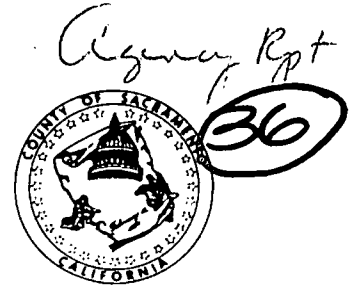




**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



February 11, 1987

CITY MANAGER'S OFFICE
RECEIVED
FEB 12 1987

APPROVED
FEB 17 1987
SACRAMENTO REDEVELOPMENT AGENCY
CITY OF SACRAMENTO

Redevelopment Agency of the
City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: Docks Development Project - Status Report/Preliminary
Master Plan

SUMMARY/BACKGROUND

On February 9, 1987, the Status Report on the Docks Development Project (see Exhibit I) was considered by the Sacramento Housing and Redevelopment Commission as a receive and file item. The Commission on its own initiative, however, adopted a motion generally supporting the proposed development and land uses presented in Exhibit "G" of the staff report as those which come closest to meeting the wishes and preferences of the Commission regarding the Docks Development Project (see Exhibit II).

On February 10, 1987, the subject report was also considered by the Redevelopment Agency. The Redevelopment Agency requested the motion adopted by the Sacramento Housing and Redevelopment Commission on February 9, 1987 be scheduled for consideration by the Redevelopment Agency on February 17, 1987.

FINANCIAL DATA

The proposed action has no financial impact on the Agency.

VOTE AND RECOMMENDATION OF COMMISSION

At its regular meeting of February 9, 1987, the Sacramento Housing and Redevelopment Commission adopted the motion described in Exhibit II by the following vote:

- AYES: Glud, Moose, Pettit, Sheldon, Simon, Simpson,
Wiggins, Wooley, Yew, Amundson
- NOES: None
- ABSENT: Sanchez

2-17-87
D-1

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

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Redevelopment Agency
February 11, 1987
Page Two

POLICY IMPLICATION

The proposed action is consistent with previously approved policy and there are no policy changes being recommended.

RECOMMENDATION

The motion adopted by the Sacramento Housing and Redevelopment Commission attached as Exhibit II is submitted for consideration by the Redevelopment Agency.

Respectfully submitted,

William H. Edgar

WILLIAM H. EDGAR
Executive Director

TRANSMITTAL TO COUNCIL:

Walter J. Slipe, Jr.

For: WALTER J. SLIPE, City Manager

04610

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RESOLUTION NO. 87-015

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

February 17, 1987

DOCKS DEVELOPMENT PROJECT PRELIMINARY MASTER PLAN

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

Section 1: The Redevelopment Agency of the City of Sacramento generally supports the proposed development and land use designations presented in Exhibit "G" of the Status Report on the Docks Development Project dated February 9, 1987, in that they come closest to meeting the wishes and preferences of the Redevelopment Agency for the Docks Development Project. A copy of Exhibit "G" is attached to this resolution.

CHAIR

ATTEST:

SECRETARY



0746L

APPROVED
FEB 1 1961
GENERAL DEVELOPMENT AGENCY
GENERAL INVESTIGATIVE DIVISION

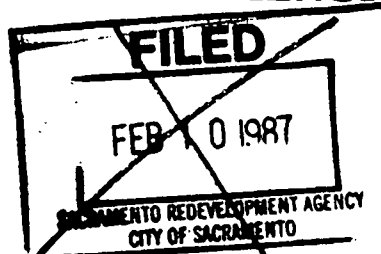


**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



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February 9, 1987



CITY MANAGER'S OFFICE
RECEIVED
FEB 5 1987

Redevelopment Agency of the
City of Sacramento
Sacramento, California

TO CONTINUED
2-17-87

Honorable Members in Session:

SUBJECT: Status Report on Docks Development Project

SUMMARY

On October 14, 1986, the Redevelopment Agency of the City of Sacramento selected Riverview Development Group to be the developer for the Docks Development Project. This selection gave the developer an exclusive right to plan and negotiate the project with the Agency for a period of nine months. This status report is for the first three month period. During the first three months, four activities were to be completed as follows:

1. Submission of an Option Fee for \$300,000 (Completed)
2. Meeting with applicable Federal and State Agencies (Completed)
3. Submission of Partnership Agreements (A draft letter agreement is attached. A signed agreement is expected to be presented at the subject meeting. The final agreements are being negotiated.
4. Finalization of the preliminary master plan (partial completion).

BACKGROUND

Upon selection of the developer, the Chairperson and Secretary were authorized to sign an Offer to Purchase/Lease and Redevelop Land for the Docks Development Project. (See Exhibit A). This agreement specifies a 270 day period of planning and negotiation that would result in the completion of a disposition/lease and development agreement.

2-10-87

D-1

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

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Redevelopment Agency of the
City of Sacramento
February 9, 1987
Page 2

The work program and time schedule for the Docks Development Project lists four items that were to be completed during the first three months of the negotiating period (See Exhibit B). The four items are:

1. Submission of Option Fee

The Agency has received a Letter of Credit for \$300,000 as required by the Offer to Purchase/Lease and Redevelop Land Agreement. The Letter of Credit was submitted within the time frame established for this item in the project work program/time schedule.

2. Meeting with Applicable State and Federal Agencies

During December 1986, the developer, Agency staff, representatives from the Corps of Engineers, State and California Boating, Waterways, Department of Water Resources, EPA and Fish and Wildlife Services met to review the conceptual project master plan. The meeting and comments received could be described as open and friendly, as there were no major problems expressed by the representatives present. The developers received comments on what future concerns these various agencies might have as the plans are finalized and further reviewed by this agencies prior to final approval.

3. Submission of Partnership Agreements

A draft letter agreement confirming the agreement between the Riverview Development Group, the Condel Inc., the Loral Group is attached as Exhibit "C", signed copies are expected to be available at the subject meeting. In addition, attached as Exhibit "D" is an organization chart indicating the relationship of the parties. Final drafts of the partnership agreements based on this letter agreement are currently being reviewed by the parties and are expected to be executed and filed within the next thirty days. The partnership agreements will be made a part of the next status report.

4. Preliminary Master Plan

The conceptual project master plan which was a part of the developer selection approval in October 1986 is attached as Exhibit "E".

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
City of Sacramento
February 9, 1987
Page 3

During the this first three month period, Agency staff, the developer and State Department of Parks and Recreation staff met six times to assess the conceptual project master plan as it relates to the southern portion of the project area where the proposed Museum of Railroad Technology (MORT) and 600 residential units are to be sited. A total of six alternative schemes were prepared, reviewed and discussed diligently by the parties. This effort was an attempt to develop suitable locations for both the proposed MORT buildings and proposed 600 units of residential development so that both uses would co-exist and be feasible in accordance with the Redevelopment Agency action on October 14, 1986. The six alternatives are delineated in Exhibit "F". All the alternatives include residential use except the last alternative which shows the MORT near "R" and Front Streets and no residential uses. This is the alternative preferred by the State Department of Parks and Recreation at this point in time as per the staff representatives.

Issues affecting the location of residential use from the developers perspective relate to: need to have a site that is large enough to permit substantial number of units, and proper residential amenities; creates its own environment and allows development of marketable units; does not conflict substantially with the proposed MORT relative to noise, train/automobiles, traffic.

Issues affecting the location of MORT from the State's perspective relate to: the deseminaton of what uses and conditions will be placed by PG&E on its property; increased operating costs of some alternatives; costs for longer trackage along Front Street; proximity to the existing Railroad Museum in Old Sacramento; the conflict of train access with pedestrians and cars on Front Street; and the elevation of the PG&E property which might effect MORT regarding operating procedures.

Based on the discussion above, the staff and developer preferred alternative is to locate the proposed residential use near "R" and Front Streets with the MORT at the southern portion of the site (partially on the PG&E property) as indicated in Exhibit "G". The State preferred alternative at this time, is to locate the MORT near "R" and Front Streets and the residential, if possible, south of that location as indicated in Exhibit "H".

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

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Redevelopment Agency of the
City of Sacramento
February 9, 1987
Page 4

The Agency staff, developer and State staff, however, do agree that the best approach at this point, given some of the uncertainties of the condition of the PG&E property, is to proceed with the Preliminary Master Plan indicating two alternatives discussed above for the southern portion of the project area which preserves the option for locating the MORT and residential use in either of the two locations.

Also during the first three month period, the staff and developer have reviewed with City staff the issue of using the property at Capitol Mall, N Street and 2nd/3rd Streets for office as part of the Docks Development Project in accordance with the Redevelopment Agency action on October 14, 1986. The issue is a policy matter relating to an agreement between the City of Sacramento and Crocker Art Museum Association dated June 22, 1980 regarding use of the subject property for the benefit of the Crocker Art Museum.

