



**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



5

July 17, 1990

Budget & Finance Committee
Transportation/Community
Development Committee
Sacramento, CA

Honorable Members in Session:

SUBJECT: Termination of Development and Disposition Agreement
for the Redevelopment of the Orleans Hotel Site, Old
Sacramento Parcel No. 48

SUMMARY

The attached report is submitted to you for review and
recommendation prior to consideration by the Redevelopment
Agency of the City of Sacramento.

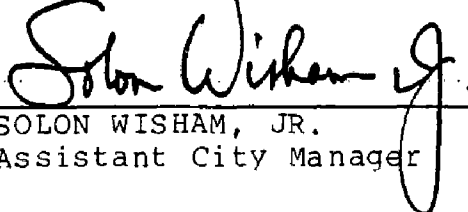
RECOMMENDATION

The staff recommends approval of the attached resolution
approving the termination.

Respectfully submitted,


ROBERT E. SMITH
Executive Director

TRANSMITTAL TO COMMITTEE:



SOLON WISHAM, JR.
Assistant City Manager

Attachment



SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY



July 24, 1990

Redevelopment Agency of the
City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: Termination of Development and Disposition Agreement for
the Redevelopment of the Orleans Hotel Site, Old
Sacramento Parcel No. 48

SUMMARY:

Adoption of the attached Resolution will terminate the Disposition
and Development Agreement with Western Industrial Group for the
Redevelopment of the Orleans Hotel Site, 1018 Second Street, Old
Sacramento Parcel No. 48.

BACKGROUND:

On February 10, 1989, Western Industrial Group, Inc., (W.I.G.)
executed a Disposition and Development Agreement (DDA) for the
reconstruction of the historic Orleans Hotel building as an 85 room
hotel upon Old Sacramento Parcel No. 48, 1018 Second Street,
(location map - Exhibit A). Per the Schedule of Performance of the
DDA, W.I.G. was to submit evidence of financing for the project by
July 10, 1989. Prior to that date, W.I.G. informed Agency staff
that due to ramifications of or upon other W.I.G. development
projects it was necessary to create a new partnership specifically
to do the Orleans Hotel project and that an assignment of the
project from W.I.G. to the new partnership would be necessary and
that Project funding was available to W.I.G. principals in a new
partnership. The new partnership agreement is subject to the
approval of the project lender, Labor Union Life, a labor union
insurance company and pension fund, and by the Agency before an
assignment of the DDA to a new partnership can occur. Although the
business manager of the Sacramento-Sierra Building and Construction
Trades Council had confirmed the availability of the project
financing, W.I.G. had failed to complete the formation of the new
partnership and to proceed with an assignment.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
City of Sacramento
July 24, 1990
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Consistent with the terms and conditions of the DDA, on September 10, 1989, W.I.G. received a formal Notice of Default for non-performance and was afforded sixty (60) days, until December 9, 1989, to cure the default. Per the Schedule of Performance, W.I.G., is in default for failure to:

1. Submit evidence of financing.
2. Satisfy all precedent conditions for the close of escrow including obtaining a building permit.
3. Commence construction.

At its meeting of January 22, 1990, the Sacramento Housing and Redevelopment Commission granted W.I.G. a sixty (60) day time extension, until March 23, 1990, in which to submit evidence of:

1. the formation of the new partnership
2. a committment for financing for the project.

The Commission granted W.I.G a second time extension for thirty (30) days, which expired on May 17, 1990. Subsequently, W.I.G. informed staff that one of the previous partners has withdrawn from the project, leaving the proposed financing in doubt. W.I.G has requested an unspecified additional period of time in which to secure a new hotel operator partner, and to complete an assignment with a sufficiently amended new schedule of performance to complete the financing and the project. As W.I.G. has failed to satisfy the conditions of the DDA within the time extension and has not provided evidence of financing prior to the preparation of this report, it is the staff's recommendation that the attached resolution be adopted which will terminate the DDA and all other agreements and understandings with W.I.G. for the redevelopment of the Orleans Hotel building site including an agreement between W.I.G., the City, and the Agency related to parking for a hotel.

FINANCIAL IMPLICATIONS:

The termination fo the Disposition and Development Agreement with W.I.G. will have minor financial implications upon the Agency relating to the delay in the redevelopment of the property and its return to the property tax role and loss of projected tax increments until redevelopment occurs. W.I.G.'s deposit of \$27,000 will be retained by the Agency as will the \$7,500 time extensic fee paid by W.I.G. to offset staff time related to the time extension.

