



**SACRAMENTO  
HOUSING AND REDEVELOPMENT  
AGENCY**



Comm. Rpt  
**(28)**

September 3, 1986

Redevelopment Agency of  
the City of Sacramento  
Sacramento, California

Honorable Members in Session:

SUBJECT: Additional Docks Information

CITY MANAGER'S OFFICE  
**RECEIVED**  
SEP 3 1986

**APPROVED**  
SEP 9 1986  
SACRAMENTO REDEVELOPMENT AGENCY  
CITY OF SACRAMENTO

In preparation for your September 9th meeting on the Docks project related to developer selection, we are enclosing the following for your information:

1. Resolution in support of the Museum of Railroad Technology in the Docks area.
2. A letter from Gary Kimmel stating the Kimmel/Hanover Group has merged with Cal-Coast to become Cal-Coast/Nelson Rogers/Kimmel Team. A letter from Cal-Coast is also attached.
3. Final developers concepts which include:
  - a. Summary of activities
  - b. Identification and status of partnership arrangements
  - c. Financial Plan Summary including public subsidy, benefits to City and whether project is self-supporting
  - d. Special features.
4. A matrix analyzing the two final proposals, including reference checks and retail threshold information from the Sanger Market Study.

Respectfully submitted,

*W.H. Edgar*  
WILLIAM H. EDGAR  
Executive Director

TRANSMITTAL TO COUNCIL:

*Walter J. Svipe*  
Walter J. Svipe  
City Manager

0201M

Attachments

9-9-86  
D-1

APPROVED

APR 9 1988

APR 9 1988

28

# RESOLUTION No. 86-704

Adopted by The Sacramento City Council on date of

**APPROVED**  
BY THE CITY COUNCIL

**RESOLUTION SUPPORTING STATE EFFORTS TO DEVELOP THE  
MUSEUM OF RAILROAD TECHNOLOGY IN THE DOCKS AREA**

SEP 9 1986

OFFICE OF THE  
CITY CLERK

**WHEREAS**, the California State Railroad Museum has achieved a worldwide reputation for its unique exhibitions and priceless collection, become an important center for railroad research and scholarship, and is one of Sacramento's most popular tourist attractions; and,

**WHEREAS**, the final phase of the California State Railroad Museum - the MUSEUM OF RAILROAD TECHNOLOGY (MORT), will present new exhibits about railroad technology, allow the public to view first-hand the excellent restoration and repair of locomotives and cars performed by the Museum, and consolidate and house the Museum's valuable collections; and,

**WHEREAS**, the site for the MUSEUM OF RAILROAD TECHNOLOGY (MORT), should be in close proximity to Old Sacramento, preferably in the Docks Area, which is directly accessible to the Museum's excursion railroad line;

**NOW, THEREFORE BE IT RESOLVED**, that the City Council encourages and supports the State of California in its efforts to develop the final phase of the California State Railroad Museum - the MUSEUM OF RAILROAD TECHNOLOGY (MORT); and,

**BE IT FURTHER RESOLVED**, that the Council directs staff to assist the State in securing an appropriate location in the Docks Area for the development of the MUSEUM OF RAILROAD TECHNOLOGY (MORT).

\_\_\_\_\_  
MAYOR

ATTEST:

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

Hand Delivered  
10.00  
28



August 22, 1986

Leo Goto  
Sacramento Housing and Redevelopment Agency  
P.O. Box 1834  
Sacramento, CA 95809

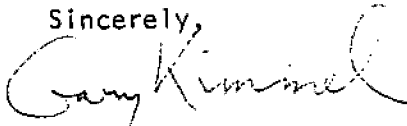
Subject: The Docks

Dear Leo:

This letter is to inform you that the Kimmel/Hanover Group has merged with the Cal-Coast/Nelson Rogers group and consequently Kimmel/Hanover will not be providing the additional information recently requested by telephone.

The merger has taken place to provide the city with the best of each of the two proposals and to provide a very strong development team with strong local leadership backed by the extensive experience of Cal-Coast and their Southern California partners.

We are convinced that, while the overall cost of our (Cal-Coast) proposal is less than Riverview, it is much more appropriate for the waterfront in terms of density and use and the Agency will be assured of successful completion due to the strength of the Cal-Coast/Nelson Rogers/Kimmel team.

Sincerely,  
  
Gary Kimmel

GK/mcs

CAL-COAST

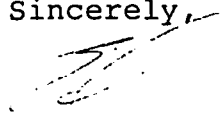
August 28, 1986

Mr. Leo Goto  
Sacramento Housing and Redevelopment Agency  
630 1 Street  
Sacramento, CA 95814

Dear Leo:

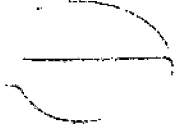
This letter will confirm that the Kimmel Companies' proposal for the Docks Project has been withdrawn, and that the Kimmel Companies have joined with us. They have therefore become a partner in our development team, and share in our proposal.

Sincerely,



Edward J. Miller  
President

EJM/JAF/jw



JS

# THE SPINK CORPORATION

720 F STREET • P.O. BOX 2511 • SACRAMENTO, CA 95811 • TELEPHONE (916) 444-8170

OVER FIFTY YEARS OF SERVICE

## DOCKS AREA DEVELOPMENT PROPOSAL

### THE CAL-COAST DEVELOPMENT TEAM

#### DEVELOPMENT TEAM:

Kimmel Companies  
California Development Group, Inc.  
Goldrich and Kest  
Nelson Rodgers Company  
The Spink Corporation

The Development Team has successfully completed over Two Billion Dollars in commercial, office and residential development.

Team Contacts: Kimmel Companies - Gary Kimmel  
Cal-Coast - Edward Miller  
Goldrich and Kest - Manny Aftergut  
Nelson Rodgers Company - Mark Nelson  
Spink - Will Burns

Project Office: The Spink Corporation  
720 F Street  
Sacramento, California 95814

#### OWNERSHIP:

Ownership will be in the form of a general partnership, with all partners sharing jointly in profits and losses:

Kimmel Companies  
Cal-Coast  
Goldrich and Kest  
Nelson Rodgers Company  
Spink

#### FINANCING:

The Team proposes to negotiate a long-term land lease for the office, hotel and commercial parcels. These leases would include a base rental with yearly escalators against a percent of operating revenues, varying according to use, i.e., hotel, office, food and beverage, thereby giving the City the ability to share in the long-term, upside profitability of the project, with the land and improvements eventually reverting back to the City.

ENGINEERING • ARCHITECTURE • PLANNING • SURVEYING • PHOTOGRAMMETRY • LANDSCAPE ARCHITECTURE

Gerald S. Smith, P.E.  
Theodore J. D'Amico, P.E.  
Robert C. Hall, C.E.  
Ronald W. Smith, C.E.  
Harold A. Wecker, L.S.

Bruce A. Henz, C.E.  
Louis E. Viani, Jr., A.I.A.  
Robert D. Ness, L.S.  
H. E. McChristy, Controller  
Eugene A. Pearson, P.E.

Eric J. Chestnolwick, A.S.L.A.  
Stephen R. AuClair, P.E.  
James J. Barns, P.E.  
Bruce A. Baker, P.E.

Robert B. Oslund  
William J. Mactver, P.E.  
Michael O'Hagan, P.E.  
Brian R. Cournoyer, A.I.A., C.S.I.  
Gerald A. Young, L.S.

Craig H. Wecker, L.S.  
David W. Knoll, P.E.  
Walter E. Sadler, P.E.  
William Palazzini, P.E.  
William T. Burns, R.L.A., A.P.A.

Joseph E. Spink, C.E. (1889 - 1959)

SACRAMENTO • ORINDA



PUBLIC IMPROVEMENTS:

The Team proposes to access 6.2 million dollars of the 11.6 million dollars of public improvements through a bond issue or the formation of an assessment district. The 6.2 million dollars would be fully self amortizing over a 14-year period.

