

ECONOMIC DEVELOPMENT DEPARTMENT

CITY OF SACRAMENTO

3.35

June 15, 2004

City Council  
Sacramento, CA

Honorable Members in Session:

**SUBJECT: AMENDMENT TO MEMORANDUM OF UNDERSTANDING FOR  
PROPOSED "PLAZA LATINA" PROJECT**

**LOCATION/COUNCIL DISTRICT:** Citywide

**RECOMMENDATION:**

Staff recommends adoption of the attached resolution authorizing an amendment to a Memorandum of Understanding, dated December 16, 2003, between the City of Sacramento, the Sacramento Hispanic Chamber of Commerce, and the Hispanic Retail Group related to the proposed "Plaza Latina" project.

**CONTACT PERSONS:** Tom Zeidner, Sr. Economic. Dev. Project Manager,  
808-1931  
Kristan Otto, Citywide Economic Dev. Manager,  
808-7948

**FOR THE COUNCIL MEETING OF:** June 29, 2004

**SUMMARY:**

This report updates Council on predevelopment activities underway related to the proposed "Plaza Latina" Project, pursuant to the Memorandum of Understanding (MOU) approved late last year. As the predevelopment work requires additional time for completion, an Amendment extending the term of the MOU by two months is recommended.

**BACKGROUND INFORMATION:**

On December 16, 2003, the City Council approved execution of a Memorandum of Understanding (MOU) between the City of Sacramento, the Sacramento

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Hispanic Chamber of Commerce (SHCC), and the Hispanic Retail Group/Forest City Development (HRG) to cooperate in performing a feasibility analysis related to the proposed "Plaza Latina" development. This action followed earlier Council approvals of: 1) on November 19, 2002, an MOU between the City and SHCC to cooperate in assessing possible development of a Hispanic-themed commercial and cultural center, tentatively named "Plaza Latina"; and 2) on April 29, 2003, again in cooperation with SHCC, a request for qualifications (RFQ) process to select a development entity to participate in further developing the project concept and completing a feasibility analysis.

The result of the RFQ process, as reported to Council in December, 2003, was the selection of HRG to engage in the feasibility analysis. HRG is a consortium formed with the intent of developing Hispanic-oriented projects nationwide. Included in the consortium are Forest City Enterprises, a large real estate development company based in Cleveland, Ohio, and The Legaspi Company and Streetscape Equities are principals with Forest City in HRG. Legaspi has extensive experience in Hispanic-oriented retailing in markets focused in the western United States and Mexico. Streetscape Equities is an investment advisor that facilitates venture capital investment in real estate transactions.

The MOU approved by Council on December 16, 2003 summarized the terms under which the City, SHCC, and HRG would proceed in a cooperative effort towards a comprehensive analysis of the Plaza Latina concept. The intent of the analysis is to create a "Project Plan" to enable the parties to the MOU (or others invited by the parties) to determine whether to ultimately enter into a development agreement to proceed with construction of the Project. The Project Plan is to consider specific sites within the City on which the project might be developed. Based on the attributes of those sites, the plan will include detailed descriptions of the Project components, architectural designs, and elevations of contemplated structures. Also to be included is the development and operating financial data necessary to permit a full analysis of the Project.

The overall Project Plan is to be formulated under the leadership of a Project Planning Committee. The current MOU, which remains in effect until June 30, 2004, requires that the Committee include two representatives of the City, two representatives from the SHCC, and three representatives of HRG. Since its formation, the Project Planning Committee has convened to consider market data and other information compiled regarding the Sacramento retail environment. A financial feasibility study and conceptual plans are also underway, but will not be complete for formal review by the Project Planning Committee within the current term of the MOU.

Staff recommends that the term of the MOU between the City, SHCC, and HRG be extended, until August 31, 2004. This additional two months is necessary to

complete the analysis and related plans for ultimate consideration by the Project Planning Committee. An Amendment (Attachment 1) to the current MOU has been prepared. Upon approval by Council, the Amendment will extend the term of MOU until August 31, 2004, and specifies certain deliverables (i.e., conceptual plans and financial feasibility analysis) to be completed for consideration by the Project Planning Committee within this timeframe. All other terms of the current MOU will remain in effect for the extended term. Following consideration of the deliverables, should all parties to the current MOU desire to proceed with the Project, staff will report back with proposed terms of a development agreement (or similar document) for Council approval.

#### **FINANCIAL CONSIDERATIONS:**

The actions associated with the recommendations of this report have no direct financial impact upon the City. Execution of the Amendment recommended herein does not entail any commitment of City funds to the feasibility analysis or eventual development of the Project. Any recommendations concerning City financial participation in the Project will be addressed in future reports to Council.

#### **ENVIRONMENTAL CONSIDERATIONS:**

The recommended actions are not a project as defined by the California Environmental Quality Act (CEQA) as they do not involve activities that may cause a direct or indirect impact upon the environment (Public Resources Code Section 21065).

#### **POLICY CONSIDERATIONS:**

The recommendations contained in this report are consistent with the Economic Development Strategy Framework adopted by the Sacramento City Council in April of 2000, and MOUs approved by the City Council on November 19, 2003 and December 16, 2003

The recommendations are similarly consistent with several goals of the City's 2001-2004 Strategic Plan, including: 1) "Enhance and preserve the neighborhoods"; 2) "Establish and strengthen community and regional partnerships to enhance the quality of life"; 3) "Preserve and expand the arts and culture, open space, urban forest, parks, and recreation opportunities; and 4) "Promote and support economic vitality".

#### **ESBD CONSIDERATIONS:**

As no goods or services are being contemplated with this report, ESBD considerations do not apply.

