

Comm. Rep. 47



# SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY



June 11, 1986

CITY MANAGER'S OFFICE  
**RECEIVED**  
JUN 18 1986

Redevelopment Agency of the  
City of Sacramento  
Sacramento, California

**APPROVED**  
JUN 24 1986  
SACRAMENTO REDEVELOPMENT AGENCY  
CITY OF SACRAMENTO

Honorable Members In Session:

SUBJECT: Redevelopment Proposal Review: Oak Park Fire  
Station No. 6

### SUMMARY

This report summarizes the recommendations of the Selection Committee established to review proposals submitted to redevelop the Oak Park Fire Station No. 6. A parcel map of the site is attached as Exhibit A. The Committee recommends that the proposer, John Holcomb, be given 60 days to provide certain additional information and to raise additional equity capital as summarized below. If the developer complies to the satisfaction of the Committee and within this 60 day period, the Committee is prepared to consider a recommendation that the Agency enter into an exclusive development agreement with Mr. Holcomb. If, however, the developer is unable to comply satisfactorily and within the given time period, the Committee recommends rejection of Mr. Holcomb's proposal and will present an alternate development strategy for the Fire Station parcel.

### BACKGROUND

The Request for Proposal (RFP) for the Oak Park Fire Station No. 6 has been advertised three times in the last nine months. The first advertising did not generate any development proposals. The second advertising generated one proposal by Mr. John Holcomb. The Selection Committee recommended rejection of Mr. Holcomb's proposal because it had a number of significant weaknesses and recommended that the Agency readvertise the RFP.

District 5  
6/16/86

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On May 30, 1986 the Selection Committee met to review two proposals submitted in response to the third advertisement of the RFP to redevelop the Oak Park Fire Station No. 6 parcel. Exhibit B summarizes both proposals as submitted. Of these two proposals, the proposal submitted by Mountain South Corporation was not complete enough to warrant consideration at this time.

The remaining proposal submitted by John Holcomb was carefully reviewed by the Committee. Although the proposal is still weak in a number of areas, a majority of the Committee members feel that Mr. Holcomb's commitment to the project justifies giving him a 60-day extension in which to respond to their specific concerns.

The concerns of the Selection Committee are summarized as follows:

1. The developer's description of the rehabilitation work to be completed is inconsistent in a number of areas. In addition, the Committee does not feel confident that a realistic amount is budgeted to cover actual rehabilitation costs necessary to make the building functional and safe. In order to determine the true cost to rehabilitate the Fire Station structure the Agency has retained a general contractor to estimate the cost to rehabilitate the structure as proposed by Mr. Holcomb. This estimate will be made available to Mr. Holcomb.

Additional information required: The Committee recommends that the developer work with Agency staff to correct specific inconsistencies in the redevelopment proposal including the cost estimates to rehabilitate the structure.

2. From the information provided in the proposal, the Committee could not determine the skill level of the volunteer work force working on the project and the number of hours per week that volunteers will be available.

Additional information required:

- (a) The phone number of contact persons with the Sacramento Fire Buffs Club who can confirm in writing the capability and availability of the volunteer work force.

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- (b) Documentation of the proposed supervision and background and skills of such supervisors for this project. Documentation as to whether or not a general or licensed contractor is available to oversee the work.
- (c) A cost estimate for work which must be subcontracted due to the technical nature of the work.
- (d) Documentation of the developer's ability to provide insurance and cover other liabilities associated with the use of unskilled volunteer labor.

3. The current level of equity capital contributed by the developer is inadequate given the projected value of the project. Mr. Holcomb estimates the project to be worth \$150,000 yet he is contributing only \$5,000 cash equity. Given the Agency's rule-of-thumb requirement of a 20% equity contribution, a contribution of at least \$30,000 is recommended.

Additional information required: Documentation of the availability of a developer equity contribution equal to at least 20% of the total project value (including any revised value projections which might result from item 6 below).

4. Based on the Selection Committee's opinion that Mr. Holcomb's cost estimates are inadequate, the amount of private funds committed to this project is low. The only source of financing for the project, the Agency's Direct Commercial Loan Program, requires that a developer raise private funds equalling at least 50% of project costs over \$50,000. This required match may include the developer's equity contribution. As specified in the loan program guidelines the Agency will not lend a developer an amount exceeding \$200,000.