PROJECT REVENUES AND PROJECTED TAX REVENUES  
TOTAL THROUGH YEAR 14

Hotel

Room Revenues	\$ 95,915,624
Transient Tax	9,591,562
Tax Revenue to City	9,591,562

Sales Tax Revenues

Commercial/Food and Beverage Sales	\$ 271,441,998
Sales Tax	16,286,520
Tax Revenue to City	2,714,420

Reversionary Property Tax Revenues

Base Tax	\$ 0
Tax on Total Project	8,509,165
Tax Revenue to City	2,552,750

Total Revenues (Sales) \$ 367,357,622

Total Tax Revenues \$ 34,387,247

Total Tax Available for  
Repayment of Public  
Improvements (6.2 million) \$ 14,858,732

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SUMMARY OF DOCKS AREA DEVELOPMENT PROPOSAL  
CAL-COAST DEVELOPMENT TEAM

PROPOSED USES:

1.	HOTEL:	236 ROOMS
	Compri Club:	5,500 SF ✓
2.	MOVIE HOUSE:	12,500 SF
3.	TWO ANCHOR RESTAURANTS:	15,000 SF ✓
4.	CHANDLERY:	2,000 SF
5.	COMMERCIAL	
	- Open Market and Food Stands (includes Fish and Produce and Hotel Support):	12,000 SF
	- Health and Recreation Clubs - Teen and Adult:	11,200 SF
		<hr/>
	Subtotal	58,200 SF
6.	OFFICE BUILDINGS - not including Parking Garage Area:	200,000 SF
7.	MUSEUMS	
	- State RR Museum:	163,000 SF
	- State Water Museum:	40,000 SF
	- Crocker Art Museum:	Pre-programmed by CAMA
8.	OPEN SPACE AND RECREATION	
	- Park and Amphitheatre:	4.7 AC
	- Water Front Land Area - Open Air Market, Promenade Walking, Jogging, Fishing, Picnicking, Overlooks, Viewing, Nature:	7.2 AC
	- Water Recreation - Docks, Boating, Mooring, Rentals:	1.3 AC



- 
- Open Plazas including Urban, Hotel and Capitol Mall Plaza-Bridge: 2.5 AC
  - Covered Plaza - Galeria, Water Museum, and Tour-Boat Pavilion: 0.9 AC
  - Crocker Art Museum Park (both sides of docks Parkway - not including Crocker Programmed Building Expansion and Parking): 4.5 AC
  - Total Open Space and Recreation excluding Water Surface, Buildings, Auto Circulation, Parking and Landscape Strips: 21.1 AC

DESIGN CONCEPT:

The concept is designed and phased to be adaptable and flexible to include areas for special events, activities and potential expansion of proposed uses and/or implementation of new uses beyond those shown in the plan as deemed appropriate in the future evolution of the waterfront.

The design seeks to create the feeling of bringing the waterfront recreation, open space and educational themes into the community and City and expanding the long, narrow site toward the east into a more useful continuum of space. The design's intent is to face, interface and relate directly with the three major surrounding elements of water, downtown and Old Sacramento.

The narrow neck of the site is adapted to an "anchor" concept with the hotel and office building necessarily at the north end for support and access to downtown and Old Sacramento; and the State Railroad and Water Museums anchoring the south end as destination activities requiring large land areas. The southern park and museums are intended to create an educational/recreational museum park atmosphere with maximum visibility from all freeways site access. This location also permits immediate implementation of the full docks area, contiguous up to and including the amphitheatre, which can be used for special events such as symphony, plays, concerts and water, jazz and other festival staging. Phase II begins here when the two State museums are fully programmed or financed.

The commercial space is minimal in the form of restaurants, an open produce, fish and ethnic food market, movie house and health club. There are no shops, boutiques or the like that would negatively compete with Old Sacramento. The scheme is specifically planned to attract more community and tourist participation for both the Docks Area and Old Sacramento and to serve as a catalyst for greater participation and development.

To simplify access and traffic flow, minimize intersections and conflicts, the existing traffic patterns are honored in the form of new road locations at the hotel and at the Crocker Art Museum. A boulevarded parkway creates a definitive entrance to the area and provides a more contiguous museum park setting

and development area for the Crocker Art Museum, adaptable to the Museum's future development plans.

The special bridge treatments and two, 8-10 story buildings (hotel and office on each side of the freeway) are intended to enhance creation of an arrival statement and gateway to the City from the north and south. In addition, the bridge treatments and the locations of buildings and open space are intended to minimize impacts and suppress feelings that the freeway is a major barrier between the river and the downtown. The freeway impact is diminished below a continuum of brightly colored buildings and green space.

OTHER SPECIAL FEATURES:

- o Multitude of special-event and activity spaces/open spaces in which a variety of activities could take place
- o Three traffic-free pedestrian linkages to Old Sacramento
- o Potential of 500-plus more parking spaces than called for in the Docks Area Development Program and Sanger Report, including 3,000 square feet of loading space in the riverfront hotel plaza garage (open air on east side)
- o Potential of double-decking the parking at State Museums up to the Museum entry levels (also open on two sides) could be a Phase III, if necessary, to facilitate State financing and museum development
- o Covered spaces offering protection from the elements (galeria, central portion of water museum, amphitheatre, and at the Docks arrival plaza west of the "O" Street Bridge)
- o Open-air market with colorful take-down canvas, frame structures located to control pedestrian/railroad crossing
- o Water-oriented activities and facilities: marinas, public tie-up, floating platforms, tour-boat berths, fishing-pier promenade, and potential concession space.
- o Potential riverfront pedestrian link to Miller Park
- o Potential railroad stopping points (galeria and State Museums) and use of railroad for transportation to all activities along the riverfront from Old Sacramento to Miller Park
- o All museum locations can accommodate larger square footages and/or future expansion.

ALTERNATIVE IV

CALIFORNIA COAST DEVELOPMENT GROUP, INC.  
DOCKS AREA DEVELOPMENT

ASSUMPTIONS

LAND VALUE	0
BUILDING VALUE	50,470,000
TOTAL VALUE	<u>50,470,000</u>
PROPERTY TAX	1.10%
PERCENT OF TAX TO CITY	30.00%
PROPERTY TAX INFLATION	2.00%
HOTEL TRANSIENT TAX	10.00%
PERCENT OF TAX TO CITY	100.00%
RETAIL & FOOD & BEVERAGE SQ FT	58,200
SALES PER SQ FT	\$250
SALES TAX	6.00%
PERCENT OF TAX TO CITY	16.67%
INFLATION	5.00%
GROSS BOND PROCEEDS	<u>\$7,473,506</u>
ISSUANCE COSTS	
BOND COUNSEL	50,000
ISSUER FEES	20,000
PRINTING-OFFICIAL STATEMENT	20,000
PRINTING-BONDS	15,000
TRUSTEE	15,000
RATING AGENCY	10,000
DEPOSITORY TRUST COMPANY	3,000
UNDERWRITER (3%)	224,205
TOTAL ISSUANCE COSTS	<u>357,205</u>
CONSTRUCTION PERIOD RESERVE	
INTEREST	845,588
ANNUAL BOND COSTS	70,715
TOTAL RESERVE	<u>916,301</u>
NET BOND PROCEEDS	<u>6,200,000</u>
ANNUAL COSTS	\$50,000
BOND RATE	8.00%
MATURITY	15 YEARS
INTEREST ONLY PAYMENTS	3 YEARS
AMORTIZATION PERIOD-PRINCIPAL	12 YEARS
PAYMENTS PER YEAR	2
YEARS INTEREST RESERVE FUNDED	1.5 YEARS
EARNED INTEREST RATE	8.00%
CONSTRUCTION PERIOD	18 MONTHS

