



10.1

April 20, 1994

Redevelopment Agency of the
City of Sacramento
Sacramento, California

Honorable Members in Session:



SUBJECT SELECTION OF AMERICAN STORES PROPERTIES, INC. AS
DEVELOPER OF THE BROADWAY AND STOCKTON BOULEVARD SITE;
AUTHORIZATION OF RESOLUTION OF NECESSITY.

LOCATION AND COUNCIL DISTRICT Oak Park Project Area; District 5

STAFF RECOMMENDATION

Staff recommends adoption of the attached resolutions which authorize the Executive Director or his designee to:

- ◆ select the proposal submitted by the Jay-Phares Corporation to purchase and develop the Broadway and Stockton site;
- ◆ execute an assignment of the rights of the Jay-Phares Corporation to American Stores Properties, Inc.
- ◆ execute an "Offer to Purchase and Develop Site" submitted by American Stores Properties, Inc.
- ◆ negotiate a Disposition and Development Agreement (DDA) for transfer of the development site to the developer
- ◆ exercise the Agency's power of eminent domain if necessary to acquire three privately-owned properties within the development site
- ◆ negotiate a local hire agreement with the intent to recognize and incorporate the ethnic diversity of the Oak Park community; and
- ◆ inform the Oak Park Project Area Committee (PAC) on the progress of DDA negotiations.

CONTACT PERSONS

Anne Moore, Acting Director of Community Development,
440-1357
Jim Hare, Associate Planner, 440-1322

FOR COUNCIL MEETING OF: June 8, 1994

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SUMMARY

This report recommends selection of American Stores Properties, Inc., to acquire the Broadway and Stockton site and to build a full-line supermarket for operation by a new division of American Stores Company. The attached resolution authorizes a 180-day negotiation period on terms for a Disposition and Development Agreement, with such extensions as may be mutually agreed to by the developer and the Agency. The negotiated DDA will be subject to review and approval of the Agency's governing boards. The report also recommends adoption of a resolution of necessity which will ensure the Agency's ability to acquire and transfer to the developer three privately-owned properties which were included as potential additions to the site in the Request For Proposals (RFP) issued January 1993.

PROJECT AREA COMMITTEE (PAC) ACTION

At its regular meeting of April 6, 1994, the Oak Park PAC voted to adopt a motion supporting the recommendations of this staff report. The motion recommended that the Agency negotiate a local hire plan which recognizes and incorporates the ethnic diversity of Oak Park. In addition, the motion recommended that a citizen/PAC committee be formed to advise the Agency and the Developer during the course of DDA negotiations.

The votes were as follows:

AYES: Baxter, Crump, Dansby, Gibbs, Hernandez, Jennings, Kline,
 Lam, Mitchell, Torres, White

NOES: None

ABSENT: Castro, Cavese, Raya

As regards the formation of a citizen/PAC committee to the advise the Agency and the Developer during DDA negotiations, staff recommends that the Oak Park PAC be the body to which staff reports the progress of DDA negotiations. Such a reporting relationship will preserve the integrity of the Oak Park PAC as the duly appointed and elected community advisory body to the Agency. Staff will make every effort to publicize meetings of the Oak Park PAC and its Economic Development Subcommittee to facilitate the widest possible community involvement in planning and implementation of the proposed project.

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COMMISSION ACTION

At its regular meeting of April 20, 1994, the Sacramento Housing and Redevelopment Commission adopted a motion recommending adoption of the attached resolution. The votes were as follows:

AYES:

NOES:

ABSENT:

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BACKGROUND

The Agency issued a RFP in January 1993, seeking development of a supermarket on the site located at the northwest corner of Broadway and Stockton Boulevard (parcel map, Attachment I). By the proposal deadline of April 14, 1993 two proposals were received: one from the Jay-Phares Corporation representing American Stores Properties, Inc. (JPC/ASPI) and the other from the Stockton and Broadway Renewal Group in collaboration with United Grocers (SBRG/UG).

As called for in the RFP, a selection committee was established to evaluate the proposals and to recommend selection of one of the two developers. The committee met twice, once to review and comment on the written proposals, and a second time to hear oral presentations and ask questions of each developer. At the conclusion of the second meeting the committee voted 7-0 (with one member absent) to recommend selection of JPC/ASPI, as the developer with whom the Agency should enter negotiations on a Disposition and

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Development Agreement.

Evaluation of Proposals Relative to RFP Selection Criteria

The JPC/ASPI proposal reviewed by the selection committee called for development of a 36,625 square foot Lucky supermarket. Submitted floor plans showed a layout similar to other Lucky supermarkets in the Sacramento area. Since the selection committee met, ASPI has developed a new store format of approximately 50,000 square feet for the site (discussed below). However, the selection committee's evaluation of the JPC/ASPI proposal relative to the selection criteria of the RFP remains relevant. In brief, the selection criteria were:

- o Compatibility with the objective of the RFP; i.e. supermarket development
- o Financial strength of the developer
- o Economic feasibility of the project
- o Tenant commitment
- o Return on the Agency's investment in the site
- o Site planning and architectural design
- o Developer experience
- o Commitment to local/minority hire

The JPC/ASPI proposal was judged superior in the areas of economic feasibility, return on the Agency's investment, site planning and architectural design and commitment to local hire.