Additional information required: Documentation of commitment of private funds totaling at least 50% of the total project cost over \$50,000 and not including sweat equity or other in-kind contributions.

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5. It is unclear whether operating costs are realistic.

Additional information required: Documentation of figures used to project operating costs including a five-year proforma, and an analysis of project revenues (rents and marketability of such rents) to support project expenses, including debt service required for a proposed commercial loan from the Agency.

6. The developer proposes purchasing an adjacent parcel in order to provide adequate parking. The cost of this parcel, however, is not determined and has not been included in the total project cost.

Additional information required: Cost of adjacent parcel based on escrow agreement or purchase option negotiated with property owner, and an updated proposal and proforma indicating how these additional costs will be financed.

Upon receipt of the information detailed above the Selection Committee will reconvene to review the completeness and reasonableness of the submission and recommend either entering into a Disposition and Development Agreement (DDA) with Mr. Holcomb or rejection of the proposal.

In the event that the Holcomb proposal is rejected the Selection Committee will recommend an alternate marketing strategy for the Fire Station parcel.

### FINANCIAL DATA

Mr. Holcomb is requesting a \$50,000 direct commercial loan from the Agency. In the event that the Agency enters into a DDA with the developer and the project qualifies for participation in the Agency's Direct Commercial Loan Program funds are available from cost center 0731 (Oak Park Commercial Rehabilitation Assistance).

### ENVIRONMENTAL REVIEW

Environmental review is not currently required. However, if the Agency enters into a DDA with the developer, environmental review will be required under the California Environmental Quality Act (CEQA).

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## POLICY IMPLICATIONS

Due to the unusual nature of the proposal and the fact that only one complete proposal has been received, staff is recommending an extension to our normal decision making process for this site.

## VOTE AND RECOMMENDATION OF OAK PARK PROJECT AREA COMMITTEE (PAC)

At the Oak Park PAC's regular meeting of June 4, 1986 the conditions proposed in this report were presented to the Oak Park PAC. The Oak Park PAC had no objections and is prepared to review further recommendations offered by the Selection Committee at their August meetings.

## VOTE AND RECOMMENDATION OF COMMISSION

At its regular meeting of June 16, 1986 the Sacramento Housing and Redevelopment Commission adopted a motion recommending the attached resolution. The votes were as follows:

AYES:

NOES:

ABSENT:

## RECOMMENDATION

The staff recommends adoption of the attached resolutions which directs the Agency to give Mr. Holcomb 60 days to respond to the specific concerns of the Selection Committee as outlined in this report. In addition, the resolution directs the Selection Committee to review the additional information submitted by Mr. Holcomb during this time extension and recommend to the Agency either:

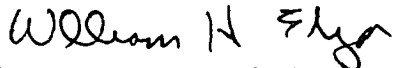
1. entering into an exclusive development agreement with the developer; or
2. rejection of the Holcomb proposal.

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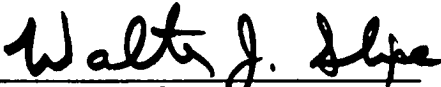
In the event that rejection is recommended the Selection Committee is directed to recommend an alternate strategy to develop the Fire Station parcel.

Respectfully submitted,



WILLIAM H. EDGAR  
Executive Director

TRANSMITTAL TO COUNCIL:



WALTER J. SLIPE  
City Manager

Contact Person: TRISH DAVEY, 440-1315

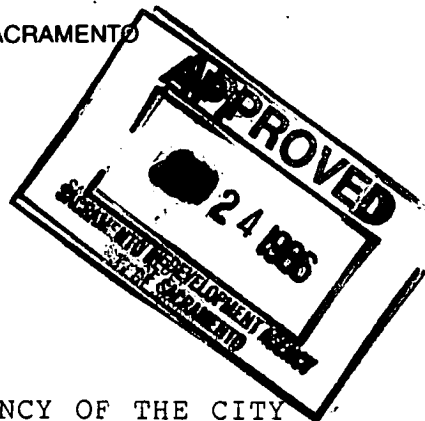
0937K

# RESOLUTION NO. 86-035

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

June 24, 1986

REDEVELOPMENT PROPOSAL REVIEW  
OAK PARK FIRE STATION NO. 6



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

Section 1: The proposal of John Holcomb to redevelop the Oak Park Fire Station No. 6 parcel shall be granted a 60-day extension from the date of adoption of this resolution. During such time Mr. Holcomb shall respond to the specific concerns of the Selection Committee reviewing his proposal as outlined in the accompanying staff report.