PRELIMINARY DRAFT  
FOR DISCUSSION PURPOSES ONLY  
DATE AUG 15 1986  
DRAFT

DOCKS AREA DEVELOPMENT  
INCREMENTAL REVENUE

	TOTAL THRU YR. 14	CONSTRUCTION 18 MOS.	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10	YEAR 11	YEAR 12	YEAR 13	YEAR 14	AFTER BOND RETIREMENT
TAX REVENUES	14,858,732	0	716,051	812,467	890,593	952,680	995,436	1,039,800	1,086,273	1,134,960	1,185,968	1,239,413	1,295,412	1,354,092	1,415,584	740,013	1,547,564
RESERVE FUNDING	916,301	916,301	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
INTEREST EARNED	55,520	55,520	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
AVAILABLE FOR BOND PAYMENT	15,830,553	971,821	716,051	812,467	890,593	952,680	995,436	1,039,800	1,086,273	1,134,960	1,185,968	1,239,413	1,295,412	1,354,092	1,415,584	740,013	1,547,564
BOND PAYMENT	(14,307,568)	(971,821)	(647,881)	(839,104)	(1,030,327)	(1,030,327)	(1,030,327)	(1,030,327)	(1,030,327)	(1,030,327)	(1,030,327)	(1,030,327)	(1,030,327)	(1,030,327)	(1,030,327)	(515,164)	0
INCREMENTAL REVENUES (COSTS)	1,522,985	(0)	68,170	(26,647)	(139,734)	(77,648)	(34,891)	9,473	56,946	104,633	156,641	209,085	266,085	323,766	385,257	224,850	1,547,564
CUMULATIVE CASH-																	
BEGINNING OF PERIOD		916,301	(0)	68,170	41,524	(98,210)	(175,858)	(210,749)	(201,276)	(145,330)	(40,697)	114,944	324,029	589,114	912,879	1,298,135	0
INTEREST EARNED		55,520	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ADDITIONS		0	716,051	812,467	890,593	952,680	995,436	1,039,800	1,086,273	1,134,960	1,185,968	1,239,413	1,295,412	1,354,092	1,415,584	740,013	0
REDUCTIONS		(971,821)	(647,881)	(839,104)	(1,030,327)	(1,030,327)	(1,030,327)	(1,030,327)	(1,030,327)	(1,030,327)	(1,030,327)	(1,030,327)	(1,030,327)	(1,030,327)	(1,030,327)	(515,164)	0
END OF PERIOD		(0)	68,170	41,524	(98,210)	(175,858)	(210,749)	(201,276)	(145,330)	(40,697)	114,944	324,029	589,114	912,879	1,298,135	1,522,985	0

PRELIMINARY DRAFT  
FOR DISCUSSION PURPOSES ONLY  
DATE... AUG 15 1985  
DRAFT.....

CALIFORNIA COAST DEVELOPMENT GROUP, INC.  
DOCKS AREA DEVELOPMENT  
PROJECTED TAX REVENUES

	TOTAL THRU YR. 14	CONSTRUCTION 18 MOS.	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10	YEAR 11	YEAR 12	YEAR 13	YEAR AFTER BOND 14 RETIREMENT	
<b>HOTEL TAX REVENUES</b>																	
HOTEL ROOMS REVENUES	95,815,624	0	4,040,000	4,896,000	5,569,000	6,075,000	6,383,000	6,702,150	7,037,258	7,389,120	7,758,576	8,148,505	8,553,830	8,981,522	9,430,598	4,951,064	10,397,234
HOTEL TRANSIENT TAX	9,591,562	0	404,000	489,800	556,900	607,500	638,300	670,215	703,726	738,912	775,858	814,651	855,383	898,152	943,060	485,106	1,039,723
HOTEL TAX REVENUES - PERCENT OF TAX TO CITY	9,591,562	0	404,000	489,800	556,900	607,500	638,300	670,215	703,726	738,912	775,858	814,651	855,383	898,152	943,060	485,106	1,039,723
<b>SALES TAX REVENUES</b>																	
RETAIL AND FOOD & BEVERAGE SALES	271,441,998	0	14,550,000	15,277,500	16,041,375	16,843,444	17,685,616	18,569,897	19,498,382	20,473,311	21,495,977	22,571,826	23,700,417	24,885,438	26,129,710	13,718,098	28,808,005
SALES TAX	16,286,520	0	873,000	916,650	952,483	1,010,607	1,061,137	1,114,194	1,168,903	1,228,399	1,289,818	1,354,310	1,422,025	1,493,126	1,567,783	823,086	1,728,480
SALES TAX REVENUE - PERCENT OF TAX TO CITY	2,714,420	0	146,500	152,775	160,414	168,434	176,856	185,699	194,984	204,733	214,970	225,718	237,004	248,854	261,297	137,181	288,080
<b>INCREMENTAL PROPERTY TAX REVENUES</b>																	
BASE PROPERTY TAX	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PROPERTY TAX ON TOTAL PROJECT	8,509,165	0	555,170	566,273	577,599	589,151	600,934	612,953	625,212	637,716	650,470	663,480	676,749	690,284	704,090	359,086	732,536
PROPERTY TAX INCREMENT	8,509,165	0	555,170	566,273	577,599	589,151	600,934	612,953	625,212	637,716	650,470	663,480	676,749	690,284	704,090	359,086	732,536
INCREMENTAL TAX REVENUES - PERCENT OF TAX TO CITY	2,552,750	0	186,551	188,882	173,280	176,745	180,280	183,886	187,563	191,315	195,141	199,044	203,025	207,085	211,227	107,726	219,761
<b>TOTAL TAX REVENUES</b>	<b>14,858,732</b>	<b>0</b>	<b>716,051</b>	<b>812,467</b>	<b>890,583</b>	<b>952,680</b>	<b>995,436</b>	<b>1,039,800</b>	<b>1,086,273</b>	<b>1,134,960</b>	<b>1,185,968</b>	<b>1,239,413</b>	<b>1,295,412</b>	<b>1,354,092</b>	<b>1,415,584</b>	<b>740,013</b>	<b>1,547,564</b>

PRELIMINARY DRAFT  
FOR DISCUSSION PURPOSES ONLY  
DATE AUG 15 1986  
DRAWN .....

CALIFORNIA COAST DEVELOPMENT GROUP, INC.  
DOCKS AREA DEVELOPMENT  
PROJECTED BOND COSTS

	TOTAL THRU YR. 14	CONSTRUCTION 18 MOS.	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10	YEAR 11	YEAR 12	YEAR 13	YEAR 14	AFTER BOND RETIREMENT
GROSS BOND PROCEEDS	7,473,506	7,473,506															
ISSUANCE COSTS	(367,205)	(367,205)															
CONSTRUCTION PERIOD RESERVE	(918,301)	(918,301)															
NET BOND PROCEEDS	6,200,000	6,200,000															
INTEREST PAYMENTS	6,084,062	896,821	597,881	597,881	574,828	541,523	505,716	466,988	425,099	379,793	330,789	277,787	220,460	158,455	91,390	18,852	0
PRINCIPAL PAYMENTS	7,473,506	0	0	191,223	405,639	438,805	474,611	513,339	558,228	600,534	649,538	702,540	758,867	821,873	888,937	471,311	0
ANNUAL COSTS	750,000	75,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	25,000	0
TOTAL BOND COSTS	14,307,568	971,821	647,881	839,104	1,030,327	1,030,327	1,030,327	1,030,327	1,030,327	1,030,327	1,030,327	1,030,327	1,030,327	1,030,327	1,030,327	515,164	0

PRELIMINARY DRAFT  
FOR DISCUSSION PURPOSES ONLY  
DATE AUG 15 1986  
DRAFT

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CALIFORNIA COAST DEVELOPMENT GROUP, INC.  
DOCKS AREA DEVELOPMENT  
BOND AMORTIZATION

YEAR	PERIOD	BEGINNING BALANCE	PAYMENT	INTEREST	PRINCIPAL	ENDING BALANCE	TOTAL INTEREST	TOTAL PRINCIPAL
CONSTRUCTION	1	7,473,506	298,940	298,940	0	7,473,506		
	2	7,473,506	298,940	298,940	0	7,473,506	896,821	0
	3	7,473,506	298,940	298,940	0	7,473,506		
	4	7,473,506	298,940	298,940	0	7,473,506	597,881	0
1	5	7,473,506	298,940	298,940	0	7,473,506		
	6	7,473,506	298,940	298,940	0	7,473,506		
2	7	7,473,506	490,164	298,940	191,223	7,282,283	597,881	191,223
	8	7,282,283	490,164	291,291	196,872	7,083,411		
3	9	7,083,411	490,164	283,336	206,827	6,876,583	574,828	405,699
	10	6,876,583	490,164	275,083	215,100	6,661,483		
4	11	6,661,483	490,164	266,459	223,704	6,437,779	541,523	439,805
	12	6,437,779	490,164	257,511	232,652	6,205,127		
5	13	6,205,127	490,164	248,205	241,959	5,963,168	505,716	474,611
	14	5,963,168	490,164	239,527	251,637	5,711,531		
6	15	5,711,531	490,164	228,461	261,702	5,449,829	466,988	513,339
	16	5,449,829	490,164	217,993	272,170	5,177,659		
7	17	5,177,659	490,164	207,105	283,057	4,894,601	425,099	555,228
	18	4,894,601	490,164	195,784	294,380	4,600,221		
8	19	4,600,221	490,164	184,009	306,155	4,294,067	379,793	600,534
	20	4,294,067	490,164	171,763	318,401	3,975,666		
9	21	3,975,666	490,164	159,027	331,137	3,644,529	330,789	649,538
	22	3,644,529	490,164	145,781	344,382	3,300,146		
10	23	3,300,146	490,164	132,006	358,158	2,941,988	277,787	702,540
	24	2,941,988	490,164	117,680	372,494	2,569,505		
11	25	2,569,505	490,164	102,780	387,383	2,182,121	220,460	759,867
	26	2,182,121	490,164	87,285	402,879	1,779,242		
12	27	1,779,242	490,164	71,170	418,984	1,360,249	159,455	821,873
	28	1,360,249	490,164	54,410	435,754	924,495		
13	29	924,495	490,164	36,980	453,184	471,311	91,390	888,937
	30	471,311	490,164	18,852	471,311	0	18,852	471,311
14								