The conceptual project master plan, as part of the Redevelopment Agency action on October 14, 1986, indicates use of the subject property for office development and the proceeds from disposition to be used to help finance the public improvements required as part of the overall Docks Development Project. In addition, the Redevelopment Agency action indicate the Docks Development Project was to be self-sustaining in terms of public revenues and public costs. If the subject property is not used for office development and/or the anticipated disposition proceeds are diverted, either in whole or part, from the Docks project, a larger public subsidy/investment would be necessary for the required public improvements. Conversely, should the anticipated proceeds not be used either in whole or part, for the benefit of the Crocker Art Museum, a larger public investment would result for future expansion and improvements for the Museum.

To properly address this matter, the City and Agency staff will be preparing an analysis of alternatives regarding inclusion or non-inclusion of the subject property as part of the overall Docks Development Project; and use of disposition proceeds both on a short and long term basis for the benefit of both the Docks Development Project and Crocker Art Museum.

For the purposes of this report, the Preliminary Master Plan indicates use of the subject property for office, subject to the analysis described above and the preparation of a short and long term financing plan benefiting both the Docks Development Project and Crocker Art Museum. It is anticipated the subject analysis will be completed and a recommendation set forth in the next status report scheduled for approximately May 1, 1987.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

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Redevelopment Agency of the
City of Sacramento
February 9, 1987
Page 5

The preliminary master plan as developed to date is outlined below. The plan includes:

1. Hotel

A hotel of approximately 300 rooms of a quality equal to the Park Suite Hotel franchise to be located on a triangular parcel of land at Capitol Mall, Front Street and Interstate 5. The hotel shall have approximately 220,000 square feet of total building area and approximately 300 parking spaces.

2. Office

An office of approximately 140,000 square feet on the block bounded by Capitol Mall, N Street, 2nd and 3rd Streets with 350 parking spaces. This use is subject to the provisions discussed above relative to a short and long term financing plan benefiting both the Docks Development Project and Crocker Art Museum.

3. Public Improvements

A variety of public improvements have been proposed as part of the concept project master plan for the Docks area. The following is a list of probable activities which would be finalized later as the planning becomes more specific:

- Streets, pedestrian over/underpass on Capitol Mall, storm drains, sanitary sewers, water, fire hydrants, street trees, lighting, docks, piling and accessways, utilities, debris, deflectors, stabilization and beautification of River lines Pier, beautification of Terrace Park, stabilization of floodwall and levee, promenade, fishing pads, walkways, bike paths, open green space and landscaping, trees for special landscaping on Front Street, I-5 corridor, Capitol mall, "O" Street overpass and Third Street, A & E.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Redevelopment Agency of the
City of Sacramento
February 9, 1987
Page 6

4. Residential

As noted earlier in this report, the location of the proposed MORT buildings and the residential project have not been finalized at this time. Preliminary master plan includes the alternative locations for the MORT and residential use as indicated in Exhibits "G" and "H". The proposed residential use is to be approximately 600 units, in four to six buildings of four to twelve stories in height. Adequate parking would be provided on site by means of parking structures at grade below the residential buildings.

Aside from the positive aspects of having up to 600 residential units in the downtown area, thereby assisting in the 24 hour community concept and providing for a variety of living opportunities on the waterfront, the retention of residential will have positive effect on the ability of the project to pay for the needed public improvements. The table attached as Exhibit "I" summarizes the fiscal impact on the ability of the Agency to pay for public improvements with and/or without the residential project.

The residential project is needed to provide sufficient tax increments to help pay for the public improvements needed. The office and hotel alone would not pay for public improvements.

OTHER MATTERS

1. As a result of preliminary investigations conducted by PG&E in the spring of 1986, an auger test was proposed to determine the extent and nature of the soil contamination (lampblack) and underground water contamination.

Details of the proposed testing are included in Exhibit "J". The plan was prepared and submitted to the State of California, who, after review have requested revisions to the plan. According to the consultant engineers, these revisions have been completed and are being reviewed at PG&E prior to their submission back to the State. The State will take a month after receipt of the plan for review and approval. The sampling work is expected to begin by mid March and last for a year.

SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

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Redevelopment Agency of the
City of Sacramento
February 9, 1987
Page 7

2. Request for proposals to retain an environmental consultant are currently underway. Proposals are due in early February 1987 with selection of an EIR consultant scheduled by March 1, 1987.
3. The quiet title action to clear up the title on waterfront properties in the Docks and Old Sacramento is nearing completion according to staff from the State Attorney General's office. The recent acquisition by the State Parks and Recreation Department of the railroad right of way has necessitated a review of their interests in this property. The action should be cleared and finalized by late March, 1987.
4. The planning and negotiations with the developer will enter a critical phase during the next three months. The cost estimates and pro-formas will be submitted by the developer and reviewed by staff and consultants. A Memorandum of Agreement will be prepared outlining the business arrangement, preliminary schematic plans proposed for the hotel and environmental reviews on the proposed master plan well underway.

VOTE AND RECOMMENDATION OF COMMISSION

At its regular meeting of February 9, 1987, the Sacramento Housing and Redevelopment Commission received and filed this report.

POLICY IMPLICATION

The action proposed in this staff report is consistent with previously approved policy and there are no policy changes being recommended.

CONCLUSION/RECOMMENDATION

For the purposes of proceeding with development of cost estimates, project pro-formas, financing plans, and business arrangement, the staff and developer will use the Preliminary Master Plan as described earlier in this report.


SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

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Redevelopment Agency of the
City of Sacramento
February 9, 1987
Page 8

This report is a status report submitted for the purpose of identifying the progress of the Docks Development Project to date. No specific action of the Redevelopment Agency is required, unless the Agency desires to provide comments.

Respectfully submitted,


WILLIAM H. EDGAR
Executive Director

TRANSMITTAL TO COUNCIL:


WALTER J. SLIPE, City Manager

36

OFFER TO PURCHASE/LEASE AND REDEVELOP LAND

Mr. Andrew J. Plescia
Acting Executive Director
Redevelopment Agency of the
City of Sacramento
630 I Street
Sacramento, CA 95814

SUBJECT PROPERTY: DOCKS AREA DEVELOPMENT

Dear Mr. Plescia:

The undersigned RIVERVIEW DEVELOPMENT GROUP, hereinafter referred to as the "Offerer", hereby submits to the Redevelopment Agency of the City of Sacramento, hereinafter referred to as the "Agency", an Offer to Purchase/Lease and Redevelop the Subject Property.

The Offer requests that the Agency negotiate exclusively with the Offerer for a 270 day period hereinafter referred to as the "Option Period", commencing with the date of acceptance of this Agreement by the Agency, during which time the Offerer will seek to complete a contract for the disposition/lease and redevelopment of the Subject Property, hereinafter referred to as a "Disposition/Lease and Development Agreement".

This Offer is made pursuant to, and with full understanding of, all procedures, rules and instructions stated in the Request for Qualifications brochure as well as the following terms and conditions:

1. The Agency will accept the Offer which it finds to be most advantageous to it, which determination shall be final and conclusive. The Agency shall reserve the right to reject any or all Offers, and to waive any informalities or defects as to form or procedure. The Agency shall determine and notify the successful Offerer of the acceptance of the Offer within the time limitations established at the time of the invitation for proposals.
2. The Agency retains the responsibility to determine the timing, arrangement, and method of proposal presentations throughout the Developer Selection Process. The Offerer shall not undertake any activities or actions to promote or advertise the development proposal except in the course of Agency sponsored presentations. Further, it is understood that the Agency may present and explain the non-confidential aspects of this proposal.

3. Upon acceptance of this Offer by the Redevelopment Agency, the Offerer will within one week tender to the Agency, in the form of a certified check or letter of credit, an "Option Fee" in the amount of \$300,000, as a fee for the right to negotiate exclusively with the Agency during the Option Period. In the event a Disposition/Lease and Development Agreement between the Agency and the Offerer is approved by the Agency, the Option Fee shall be used as a credit against the land offering to be stipulated within the Disposition/Lease and Development Agreement. The Option Fee is to be retained by the Agency without the obligation to pay interest thereon. Actual interest earned, if any, shall be credited to, and become part of the fee. If the Developer negotiates in good faith, but fails to reach an agreement with the Agency, then the Option Fee shall be refunded, exclusive of the Agency's third-party expenses on the project. Said Option Fee may not be used as a Security Deposit under the terms of the Disposition/Lease and Development Agreement. If the negotiations do not result in a signed and approved Disposition/Lease and Development Agreement, the Offerer agrees to submit to the Agency all findings and determinations regarding the proposed development and copies of all plans, studies and reports prepared by the Offerer. The Agency further reserves the right to require other forms of security as part of the Disposition/Lease and Development Agreement.
4. The Offerer further understands that negotiations may be extended beyond the Option Period at the discretion of the Agency to enable the Offerer and Agency to reach an agreement. In consideration for the Agency's continuation of such exclusive negotiations, a \$25,000 monthly fee may be required to be paid to the Agency. Conditions upon the application of such monthly fees to subsequent payments stipulated within the Disposition/Lease and Development Agreement and the refundability of such fees correspond to those stipulated in paragraph 3 above.
5. In addition to the Option Fees specified in paragraph 3 and 4 above, the Offerer stands ready to provide a non-refundable "Security Deposit" upon Agency approval of the Disposition/ Lease and Development Agreement. This Security Deposit shall be in an amount to be negotiated and shall be held by the Agency as security for the diligent performance of the Offerer's obligations pursuant to the Disposition/Lease and Development Agreement. Such Security Deposit is to be retained by the Agency without the

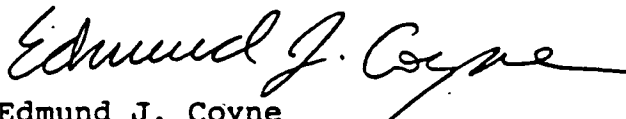
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obligation to pay interest. Actual interest earned, if any, shall be credited to, and become part of the deposit. Such Security Deposit will be structured to be returned to the Developer in increments that reflect fulfillment of the Developer's obligations and construction of the project in phases, if the project is to be phased, with paybacks disproportionately weighted toward the later phases.