Under the JPC/ASPI proposal, acquisition and development of the site will be self-financed by American Stores Properties, Inc., rather than dependent on bank financing as would the Stockton and Broadway Renewal Group/ United Grocers (SBRG/UG) proposal. The JPC/ASPI proposal also includes a cash offer for purchase of the Agency-owned property, while the SBRG/UG proposal committed only to negotiate the land price, with no indication of the amount or timing of payment for the Agency-owned property.

On the criteria of tenant commitment, the selection committee was persuaded that a national chain operation with significant market share in the Sacramento area would offer more stability and commitment to the location than a single store operation.

On the criteria of site planning and architectural design, the committee also preferred the JPC/ASPI proposal. Although architectural renderings included in the JPC/ASPI proposal were not site specific, the developers offered assurance that the store designed for the site would incorporate the design features such a multiple roof gables and tile skirt which were included in the submitted elevations. The \$57.50 per square foot estimated construction cost remains reflective of such design features. In contrast, the SBRG/UG store elevations were less interesting and did not adhere as well to the City's design review criteria. SBRG/UG's

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proposed investment in construction of \$37.50 per square foot was reflective of a lesser commitment to building design.

Finally, on the criteria of local/minority hire, both developers stated their familiarity with Agency requirements to use good faith efforts to employ women- and minority-owned firms in the construction of the supermarket. The American Stores representative stated a willingness to work with the Agency on a local/minority hire agreement. The UG representative stated that the store operator would be the decision-maker regarding any local/minority hire agreement. The committee felt that the stated commitment from the American Stores representative was preferable to United Grocer's deferral to the store operator.

New Supermarket Format

As stated above, ASPI now proposes a new store format and merchandizing plan for the site. ASPI representatives describe the operation as a full-line supermarket, featuring in-store bakery, deli, frozen food, dairy, meat and produce sections, as well as the "top 300 warehouse club" sales items. The latter items include products such as large packages of paper products, health and beauty products, and bulk frozen foods. The store will emphasize price competitiveness and shoppers will bag their own groceries. The store name has not yet been finalized. ASPI representatives will be available to present drawings showing the interior store layout at the PAC, Commission and Council meetings at which this report is heard. ASPI has stated that they consider this a neighborhood serving store, and as such will be willing to work with the Agency and the community on architectural design and merchandising concerns, as well as their previous commitment to developing a local hire plan.

Site Purchase Contingencies

The original JPC/ASPI proposal contained the contingency that the purchase of the Agency-owned property was subject to final approval by the ASPI real estate committee. The real estate committee's approval was anticipated in May 1993; however, it was delayed pending development and approval of the merchandizing plan for new supermarkets. In October 1993, Agency staff imposed a deadline of February 28, 1994 for approval of the site and required ASPI to increase its good faith deposit from \$10,000 to \$30,000. ASPI complied with this requirement. In late February, ASPI requested a one-month extension, and in response staff required an additional \$10,000 deposit. ASPI forwarded the additional deposit and its real estate committee approved the purchase on March 16, 1994.

The ASPI real estate committee conditioned its offer to purchase on concurrent acquisition

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by ASPI of five additional parcels within the block bounded by Stockton Boulevard, Broadway, 44th Street, and 4th Avenue and shown on Attachment I. Purchase of these five properties is necessary to build a 50,000 square foot store, which ASPI considers the minimum size necessary to secure an adequate return on its investment. These five additional parcels include two businesses and four residences (one parcel contains both a residence and a business). Purchase of these parcels will be initiated and financed by ASPI, subject to negotiations with the property owners.

An additional contingency of purchase by ASPI is approval of a soil and groundwater cleanup plan for the site. The Agency has been pursuing toxic remediation since purchase of the Springer's liquor store and gas station in 1986. Recent tests have indicated that installation of a "vapor extraction system" will speed up the clean-up. The Agency's site remediation contractor will soon submit a Final Remedial Action Plan (FRAP) to the County Department of Environmental Management. Agency will allow ASPI to review and comment on the FRAP prior to its implementation. The obligations of the Agency regarding implementation of FRAP will be negotiated and included in the DDA.

Resolution of Necessity to Acquire Three Properties

The development site which was the subject of the Request for Proposals included 20 contiguous parcels. To date the Agency has acquired 17 of these parcels (parcel map, Attachment I). Agency staff has met with the owners of the three remaining properties, but, to date, none have yet signed purchase agreements. Staff intends to continue to negotiate for purchase with each of these property owners. However, to ensure the Agency's ability to deliver the entire site announced in the RFP, this report includes a resolution of necessity which would authorize the Agency to acquire these three privately-owned properties by eminent domain. If necessary, the Agency would exercise its power of eminent domain on these properties only upon approval of the DDA.