PRELIMINARY DRAFT  
FOR DISCUSSION PURPOSES ONLY

DATE AUG 15 1986

DRAFT.....

# COYNE AND COMPANY, INC.

901 Tamalpais Avenue • Suite 200 • San Rafael, California 94901 • (415) 453-0451

SACRAMENTO HOUSING  
AND REDEVELOPMENT  
AGENCY

AUG 21 4 21 PM '86

August 21, 1986

Honorable Members of the  
Sacramento City Council and  
Sacramento Housing and  
Redevelopment Agency

Dear Members:

Enclosed is a summary of Riverview Development Group's conceptual design, analysis and financial plan for the Docks Area Development. This summary is consistent with our original proposal submitted and selected for approval by the Selection Committee and the Redevelopment Commission.

The proposal is conceptual in nature and we wish to emphasize our flexibility and willingness to work with the City to cooperatively develop what will become one of our country's most desirable waterfronts. We look forward to proceeding to the next step in the development process.

Sincerely,



EDMUND J. COYNE

EJC:jv

Enclosure



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SUMMARY OF DOCKS CONCEPTUAL PROPOSAL BY  
RIVERVIEW DEVELOPMENT GROUP

I. INTRODUCTION

A. Key Considerations

1. Riverview Development Group was unanimously selected and recommended for confirmation by both the Selection Committee and the Redevelopment Commission (the Selection Committee was composed of David Shore, Phil Angelides, Doc Wisham, Leo Goto and Bill Ruth).

2. Riverview Development group has put together the most qualified team for the Docks Area Project. The team profile is strongest in terms of financial capability, design creativity, and track record. The team also includes the legal and financial consultants necessary to devise public financing to the greatest benefit of the City.

3. The primary public objective of the proposed development plan is to provide uninterrupted public access to the entire riverfront, from the northern edge of Old Sacramento to the southern edge of Miller Park.

4. The project is financially self-supporting, with surplus funds to the City. All private sector development is financially feasible without public subsidy, and all public amenities are financed by project generated funds.

5. All project components are compatible with and supportive of Old Sacramento.

6. Timely hotel construction is assured by Riverview Development Group's proposed joint venture with The Condel Group, owners of the Park Suites hotel chain and with Laral Hotels, Inc., operators and developers of numerous hotel properties. (Required equity is committed and existing banking relationships will provide the necessary loans).

7. Riverview Development Group will locate the proposed Railroad Museum and apartments where the City directs.

8. The proposed office building provides needed public parking during off-hours for the Crocker Art Gallery and visitors to the Docks Area. It also provides a linkage between the Downtown, the riverfront and the Crocker Art Gallery.

9. Riverview Development Group is flexible and open to exploring alternate approaches to financing public infrastructure and amenities. For example, if the Agency were to decide it does not want to commit Tax Increment funds to finance public improvements, an alternate approach may be feasible wherein public costs are balanced against land sale revenues (the hotel site might be sold rather than leased to the Developer; the marina commercial facilities might be sold rather than owned and operated by the City; the public improvements costs might decrease; etc.).

#### B. The Docks Area Development Plan

Riverview Development Group proposes to cooperatively develop with the City of Sacramento the entire Docks Area and deliver a complete public amenities package consisting of parks, plazas, utilities, streets, bike paths and promenades as well as transient boat docks, a tour boat terminal and other marina commercial facilities. Private commercial development will consist of a 300 room waterfront hotel, 600 apartment units, a 140,000 square foot office building, and a major waterfront restaurant. Also contemplated is a world-class museum complex consisting of Phases II and III of the State Railroad Museum, the Towe Ford Automobile Museum, and the proposed State Water Museum/Aquarium. The proposal includes an outdoor performing arts theatre on a 40,000 square foot waterfront plaza, an artist's gallery, and endowments for the Crocker Art Museum and California Vehicle Foundation.

Riverview Development Group's proposal is in keeping with the stated goals for the Docks Area Development to create "an area that is exciting, intensively used, attracting both residents and visitors in large numbers and contributing to the overall level of day and evening activity in Downtown Sacramento." Pedestrian activity at both the north and south anchors of the project is assured by a variety of retail shops, such as yacht brokers, chandlery, bait and tackle, fresh fish market, street vendors, push carts, and restaurants. Day and night activity will be further generated by tour boats, transient boaters, and downtown workers visiting the waterfront for bag lunches, views and recreation.

All aspects of the proposal have been determined to be feasible from both market and financial points of view. In terms of public financing requirements, the Docks Area Development will be self-supporting. It is economically feasible and will generate substantial public revenues for additional public amenities, facilities and uses.

It is recognized that scheduling and completion of the project in a timely manner are critical objectives of the Redevelopment Agency and the City of Sacramento.

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The developer's extensive experience in working on the Sacramento River has provided a thorough understanding of the problem areas and constraints associated with the river environment.

Although the final plan will be derived from further refinement, Riverview Development Group wishes to provide more than an indication of its approach to the project. It wishes to communicate a significant commitment to the project and a well-defined set of proposals with which it is willing to proceed.

This commitment is supported by a substantial hotel feasibility study, detailed financial proformas, legal research into the changing world of public finance law and museum design analysis for the State Railroad Museum. Riverview Development Group has also assisted the California Vehicle Foundation in attracting the Towe Antique Automobile Collection and meeting contingencies to make the collection a reality for Sacramento.

While the site suffers from some geographical and historical burdens, it is clear that the potential exists to create a financially feasible project which will contribute significantly to Sacramento and its citizenry.

#### C. Proposed Facilities Summary

- |                            |                     |
|----------------------------|---------------------|
| 1. Hotel                   | 300 rooms           |
| 2. Residential Apartments  | 600 units           |
| 3. Office Building         | 140,000 square feet |
| 4. Restaurant              | 8,000 square feet   |
| 5. No Free-standing Retail |                     |
| 6. Public Facilities       |                     |
- Transient marina and tour boat terminal
  - State Railroad Museum
  - Towe Ford Museum
  - Space for Water/Other Museum
  - Linkages with Old Sacramento, Crocker, Downtown
  - Promenade, bike paths, jogging trails
  - Waterfront Plaza with performing arts center
  - Fishing Pods
  - Landscaped parks and other areas
  - Public Parking
  - Possible water-oriented specialty retail on public marina

II. ORGANIZATIONAL STRUCTURE AND EQUITY OWNERSHIP

Riverview Development Group has put together the most qualified team for the Docks Area project. All members of the development team contributed substantially to the design, analysis and preparation of the plan. Organizational structure, roles and responsibilities of the individual team members are contained in Exhibits "A" and "B".

Within Riverview Development Group, the owner's equity is allocated as follows:

Coyne and Company, Inc.	80%
Carissimi & Rohrer Associates	10%
John F. Otto, Inc.	5%
Walter Merrill Harvey & Associates	5%

Riverview Development Group has been successful in attracting to the team other major developers and financiers specializing in hotel and residential projects. The Condel Group and Laral Hotels, Inc. are committed to Riverview Development Group and have provided letters of intent to participate as joint-venturers on the hotel and residential components. The proposed ownership structure is as follows:

	<u>Hotel</u>	<u>Residential</u>	<u>Office</u>	<u>Restaurant</u>
Riverview Development Group	45%	50%	100%	100%
The Condel Group	45%	50%		
Lara Hotels, Inc.	10%			

This ownership structure will support coordinated development of the master planned area, local ownership and local management participation.

