



**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



Agency Rpt
(42)

Redevelopment Agency of the
City of Sacramento
Sacramento, California

CITY MANAGER'S OFFICE
RECEIVED
MAY 27 1988

Honorable Members in Session:

SUBJECT: 1127 12th Street Demolition

SUMMARY

This report recommends that the Executive Director be authorized to call for bids and award contract(s) for the asbestos removal and demolition of 1127 12th Street (Francesca Apartments) in accordance with Resolution No. 88-021, approved by the Redevelopment Agency on March 8, 1988. The report also takes into account the Agency's request to consider the advisability of re-opening discussions to relocate the structure as an alternative to demolition.

BACKGROUND

A. HISTORY:

As you recall, on November 17, 1987 the Redevelopment Agency authorized the Executive Director to negotiate the acquisition of 1127 12th Street in conjunction with the Hyatt Regency Hotel amended Disposition and Development Agreement ("DDA"). After attempts to reach a negotiated acquisition agreement failed, the Redevelopment Agency authorized eminent domain proceedings on March 8, 1988. At that same time, the Agency also approved resolution No. 88-021 (Exhibit "A") which authorized the Executive Director to allow a reasonable period of time for a private developer to relocate the structure to another site. If this arrangement was infeasible, the Executive Director was authorized to proceed with any and all actions necessary for the demolition of the existing building at 1127 12th Street.

APPROVED
MAY 31 1988
SACRAMENTO REDEVELOPMENT AGENCY
CITY OF SACRAMENTO

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B. ORIGINAL BUILDING RELOCATION PROPOSAL:

The concept of relocating the existing building (Francesca Apartments) was introduced by Robert Erickson, a private developer and contractor. Mr. Erickson proposed relocating the structure to a site owned by Capitol Area Development Authority ("CADA"), specifically the southwest corner of 14th and "O" Streets.

In order to create this alternative, on March 8, 1988 the Agency requested the Executive Director to encourage CADA staff to accept proposals for relocation of the Francesca Building to the 14th and "O" site. CADA did in fact solicit proposals. Only one proposal, that of Mr. Erickson, was received.

Subsequently on April 22, 1988, the CADA Board reviewed Mr. Erickson's proposal and voted unanimously to reject the proposal for the following reasons:

1. Lack of Demonstrated Financial Feasibility:
The CADA Board found that a minimum financial "gap" of \$400,000 was represented in the proposal with no identified source of funding. No cash equity contribution was included in the proposed proforma. Similarly, the proposed financing was not evidenced by any lender commitments. In addition, several critical costs were not included in the development budget including relocating CADA site tenants, good faith deposits, permit costs, fire code improvements, and asbestos removal.

2. Risks to CADA:
The CADA Board further found that the proposal included a less-than-the-required minimum land lease payment which would pose a \$137,000 loss to CADA over a ten-year period. This issue, along with concerns regarding the feasibility of the project, posed unacceptable risks and potential economic losses to the CADA Board.

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3. Environmental Neighborhood Impact Factors:

Finally, several issues with respect to the downtown environment were posed including: (1) the need to relocate Sam's Market, a popular neighborhood convenience store; (2) compatibility of the Francesca structure with the surrounding built environment; and (3) damage to street trees along the proposed route for moving the Francesca building.

The impact on City Street trees was estimated to be considerable including heavy trimming of 36 mature trees, removal of five-to-eight trees and potential damage to 63 palm trees.

The CADA Board also stated that they would not consider accepting the Francesca on any other alternative CADA site because of the above referenced impacts and concerns and the questionable feasibility of the project, regardless of financing scenarios.

C. STATUS OF AGENCY'S SCHEDULE AND ACTIVITIES:

Following the CADA Board's rejection of the building relocation concept, Agency staff has proceeded with the development of bid specifications for removal of asbestos and building demolition as originally authorized on March 8, 1988 (Agency Resolution No. 88-021). Eminent domain proceedings are under way as previously authorized and, the Agency is scheduled to take possession of the property in late June. Similarly, notices to vacate have been issued to be effective early July. Asbestos testing is also under way.

It is the Agency staff's intent to undertake asbestos removal and demolition as soon as possible following vacation of all tenants (early- to mid-July) in order to reduce liability to the Agency and to comply with a scheduling of public improvements as specified in the Hyatt Regency DDA.