6. The Offerer understands that, except as allowed under the terms of the Disposition/Lease and Development Agreement, the Offerer shall not take any action to make, create, contract for, or agree to any total or partial sale, assignment, conveyance, lease or other transfer of the Subject Property, or any portion thereof or any interest therein, without the prior written approval of the Agency. The Agency shall be entitled to stipulate specific terms and conditions as to any such approval within the Disposition/Lease and Development Agreement.
7. The Offerer understands that the scale, nature and type of redevelopment is subject to various approvals of the Agency, and various permits and approvals issued by the City Design Review/Preservation Board; City Planning Commission; Sacramento Housing and Redevelopment Commission; Redevelopment Agency, and other commissions/officers/agencies of the City of Sacramento, State of California or Federal Government as may be required.
8. The Offerer understands that full disclosure will be made to the Agency regarding all principals, officers, stockholders, etc. of the Offerer and all other pertinent information concerning the Offerer and associates.
9. The Offerer understands that full disclosure will be made to the Agency regarding methods of financing to be used in developing the Subject Property.
10. The Offerer understands that the Agency reserves the right, at any time either before or after Offers are submitted, to specify additional terms and conditions, and to request additional information and data from the Offerer, and that the Agency particularly reserves the right to obtain further information, data, and commitments to ascertain the depth of developed capabilities and desire to develop the Subject Property expeditiously. Adequate time to obtain and submit such additional matters will be provided by the Agency.

11. The Offerer understands that if negotiations culminate in a Disposition/Lease and Development Agreement with the Agency, such an agreement becomes final only after and if the agreement has been considered and approved by the Redevelopment Agency.
12. The Offerer understands that as Developer, all contractors to the Offerer must comply with Affirmative Action, Equal Employment Opportunity, as may be required by the Agency during the redevelopment process.

Please indicate Agency acceptance of this Offer to Purchase and Redevelop Land, after Agency approval, by signing and returning the attached copy to the undersigned.



Edmund J. Coyne
(Name)

General Partner
(Title)

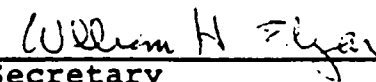
Riverview Development Group
(Firm)

c/o Coyne and Company, Inc.
901 Tamalpais Ave, Suite 200
San Rafael, CA 94901
(Firm Address)

This proposal is hereby accepted as of the 10th day of Sept., 1985, to the terms and conditions stated above.

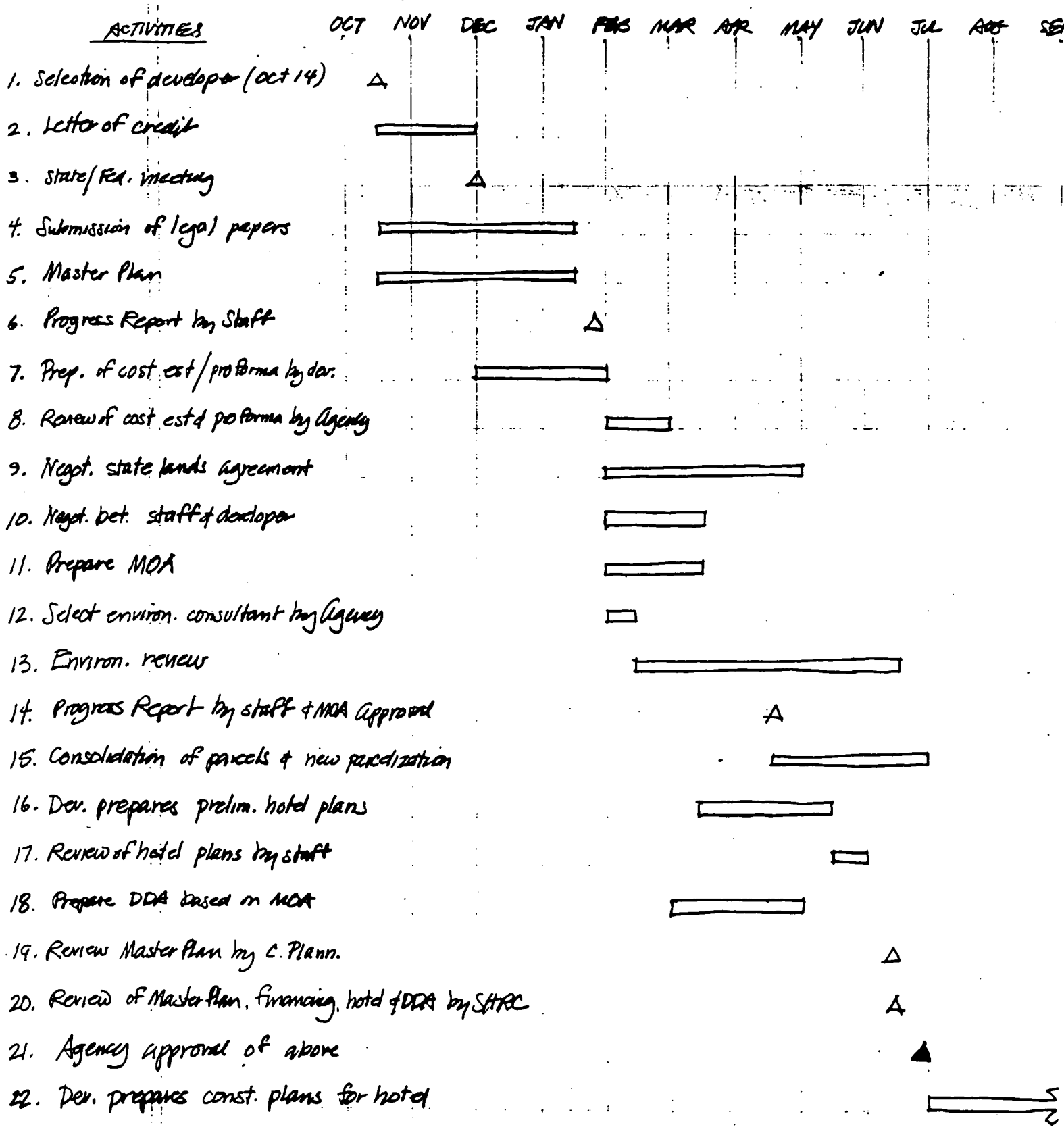
Redevelopment Agency of the
City of Sacramento


Chairman


Secretary

L16
1/27/87
JLO

DOCKS SCHEDULE / WORK PROGRAM



File

COYNE AND COMPANY, INC.

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

January 22, 1987

Mr. William Van Haselen III
Condell, Inc.
6080 Surety Drive
El Paso, Texas 79905

Mr. Morgan Burkett
Laral Group
San Luis Bay Inn
Avila Beach, Calif. 93424

Gentlemen:

This Letter Agreement confirms the agreement between River-
view Development Group, the Condell Group and the Laral Group
to participate in a joint venture for the hotel and residential
components of the Docks Area Development. The definitive
Joint Venture Agreements for the hotel and residences will
embody the following:

Participants

1. Riverview Development Group, a California Limited Partnership

- | | | |
|------------------------------|---------------------|-----------|
| a. Managing General Partner: | Coyne and Co., Inc. | (10.000%) |
| b. Limited Partners: | Ronald J. Carissimi | (5.467%) |
| | Walter W. Rohrer | (2.733%) |
| | William D. Hudson | (.600%) |
| | Richard L. Harper | (.600%) |
| | Ronald A. Reta | (.600%) |
| | Walter M. Harvey | (5.000%) |
| | Coyne & Co., Inc. | (75.000%) |

(Messrs. Hudson, Harper and Reta are with
Carissimi, Rohrer and Associates, Inc.)

2. Condell Group
3. Laral Group (hotel only)

Page Two
Mr. William Van Haselen III
Mr. Morgan Burkett
January 22, 1987

Equity Positions of General Partners

	<u>Hotel</u>	<u>Apartments</u>
1. Riverview Development Group	45%	50%
2. Condel Group	45%	50%
3. Loral Group	10%	0%

Primary Duties and Responsibilities

1. Riverview Development Group
 - a. Organize and develop the total Docks Area Project.
 - b. Secure an option to negotiate the terms of the final land disposition with the Redevelopment Agency of the City of Sacramento (this option has been secured).
 - c. Negotiate the Development Agreement with the Agency.
 - d. Prepare the Master Plan for Docks Area.
 - e. Prepare the Financial Plan for Docks Area.
 - f. Prepare the Environmental Impact Report, in conjunction with the Agency.
 - g. Obtain approvals from local, state and federal regulatory entities as required for land side and water side developments.
 - h. Initiate joint venture arrangements with developers and financial partners, if necessary.
 - i. Enter into a development contract with the Partnership providing for a development fee based on a percentage of the total cost of the hotel and residential developments.
 - j. Management oversight of the completed development.
 - k. Disposition and non-exclusive brokerage of partnership property.