III. SUMMARY OF FINANCIAL PLAN

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A. Objectives

1. To make the Docks Area Development self-supporting.
2. To develop methods of public financing that result in the greatest net proceeds to the Redevelopment Agency, and
3. To provide the Agency with the necessary flexibility to substitute or combine alternative methods of financing, depending upon legal requirements, marketability and development timing.

B. Roles of Developer and Redevelopment Agency

The public financing plan contemplates the use of tax allocation bonds or lease revenue bonds financed by property tax increments and annual land lease income. Land sales proceeds are viewed as an additional source of revenue to the Agency.

The financing plan does not contemplate the need for or use of industrial development bonds or mortgage revenue bond financing. Nor does it require the use for project financing of any part of the annual sales tax or hotel occupancy tax that will be generated from the project. Developer believes that adequate alternative financing methods could be developed if federal legislation were to limit the availability of tax allocation bonds or lease revenue bonds, the two methods analyzed for project feasibility purposes.

The preliminary analysis of public costs and public revenues from the total development of the Docks Area and its four principal privately developed components (i.e. hotel, apartments, office and restaurant) indicates that the project is feasible and self-supporting from the standpoint of public financing and that there could be additional public funding capacity for additional amenities and complimentary public facilities.

No public financial assistance is assumed other than bond financing.

C. Findings: Private Financial Feasibility

Based on the market data supplied by the developer Keyser Marston Associates (KMA) evaluated each project component. This assessment utilized a target Return on

Total Investment for each land use. The attached Summary Table 1 shows that the estimated ROI's for all private land uses are within the acceptable range of the target ROI's. This conceptual level analysis confirms that all private uses are financially feasible.

#### D. Findings: Public Financial Feasibility

To evaluate the financial feasibility of achieving the public development goals, KMA assessed the public revenues generated by each land use. Public revenues include land disposition (sale or lease) payments as well as tax revenues generated by the project. The net bond yields for tax allocation and lease revenue bonds are shown in attached Table 2.

Total public revenues generated by the project are summarized in the inset table below.

	<u>Tax Allocation Bond</u>	<u>Lease Revenue Bond</u>
<u>One Time Revenues</u>		
Land Payment	\$1,800,000	\$ 1,800,000
Net Bond Yield	<u>7,400,000</u>	<u>12,300,000</u>
Subtotal	\$9,200,000	\$14,100,000
Public Amenities Cost	<u>8,400,000</u>	<u>8,400,000</u>
Surplus Funds to Agency	800,000	5,700,000
<u>Annual Revenues</u>		
Sales and Hotel Tax	\$1,300,000	\$ 1,300,000
Lease Payments	<u>400,000</u>	<u>-0- *</u>
Total	\$1,700,000	\$ 1,300,000

(Note: \* Lease payments pledged to repay bonds.)

The Developer's estimate of the cost of providing the public development benefits is in the range of \$8,400,000. KMA concludes that the project generates adequate public resources to support the cost of the public improvements, plus yield surplus Lease Revenue Bond funds of approximately \$5,700,000.

TABLE 1

**DOCKS REDEVELOPMENT AREA PROPOSAL  
FINANCIAL EVALUATION  
SUMMARY TABLE (1)**

<u>Land Use</u>	<u>Capital Cost (\$M)</u>	<u>Stabilized NOI (\$M)</u>	<u>Est. ROI (%) Before Land</u>	<u>Target ROI (%)</u>	<u>Public Revenues</u>			
					<u>Annual Lease Payment (L) or Land Sales (S)</u>	<u>Annual Property Tax</u>	<u>Annual Sales Tax</u>	<u>Annual Hotel Occup. Tax</u>
<b>Phase I</b>								
Hotel-300 RMS	\$26.9	\$3.6	13.5% (2)	13.0%	✓\$347,000 (L)	✓\$323,000	\$310,000	\$813,000
M.R. Apartments-200 d.u.	12.6	1.1	8.8	8.5	✓300,000 (S)	155,000	-0-	-0-
H.R. Apartments-200 d.u.	13.1	1.1	8.7	8.5	✓201,000 (S)	160,000	-0-	-0-
Sub Total Phase I	\$52.6	\$5.8	11.0%	10.8%	\$347,000 (L) / \$501,000 (S)	\$638,000	\$310,000	\$813,000
<b>Phase II</b>								
Office-140,000 SF	\$18.3	\$2.2	12.0%	11.5	\$819,000 (S)	\$ 229,000	-0-	-0-
Restaurant-8,000 SF	1.1 (3)	0.1	15.5 (4)	12.0	320,000 (S)	11,000	\$168,000	-0-
H.R. Apartment-200 d.u.	13.1	1.1	8.7	8.5	201,000 (S)	160,000	-0-	-0-
Sub Total Phase 2	\$32.5	\$3.4	10.8%	10.3%	\$1,340,000 (S)	\$ 400,000	\$168,000	-0-
<b>GRAND TOTAL</b>	<b>\$85.1</b>	<b>\$9.2M</b>	<b>10.8%</b>	<b>10.6%</b>	<b>\$ 347,000 (L) / \$1,841,000 (S)</b>	<b>\$1,038,000</b>	<b>\$478,000</b>	<b>\$813,000</b>

(1) Totals may not add due to independent rounding.  
 (2) Before land lease, ROI after Land Lease Payment is 12.2%.  
 (3) Developer's cost only.  
 (4) Before Land Purchase, ROI after Land Payment is 12%.

*Handwritten initials*

TABLE 2

**DOCKS REDEVELOPMENT PROJECT PROPOSAL  
NET BOND PROCEEDS**  
(At Stabilized Operations)

	<u>Tax Allocation Bond</u>	<u>Lease Revenue Bond</u>
Gross Annual Revenue	\$1,038,000 (1)	\$ 1,385,000 (2)
Less: Coverage Requirement	207,600 (3)	-0-
Net Annual Revenue Available	830,400	\$ 1,385,000
Gross Bond Yield @ 8.5% Interest	\$8,498,470	\$14,174,354
Less: 1 Year Interest Reserve	( 830,400)	(1,385,000)
Less: Discount 2.5%	( 212,462)	( 354,359)
Less: Cost of Issuance	( 100,000)	( 100,000)
Net Bond Yield	\$7,355,608	\$12,334,995

- (1) Property Tax Increment only.  
(2) Property tax payment plus Land Lease Revenues.  
(3) At 25%.

Source: Keyser Marston Associates, Inc.  
March 1986



EXHIBIT A

RIVERVIEW DEVELOPMENT GROUP  
ORGANIZATIONAL STRUCTURE

Team Leader

Coyne and Company, Inc.

Design Team

Carrisimi and Rohrer Associates  
Walter Merrill Harvey and Associates  
Raymond Vail and Associates  
Sedway Cooke Associates

Legal

McDonough, Holland & Allen

Hotel

The Condell Group  
Loral Hotels, Inc.

Financial

Keyser Marston Associates, Inc.

Construction

John F. Otto, Inc.

