



**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



36

April 10, 1989

Redevelopment Agency of the
City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: Amendment to the Disposition and Development Agreement
Regarding Increased Size of Office Structure, Central
Library Project

SUMMARY

This report recommends that the Redevelopment Agency approve an amendment to the Disposition and Development Agreement (DDA) between the Redevelopment Agency of the City of Sacramento and Library Plaza Group (LPG) to provide for an increase in the size of the office structure at the northwest corner of 9th and "J" Streets, which is part of the Central Library Project, from 284,000 square feet (eleven stories) to 402,000 square feet (18 stories).

BACKGROUND

On August 4, 1987, the Agency approved a Disposition and Development Agreement (DDA) with the Library Plaza Group (LPG) which authorized LPG to construct a new expanded Central Library and Galleria, a parking structure and a private office building. The office building approved at that time consisted of eleven stories (182 feet high) and 284,000 net rentable square feet. At the time the project was approved, some Agency members questioned whether the office component of the project was designed intensely enough, and whether the highest and best use of the property might not warrant a taller building of more square footage. However, LPG was convinced in 1987 that the office structure would be leased to private concerns and that the proposed square footage was the maximum amount that the private market could absorb.

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Since the project was approved, market conditions have changed considerably. Many new projects have been proposed, some, most notably the Wells Fargo building on Capitol Mall, geared specifically toward the private market. LPG has therefore reassessed its strategy in terms of the new development scenario and determined that a larger structure, suited for occupation by State offices, is the most marketable solution. The developers have, therefore, proposed that the structure size be increased to 18 stories (286 feet high) and 402,000 net rentable square feet.

Agency staff supports the developers proposal, and find that it will uphold major goals and objectives established by the Amended Redevelopment Plan and Implementation Strategy. Most notably, these include:

Merged Downtown Redevelopment Plan Goal Number 4--

The strengthening of retail and other commercial functions in the downtown area; and

Implementation Strategy objectives and policies as follows--

OBJECTIVE 1. Continue revitalization efforts for the Sacramento downtown area to enhance the living, working, shopping, cultural and entertainment activities in the area, and encourage increased activity in the downtown area throughout the entire day and evening.

Policy 1.1. Encourage the economic revitalization of the Central Business District as the major commercial center of the region.

OBJECTIVE 2. Provide a systematic and organized plan for downtown Sacramento development with all the interrelated land use components complementing each other and adding to the vitality of the community.

Policy 2.1. Accentuate the functional roles and identities of distinct districts.

OBJECTIVE 5. Enhance downtown's role as the prime location for administrative, financial and professional activity in the region.

Policy 5.1. Encourage the growth of downtown office space to meet demand so long as traffic, parking and other impacts can be controlled and mitigated.

Policy 5.2. Concentrate major new office development within the traditional central business district to maintain a compact core, encourage transit as a means of travel to work,

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support downtown retailing, minimize displacement of other uses, and retain opportunities for new residential uses.

OBJECTIVE 9. Regulate new development in order to enhance the form of downtown Sacramento, to make major destinations and districts more legible, to enhance the appearance of major gateways to the downtown, and to protect public open spaces.

Policy 9.1. Encourage high buildings and clusters of high buildings in the areas of highest proposed levels of activities at gateways to the Central Business District.

Furthermore, the project will be designed according to the Sacramento Urban Design Plan Architectural Guidelines. The structure will be essentially the same as the previously approved project in terms of architectural form and massing, except that the central towers will rise to higher elevations. A rendering of the proposed project will be presented for your review.

FINANCIAL DATA

The estimated construction value of the expanded project is \$60,000,000. At a rate of 1.05 percent, the project will generate \$630,000 in annual property tax revenues, most of which will accrue in the form of tax increments to the Agency. This represents a \$294,000 increase over the previously approved project.

POLICY IMPLICATIONS

The recommended action is consistent with approved Agency policies, as described in this report.

MBE/WBE CONSIDERATIONS

The developer for the project must comply with the Agency MBE/WBE utilization plan pursuant to our Agreement.

ENVIRONMENTAL REVIEW

A subsequent Environmental Impact Report (SEIR) was prepared for the expanded office structure by the Agency in its capacity as lead agency for the Central Library Expansion Project.

The Final SEIR will be considered by the Redevelopment Agency prior to consideration of the expanded office tower project.

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VOTE AND RECOMMENDATION OF COMMISSION

At its meeting of April 10, 1989, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolution. The votes were as follows:

AYES:

NOES:

ABSENT:

RECOMMENDATION

The staff recommends approval of the attached resolution which authorizes the Executive Director to amend the Agency's DDA with LPG in order to allow the increase in size of the office structure from eleven stories and 284,000 net rentable square feet to 18 stories and 402,000 net rentable square feet.

Respectfully submitted,



ANDREW J. PLESCIA
Acting Executive Director

TRANSMITTAL TO COUNCIL:



WALTER J. STIPE
City Manager

Contact Person: Wendy Saunders, Associate Planner
440-1355

2410WPP(170)

RESOLUTION NO.

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF

INCREASE IN SIZE OF OFFICE BUILDING CENTRAL LIBRARY EXPANSION PROJECT

WHEREAS, the Library Plaza Group, developers of the Central Library Expansion Project, desire to increase the size of the office component of the Project; and

WHEREAS, the Agency finds that said increase is consistent with the stated goals of the Redevelopment Agency.

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

Section 1. The Acting Executive Director is authorized to take such actions and to prepare and execute such agreements and amendments to agreements as are required to increase the size of the office component of the Central Library Expansion Project from eleven stories and 284,000 net rentable square feet to 18 stories and 402,000 net rentable square feet.

Section 8. The mitigation measures and conditions set out in the resolution of this date entitled "Findings Relative to the Environmental Effects and Overriding Considerations Supporting Approval of the Library Plaza Project (Expansion) and Certification of the Final Supplemental Environmental Impact" shall be incorporated in and made a condition of Agency's approval and execution of the aforesaid agreements and amendments.

CHAIR

ATTEST:

ASSISTANT SECRETARY

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