Assignment of Rights Under Development Proposal

The Jay-Phares Corporation, acting as a "contract development consultant" for American Stores Properties, Inc., submitted the original development proposal (dated April 14, 1993). With approval of this staff report, JPC will assign to ASPI its rights and obligation negotiate an agreement to purchase and develop the site. The intent of the Assignment is to release JPC from its obligations under the development proposal. ASPI will assume that obligation which is primarily to engage in good faith negotiation of a DDA leading purchase of the Agency's property, and construction and operation of the supermarket.

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Parameters of DDA negotiations

Upon approval of this staff report, ASPI and the Agency will enter a six-month period for negotiation of the DDA. Concurrent with DDA negotiations, ASPI will develop its site plans and building elevations and will submit its project for necessary environmental review and planning approvals. The Agency will work with ASPI and the City's Planning and Development Department to facilitate the approval process. Agency approval of the plans will be a contingency of approval of the DDA.

In addition, the Agency will negotiate with ASPI on issues including, but not limited to, purchase price for the Agency's property, affirmative action in construction of the project, a local hire plan for permanent operations, implementation of Art in Public Places requirements, childcare requirements, and completion of the toxic cleanup.

FINANCIAL CONSIDERATIONS

The Agency has expended \$990,138 for acquisition of the 17 parcels purchased to date. \$250,536 remains available to pay all costs associated with the acquisition of the three remaining parcels required to assemble the site announced in the RFP.

The Agency has obtained appraisals for the three subject properties and they are on file with the Agency Clerk. The appraisals estimate the total value for the subject properties at \$174,000. Estimated additional costs for relocation, demolition, title insurance, and escrow fees equal approximately \$51,000, raising the total cost to \$225,000.

The Agency has expended approximately \$242,615 to date for the cost of toxic cleanup on the site. A budget of \$240,237 remains available to complete implementation of the FRAP. The Agency's application for reimbursement of toxic cleanup expenditures has been approved by the state Underground Storage Tank Cleanup Fund Program. The Agency has recently been reclassified as a Class C claimant, meaning that reimbursement could occur as early as this year. However, the timing for reimbursement is not within the Agency's control.

POLICY CONSIDERATIONS

The Broadway and Stockton site is one of five economic development catalyst sites identified in the Oak Park Five-Year Revitalization Strategy. Redevelopment of this site has been planned since 1986, when the Agency initiated its acquisitions at the site. Development of a supermarket to serve the Oak Park neighborhood has been a long-standing goal of the Oak Park Project Area Committee and local residents.

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ENVIRONMENTAL REVIEW

The administrative actions proposed in this report are in furtherance of the Oak Park Redevelopment Plan. Per CEQA Guidelines Sections 15180, 15162 and 15163, no further environmental documentation is required. NEPA does not apply.

The City Planning and Development Department will complete environmental review of the proposed construction project. The Agency, acting as a responsible agency under CEQA, must review and consider this documentation prior to approval of the DDA.

MBE/WBE REVIEW

The actions proposed in this report have no M/WBE impact. The DDA will contain requirements that the developer follow the Agency's M/WBE policy in soliciting contractors for the proposed project.