EXHIBIT B

RIVERVIEW DEVELOPMENT GROUP  
-ROLES AND RESPONSIBILITIES-

Edmund J. Coyne

Coyne and Company, Inc.  
-development team leader  
-finance  
-marketing  
-management

Walter Rohrer and Ronald Carrisimi

Carrisimi and Rohrer Associates  
-design team leaders  
-architecture  
-land planning

Joseph Coomes

McDonough, Holland & Allen  
-economics  
-redevelopment law  
-legal

William Van Haselen

The Condell Group  
-hotel development  
-residential development  
-finance

R. Morgan Burkett

Laral Hotels, Inc.  
-hotel development and management  
-feasibility analysis

Kate E. Funk

Keyser Marston Associates, Inc.  
-financial analysis

Walter M. Harvey

Walter Merrill Harvey and Associates  
-design consultant  
-land and waterside facilities planning

Thomas Cooke

Sedway Cooke Associates  
-development planning and design  
-environmental planning and analysis

Carl Otto

John F. Otto, Inc.  
-construction management

Raymond Vail

Raymond Vail and Associates  
-engineering

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COMPARISON OF FINAL PROPOSAL BY  
CAL-COAST AND RIVERVIEW  
(DOCKS PROJECT)

ITEM	CAL-COAST	RIVERVIEW
1. Original site plan and activities still the same?	Yes	Yes, with location of State Railroad Museum flexible and dependent on where the City directs
2. Estimated development cost (Does not include State & other Museums)		
a. Private Buildings	\$50,470,000	\$85,100,000
b. Private Site Improvements	\$ 5,449,000	included above
c. Public Improvements assumed to be paid by Agency/City	<u>\$ 6,200,000</u>	<u>\$ 8,400,000</u>
d. TOTAL	\$62,119,000	\$93,500,000
3. Leverage ratio of public to private dollars	$\frac{\$55,919,000}{6,200,000} = 1:9$	$\frac{\$85,100,000}{8,400,000} = 1:10$
4. Proposed type of control of parcel	Developer to lease land for office, hotel and commercial parcels	Developer to lease hotel parcel and purchase land for apartments, office and restaurant

5. Basis for payment of land

Base rent with yearly escalators against a percent of operating revenues

Developer has proposed a hotel lease based on 3% of room revenues and 2% food and beverage

Land sales for residential office based on residual land value

STAFF NOTE:  
The base rent, escalators and percentages would have to be negotiated see Exhibit I for example of LA Harbor deal

STAFF NOTE:  
Hotel lease rates and land sales would have to be negotiated

6. Estimated annual financial benefits to City (NOTE: A single common stabilized year between all uses listed below was not possible because data submitted was not uniform. Comparisons are still valid because the same stabilized year was used between developers although not the same year between uses:

a. Hotel (Stabilized Year 4)

-Lease Revenue	\$182,250	\$347,000
	(See Exhibit 1)	
-Sales Tax	Included below	\$310,000
-Transient Tax	\$607,500	\$813,000
-Property Tax	Included Below	\$323,000

b. Apartments

(Stabilized Year 2)

-Lease Revenue	-0-	-0-
-Property Tax	-0- (no apts)	\$475,000

c. Office

(Stabilized Year 2)

-Lease Revenue	\$253,100 (See Exhibit 1)	-0- (land sold)
-Property Tax	Included Below	\$229,000

d. Commercial

(Stabilized Year 2  
food, beverage and  
retail)

-Lease Revenue		
Retail	\$6,875 (see Exhibit)	-0- (Land Sold)
Food & Bev.	\$444,575 (see Exhibit)	-0- (Land Sold)
-Property Tax	Included Below	\$11,000
-Sales Tax	Included Below	\$168,000

e. Property Tax  
Increment

(Stabilized Year 4)  
for all uses  
listed above

\$589,151                      Included Above

f. Incremental  
Tax Revenue

(Stabilized Year 4)

\$176,745                      -0- (Did not include  
in proposal)

g. Sales Tax

(Stabilized Year 4  
of all uses listed  
above)

\$168,434                      Included in Above

TOTAL

---

\$2,428,630                      \$2,676,000  
(Includes \$886,800  
Land Lease Revenues)

7. Analysis of Revenue Projection	Projected revenues of \$250/sq.ft. for retail, food and beverage is likely to be on the high side considering the type of retail, i.e., open air market, food stands, health club etc. Actual income probably less than projected	Projected revenues for \$350/sq.ft for restaurant seems high, but could be obtained if well located and superior value
-----------------------------------	---	--

8. Estimated One Time Payment to City for Land Sales:

-Apartments	Not applicable	\$300,000
-Apartments	No Sale to City, Lease only	\$201,000
-Office		\$819,000
-Restaurant		\$320,000
-Apartments		<u>\$201,000</u>

TOTAL \$1,841,000

9. Analysis of Public Improvements assumed to be paid by Agency/ City

a. Amount	\$6,200,000	\$8,400,000
b. Proposed method of financing		
1. Land Payment	-0-	\$1,800,000
2. Net Tax Allocation Bond Proceeds	See Below	<u>\$7,400,000</u>
		<u>\$9,200,000</u>

28

3. Other:  
 -Tax Allocation Bond \$4,400,000  
 (est. by staff)

STAFF NOTE:  
 Surplus of \$800,000 to City. If lease payments were added to property taxes, to service debt on a lease revenue based, there would be a \$5,700,000 surplus

-T.O. Tax Used to pay tax allocation bond  
 -Sales Tax Used to pay tax allocation bond  
 -Incremental Tax Revenue Used to pay tax allocation bond

---

Developer spread sheet shows a positive cash flow and ability to service bond payment in Year 6 (see page 2 of the spread sheet)

c. Conclusion

- a. Type of Financing Use of annual tax increments, T.O. tax, sales tax and incremental tax to cover bond debt service Payment from developer for land and tax increment used to pay for public improvements through bonds
- b. Is Project self supporting?
1. By use of land sales & tax increments only No, about \$4.4 million tax allocation bond could be serviced by tax increments yes

2. By use of  
lease  
revenues  
only

Unknown

Developer did not propose to use revenues from land leases to pay for debt service on a lease revenue bond. In order to show revenues coming to the City, the developer would of had to assume percentages of gross for office, hotel and offices which would normally be part of the deal making discussions during the exclusive right to negotiate phase of plan preparation. For these reasons, staff could see why the developer would be reluctant to insert lease revenues estimates in the pro forma.

In section 6g above, staff identified \$886,800 as a lease revenue figure. This amount is close to the \$1,030,327 debt service on Page 2 of the developers spread sheet and with time presumably be large enough to cover that debt. Two problems arise when assuming that the lease revenues would be sufficient to debt service. First, the assumption of \$250

No, \$347,000/year in lease revenues would support about \$2.8 million tax allocation bond issue



per sq. ft. gross revenues generated by retail, considering the type of retail proposed seems to be overly high and therefore, the total gross revenues may not be attained. Second, the business deal has not been agreed upon and therefore, the percentages and escalation steps are not locked in concrete. These two factors could greatly change the total gross revenue numbers.

- |  |   |   |
|--|---|---|
| 3. By Use of Lease Revenues and Tax Increments                             | <u>Unknown</u><br><br>Under Section 6 illustration above the developer has projected \$589,151 in tax increments<br>$\$1,030,327$<br>$- \quad 589,151$<br><hr style="width: 100px; margin-left: 0;"/> $\$ \quad 441,176 =$<br>remaining to be serviced with lease revenues which may or may not be possible depending on actual gross revenues of uses and percentages negotiated | <u>Yes</u><br><br>According to Table 2 of the developers proposal a lease revenue bond of (net) \$12,334,995 could be serviced with a total annual revenue of \$1,385,000 (land lease and tax increment only) |
| 4. By the combined use Land Sales, Tax Increments, T.O. Tax, and Sales Tax | <u>Yes</u>  | <u>Yes</u>  |

d. Financial Policy Issue      Use of T.O. tax and sales tax to support bond debt service would be precedent setting. Agency could not use T.O. tax and sales tax directly. City would have to use other funds for debt service and use T.O. and sales tax to replace those funds.      None

	<u>SANGER</u>	<u>CAL-COAST</u>	<u>RIVERVIEW</u>
10. Comparison of Sanger Market Study of Retail with proposals	See Exhibit 2		
a. Potential demand for eating, drinking by 1990			
-outdoor/ indoor cafe	8,000 sq.ft.	5,500 Compri Club	
-sit down restaurant	12,000 sq. ft	15,000 sq.ft.	8,000(Restaurant in hotel not identified and accounted
TOTAL	20,000 sq.ft.	20,500 sq.ft.	8,000 sq.ft.
b. Potential demand for other retail by 1990			
-Boating re- lated acti- vities	8,000 sq.ft	2,000 chandlery	suggested various marina uses, no sq.ft. likely to be minimal
-Specialty	12,000 sq.ft.	11,200 health and recreation club	No freestanding retail. Retail in hotel not identified and accounted for

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12,500  
movie house

12,500 open  
market and  
food stands

TOTAL                                    20,000 sq.ft.    37,700 sq.ft.    8,000 sq.ft

STAFF NOTE:  
Proposal says  
the type of  
commercial pro-  
posed would not  
negatively com-  
pete with Old  
Sacramento i.e.,  
no shops, bouti-  
que, etc.