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Redevelopment Agency of the
City of Sacramento
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ENVIRONMENTAL REVIEW:

Pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15378(b)(3), actions approved by the adoption of the attached resolution are exempt from environmental review. The project has previously been reviewed and approved as a portion of the ongoing Old Sacramento Restoration Project predating CEQA and NEPA.

MBE/WBE EFFORTS:

Termination of the Disposition and Development Agreement with W.I.G. will have no effect upon the Agency's MBE/WBE goals.

VOTE AND RECOMMENDATION OF COMMISSION:

At its meeting of July 16, 1990, the Sacramento Housing and Redevelopment Commission adopted a motion recommending the adoption of the attached resolution. The votes were as follows:

AYES:

NOES:

ABSENT:

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
City of Sacramento
July 24, 1990
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RECOMMENDATION:

It is the staff's recommendation that the attached resolution be adopted which will:

1. Terminate the Disposition and Development Agreement and all other agreements and understandings with Western Industrial Group Inc. for the redevelopment of Old Sacramento Parcel No. 48 including an agreement with the City and the Agency related to parking for the hotel.

Respectfully Submitted,



ROBERT E. SMITH
Executive Director

TRANSMITTAL TO COUNCIL:

WALTER J. SLIPE
City Manager

Contact Person: Theodore R. Leonard (440-1320)

F:\CMC\StaffRpt\ORLEANS.STF

RESOLUTION NO.

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF _____

TERMINATION OF DISPOSITION AND DEVELOPMENT
AGREEMENT FOR THE REDEVELOPMENT OF OLD SACRAMENTO
PARCEL NO. 48.

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

Section 1: The Disposition and Development Agreement
and all other Agreements and understandings with Western
Industrial Group Inc. for the redevelopment of Old Sacramento
Parcel No. 48 including a Parking Agreement with the City of
Sacramento are hereby terminated as of the date of this
Resolution.

CHAIR

ATTEST:

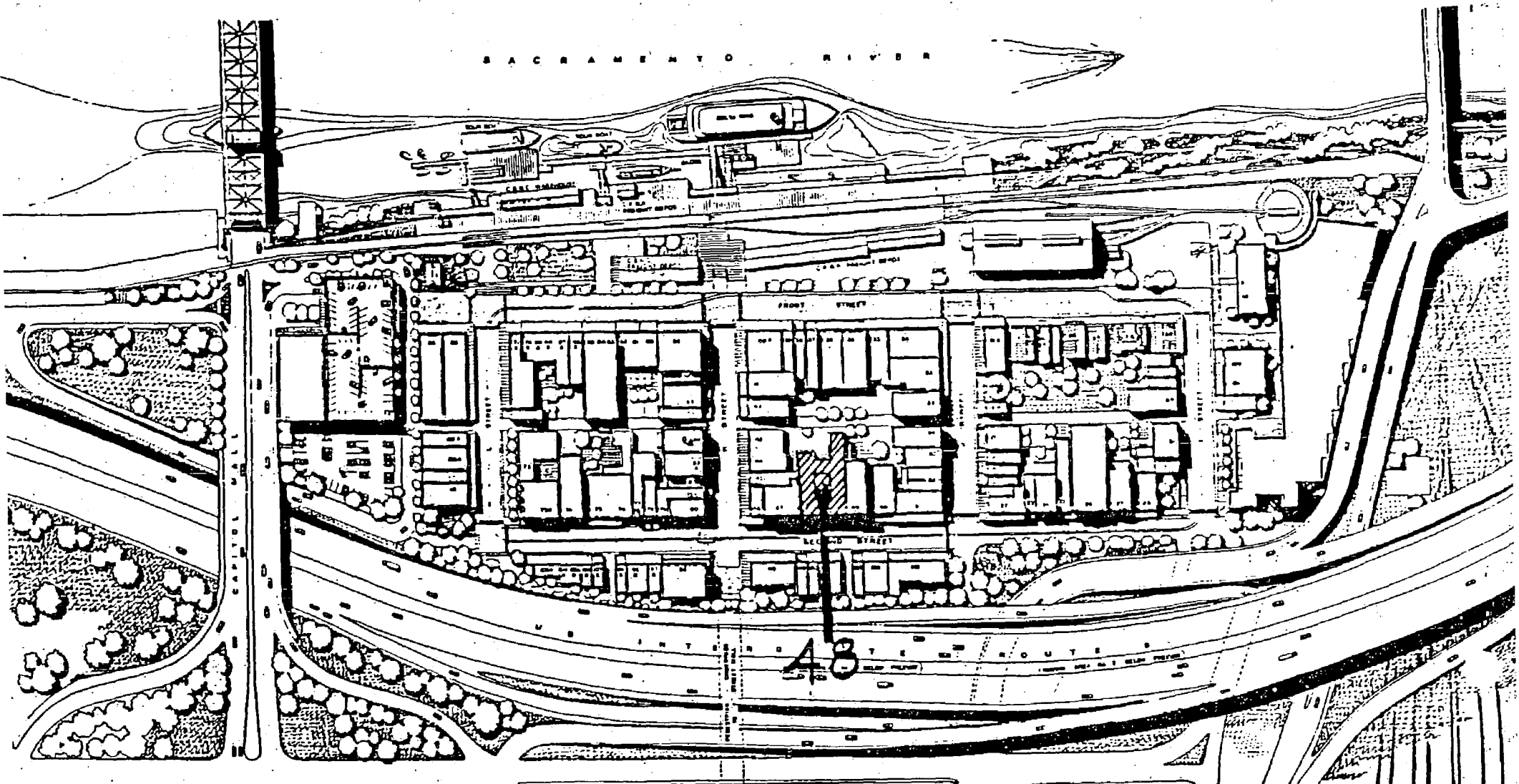
SECRETARY

1100WPP2.537

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____


SACRAMENTO RIVER



Key to Building Numbers

NOTE: IN PLAN RELATED SCHEMATIC, ALL OTHER BUILDINGS ARE REPRESENTED. * NOT SHOWN BUILDINGS TO BE DEVELOPED BY OTHER CITY OF SACRAMENTO

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|----------------------------|------------------------|------------------------|------------------|-------------------|-------------------------|----------------|
| 1. CITY HALL & WATER TOWER | 11. BARNETT'S BUILDING | 21. BARNETT'S BUILDING | 31. FRENCH HOTEL | 41. STEWART & CO. | 51. (EMPTY) HOTEL | 61. CITY HOTEL |
| 2. BARNETT'S HOTEL | 12. BARNETT'S BUILDING | 22. LINDSEY ALL HOUSE | 32. FRENCH HOTEL | 42. SHAW HILL | 52. STANFORD UNIVERSITY | 62. CITY HOTEL |
| 3. BARNETT'S HOTEL | 13. BARNETT'S BUILDING | 23. CITY HOTEL | 33. CITY HOTEL | 43. SHAW HILL | 53. STANFORD UNIVERSITY | 63. CITY HOTEL |
| 4. BARNETT'S HOTEL | 14. BARNETT'S BUILDING | 24. CITY HOTEL | 34. CITY HOTEL | 44. SHAW HILL | 54. STANFORD UNIVERSITY | 64. CITY HOTEL |
| 5. BARNETT'S HOTEL | 15. BARNETT'S BUILDING | 25. CITY HOTEL | 35. CITY HOTEL | 45. SHAW HILL | 55. STANFORD UNIVERSITY | 65. CITY HOTEL |
| 6. BARNETT'S HOTEL | 16. BARNETT'S BUILDING | 26. CITY HOTEL | 36. CITY HOTEL | 46. SHAW HILL | 56. STANFORD UNIVERSITY | 66. CITY HOTEL |
| 7. BARNETT'S HOTEL | 17. BARNETT'S BUILDING | 27. CITY HOTEL | 37. CITY HOTEL | 47. SHAW HILL | 57. STANFORD UNIVERSITY | 67. CITY HOTEL |
| 8. BARNETT'S HOTEL | 18. BARNETT'S BUILDING | 28. CITY HOTEL | 38. CITY HOTEL | 48. SHAW HILL | 58. STANFORD UNIVERSITY | 68. CITY HOTEL |
| 9. BARNETT'S HOTEL | 19. BARNETT'S BUILDING | 29. CITY HOTEL | 39. CITY HOTEL | 49. SHAW HILL | 59. STANFORD UNIVERSITY | 69. CITY HOTEL |
| 10. BARNETT'S HOTEL | 20. BARNETT'S BUILDING | 30. CITY HOTEL | 40. CITY HOTEL | 50. SHAW HILL | 60. STANFORD UNIVERSITY | 70. CITY HOTEL |
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OLD SACRAMENTO

A REGISTERED NATIONAL HISTORIC LANDMARK

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- 2. BARNETT'S HOTEL
- 3. BARNETT'S HOTEL
- 4. BARNETT'S HOTEL
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- 39. BARNETT'S HOTEL
- 40. BARNETT'S HOTEL

PICTORIAL PLAN

