exactly how
15 that's been utilized before me, but I can tell you that we are
16 meeting our twenty percent obligation under State law with
17 respect to use of tax increment funds.

18 And that we're utilizing those funds on important
19 housing projects throughout the Downtown area, or since, for the
20 last four years, since 1985.

21 MR. CHINN: And as I recall it, John, Eighteenth and
22 L was also a part of that, and it went for --

23 MR. MOLLOY: Right. And we still have to this day
24 six hundred thousand dollars that we are reserving for potential
25 use on the proposed Hank Fisher project at Fourteenth and O.

1 Whether or not we can afford to do it still remains
2 to be seen, because we're still negotiating whether or not
3 that's going to be a feasible project.

4 I'd be happy to provide you with a total breakdown of
5 where those housing funds have gone, and what we've used them
6 for over the last four years, but --

7 MS. ROBIE: Let's do that. I think everyone is
8 interested in that, to bring that forward.

9 MR. CHINN: Not tonight.

10 MS. ROBIE: No. No. I don't think you can do it by
11 then. But I think it would be interesting to see where they
12 are, so we can kind of see what's left.

13 MR. SANDERS: If I could respond, I didn't mean to
14 imply there was anything sinister. I think Sacramento is one of
15 the best cities in the State in terms of actually using its tax
16 increment funds as required by housing.

17 There are a number of cities that don't. I think the
18 City should be commended for that.

19 I think I did want to point out it was a policy
20 decision that's been made over several years to not go forward
21 with the Seventeenth and K project, and to go forward with other
22 projects instead. And that's a decision that long predates the
23 decision on the Merrium, and the issue of replacement of it.

24 So I think it's, in my sense, somewhat opportunistic
25 to come forward at this time with what is a modest subsidy and

1 somehow state that this a key linchpin in the whole project that
2 makes it work.

3 What it really does is provide the City with a way of
4 showing that it somehow has mitigated an impact which we don't
5 think has been significantly or substantially mitigated.

6 We would rather have the two hundred and eighty-five
7 thousand, or whatever it is in actual grants go forward on this
8 project as opposed to between a fifty and a hundred thousand
9 dollar cash subsidy from the value of the loans.

10 If it means that the City then recognizes a much
11 greater responsibility in terms of replacing the Merrium.

12 MS. ROBIE: Thank you, Steve. Anyone else? Okay.

13 I think it's a good idea to take Item A, 4 A and B
14 together, if there's a motion to do so.

15 MR. POPE: I move Item 4 A and B.

16 MR. CHINN: Second.

17 MS. ROBIE: It has been moved by Council Member Pope,
18 and seconded by Council Member Chinn, and moved on both 4 A and
19 B. Are there any other comments?

20 Please call the roll on that.

21 MS. FLORES: Robie.

22 MS. ROBIE: Aye.

23 MS. FLORES: Chinn.

24 MR. CHINN: Aye.

25 MS. FLORES: Ferris.

1 MS. FERRIS: Aye.

2 MS. FLORES: Kastanis.

3 MS. KASTANIS: Aye.

4 MS. FLORES: Mueller.

5 MS. MUELLER: No.

6 MS. FLORES: Pope.

7 MR. POPE: Aye.

8 MS. FLORES: Serna.

9 MR. SERNA: Aye.

10 MS. FLORES: Shore.

11 MR. SHORE: Aye.

12 MS. ROBIE: Okay. We move to Item 5, which is the
13 authorization for the City Manager to contract for a
14 supplementary EIR or review, for the Community/Convention Center
15 Expansion Project.

16 Under that, there are four areas: The alternative
17 parking, the retail, replacement housing, and a number of design
18 treatments.

19 So Jim Harnish is here.

20 MR. HARNISH: Madam Chairperson, Committee Members,
21 I'm Jim Harnish, and I'm Acting Environmental Coordinator for
22 the City. Let me just briefly summarize this item for you.

23 I know the hour is late. Chairwoman Robie has
24 already mentioned the four subject areas. Let me go into those
25 in slightly more detail.

1 If you recall back in October, when the original EIR
2 was certified by you, there were Findings of Fact that
3 contemplated a supplement to that EIR being prepared to address
4 several issues.

5 The most critical one was the parking issue. And at
6 that time, we'd identified some potential sites, but had not
7 evaluated them in part because the -- there was not a decision
8 on what alternative was going to be selected.