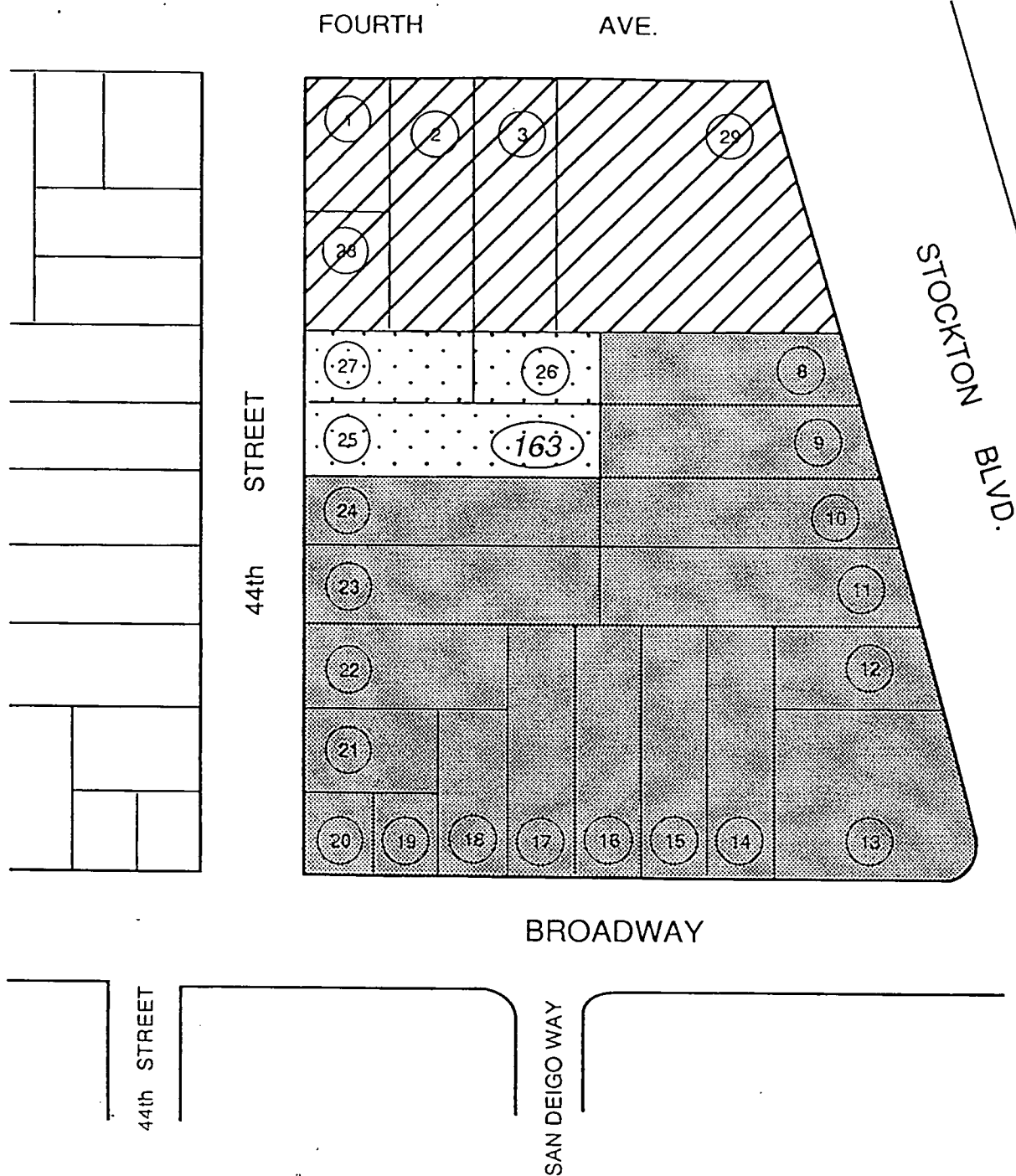
Respectfully submitted by,


JOHN E. MOLLOY
Executive Director

TRANSMITTAL APPROVED BY:


WILLIAM H. EDGAR
City Manager

JDH\Lot_BS\Select\Staf_Rpt.Fin

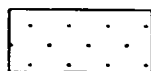


BROADWAY AND STOCKTON OAK PARK REDEVELOPMENT PROJECT SITE

KEY



SHRA owned property



Authorized for SHRA acquisition



To be acquired by ASPI



RESOLUTION NO.

94-035

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF _____



**OAK PARK, BROADWAY AND STOCKTON PROJECT:
DEVELOPER SELECTION FOR COMMERCIAL DEVELOPMENT PROJECT;
ACCEPTANCE OF OFFER TO PURCHASE; AUTHORIZATION TO NEGOTIATE
DISPOSITION AND DEVELOPMENT AGREEMENT**

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

Section 1: The Executive Director is authorized to select the proposal submitted by Jay-Phares Corporation on behalf of American Stores Properties, Inc., to purchase the Broadway and Stockton site for development of a full-line supermarket for operation by a new division of American Stores Company.

Section 2: The Executive Director is authorized to execute an assignment of the rights of the Jay-Phares Corporation to American Stores Properties, Inc.

Section 3: The Executive Director is authorized to execute the "Offer to Purchase and Develop Site" attached as Attachment I, submitted by American Stores Properties, Inc.

Section 4: The Executive Director is authorized to enter a 180-day period for negotiation of the Disposition and Development Agreement for the project.

Section 5: The Executive Director is authorized to negotiate a local hire agreement with Developer, with the intent to recognize and incorporate the ethnic diversity of the Oak Park community.

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

APPROVED

NOV 8 1961

RECEIVED

Section 6: The Executive Director is authorized to inform the Oak Park PAC on the progress of DDA negotiations.

CHAIR

ATTEST:

SECRETARY

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FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

OFFER TO PURCHASE AND DEVELOP SITE

Mr. John E. Molloy
 Executive Director
 Redevelopment Agency of the
 City of Sacramento
 630 I Street
 Sacramento, CA 95814

April 15, 1994

SUBJECT PROPERTY: BROADWAY AND STOCKTON DEVELOPMENT SITE

Dear Mr. Molloy:

The undersigned, American Stores Properties, Inc., a Delaware corporation ("Developer"), assignee of the rights of Jay-Phares Corporation, a California corporation, under the Development Proposal dated April 14, 1993, hereby submits to the Redevelopment Agency of the City of Sacramento, hereinafter referred to as the "Agency", an Offer to Purchase and Develop the Site ("Offer"), as of the date of Agency's acceptance of the offer ("Offer Date").

This Offer is made pursuant to and incorporates all procedures, rules and instructions stated in the Request for Proposals for the Broadway and Stockton Development Site ("Site"), located on 20 contiguous parcels on the southern end of the block bounded by Stockton Boulevard, Broadway, 44th Street, and 4th Avenue.