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Page Three
Mr. William Van Haselen III
Mr. Morgan Burkett
January 22, 1987

2. Condell Group

- a. Secure acceptable debt financing commitments in a timely manner for the hotel and residential developments.
- b. Enter into construction contracts with the Partnership providing for maximum construction costs that will be negotiated by the Partnership. The Partnership reserves the right to solicit and accept bids from other contractors for all or part of the construction.
- c. Enter into a design contract with the Partnership providing for sharing fees with Carissimi and Rohrer Associates, Inc.
- d. A Park Suite Hotel franchise will be available to the Partnership.

3. Laral Group

- a. Enter into a hotel management services contract with the Partnership providing for a monthly base fee of \$8,000 per month as a draw against an incentive fee of 12.5% of earnings before fixed charges.
- b. Provide technical assistance services for a fee to be determined in future negotiations with the Partnership.

General Comments

1. Two separate agreements will be prepared for the hotel and residential developments.
2. The Partnerships will be governed by California law.
3. Coyne and Company, Inc., Condell Group and Laral Group will be responsible to provide cash equity and loan guarantees in proportion to their equity ownership shares.
4. John H. Otto, Inc., may participate in the construction of the hotel and residential developments.

Page Four
Mr. William Van Haselen III
Mr. Morgan Burkett
January 22, 1987

Please confirm your agreement to the foregoing by signing,
dating and returning the enclosed copy of this Agreement.

Very truly yours,

RIVERVIEW DEVELOPMENT GROUP

By: _____
Coyne and Company, Inc.
Managing General Partner

Agreed and Accepted:

THE CONDEL GROUP

By: _____
William Van Haselen III

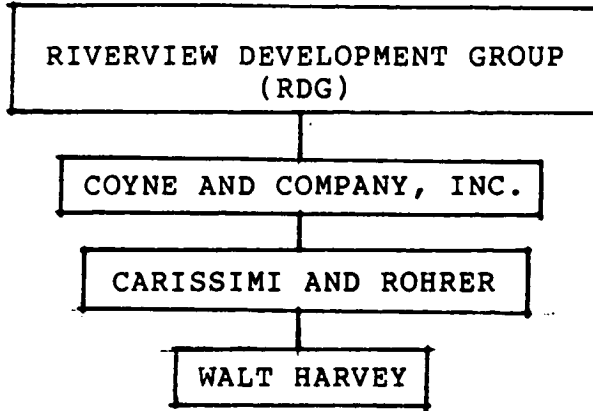
THE LARAL GROUP

By: _____
R. Morgan Burkett

EJC/cm

2/6

ORGANIZATION CHART FOR VARIOUS PARTNERS
IN THE DOCKS AREA



HOTEL

RDG	Equity Partner
CONDEL	Equity Partner
LARAL	Equity Partner and Operator

RESIDENTIAL

RDG	Co-developer and Equity Partner
CONDEL	Co-developer and Equity Partner

OFFICE

RDG	Developer
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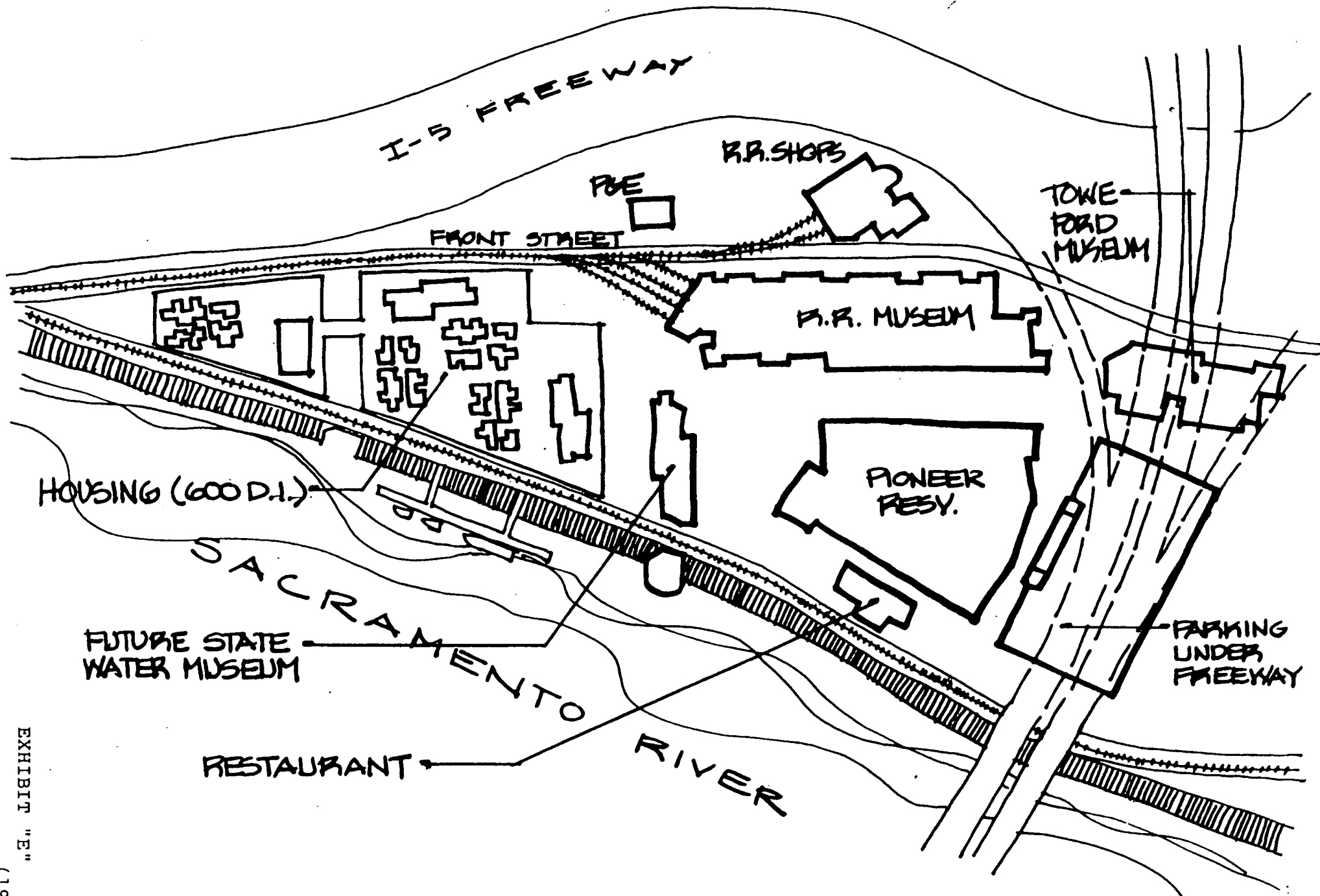


EXHIBIT "E"