9 We are at the point now where we are requesting
10 authorization to go forward with a study to, among other things,
11 evaluate parking.

12 Just for your information, some of the options that
13 we're looking at, at least at this point, are the six hundred
14 and fifty-two unallocated spaces in the Eastend Parking Garage;
15 four hundred spaces at the Lot E Garage Expansion; six hundred
16 and seventeen spaces at Lot C, at the Lot C Surface Expansion;
17 the potential of six hundred spaces in the Community/Convention
18 Center Expansion.

19 Some other alternatives are up to about thirteen
20 hundred spaces in the vicinity of light rail stations, and the
21 elimination of parking permits in some of the lots which may
22 gain about six hundred and fifty spaces.

23 Those are examples of the kinds of alternatives that
24 are going to be studied with regard to parking.

25 In addition to that, the provision that ground floor

1 retail within the parking -- excuse me, within the Convention
2 Center design will be evaluated. The replacement housing issue,
3 which we have just been discussing, will also be evaluated; not
4 only at this site that you have just discussed, but other
5 potential alternatives.

6 And finally some of the design compatibility issues
7 that were deferred until more specific design criteria or
8 designs were prepared.

9 That is related to the compatibility of -- with the
10 church, and compatibility with other surrounding uses.

11 That in a nutshell is the scope of this environmental
12 document.

13 The recommendation is that you authorize a contract
14 for up to seventy-five thousand dollars, which is our initial
15 estimate as to what it would take. And we can proceed on this
16 as soon as possible.

17 MR. SHORE: I have a quick question. Are these our
18 needs under the Supplemental EIR or environmental review as to
19 parking because of environmental guidelines, or because of city
20 parking requirements?

21 MR. HARNISH: It's because of the issue as identified
22 in the EIR. So it would be the environmental guidelines, if you
23 would like --

24 MR. SHORE: The reason I ask is there was a proposal
25 made recently at a Council meeting that we ought to reassess our

1 parking needs in the Downtown area, and reduce parking
2 availability in order to encourage public transit.

3 If the City had adopted, or was to adopt such a
4 policy, does that affect the environmental review?

5 MR. HARNISH: A short answer is no.

6 MR. SHORE: No? And let's say if the City said we
7 don't want to provide the parking because we want people to be
8 forced, just in theory, to take public transit, does that
9 change -- that's not a factor?

10 MR. HARNISH: Well, it's a factor in the
11 environmental evaluation.

12 What the actual ordinance requires doesn't drive the
13 findings in the environmental analysis. You identify how many
14 cars or other modes of transportation are going to carry people
15 to this use, whether it's a Convention Center or some other use,
16 and you can identify a mode split; identify availability of
17 parking.

18 And if you don't have enough parking, then either
19 people will have to come in some other mode, or find some other
20 kind of parking supply.

21 So the issue is really how many people are driving to
22 and from, rather than how many parking spaces are provided.

23 MR. SHORE: Okay. In the end, it's identifying that
24 traffic, and creating new spaces.

25 The reason I ask this is because unless I

1 misunderstand it, some of the criticisms that we've received,
2 either by way of potential litigation, or I mean the litigation
3 that's raised this, is that we haven't ably assessed the parking
4 needs for the Convention Center Expansion.

5 And yet there's also the pressure from many people
6 that we not provide additional parking Downtown, simply because
7 that would detract from the use of public transit. So it's
8 almost -- it's a competing policy interest.

9 MR. HARNISH: You're exactly right. And it is an
10 issue that came up when this EIR was being considered for
11 certification in the projects for approval, especially the
12 private projects, because our ordinances right now park about
13 fifty percent of the cars that would be generated normally by
14 office uses Downtown.

5
15 So that we have that -- that's that a fifty percent
16 shortfall that we talked about being made up by alternative
17 modes: Light rail, car pooling, van pooling; that kind of
18 thing.

19 MR. SHORE: Our option, once we identify the
20 potential traffic impacts, if we wanted to make a decision we're
21 not going to provide any parking because we want people to use
22 public transportation, that's a reasonable policy decision
23 understand CEQA?