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D. ALTERNATIVE BUILDING RELOCATION PROPOSALS:

At the May 10, 1988 Redevelopment Agency meeting the Agency requested that staff investigate the possibility of Montgomery Movers relocating the Francesca Building to an as yet unidentified site. At this time, the Agency does not control any suitable sites; similarly, the CADA Board has already determined the building to be unsuitable for any of the CADA-owned sites. Such a move, therefore, would necessitate acquisition of a privately-owned (market-rate) site with suitable zoning and parking. Market-rate land acquisition would add further costs to an already financially infeasible venture. Additionally, the financial "gap" and feasibility concerns of the original Erickson proposal would not be alleviated by changing the site location. As you recall, the maximum public subsidy the Agency can offer is the actual cost of demolition. At this time, the Agency's estimate for demolition is approximately \$200,000. This is less than the estimate of \$350,000 in SHRA subsidy used by Mr. Erickson in his original proposal. Finally, and more importantly, the issue of damage to street trees in the central city and interruption of the Hyatt Regency development schedule will remain if alternative building relocation proposals are entertained.

Reconsideration of a new site for building relocation would also require identification and acquisition of a new site; preparation of a new environmental review document for relocation of the building; identification of a new move route; assessment of street tree damage and public street strengths along the new route, and an additional and thorough financial feasibility study. These activities will add a considerable extension to the Agency's time frame for resolution of the ultimate disposition of the building. Additionally, Agency staff is concerned that additional time will not resolve the underlying basic issue, which is that the project lacks financial feasibility. Finally, while Montgomery Movers is clearly qualified to undertake the physical relocation of the structure, the skills and resources to actually undertake the rehabilitation of the structure once moved are not identified.

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For these reasons, staff recommends against consideration of additional building "move" proposals and requests your authorization to continue with the actions, including demolition, as previously authorized in Resolution No. 88-021.

FINANCIAL IMPLICATIONS

The recommended action to remove asbestos and demolish the existing structure are estimated to cost:

\$200,000	Demolition Work
\$ 25,000	Asbestos Removal
<u>\$225,000</u>	

In the 1988 budget, \$300,000 was estimated and budgeted in the Downtown Tax Increment Fund - Hyatt Project (Cost Center A00831) for relocation and demolition of the site. The sufficiency of this line item to cover all costs will depend on the final relocation costs and the demolition bid.

POLICY IMPLICATIONS

The requested action is consistent with the amended Hyatt Regency DDA approved by the Agency on November 17, 1987, and with Resolution No. 88-021 regarding demolition of the existing building at 1127 12th Street approved by the Agency on March 8, 1988.

ENVIRONMENTAL REVIEW

A Negative Declaration for the acquisition and demolition of the subject site was prepared and certified on March 8, 1988.

VOTE AND RECOMMENDATION OF COMMISSION

At its regular meeting of May 23, 1988 the Sacramento Housing and Redevelopment Commission adopted a motion recommending adoption of the attached resolution. The votes were as follows:

- AYES: Amundson, Pettit, Sheldon, Simpson, Wooley, Yew
- NOES: Simon
- ABSENT: Moose, Wiggins

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RECOMMENDATION

Staff recommends adoption of the attached resolution relative to the existing structure (Francesca Apartments) located at 1127 12th Street as part of the Hyatt Regency Hotel Project. The resolution: (1) authorizes the Agency to formally close discussions regarding moving the structure to an alternative location; (2) authorizes Agency staff to proceed with demolition of the site in accordance with Resolution No. 88-021; and (3) authorizes the Executive Director to call for bids for the asbestos removal and for demolition work related to the subject site, and to award a contract for asbestos removal and a contract for demolition provided the lowest and most responsible bid for each conforms to the Agency's budget.

Respectfully submitted,

William H. Edgar

WILLIAM H. EDGAR
Executive Director

TRANSMITTAL TO COUNCIL:

Walter J. Slipe

WALTER J. SLIPE
City Manager

Contact Person: Andy Plescia or Trish Davey, 440-1333

NOTICE OF DETERMINATION

To: City Clerk's Office
City of Sacramento
915 "I" Street
Sacramento, CA 95814

From: Redevelopment Agency of the
City of Sacramento
630 "I" Street
Sacramento, CA 95814

SUBJECT: Filing of Notice of Determination in compliance with Section 21108 or 21152 of the Public Resources Code.