Section 2: Upon receipt of Mr. Holcomb's response to the selection committee's concerns, the Committee shall review the information and recommend that the Agency either: 1) negotiate a development agreement with Mr. Holcomb; or 2) reject Mr. Holcomb's proposal.

Section 3: In the event that the Selection Committee recommends the rejection of Mr. Holcomb's proposal the Selection Committee is directed to recommend a strategy to the Agency for the redevelopment of the Oak Park Fire Station No. 6 parcel.

Section 4: This resolution shall take effect immediately.

\_\_\_\_\_  
CHAIR

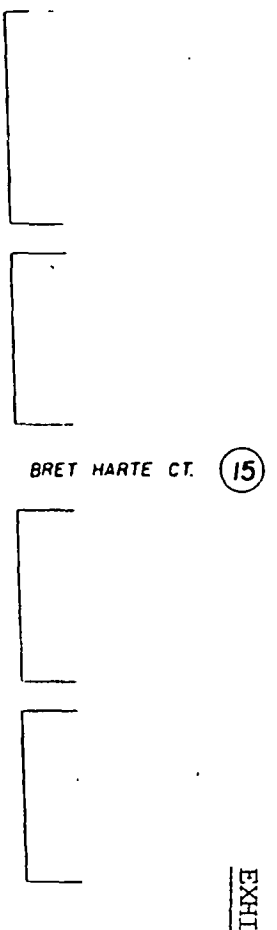
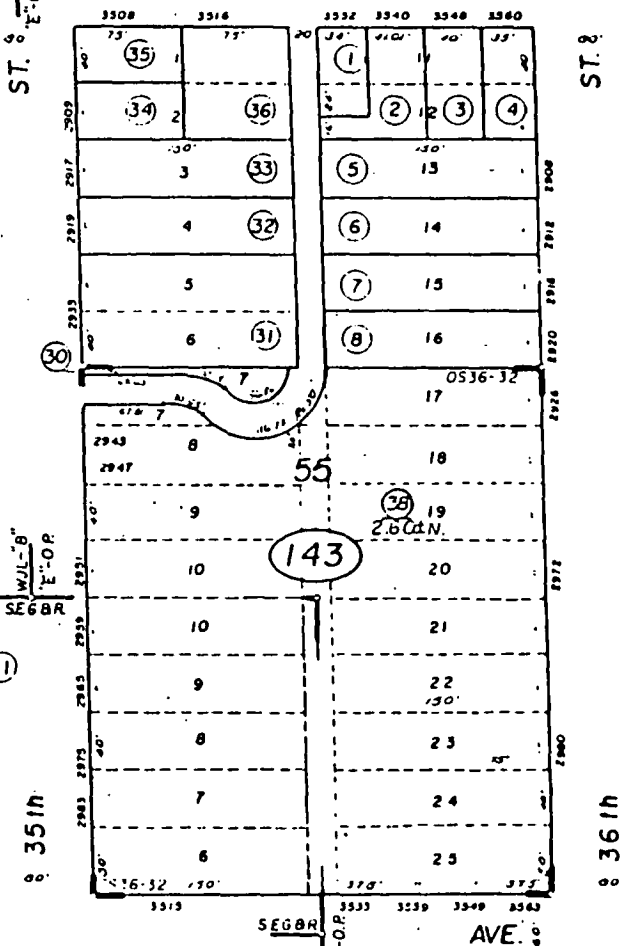
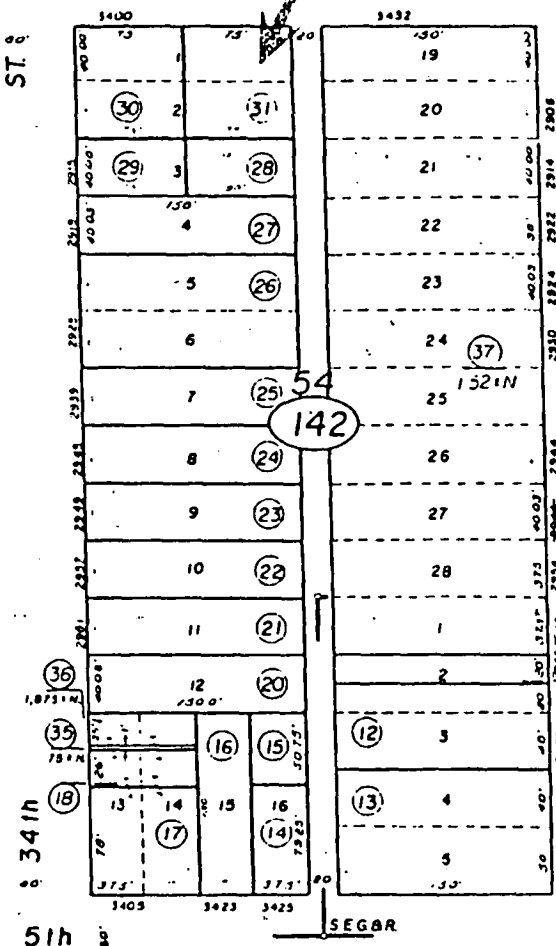
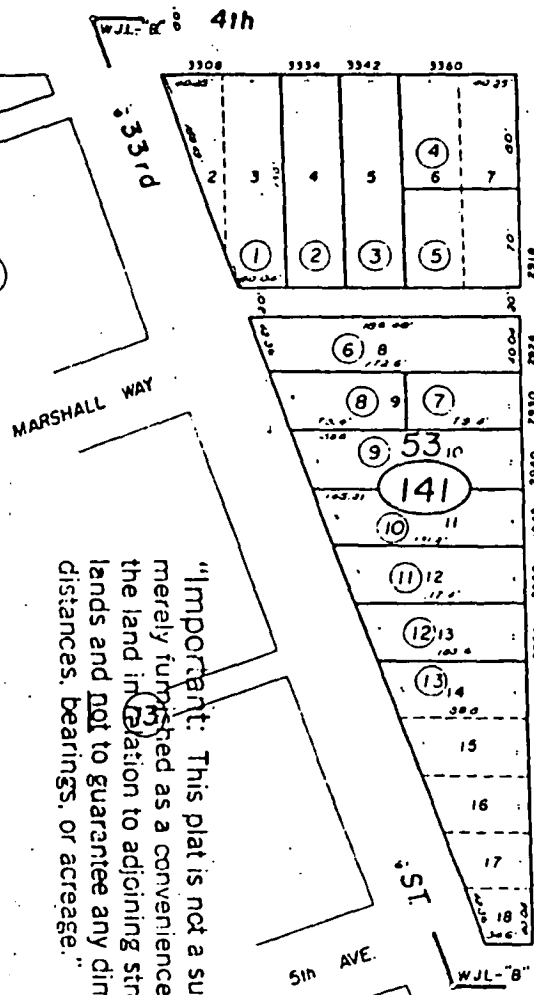
ATTEST:

\_\_\_\_\_  
SECRETARY

0225L

Bk. 10

BROADWAY



"Important: This plat is not a survey. It is merely furnished as a convenience to locate the land in relation to adjoining streets and other lands and not to guarantee any dimensions, distances, bearings, or acreage."

(8)

Official Survey, O.S. Bk. 36 Pg. 32 (9-25-81)

NOTE—Assessor's Block Numbers Shown in Ellipses.  
Assessor's Parcel Numbers Shown in Circles.

CITY OF SACRAMENTO  
Assessor's Map Bk. 13 -Pg. 14  
County of Sacramento, Calif.

EXHIBIT A

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1. Proposal Form		Yes	No
2. Public Disclosure Form		Yes	No
3. 10% Deposit		Yes	No
4. Time Schedule		10 months	Unknown
5. Total Project Cost		\$53,797	Unknown
6. Source of Funding	\$50,000 \$ 5,000 \$15,000 \$70,000	9% SHRA Direct Commercial Loan Equity Capital Foundation Grants (committed) TOTAL (its unclear why this amount exceeds total project cost)	Unknown
7. Proposed Use		Office	Residential
8. Financial Statements *		Unaudited Personal Financial Statement	None
9. Blueprints/Architect		Yes/D. Mogavero	Yes/ PAUL BARNHART
10. Additional Comments		Total Project Cost (#5 above) is not consistent with amount listed in "Source of Funding (#6)".  Assumes significant sweat equity contribution from Sacramento Fire Buff Club, Inc.	Incomplete Proposal cannot be evaluated at this time.

\*Confidential Financial Statement for Proposal is on file with the Agency and will be available for review at Selection Committee meeting.