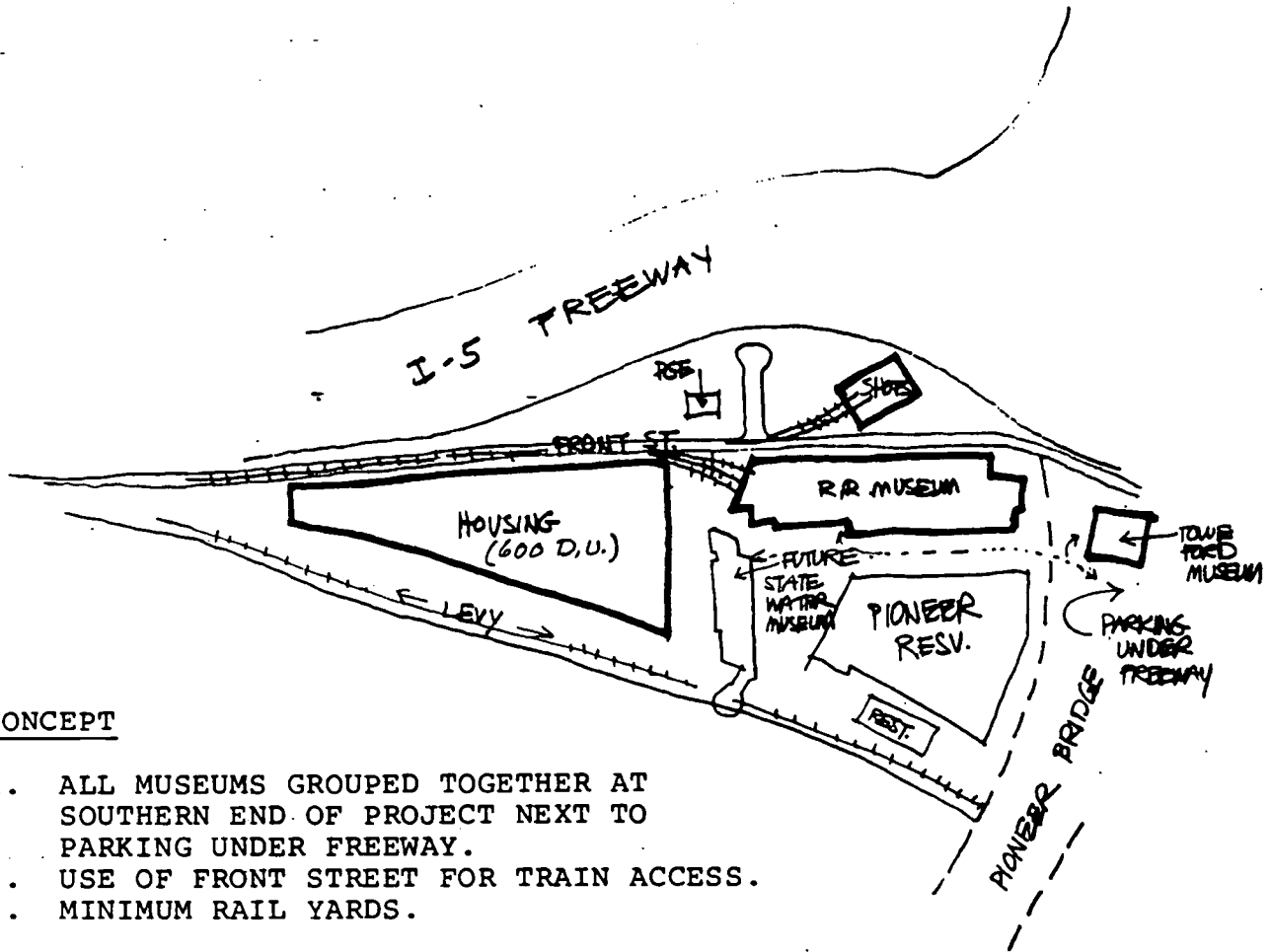
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DOCKS AREA DEVELOPMENT

1/5/87

ORIGINAL PROPOSAL BY DEVELOPER

3/6



CONCEPT

1. ALL MUSEUMS GROUPED TOGETHER AT SOUTHERN END OF PROJECT NEXT TO PARKING UNDER FREEWAY.
2. USE OF FRONT STREET FOR TRAIN ACCESS.
3. MINIMUM RAIL YARDS.

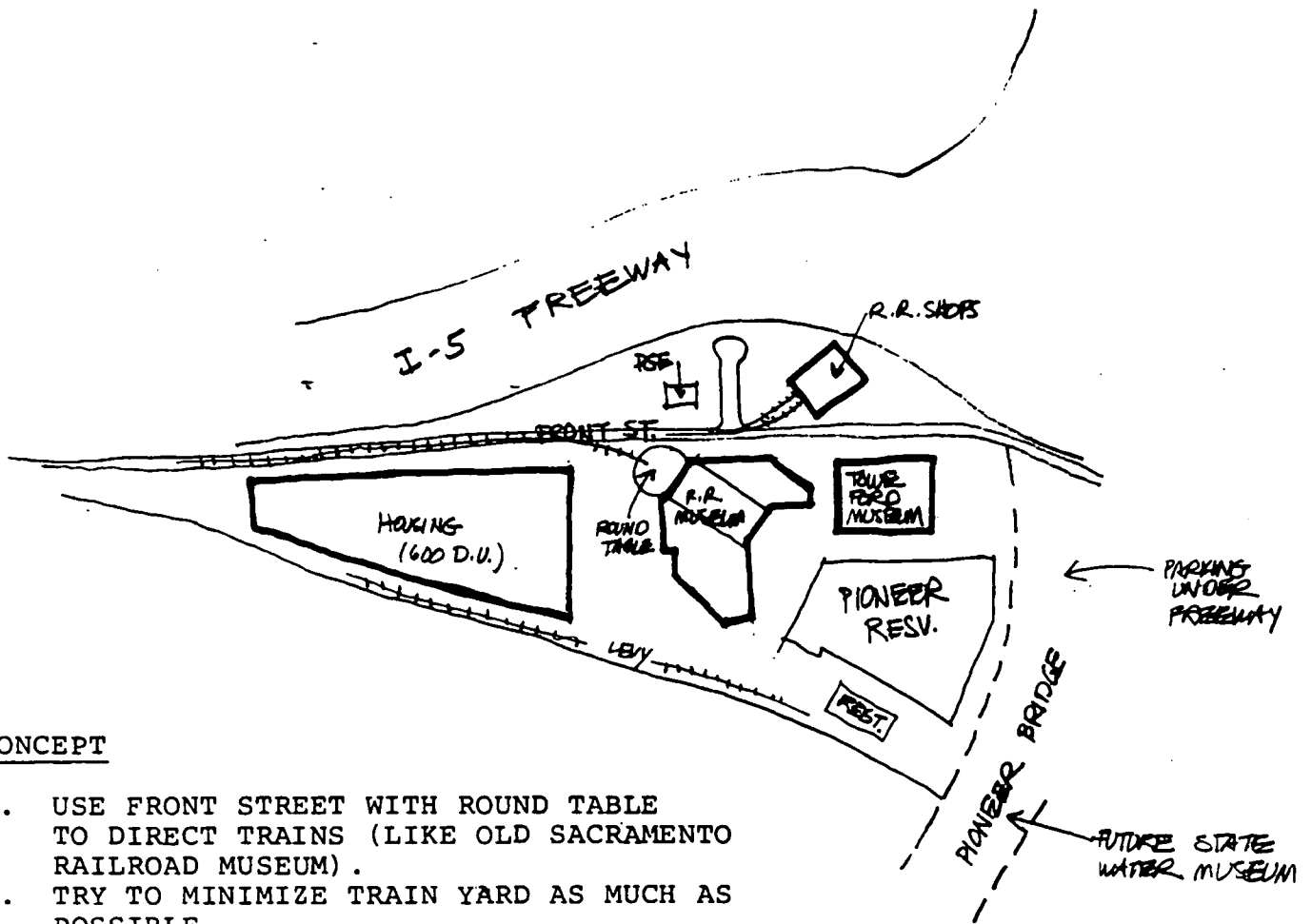
STATE COMMENTS

1. TRAINS CONFLICT WITH AUTO TRAFFIC AND PEOPLE ON FRONT STREET.
2. EXTRA COST OF PURCHASE BUILDING HOUSING FORD MUSEUM.
3. EXTRA COST OF RAILROAD TRACK DOWN FRONT STREET.

DEVELOPER COMMENTS

1. LIKED CONCEPT, PREFERRED ALTERNATIVE.
2. RESIDENTIAL ON A SINGLE LARGE SITE WITH ROOM FOR AMENITIES AND WATER VIEW.
3. NEED TO MOVE ALL RESIDENTIAL OFF PG&E SITE DUE TO TOXICS.
4. WATER MUSEUM SHOULD BE DELETED FOR LACK OF STATE SUPPORT.

FIRST REVISION TO ORIGINAL PROPOSAL



CONCEPT

1. USE FRONT STREET WITH ROUND TABLE TO DIRECT TRAINS (LIKE OLD SACRAMENTO RAILROAD MUSEUM).
2. TRY TO MINIMIZE TRAIN YARD AS MUCH AS POSSIBLE.