The Developer requests that the Agency negotiate exclusively with the Developer for a 180-day period ("Negotiation Period") commencing with the Offer Date, during which time the Developer will seek to complete a contract for the acquisition, disposition and development of the Site ("Disposition and Development Agreement" or "DDA"), including full provisions regarding the Stipulations included in this Offer. Agency's acceptance of this offer shall obligate Agency only to negotiate exclusively with Developer during the Negotiation Period and in good faith for the acquisition, disposition and development of the Site. If the Agency, in good faith, is unable to complete such negotiation during the Negotiation Period, its obligations shall terminate.

STIPULATIONS

1. Site and Project Description

The Site is 2.78 acres of land located on 20 parcels on the southern end of the block bounded by Stockton Boulevard, Broadway, 44th Street, and 4th Avenue; Assessor's Parcels numbers: 014-163-08 through 27 inclusive. The Site shall be developed in accordance with the proposed Project outlined in the Developer's Proposal to the Agency dated April 14, 1993 (Developer's Proposal).

2. Purchase Price

The purchase price to be paid by Developer to Agency is the fair market value of the land, with possible minimum write down requirements, which may be considered by the Agency to support the project feasibility.

3. Disposition by Agency

A. Conveyance

Agency agrees to sell the Site to Developer and Developer agrees to purchase the Site from Agency, subject to the conditions of the DDA, for a negotiated purchase price. Possession of the Site shall be delivered to Developer no later than the conveyance of fee simple title to Developer.

B. Deed

The Agency shall convey to Developer the Site by grant deed, subject to conditions, covenants and restrictions of these Stipulations and Disposition and Development Agreement.

C. Title Insurance

The Agency shall provide Developer with an A.L.T.A. Standard Form Owner's Policy of title insurance in the amount of the purchase price for the Site and fair market valued of the Site, in favor of the Developer, insuring that title to the Site is vested in favor of Developer.

4. Relocation Assistance

Should the Developer acquire the Site, Agency shall be responsible for all costs of relocation of residential tenants at the time of acquisition of the Site, in accordance with Government Code 7250, et. seq., for compliance with CEQA, and for demolition of the existing buildings and structures on the Site. Agency shall take all reasonable actions, authorized by law and subject to law, to accomplish the foregoing relocation and demolition in an expeditious manner.

5. Construction

Developer shall construct the Project strictly in accordance with preliminary and final plans and specifications approved by Agency prior to conveyance of the Site by Agency to Developer. Developer shall make no changes in the plans and specifications without prior written approval of the Agency. Construction shall be

commenced and completed by Developer in accordance with a schedule of performance to be included in the Disposition and Development Agreement.

6. Equity and Financing

Except as otherwise set forth in these Stipulations and the Disposition and Development Agreement, Developer shall construct the Project without any financial participation from the Agency, and in conformance with Developer's Proposal as approved by the Agency. Developer shall provide evidence of debt and equity financing in amounts sufficient to construct the project by execution of such documents as may reasonably be required by the Agency, prior to conveyance of the Site by Agency to Developer.

7. Site Preparation and Improvements

Developer shall be responsible for all site work and public improvements related to the Project at the Developer's sole cost and expense.

8. Guarantee

The individual partners, members, or parent companies of the Developer shall guarantee to the Agency the acquisition of the Site and completion of the Project by execution of such documents as may reasonably be required by the Agency.

9. Hazardous Materials

Agency shall be responsible for undertaking studies necessary to determine whether or not there are present in the soil or groundwater on the Site any materials deemed to be toxic or hazardous under any applicable local, state or federal laws, ordinances or regulations. Agency shall also be responsible and obligated to remediate or remove known toxic or hazardous material existing on the Site as of the transfer of title to Developer. The responsibilities of the Agency as indicated above shall be a sole expense of the Agency. Developer shall take any other actions required to satisfy any conditions related to conventional financing or city planning approvals. The responsibilities of the Developer as indicated above shall be a sole expense of Developer. Developer shall indemnify the Agency for any hazardous materials discharged on the site after transfer of title to Developer.

10. City Requirements

The Agency is an entity separate from the City of Sacramento. Accordingly, the Developer shall comply with all City ordinances and pay all City fees.

11. M/WBE

Developer and its contractors shall comply with the Agency's Minority Business Enterprise/Women's Business Enterprise (M/WBE) policy which encourages good faith efforts to use minority-owned and female-owned businesses.

12. Local Hire

Developer shall use good faith efforts to hire or cause to be hired, for no less than fifty percent (50%) of the cost of the work relating to direct labor of the Project, local contractors and subcontractors with permanent places of business within Sacramento County, and in particular, within the Oak Park Redevelopment Project Area.

13. Community Redevelopment Law

The Project is a redevelopment project. Developer shall comply with all requirements of redevelopment law, including,, without limitation, the Oak Park Redevelopment Plan and implementing documents, anti-discrimination laws, bonding requirements, and use restrictions.