24 MR. HARNISH: You couldn't -- if that policy decision
25 left some potentially significant impacts; traffic problems, air

1 quality impacts -- if it left those unmitigated, and you decided
2 to go forward with that policy, you would also have to do a
3 statement of overriding social and economic considerations,
4 which would make up your shortfall then.

5 But just because it would be a policy to underpark
6 facilities doesn't get you over the CEQA hump.

7 MR. SHORE: I'm not suggesting that the policy
8 position is any different than the past -- from my own personal
9 perspective, I see the competing arguments there.

10 MR. HARNISH: It's my perspective that the EIR
11 identifies the parking problem and identifies it well. And we
12 are now faced with finding solutions to that problem.

13 There are a variety of options available to us, and
14 there are already some parking facilities available. And it's
15 just essentially identifying what the subsequent facilities will
16 be, either developed or allocated to the project; or what
17 alternative measures will be implemented.

18 MR. SHORE: Okay.

19 MS. ROBIE: Other questions?

20 Along the same line, will you come up with any, out
21 of this study, with any sort of continuing subsidies to public
22 transportation in order to mitigate, you know, parking places,
23 for instance; that there would be continuing expenses to the
24 Community Center generated in order to not have as many parking
25 places. Are you going to look at that?

1 MR. HARNISH: I suspect we will take a look at that
2 in terms of, say, the Convention Center subsidizing the light
3 rail or bus use for specific conventions or other activities.

4 Sure, that's, in my mind, that would be one method.
5 I don't think it would be a free standing alternative, but it
6 would be one of several possibilities that we could include.

7 MS. ROBIE: One thing I would like to actually ask
8 you to do is that last night we, at RT, they're in the midst of
9 their Systems Management analysis, or update, which they haven't
10 done in a long time.

11 And we talked a lot about the trams -- extending the
12 trams all the way down K Street, from -- and extending them to
13 the Convention Center and the hotel, and then going to Old
14 Sacramento.

15 The problem, of course, is the lack of the number of
16 trams when the Convention Center was expanded in full operation.

17 I think that should be in this supplemental study.
18 It seems to me if we could develop a circulation system for the
19 people attending the conventions so that we get them up and
20 down, you know, because there'll be several hotels, you know, on
21 that K Street, that we would really be saving a lot of trips.

22 And it might be that the lack of funding that some of
23 those parking places require this of, you know, the private,
24 also require that public agencies, also, is that the trade-offs
25 are that we supplement in other ways, and look at long term

1 maintenance.

2 I think there are a lot of really good opportunities
3 right now, and we haven't had passed, and I want us to be sure
4 that we look at those things in this; and that you work closely
5 with RT.

6 MR. SHORE: You're extending the trams up to
7 Eleventh, now, I believe, or Twelfth?

8 MS. ROBIE: Last night we talked a lot about trying
9 to extend the trams to the Convention Center. The problem is
10 the lack of number to really do a good job, and --

11 MR. SHORE: And a place to turn around.

12 MS. ROBIE: And the questions and answers in
13 relationship to the capacity. The capacity seems to be there.
14 It doesn't seem to be a question.

15 But the question is that I think they have three
16 trams, and all very old; all breaking down. And they have a
17 fourth that they can't put on because of always needing a spare.

18 But it seems to me, and in the capacity of these
19 trams is not there. What we ought to look at with RT is really
20 doing a good job of circulation up and down K Street.

21 I think we can keep people while they're at the
22 convention, if they come without their car, I think you could
23 have good circulation.

24 And I think it would really encourage the development
25 on K Street and on the streets around J and I, and so forth.

1 So I want to be sure that we look at this with RT.

2 MR. HARNISH: Okay.

3 MS. ROBIE: All right. Are there other questions?

4 I must admit to you I still have trouble with the
5 replacement housing thing, that we just put the replacement
6 housing -- we already did it, and now we say we're going to look
7 at it. And to me, that's backwards.

8 You ought to do the study, and say this is where the
9 replacement housing is going to be. But it seems to me in this
10 study that two hundred thousand is being set aside. Maybe that
11 would be related to this. I don't know. It seems like we're
12 doing it backwards.

13 MR. HARNISH: Well, the -- I think the original
14 intent was to have this within the scope of the environmental
15 analysis. It just happened that this came about through some
16 discussions between SHRA and City staff.

17 We've left it in here. It is part of the scope, but
18 because this project is likely to occur, it will make the need
19 for that -- that evaluation less significant.