---

c. 1990 Grand                            40,000 sq.ft    58,200 sq.ft    8,000 sq.ft.  
Total  
(a & b above)                        (Threshold  
without  
adversely  
affecting Old  
Sacramento

Note: Halcyon's Report on Old Sacramento makes several indirect references to policies by City/Agency that might impact the retail situation. Halcyon cautions not to aggravate the retail situation by providing additional competing retail in the Docks and other areas.

11. Type of public subsidies requested by developers	1. Public site improvements 2. Use of T.O. tax and sales tax to help pay for public site improvements	1. Public site improvements 2. Land sales based on residual land value approach. This approach is based on what the project can afford to pay rather than value based on comparable sales or what the land actually cost the Agency. It is a valid way to determine market value, but not necessarily a determination that brings the highest dollar return to the Agency.
12. Reference checks	See Exhibit 3	See Exhibit 3
13. Amount of development completed	over two billion dollars	1 billion dollars
14. Rating sheets used by Selection Committee	See Exhibit 4	See Exhibit 4

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15. Sequence of  
insertion of  
new joint  
venture  
partners

Original written  
concept 3/21/86

Goldrich/Kest  
brought in after  
submission of  
initial written  
concept at the  
joint subcommittee  
meeting of PCD &  
transportation  
(August 5, 1986)

Kimmel joined with  
Cal-Coast, per letter  
August 22, 1986

Original written concept  
3/21/86

Condel brought in after  
submission of initial  
written concept at the  
time of oral presenta-  
tion before Selection  
Committee (May 8, 1986)

STAFF CONCLUSION:

1. The final concept submitted by the two development groups are different from the concepts as reviewed and recommended earlier by the Selection Committee in several areas:

- a. The merger of Kimmel with Cal-Coast and the insertion of Goldrich/Kest as one of the joint venture partners substantially changes the experience and track record of Cal-Coast.
- b. The final proposal by Cal-Coast combined a pro forma and other financial information that was previously requested, but not available at the initial selection screening process.

2. The track record of both developer groups is substantial, with Riverview at \$1 billion completed and Cal-Coast getting the nod at \$2 billion completed.

3. The reference checks for Riverview would be classified as excellent and Cal-Coast as excellent with the one exception for Goldrich/Kest here in Sacramento.

4. Each of the concepts have specific uncertainties about them as well as a clear structure and approach.

a. Cal-Coast

State of California, Parks and Recreation Department is in agreement with the location of the Museum of Railroad Technology as proposed by Cal-Coast.

Projection of gross revenues seem to be high.

Leasing of land from City/Agency could prove to be more financially beneficial to City/Agency if gross revenues as projected materialize and percentage of gross negotiated to the satisfaction of both parties.

Use of transient occupancy tax and sales tax as projected by developer to pay for tax allocation bonds along with tax increments would establish a new precedent for City.

b. Riverview

Location of Museum of Railroad Technology undecided. Developer is saying they are flexible and final decision left up to City. The final location may or may not have a

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major impact on the Riverview site plan and economics depending on the site chosen. The final concept's economics assume retention of the housing component.

If the final location happens to coincide with the State of California's priority location (similar to Cal-Coast) then the residential component of the plan would be greatly changed and probably diminished in number of units or dropped. If the housing component is dropped, the total project is reduced by \$38.8 million

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Example of L.A. Harbor Financial Transaction  
with Cal-Coast

1. 8 acre site, leased by Cal-Coast for 50 years; with 10 year adjustments. Percentages used if above base rent. All improvements revert to Harbor Authority at end of 50 years.

2. Base Rent:

Year 1	\$200,000
2	250,000
3	275,000
4	300,000
5 -10	335,000/yr.

Percentages (Year 1-5) (Year 6-10)

Hotel 3% of gross room revenues	5%
Food & Beverage 3% of gross	4%
Retail 1.5% of gross	3%
Office 5% of gross office revenues	10%

Estimate of Lease Revenues to Agency/City  
Assuming same per square foot land or  
percentage (which ever is higher)  
as L.A. Harbor project (based on  
various stabilized years as noted.  
(Stabilized years 2 & 4 used to correspond  
with data from Riverview for comparison proposals only)

1. Year 2 = \$250,000 base rent divided by 348,480 square foot = \$.72/sq. ft. land value

2. Year 4 = \$300,000 base = \$.86/sq. ft. land value

3. Land area and base rent calculation:

a. Office (Year 2) = 60,000 sq. ft. x .72 =	\$43,200
b. Hotel (Year 4) = \$105,000 sq. ft. x .72 =	\$90,300
c. Commercial (Year 2) = 58,200 sq. ft. x .72 =	<u>\$41,762</u>
	TOTAL \$175,260

EXHIBIT 1



4. Percentage Calculation (based on various stabilized years as noted):

a.	Office (Year 2 stabilized) 200,000 sq. ft. x \$25.31/ sq.ft./yr. = \$5,062,000 x 5% =	\$253,100
b.	Hotel (Year 4 stabilized) 6,075,000 sq. ft. x 3% =	\$182,250
c.	Commercial (Year 2 stabilized) 58,200 sq. ft. sundry retail = 3% x 15,277,500 (gross sales) x 1.5% =	\$ 6,875
	food and beverage = 97% x 3% =	<u>\$444,575</u>
	TOTAL	\$886,000

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EXHIBIT I

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**TABLE 1**

**SUMMARY OF POTENTIAL DEMAND FOR VARIOUS  
USES IN THE DOCKS AREA  
1984 - 2000**

	<u>1984</u>	<u>1987</u>	<u>1990</u>	<u>2000</u>
<u>IN-WATER USES</u>				
Small Boat Facilities				
Permanent slips <sup>1</sup>	0	0	0-200	0-400
Transient slips <sup>2</sup> (or equivalent dockage)	70	75	80	90
Tour Boat Berths	1	1	1-2	1-2
lineal feet	100	100	100-250	100-250
Fishing piers in lineal feet	2,550	2,700	2,900	3,300
<u>LAND USES</u>				
Hotel rooms	100	150	200	400+
Eating and drinking (sq.ft.)	10,000	15,000	20,000	40,000
Retail space (sq.ft.)	10,000	15,000	20,000	40,000
		TOTAL	40,000	80,000
Housing units	100	150	200	500
Office (sq. ft.)	5,000	15,000	30,000	60,000

<sup>1</sup> Projections based on expansion of Miller Park marina and uncertainty regarding competitiveness of in-river marina for permanent berths.

<sup>2</sup> Including boat rentals, sport fishing charters and small party cruise boats.

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Consultants

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above the level of the seawall for views of the water). A resort hotel could require twice this area.

7. Demand for Eating and Drinking Facilities

Demand for eating and drinking and food facilities in downtown Sacramento has been previously estimated in the study of downtown redevelopment. That study indicates a substantial potential growth in demand for eating and drinking facilities, apart from the potential attraction of new customers and spending in the Docks Area. Without adversely affecting other opportunities elsewhere in downtown, it is estimated that well planned eating and drinking facilities catering to a variety of markets could be absorbed to the extent of at least 10,000 square feet by 1990.

To this demand can be added potential demand from those using the river for recreation who are attracted to stop at the Docks and other visitors attracted to other uses in the area (see below). It is estimated that new users of these types could support an additional 12,000 to 15,000 square feet of eating and drinking space in the Docks area. Thus, there appears little difficulty in absorbing 20,000 to 25,000 square feet of eating and drinking space by 1990, if a hotel and boating facilities are located in the Docks.

The distribution of this space must take into account the variety of potential users. In general, up to 8,000 square feet should be available in the form of indoor/outdoor cafes, take-out facilities and delis catering to a casually-dressed crowd of water skiers, anglers, cyclists, hikers and those just coming for a view of the river and a walk along the river or in the park, as well as a share of those visiting museums and other attractions. From 12,000 to 16,000 square feet should be devoted to two sit-down restaurants offering a range in prices and formality. One restaurant should be associated with a hotel if a hotel is included, offering views of the river and functioning as a full service dinner house with bar and some banqueting facilities (up to about 6000 square feet). Another large restaurant (up to 10,000 square feet) could be less formal, but with a full bar and emphasis on fish and seafood. Such a restaurant should be viewed as a potential independent attraction and anchor for other activities, of sufficient size and with a location over the water to constitute a draw in itself. An adjacent fish market could be included, satisfying some of the retail demand.