14. Deposit

Developer shall deliver to the Agency a deposit in the amount of ten thousand dollars (\$10,000). The deposit shall be in the form of a cashier's check, certified check, or unconditional letter of credit made payable to the Agency. The deposit will be the property of the Agency, and will be retained by the Agency, subject to the following conditions:

- a. If the Developer and the Agency enter into a DDA for the development of the project, the deposit may be applied to the good faith deposit required under the DDA.
- b. If the Redevelopment Agency fails to approve a proposed DDA which has been recommended by the Agency staff and executed by the Developer, the deposit will be refunded to the Developer, less the Agency's actual and reasonable third-party expenses.
- c. If the terms of a DDA are not finalized during the negotiation period because the Developer has not negotiated in good faith, the deposit will be forfeited by the Developer unless the Agency agrees in writing to extend the negotiation period.

15. Insurance and Indemnity

Developer shall provide liability insurance, approved by Agency with not less than \$5,000,000 coverage, unless otherwise approved by the Agency. Professionals hired by Developer for the Project shall provide errors and omissions insurance of not less than \$1,000,000 with a five-year or longer "tail". Developer shall maintain "all-risk" insurance on the Site sufficient to replace the improvements. Developer shall indemnify Agency for any liability related to the Project, its design and construction.

THE RIDER ATTACHED HERETO AND DATED April 15, 1994 IS BY THIS REFERENCE INCORPORATED INTO AND MADE A PART OF THIS OFFER AS THOUGH FULLY SET FORTH HEREIN.

IN WITNESS WHEREOF, the parties hereto have executed the amendment as of the date first above written.

Attest:

Wendee W. Gustafson

AMERICAN STORES PROPERTIES, INC.,
a Delaware corporation

By: John E. Molloy

Approved as to Form

[Signature]
General Counsel

Redevelopment Agency of the City of
Sacramento

By: _____

JOHN E. MOLLOY
Executive Director

Approved as to Form
Donahue, Gallagher, Woods & Wood

By: [Signature]

RIDER ATTACHED TO AND FORMING PART OF
"OFFER TO PURCHASE AND DEVELOP SITE"
DATED April 15, 1994
EXECUTED BY AMERICAN STORES PROPERTIES, INC.

This Rider supplements the Offer To Purchase and Develop Site submitted by American Stores Properties, Inc., dated April 15, 1994.

Said Offer shall be, and is hereby, modified as follows:

1. The phrase "and fair market valued (sic) of the Site" is hereby deleted from paragraph 3C of the Offer, and the following is hereby added to the end of such paragraph:

". . . subject to real property taxes not yet due, the Oak Park Redevelopment Plan, and such other title exceptions as may be approved by Developer, in its sole discretion."

2. Paragraph 5, Construction, is hereby modified to read as follows:

"Developer shall construct the Project substantially in accordance with preliminary and final plans and specifications approved by Agency prior to conveyance of the Site by Agency to Developer, which approval shall not be unreasonably withheld or delayed. Developer shall make no changes in the plans and specifications without prior written approval of the Agency, which approval shall not be unreasonably withheld or delayed."

3. The last sentence of paragraph 6, Equity and Financing, is hereby deleted.

4. Paragraph 8, Guarantee, is hereby deleted.

5. The following is added to the end of paragraph 9, "Hazardous Materials":

"The plan of remediation and removal of hazardous materials from the Site and its full implementation shall comply with requirements mutually approved by Agency and Developer (to be negotiated and included in the DDA) and shall be approved by all governmental agencies with jurisdiction."


6. The second sentence of paragraph 13, Community Redevelopment Law is hereby modified to read as follows:

"Developer shall comply with all requirements of the Oak Park Redevelopment Plan."

7. Paragraph 14, Deposit, is hereby modified to read as follows:

"a. Developer has delivered to the Agency under the terms of that certain letter agreement from Developer to Agency dated February 28, 1994 deposits totalling forty thousand dollars (\$40,000.00) (the "Deposit").

b. THE PARTIES ACKNOWLEDGE AND AGREE THAT AGENCY WILL SUFFER DAMAGES IF DEVELOPER FAILS TO NEGOTIATE IN GOOD FAITH AS REQUIRED IN THIS OFFER. THE PARTIES REALIZE THAT IT WILL BE EXTREMELY DIFFICULT AND IMPRACTICAL, IF NOT IMPOSSIBLE, TO ASCERTAIN WITH ANY DEGREE OF CERTAINTY THE ACTUAL AMOUNT OF AGENCY'S DAMAGES IN THE EVENT OF SUCH FAILURE BY DEVELOPER. THEREFORE, THE PARTIES HEREBY AGREE THAT THE DEPOSIT REPRESENTS A REASONABLE ESTIMATE OF SUCH DAMAGES, CONSIDERING ALL THE CIRCUMSTANCES EXISTING ON THE DATE OF EXECUTION OF THIS OFFER, AND THAT AGENCY SHALL HAVE THE RIGHT TO RETAIN THE FULL AMOUNT OF THE DEPOSIT AS LIQUIDATED DAMAGES PURSUANT TO CALIFORNIA CIVIL CODE SECTION 1671, AS AGENCY'S SOLE RIGHT TO DAMAGES AS A RESULT OF DEVELOPER'S FAILURE TO NEGOTIATE IN GOOD FAITH. BY INITIALLING BELOW, EACH PARTY CONFIRMS ITS CONSENT TO AND AGREEMENT WITH THE PROVISIONS OF THIS PARAGRAPH.