20 It wasn't required, and I don't think it's a
21 requirement of the Supplemental EIR to have to go through a
22 major evaluation of alternatives here. We were going to look at
23 the issue before we had identified this as a probable project.

24 MS. ROBIE: Well, you've just answered the question
25 that makes me absolutely sure now that we're going about it

1 backward; is that we should have done this study first, and then
2 done the replacement housing.

3 We seem to be doing things very backward here.

4 Other questions?

5 MR. POPE: That all depends on which side of the
6 issue you're on.

7 MS. ROBIE: We just moved for the question, but I
8 would like to have that two hundred thousand in there, if you
9 possibly could. Maybe we could go forward and look at where
10 more replacement housing would be. Okay?

11 MR. HARNISH: Sure.

12 MS. FERRIS: Are you talking about the two hundred?

13 MS. ROBIE: Two hundred and eighty thousand.

14 MS. FERRIS: As part of the other motion?

15 MS. ROBIE: We need to look at more replacement
16 housing. I don't agree that we're counting this twice, but if
17 we're going to look at replacement housing in this document,
18 then we're going to look at it.

19 MR. HARNISH: Well, I take that direction to mean
20 that that's essentially what's been allocated to this
21 particular --

22 MS. ROBIE: This particular neighborhood.

23 MR. HARNISH: This particular project proposal. And
24 for some reason if it doesn't go through -- I mean, there are
25 lots of subsequent actions that need to be taken. And for some

1 reason, it doesn't go through, we will have an evaluation of
2 other possibilities, also, and we will include these dollar
3 amounts in that evaluation, so there's some comparison.

4 MS. ROBIE: Good. Other questions?

5 Is there anyone in the audience?

6 MS. BRANNAN: I'd like to clarify on the action of
7 the replacement housing. That action, you moved the staff
8 recommendation, and that was to approve the replacement housing
9 project in concept, subject to environmental review.

10 And that environmental review will now occur as a
11 part of that action. At the point that the developer submits a
12 request for an application, a permit application, environmental
13 review on a specific project will be triggered.

14 MS. ROBIE: Okay. Is there anyone else that has any
15 questions? Okay. I think we're ready for a motion.

16 MR. KASTANIS: Move the motion.

17 MS. ROBIE: We have a motion from Councilman Chinn,
18 and seconded by Councilman Kastanis.

19 Call the roll on Item Five.

20 MS. FLORES: Robie.

21 MS. ROBIE: Aye.

22 MS. FLORES: Chinn.

23 MR. CHINN: Aye.

24 MS. FLORES: Ferris.

25 MS. FERRIS: Aye.

1 MS. FLORES: Kastanis.

2 MR. KASTANIS: Aye.

3 MS. FLORES: Mueller.

4 MS. MUELLER: No.

5 MS. FLORES: Pope.

6 MR. POPE: Yes.

7 MS. FLORES: Serna.

8 MR. SERNA: Aye.

9 MS. FLORES: Shore.

10 MR. SHORE: Aye.

11 (Proceedings requested to be reported were concluded
12 at this time)

13

14

15

16

17

18

19

20

21

22

23

24

25

1

1

REPORTER'S CERTIFICATE

2

3

4

STATE OF CALIFORNIA)
COUNTY OF SACRAMENTO) SS

5

6

7

8

I, LINDA D. AKER, do hereby certify:

9

That I am a Certified Shorthand Reporter of the State of California, duly licensed to practice; that I did report in shorthand (Stenotype) oral proceedings had upon hearing of the aforementioned cause at the time and place hereinbefore set forth; that the foregoing pages numbered 4 to 90 inclusive, constitutes to the best of my knowledge and belief a full, true and correct transcription of my said shorthand notes so taken.

10

11

12

13

14

15

16

17

Dated this 13th day of May, 1989, at Sacramento, California.

18

19

20

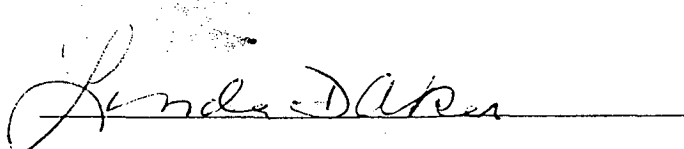
21

22

23

24

25



LINDA D. AKER, C.S.R.#2429