Project Title: Acquisition and Removal of Existing Building at 1127-12th Street and Subsequent Landscaping

State Clearinghouse No.: 88020127

Contact: Norv Struckman
Phone: (916) 440-1325

Project Location: 1127-12th Street, Sacramento, CA (APN 006-112-17)

Description: Acquisition of existing building by Eminent Domain, removal of structure through demolition or relocation and landscaping of the remaining parcel

This is to advise that the Redevelopment Agency of the City of Sacramento has approved the above described project on March 8, 1988, and has made the following determinations regarding the above described project:

1. The project will not have a significant effect on the environment.
2. A Negative Declaration was prepared for this project pursuant to the provisions of CEQA.
3. Mitigation measures were made a condition of the approval of the project.

This is to certify that the Negative Declaration, with comments and responses and record of project approval is available to the General Public at:

Sacramento Housing and Redevelopment Agency
Technical Services Division
429 "J" Street
Sacramento, California 95814

Date Received for Filing and Posting at OPR: March 10, 1988

William H. Edgar
WILLIAM H. EDGAR
Executive Director

AFFIDAVIT OF FILING AND POSTING

I declare that on March 10, 1988, I received and posted this Notice as required by California Public Resources Code, Section 21152 (c).

Said Notice will remain posted for thirty (30) days from the filing date.

Signature: Anne J. Mason
Title: Assistant City Clerk

RESOLUTION NO. 88-048

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO
ON DATE OF

May 31, 1988

AUTHORIZATION TO PROCEED WITH ASBESTOS REMOVAL
AND DEMOLITION OF EXISTING STRUCTURE LOCATED AT
1127 12TH STREET (FRANCESCA APARTMENTS)

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

Section 1: The Redevelopment Agency of the City of Sacramento hereby closes discussion regarding moving or relocation of the Francesca Apartment Building at 1127 12th Street and authorizes the Executive Director to proceed with all necessary actions to demolish such building in accordance with Redevelopment Agency Resolution No. 88-021.

Section 2: The Executive Director is authorized to call for bids for asbestos removal in the Francesca Apartment building and to award a contract for such removal to the lowest and most responsive bidder or to reject all bids if none is responsive.

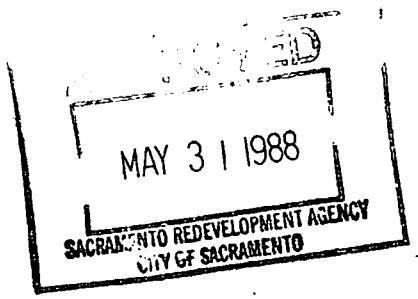
Section 3: The Executive Director is authorized to call for bids for demolition of the Francesca Apartment building and to award a contract for demolition to the lowest and most responsive bidder or to reject all bids if none is responsive.

CHAIR

ATTEST:

SECRETARY

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RESOLUTION NO. 88-021

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO
ON DATE OF

March 8, 1988

RESOLUTION RATIFYING NEGATIVE DECLARATION,
APPROVING RELOCATION PLAN AND
APPROVING DEMOLITION/REMOVAL OF
EXISTING BUILDING AT 1127 12th STREET,
SACRAMENTO, CALIFORNIABE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY
OF SACRAMENTO:

Section 1: The Initial Study/Negative Declaration for the Removal of the existing building at 1127 12th Street, Sacramento, California, dated February 4, 1988 and attached to the staff report filed with this resolution is hereby approved and certified to be adequate in accordance with the provisions of the California Environmental Quality Act.

Section 2: The Relocation Study and Plan for non-residential and residential occupants of the existing building at 1127 12th Street attached to the staff report filed with this resolution is hereby approved. The Executive Director is authorized to modify the subject plan as necessary to address any additional information obtained from further survey work.

Section 3: The Executive Director is hereby authorized to proceed with any and all actions necessary to provide an opportunity for relocation of the existing building at 1127 12th Street by a private developer to another site in the Downtown area for the purpose of rehabilitation of the existing building for residential use. Such private developer shall, in conjunction with the Executive Director, arrange for the relocation of the building within a reasonable period of time after the Agency's order for possession of the subject property. Should the arrangement for relocation of the existing building not be successful, then the Executive Director is hereby authorized to proceed with any and all actions necessary for the demolition/removal of the existing building at 1127 12th Street.

CERTIFIED AS TRUE COPY
REDEVELOPMENT AGENCY

of RA 88-021
March 11, 1988
DATE CERTIFIED
Jeanne Beaman
Acting Secretary

RESOLUTION No. 88-021

MAR 8 1988

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