STATE COMMENTS

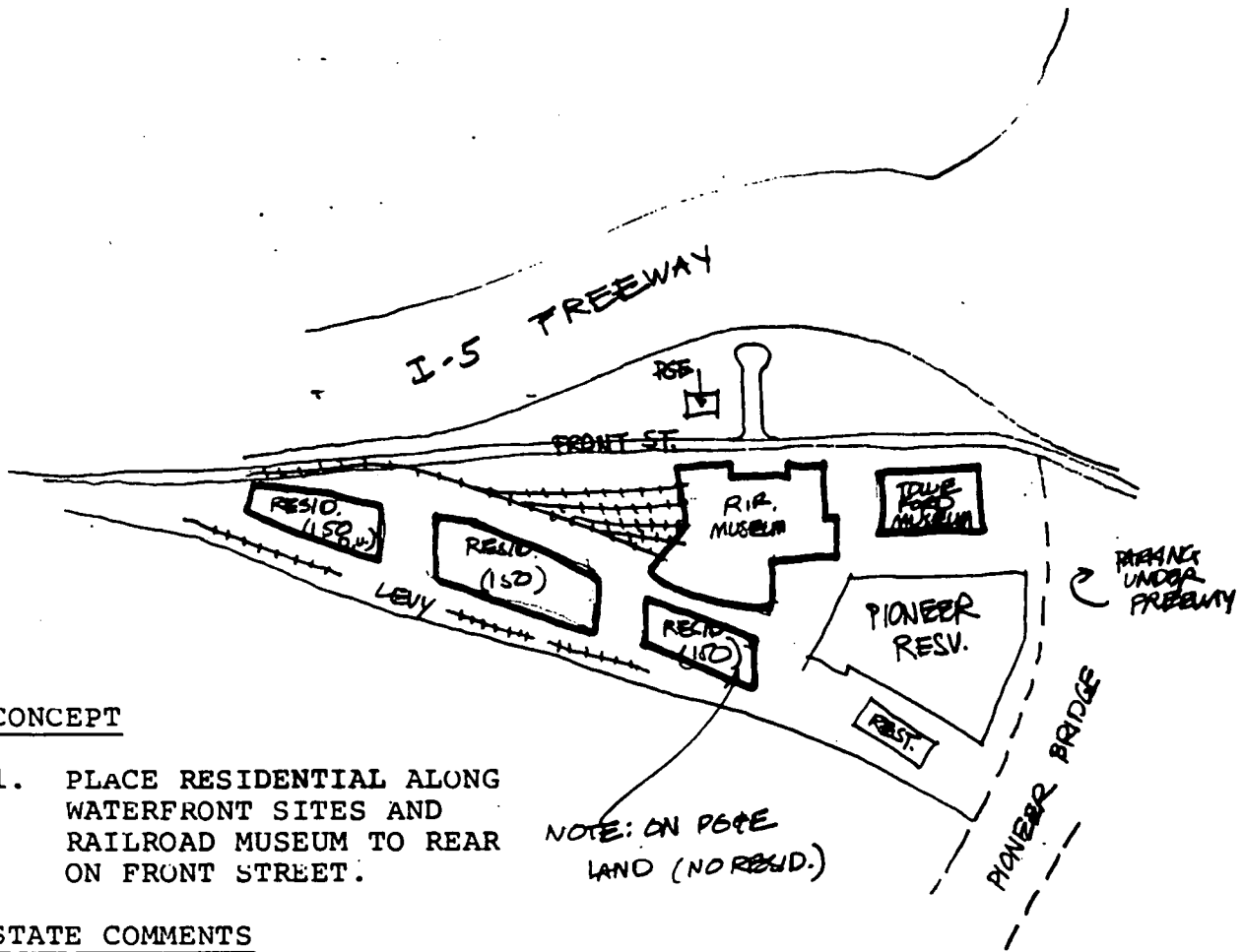
1. ROUND TABLE NOT OPTIMAL SITUATION. NEED MORE ENGINES TO MOVE TRAINS AND LARGER ROUND TABLE REQUIRED TO MOVE LARGEST UNIT WHICH NECESSITATES LARGER TANGENTS FOR TRACKS AND THEREFORE DECREASES CAPACITY FOR STORAGE.
2. TRAINS CONFLICT WITH AUTO TRAFFIC AND PEOPLE ON FRONT STREET.
3. EXTRA COST OF RAILROAD TRACK DOWN FRONT STREET.

DEVELOPER COMMENTS

1. LIKED CONCEPT.
2. RESIDENTIAL ON SMALLER SINGLE SITE WITH AMENITIES.
3. RESTAURANT CAN BE LOCATED BETWEEN RESIDENTIAL AND RAILROAD MUSEUM.

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SCHEME ONE



CONCEPT

1. PLACE RESIDENTIAL ALONG WATERFRONT SITES AND RAILROAD MUSEUM TO REAR ON FRONT STREET.

NOTE: ON PG&E LAND (NO REVD.)

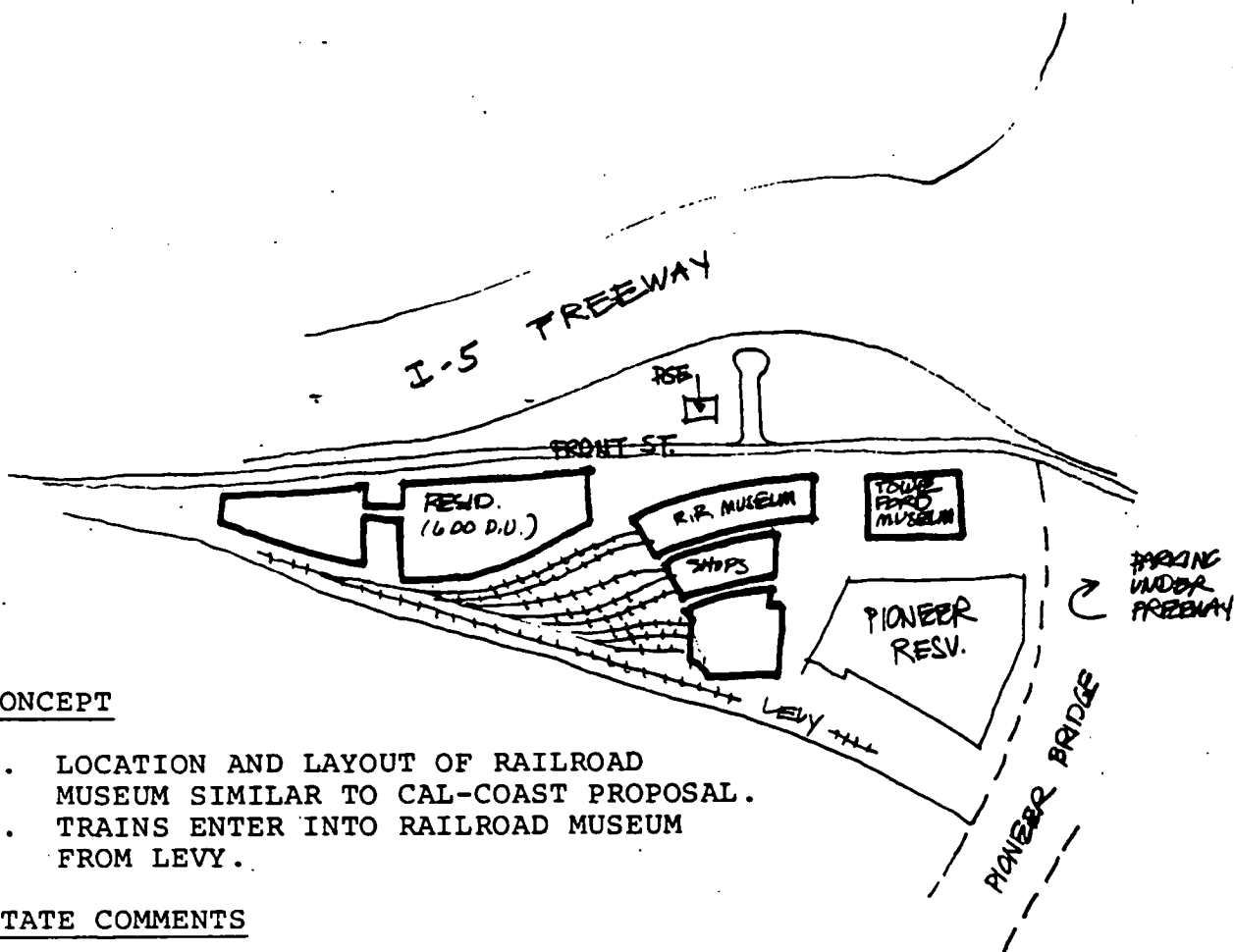
STATE COMMENTS

1. DID NOT LIKE.
2. TRAINS CONFLICT WITH AUTO TRAFFIC AND PEOPLE ON FRONT STREET.
3. EXTRA COST OF RAILROAD TRACK DOWN FRONT STREET.

DEVELOPERS COMMENTS

1. DID NOT LIKE - RESIDENTIAL CUT UP INTO SMALL SITES WITHOUT SPACE FOR AMENITIES.
2. RESIDENTIAL SHOWN ON PG&E SITE NOT FEASIBLE BECAUSE OF TOXIC PROBLEM.
3. NUMBER OF RESIDENTIAL UNITS REDUCED TO 300.