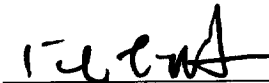
City Council  
Amendment to MOU for Proposed "Plaza Latina" Project  
June 29, 2004

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Respectfully submitted:

APPROVED:

  
\_\_\_\_\_  
Kristan Otto  
Economic Development Manager

  
\_\_\_\_\_  
Michael Medema  
Interim Development Services Director

RECOMMENDATION APPROVED:


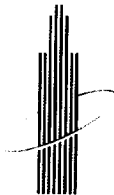
  
\_\_\_\_\_  
ROBERT P. THOMAS  
City Manager

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ECONOMIC DEVELOPMENT DEPARTMENT

CITY OF SACRAMENTO

June 29, 2004

Jose de Jesus Legaspi, Chair  
Hispanic Retail Group  
1625 Paramount Boulevard  
Montebello, CA 90640

Brian M. Jones  
Forest City Development California, Inc.  
949 South Hope Street, Suite 200  
Los Angeles, CA 90015

Lawrence B. Garcia, General Counsel  
Sacramento Hispanic Chamber of Commerce  
2848 Arden Way, Suite 230  
Sacramento, CA 95825

RE: Amendment to Memorandum of Understanding to Develop "Plaza Latina" Project

Gentlemen:

Your respective entities are signatories to a Memorandum of Understanding (MOU), dated December 16, 2003, summarizing the terms and conditions under which the City of Sacramento (Sacramento), the Sacramento Hispanic Chamber of Commerce (SHCC), and the Hispanic Retail Group/Forest City Development California, Inc. (Developer) will undertake a cooperative effort for the development of a real estate project in the City of Sacramento called "Plaza Latina" (also referred to as the Project). The parties to the MOU now desire to amend and clarify the original terms of the MOU, which are incorporated herein by reference.

The signature of authorized representatives from each of the parties below will signify the agreement of each party to the terms of this Amendment to the MOU.

1. **Term.** The parties agree that the term of the MOU is to be extended until the close of business on August 31, 2004.

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2. **Schedule of Performance.** To achieve the objectives set forth in the MOU concerning performance of a comprehensive analysis of the Project, the parties agree to completion of the following as defined below, or within the MOU, within the extended term of the MOU:

- a. The Developer will prepare and present to the Project Planning Committee for approval: 1) an articulation of its vision for the Project; 2) a description of the various components proposed to be included in the Project's design; and 3) a conceptual site plan and illustrative elevations representative of the proposed Project design.
- b. Based upon the forgoing and other Project elements, the Developer will prepare a financial analysis for presentation to the Project Committee. The analysis will include, but not be limited to: 1) estimates of total development cost, with details on its various components, including site acquisition, predevelopment, architectural & engineering, construction, and financing costs; 2) projections of the Project's operating costs and revenues; 3) sources of funding expected to be available, based on current industry investment and underwriting criteria; and 4) identification of any difference ("funding gap") that is expected to exist between total development cost and funding expected to be available through conventional means.

Except as indicated above, all terms and conditions of the MOU are unchanged and remain in full force and effect through the amended term of December 31, 2004.

**City of Sacramento**, a Municipal Corporation

By: \_\_\_\_\_  
Robert P. Thomas  
City Manager

APPROVAL AS TO FORM:

ATTEST:

\_\_\_\_\_  
City Attorney

\_\_\_\_\_  
City Clerk

**Sacramento Hispanic Chamber of Commerce**

By: \_\_\_\_\_  
Its:

**Forest City Development California, Inc., a California Corporation**

By: \_\_\_\_\_  
Its:

**Hispanic Retail Group, a California corporation**

By: \_\_\_\_\_  
Its:

# RESOLUTION NO. \_\_\_\_\_

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON THE DATE OF \_\_\_\_\_

**RESOLUTION AUTHORIZING EXECUTION OF AN AMENDMENT  
TO AN EXISTING MEMORANDUM OF UNDERSTANDING WITH  
THE SACRAMENTO HISPANIC CHAMBER OF COMMERCE, THE  
HISPANIC RETAIL GROUP, AND THE FOREST CITY DEVELOPMENT  
TO COOPERATE IN PREDEVELOPMENT ACTIVITES RELATED  
TO THE PROPOSED "PLAZA LATINA" PROJECT**

**BE IT RESOVED BY THE COUNCIL OF THE CITY OF SACRAMENTO THAT:**

WHEREAS, on December 16, 2003, the City Council adopted a resolution authorizing the City Manager to execute a Memorandum of Understanding (MOU) between the City of Sacramento (City), the Sacramento Hispanic Chamber of Commerce (SHCC), and the Hispanic Retail Group/Forest City Development California (HRG) to cooperate in assessing the feasibility of a Hispanic-themed cultural and commercial (Project) within the City;

WHEREAS, the MOU established a Project Planning Committee (Committee) consisting of representatives of the City, SHCC, and HRG to oversee the formulation of an analysis (Analysis) related to the Project's potential feasibility;

WHEREAS, the term of the MOU expires at the close of business on June 30, 2004; and

WHEREAS, the Committee has determined that additional time is necessary for completion of the Analysis, and thus desires to amend to MOU to extend its term.

**FOR CITY CLERK USE ONLY**

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RESOLUTION NO: \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_



NOW, THEREFORE, be it resolved by the Council of the City of Sacramento as follows:

1. The terms of the Amendment to the MOU (Amendment), presented to the City Council are hereby approved and the City Manager, or designee, is authorized to execute the Amendment on behalf of the City.

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

**FOR CITY CLERK USE ONLY**

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RESOLUTION NO: \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_