8. Demand for Other Retail Space

Previous study of demand for retail space in downtown Sacramento indicates potential expanded demand in the future. Ultimately, the Docks could probably support about 40,000 square feet of retail space, based on these projections, without adversely affecting Old Sacramento or the downtown core. However, the timing of such space's entry into the market is critical in terms of possible adverse competition with Old Sacramento. New water oriented uses will generate additional special demand for some goods and services without competing with other areas.

Two distinctly different types of retail space could be supported in the Docks Area. The first type would include space for fishing supplies, groceries and general supplies catering to boaters, fishermen, picknickers and other recreational users (about 8,000 square feet). The other type of retail would be specialty offerings also primarily oriented to the visitor market, but with attraction to residents (about 12,000 square feet). The area could absorb at least 20,000 square feet of retail space by 1990 meeting both needs in an initial phase without any adverse effect on Old Sacramento if all key uses are included. Obviously, specialty retail in this location would do better and have less impact on Old Sacramento to the extent that there were specialized offerings related to a waterfront location.

The presence of the river and the possibility of attracting commercial fishermen also suggests that one specialized form of retail space would include a partially open air fish market, with direct access to boat off-loading, possibly also including a small farmer's market, which would add to the river theme the theme of Sacramento's location within a great agricultural area.

9. Demand for Housing

Previous projections of Central City demand for new housing indicate an annual average demand for new housing at prices and rents which can be supplied without subsidy (or with only land subsidy) ranging from 145 to 180 units per year. Demand in the higher price and rent ranges (over \$100,000 or \$500 per month) is estimated to range from 70 to 85 units, or less than half of the total. This demand must be shared by all potential housing developments in the Central City area, including new housing initiatives planned in downtown Redevelopment Project areas and by CADA. On the assumption that the Docks area could attract 25% of demand with water view offerings, demand would be for

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**TABLE 3  
PROJECTED POTENTIAL DOCKS AREA DEVELOPMENT PROGRAM  
1990 - 2000**

USE	UNITS OR SPACE PROVIDED		LAND/WATER AREA REQUIREMENTS (Acres)	
	1990	2000	1990	2000
<u>Basic Development Program</u>				
Transient marina slips (with fuel dock, pumpout)	80	90	2-3	2-3
Tour Boat Berths	1	2		
lineal feet	100	250		
Fishing pier - linear feet	1,200+	1,400+		
Water museum/aquarium (sq.ft.)	60-75,000	60-75,000	1-1.5	1-1.5
Hotel Complex			1.5	1.5-3
hotel rooms	200	400		
eating & drinking (sq.ft.)	6,000	12,000		
retail - other (sq.ft.)	2,000	4,000		
parking spaces	200	400		
Eating & Drinking (sq.ft.)	18,000	28,000	1-2	2-2.5
Other Retail (sq.ft.)	18,000	36,000		
Public Parking Spaces	425	600	3-4	4-5
Promenade, plaza and park space	n/a	n/a	6-8	6-8
First Street	n/a	n/a	2	2
TOTAL	n/a	n/a	16-23	17.5-25
<u>Optional Elements</u>				
Historical rail facility (sq.ft.)	5-50,000	5-50,000	1-3	1-3
Housing Units	150-200	500	3-5	5-8
TOTAL	n/a	n/a	4-8	6-11

n/a = not applicable

# SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

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## REFERENCE CHECK

### RIVERVIEW DEVELOPMENT GROUP

#### A. Summary of Reference Checks on Condel, Inc.

##### 1. Covington, Kentucky

\$66 million UDAG projects on waterfront with hotel, offices, and parking. Condel is doing hotel. Project funded and in design stage.

- Condel is very capable and professional
- Has lots of experience
- Condel has met all financial and other submitted requirements on time
- No problems with Condel
- Would not hesitate to recommend

##### 2. Hampton, Virginia

296 unit multi-family housing project under construction

- Used mortgage revenue bonds for financing
- Condel is very responsive and sympathetic to working with the natural features of this site
- Condel is straight forward and has delivered what they said they would do

##### 3. El Paso, Texas

Various commercial and residential projects including rezonings

- Condel is a very substantial company
- They do good work and are financially strong
- We have had no problems with them
- Condel is very professional

##### 4. E.F. Hutton

E.F. Hutton, through American First issued tax exempt mortgage bonds for Condel for \$150 million. This money to be used for multi-family and commercial/industrial. Of the five projects involved, one is complete and four are in various stages of construction. The drawing down of construction funds is a little bit behind schedule, however, E.F. Hutton said its "probably as much our fault since we insisted on additional security interest tests before Condel was allowed to draw down funds." Condel is a tough negotiator and runs a tight ship.

# SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

## 5. Austin, Texas

Condell has recently constructed an Embassy suite hotel. They build and own a \$13 million apartment complex in South Austin. The City did not have any problems with these two projects.

## B. Laral Hotels, Inc.

### 1. City of San Luis Obispo

Laral Hotels in conjunction with Condell has under construction a 196 room park suite hotel

- Laral Hotel is a joint venture partner
- The project is on time and without any problems
- Laral Hotel is very professional and responsible

### 2. Hyatt Corporation

- Laral is extremely helpful, knowledgeable and professional
- They maintain the highest quality and possess a great deal of integrity
- Does professional high quality work

# SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

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## REFERENCE CHECK CAL-COAST

### A. Cal Coast

#### 1. Los Angeles Harbor Authority

- Cal Coast Marina project expected to be under construction in October
- Good people to deal with
- Excellent, professional
- Try to work out problems with Authority

### B. Goldrich & Kest

#### 1. Los Angeles Redevelopment Agency

- Goldrich & Kest has done about 600 subsidized housing units and 1000 market rate units with this Agency
- They have done a good job
- Tough negotiators
- New hotel of 225 rooms under construction soon
- They will deliver

#### 2. Los Angeles County Redevelopment Agency

- Goldrich & Kest currently has an agreement for a 860,000 square foot office, R & D and commercial project in Long Beach/Signal Hill (300,000 square feet constructed), \$60 Million
- Have had good experience
- Good residential reputation

#### 3. Long Beach

- Have completed market rate housing for the elderly and housing authority project (Marina Manor)
- Both have been good projects
- Very good developers

#### 4. Capital Area Development Authority (CADA), Sacramento

In 1980 Goldrich & Kest, after a competition received the rights to Site No. 1 for housing. Project dragged on longer than normal and developer attempted to substitute a design of lesser quality than that proposed. CADA rescinded the development agreement.



## **SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY**

### 5. Santa Ana, California

- Goldrich & Kest have developed a 400 unit condominium project in downtown. It was the first of its kind (Town Square)
- Performance was good
- Strong financial position
- Developed what they said they were going to do on time
- Also developed 200 unit elderly housing project and did a fine job
- Architecture tends to be conventional, nothing too exciting

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**SELECTION CRITERIA &  
SCORING SHEET FOR DOCKS PROJECT**

**INSTRUCTIONS:**

Scoring shall be numeric as follows:

- 1 = Below Average
- 2 = Average
- 3 = Above Average

Developers can have the same score for an individual criteria if you feel they are equal. Additional weighting has been assigned to the analysis and financial plan section of the criteria because of their importance. You should utilize the written proposal submitted by the developer, the consultant's report by McManis, written response by developer to questions posed earlier, and oral presentation by developers as a basis for your scoring. The developer with the most points would be ranked No. 1. Bring this scoring sheet and your ranking of the developers (1st, 2nd, 3rd) to the panel meeting. We can discuss each of the proposals at that time and arrive at a decision.

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EXHIBIT 4





RIVERVIEW  
 (COYNE)  
 KIMBEL  
 HANOVERA  
 CAL-COAL  
 (HILLER)


**9. Impact of proposal on Crocker**

- a. Is the developer proposing anything through design or access that would benefit the Crocker Museum?
- b. Is the developer proposing any other features such as funding or space that would benefit the Crocker?

**10. Impact on Old Sacramento**

- a. Is the developer proposing activities that would impact negatively on Old Sacramento?
- b. Has the developer made any attempt to provide better linkages to Old Sacramento?

**11. Special Features**

- a. Has the developer presented any Special Features that makes his proposal uniquely different and apart from the other proposals?