SCHEME TWO



CONCEPT

1. LOCATION AND LAYOUT OF RAILROAD MUSEUM SIMILAR TO CAL-COAST PROPOSAL.
2. TRAINS ENTER INTO RAILROAD MUSEUM FROM LEVY.

STATE COMMENTS

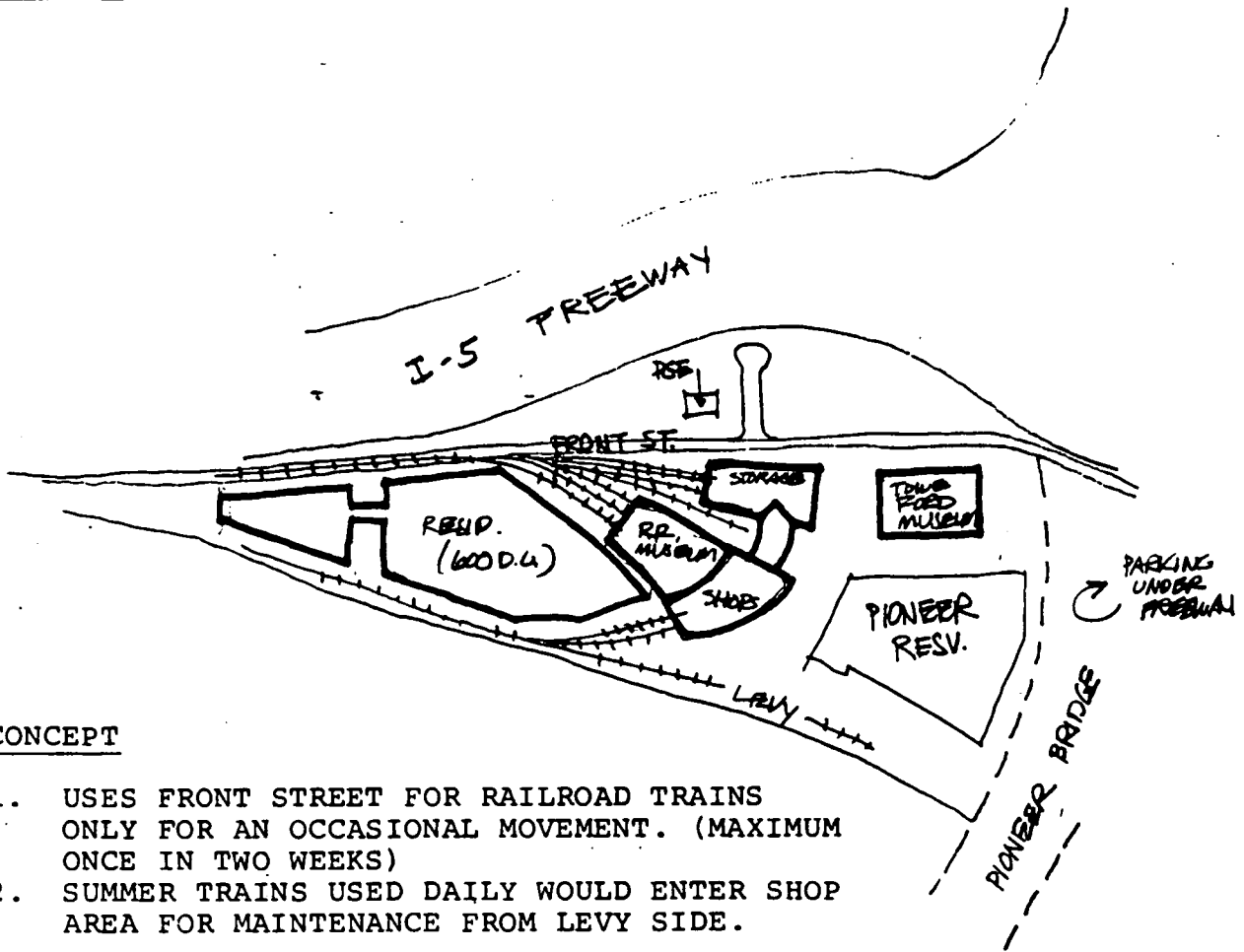
1. LIKED THIS ALTERNATIVE SOMEWHAT, BUT PREFERRED THEIR ORIGINAL LOCATION.

DEVELOPERS COMMENTS

1. DID NOT LIKE BECAUSE OF GREAT EXPANSE OF RAILROAD YARD IN FRONT OF RESIDENTIAL. WOULD BE VERY COSTLY TO COVER RAILROAD YARD IF AT ALL POSSIBLE.
2. RAILROAD MUSEUM INTERFERES WITH RESIDENTIAL DEVELOPMENT VIEWS OF RIVER ACCESS.

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SCHEME THREE



CONCEPT

1. USES FRONT STREET FOR RAILROAD TRAINS ONLY FOR AN OCCASIONAL MOVEMENT. (MAXIMUM ONCE IN TWO WEEKS)
2. SUMMER TRAINS USED DAILY WOULD ENTER SHOP AREA FOR MAINTENANCE FROM LEVY SIDE.

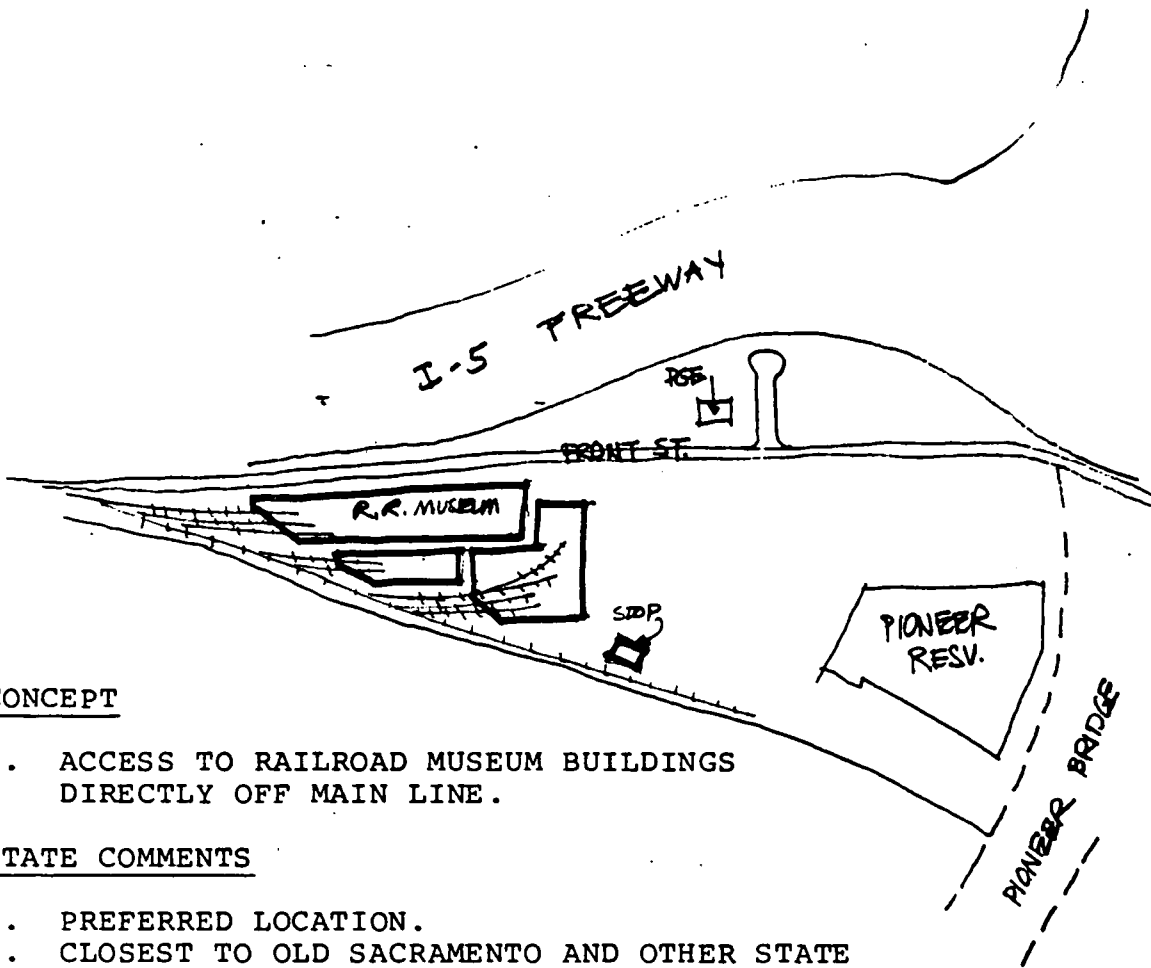
STATE COMMENTS

1. TRAINS CONFLICT WITH AUTO TRAFFIC AND PEOPLE ON FRONT STREET.
2. EXTRA OPERATIONAL COST TO MOVE TRAINS FROM STORAGE TO SHOPS.
3. EXTRA COST OF RAILROAD TRACKS DOWN FRONT STREET.

DEVELOPERS COMMENTS

1. COULD LIVE WITH CONCEPT.
2. GIVES RESIDENTIAL WATER VIEWS AND RIVER ORIENTATION.
3. CONSIDER ROUND TABLE TO MINIMIZE CONFLICTS WITH FRONT STREET.

PREFERRED RAILROAD MUSEUM LOCATION
BY STATE STAFF



CONCEPT

1. ACCESS TO RAILROAD MUSEUM BUILDINGS DIRECTLY OFF MAIN LINE.

STATE COMMENTS

1. PREFERRED LOCATION.
2. CLOSEST TO OLD SACRAMENTO AND OTHER STATE FACILITIES.

DEVELOPERS COMMENTS

1. THIS LOCATION WOULD ELIMINATE HOUSING ON SAME SITE.
2. TOXIC PROBLEM ON PG&E SITE WOULD ELIMINATE HOUSING ALL TOGETHER IN PROJECT AREA.
3. PARKING FOR RAILROAD MUSEUM NOT INDICATED.