Agency _____ Developer x  "

8. Paragraph 15, Insurance and Indemnity, is hereby modified to read as follows:

"Developer shall carry liability insurance with not less than \$5,000,000 combined single limit coverage, unless otherwise approved by the Agency. Developer shall also maintain fire and extended coverage insurance on the Site sufficient to replace the improvements. Developer shall indemnify Agency for any liability arising from occurrences after Developer acquires the Site that are related to the design or construction of the Project, except such liability that is caused in whole or in part by the negligence or willful misconduct of Agency. Developer shall be entitled to satisfy all of the foregoing insurance requirements pursuant to any regularly adopted corporate program of self insurance or blanket insurance coverage."

9. The following is added as a new paragraph 16:

"16. Assignment By Developer. Developer shall have the right to assign the Offer and the rights created hereby (in whole or in part) to any entity which is wholly-owned or ultimately owned (i.e., through various subsidiaries) by American Stores Company. If any such assignment is to a single entity formed solely to acquire

and develop the Site, American Stores Properties, Inc., a Delaware corporation, shall guarantee to the Agency such entity's obligations to Agency under this Offer and any DDA entered into with the Agency by execution of such documents as may reasonably be required by the Agency."

10. The following is added as a new paragraph 17:

"17. Expansion of Site. This Offer to Purchase and Developer's acquisition of the Site from Agency shall be conditioned on Developer's concurrent acquisition of the fee interest in the following described property at Developer's expense and on terms and conditions approved by Developer in its sole discretion:

Lots 4511 (including both parcels into which it has been subdivided), 4512, 4513, 4514 and 4515-A, 4515-B and 4515-C, Amended Plat of H.J. Goethe Company's Addition K filed in Book 6 of Maps, Page 27, Official Records of Sacramento County, State of California.

Should Agency elect to acquire one or more of such lots for conveyance to Developer, and should Developer agree to accept such conveyance from Agency, Developer acknowledges that by agreeing to accept such conveyance Developer shall be obligated to reimburse Agency all ordinary and reasonable costs that Agency may incur in connection with such acquisition, which costs may include fair market value as determined by appraisal, Agency's legal costs, and business relocation expense."

Attest:

Wendell W. Gotsch

AMERICAN STORES PROPERTIES, INC.,
a Delaware corporation

By John E. Molloy

"Developer"

Approval as to form:

General Counsel

REDEVELOPMENT AGENCY OF THE CITY OF
SACRAMENTO

By John E. Molloy

John E. Molloy
Executive Director

"Agency"

THE UNIVERSITY OF CHICAGO
LIBRARY

RESOLUTION NO.

94-036

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF _____

RESOLUTION OF NECESSITY AUTHORIZING ACQUISITION BY EMINENT DOMAIN OF CERTAIN PROPERTIES LOCATED IN THE OAK PARK REDEVELOPMENT PROJECT AREA NO. 7

WHEREAS, the Redevelopment Plan for the Oak Park Redevelopment Project Area No. 7 was adopted by City Ordinance No. 3278, Fourth Series on May 30, 1973, and amended by City Ordinance No. 86-110, Fourth Series, November 18, 1986;

WHEREAS, four of the goals in said Redevelopment Plan for Project No. 7 are:

- (a) To improve the neighborhood environment and image;
- (b) To eliminate blighted and blighting conditions;
- (c) To provide all appropriate amenities to support the basic residential character of the area; and
- (d) To increase and develop economic activity in the area by attracting new business, assisting existing business and enhancing property values.

WHEREAS, the Agency adopted the Oak Park Five Year Revitalization Strategy in April, 1991;

WHEREAS, the Five Year Revitalization Strategy identifies the Broadway and Stockton site as one of five economic development catalyst sites and identifies the site for supermarket uses;

WHEREAS, in accord with the Redevelopment Plan and the Five Year Revitalization Plan, the Agency has been authorized to and has, in fact, purchased the real properties identified by the Sacramento County Assessor's parcel numbers 014-0163-008 through -024, inclusive;

APPROVED

JUN 8 1994

SACRAMENTO REDEVELOPMENT AGENCY

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

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WHEREAS, the Agency has been authorized to negotiate and take all actions necessary to obtain options or consummate the purchase of three additional real properties adjacent to the north west corner of Broadway and Stockton Boulevard, identified by the Sacramento County Assessor as parcel numbers 014-0163-025 through -027, inclusive.

WHEREAS, the Agency has established just compensation for the properties by Resolution No. RA 91-025.

WHEREAS, the Agency has engaged in serious negotiations with the owners for the purchase of parcel numbers 014-0163-025 through 027, inclusive;

WHEREAS, such negotiations have proven futile and without effect; and

WHEREAS, such real properties are properly zoned and situated for commercial retail development, and there are no other sites in the Project Area which would be as compatible with the greatest public good and the least private injury as the subject sites for the following reasons, among others:

- a. The properties are contiguous to 17 Agency-owned parcels zoned for commercial redevelopment.
- b. The properties are essential to assembly of the site announced in a Request for Proposals dated January 15, 1993.
- c. The properties are essential to completion of the commercial development project proposed by American Stores Properties, Inc.

NOW, THEREFORE, BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO:

Section 1: The above statements are true and correct.

Section 2: The Redevelopment Agency intends to acquire in fee simple, by eminent domain, the properties listed below and is empowered to acquire said properties by eminent domain pursuant to Health and Safety Code Section 33391:

- (a) Real property in the City of Sacramento, owned by Essie Mae Jordan, and known as Assessor's Parcel Number 014-0163-025, and more particularly described as Lot 4517, as shown on the Amended Plat of H.J. Goethe Company's Addition K to Sacramento, Recorded September 23, 1905 in Book 6 of Maps, Map No. 27, Records of Sacramento County (Parcel 25).

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(b) Real property in the City of Sacramento, owned by Robert L. and Doris Lewis, and known as Assessor's Parcel Number 014-0163-026, and described more particularly as the east 75.00 feet of Lot 4516 of H.J. Goethe Company's Addition K to Sacramento, recorded on September 23, 1905 in Book 6 of Maps, Map No. 27, Records of Sacramento County (Parcel 26).

(c) Real property in the City of Sacramento, owned by Augustine Joseph Gaddi and Mary Gaddi, and known as Assessor's Parcel Number 014-0163-027, and described more particularly as the west 100 feet of Lot 4516, as shown on the Amended Plat of H.J. Goethe Company's Addition K to Sacramento, Recorded September 23, 1905 in Book 6 of Maps, Map No. 27, Records of Sacramento County (Parcel 27).

Section 3: The public purposes for which the properties are to be acquired are the elimination of blight and the assembly of parcels for new commercial retail development, primarily a supermarket, within the Oak Park Redevelopment Project Area so that area residents can enjoy retail shopping opportunities comparable to other Sacramento neighborhoods.

Section 4: The Redevelopment Agency finds and determines that:

(a) The public interest and necessity requires new commercial retail development in the project area.

(b) Such commercial retail development is planned and located in the manner that will be most compatible with the greatest public good and the least private injury.

(c) The properties to be acquired are necessary for the proposed use.

(d) The just compensation has been established and offers have been made to the owners of record of the real properties as required by Section 7267.2 of the Government Code.

Section 5: The Executive Director is authorized, as he deems reasonably necessary, to institute and prosecute to conclusion actions in eminent domain to acquire said properties and to take any action necessary or desirable for such purpose in accordance with California eminent domain law.

CHAIR

ATTEST:

SECRETARY

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DATE ADOPTED: _____

June 14, 1994

RECEIVED
CITY CLERK'S OFFICE
CITY OF SACRAMENTO

JUN 14 12 01 PM '94

Honorable Joe Serna
City Hall
Sacramento, CA 95814

Dear Mayor Serna:

This is to request a recision of the vote and a re-hearing on the Stockton/Broadway Redevelopment Project. On June 8th, when this matter came before City Council, Mayor Joe Serna indicated that property owned by Warner Gates, known as Warner's Rendezvous, was not on that agenda.

Mayor Serna was either misinformed or used this statement to deliberately effect the opposition's ability to speak on this issue.

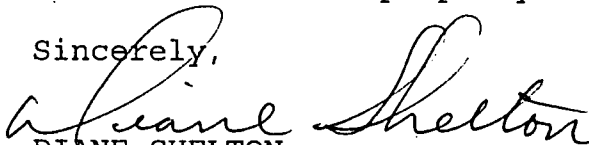
According to the agenda, "acceptance of the offer to purchase" was before City Council. In the Offer to Purchase is reference to Warner's Rendezvous contained in the Rider at Section 17 "Expansion of Site". Parcels listed in that Section include Warner's Rendezvous.

Because Mayor Serna expressed several times during the June 8 hearing that Mr. Gates' property was not on the agenda, the opposition were prevented from speaking about the proposed expansion. In fact, Mr. Gates abandoned his statement even though he was prepared to speak to the issues on the agenda; other speakers had to abandoned prepared speeches that were on point to what was before City Council.

While Serna, who obviously desires the supermarket even at the demise of a Black business, actively extracted information from Lucky's representatives that supported expansion, the opposition were met with hostility and disrespect and prevented from speaking on the expansion.

For these reasons, we want a recision of the vote and a re-hearing on this matter in order that provisions of Health and Safety Code Section 33363 are properly complied with.

Sincerely,


DIANE SHELTON
9 Feusi Court
Sacramento, CA 95820

cc: All City Council Members
SHRA