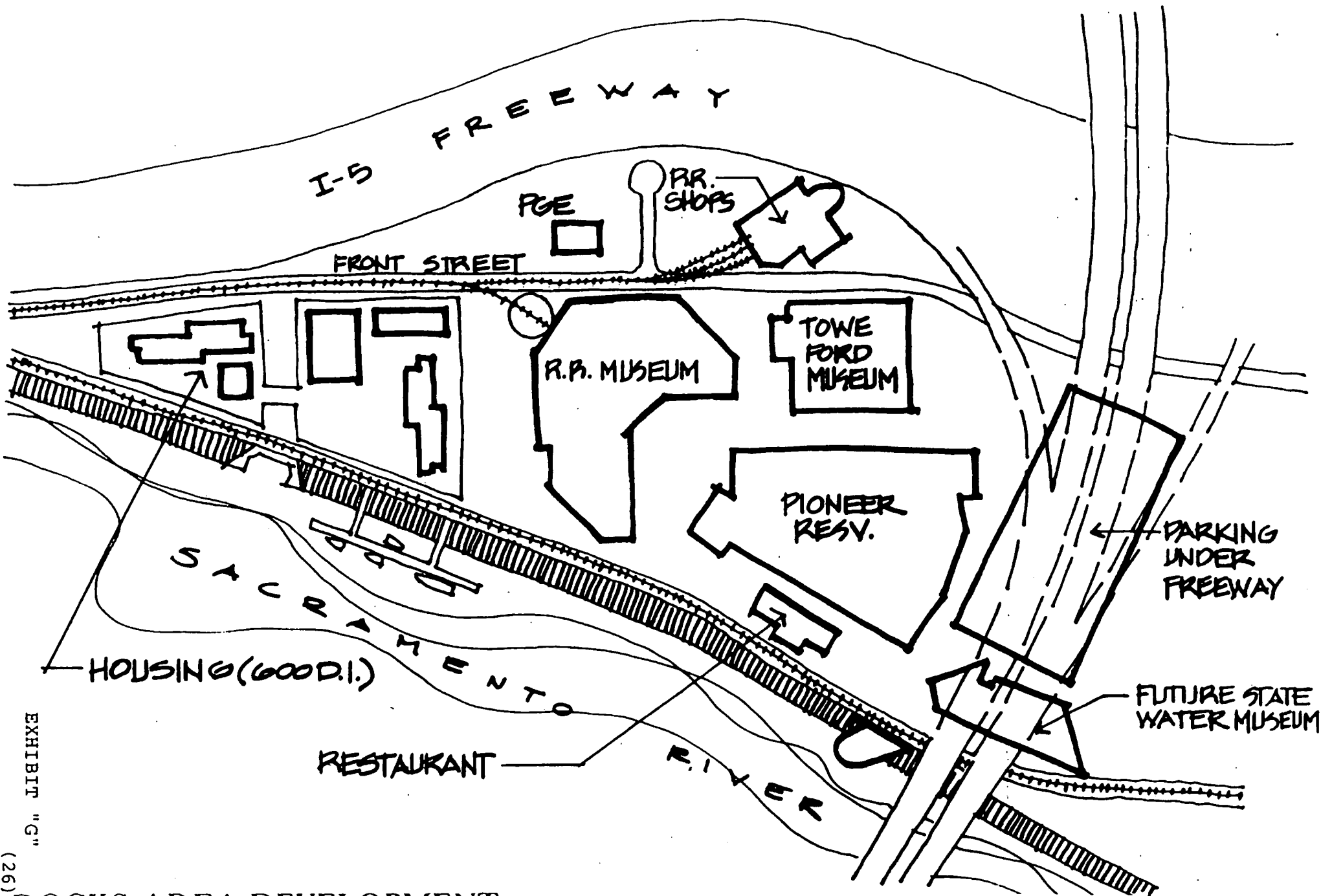


EXHIBIT "G"
(26)

DOCKS AREA DEVELOPMENT

1/5/87

REVISED PROPOSAL BY DEVELOPER

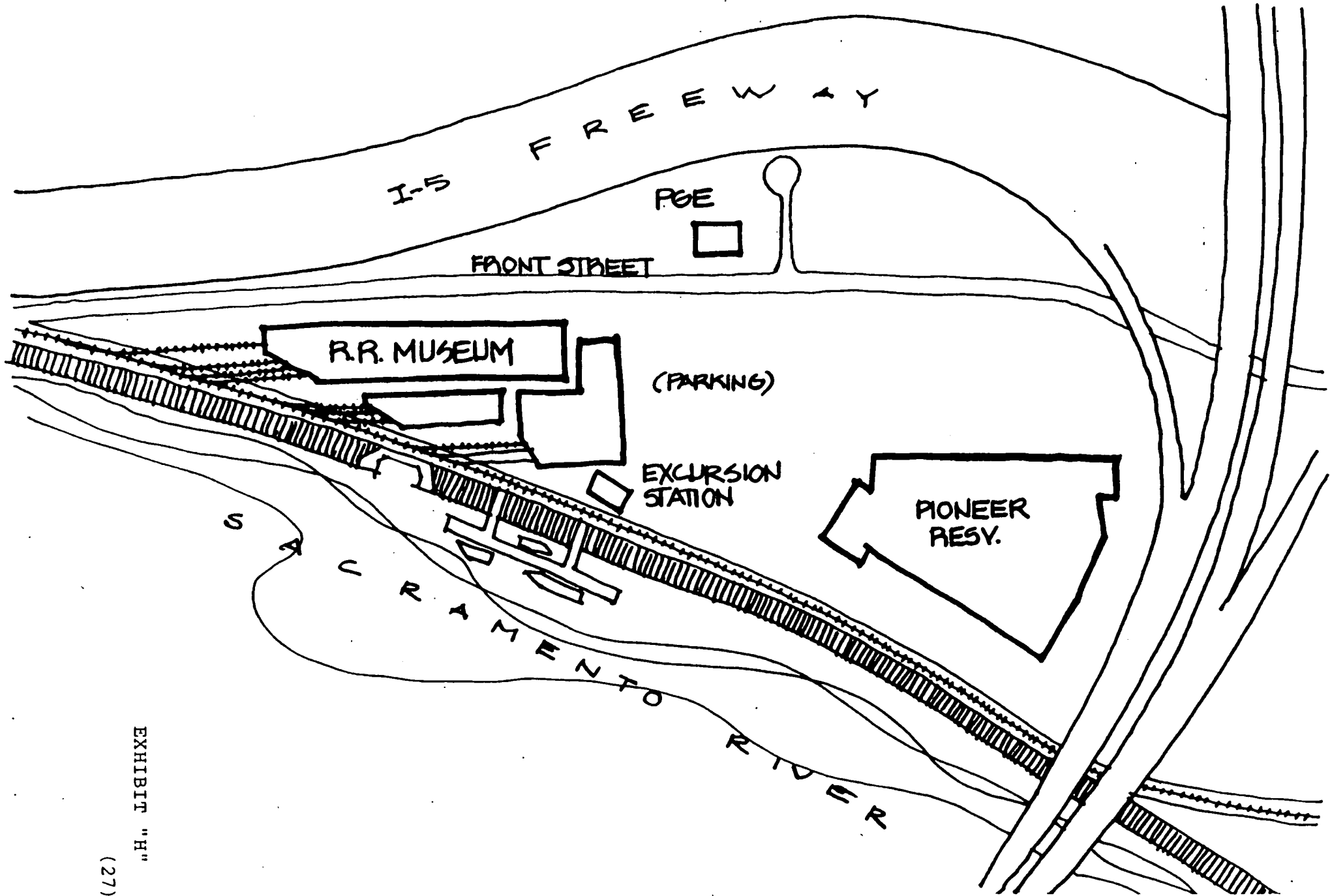


EXHIBIT "H"

(27)

DOCKS AREA DEVELOPMENT

1/5/87

RAILROAD MUSEUM PREFERRED BY STATE STAFF

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SUMMARY OF THE FINANCIAL IMPACT
OF THE RESIDENTIAL PROJECT
IN THE DOCKS PLAN

	<u>ASSUME RESIDENTIAL</u>	<u>ASSUME NO RESIDENTIAL</u>
1. Total est. cost of public improvements	\$8.5 Million	\$8.5 Million - 1.0 (rough est. of sewers, drains, etc. not needed for residential) \$7.5 Million
2. Assume Tax Allocation Bond & Lease of office to developer:	\$1.8 Million - .819 (Office)	\$1.8 Million - .819 (Office) - .300 (Residen.) - .201 (Residen.) - .201 (Residen.)
1. Land Proceeds	\$.98 Million	\$.28 Million
2. Net Bond Yield	<u>\$7.4</u>	<u>3.989</u>
TOTAL Available for Public Improvements	\$8.38 Million (can almost cover public improvement costs)	\$4.27 Million (cannot cover public improvement costs)
3. Assume Lease Revenue Bond and lease of office to developer:		
1. Land Proceeds	\$.98 Million	\$.28 Million
2. Net Bond Yield	<u>+12.3</u>	<u>\$5.014</u>
TOTAL Available for Public Improvements	\$13.281 Million (can cover with surplus)	\$5.29 Million (cannot cover public improvements costs)



CITY OF SACRAMENTO

DEPARTMENT OF PUBLIC WORKS

SOLID WASTE DIVISION

October 30, 1986

JOHN F. BOSS
Solid Waste Division Manager

MEMORANDUM

TO: Solon Wisham Jr., Assistant City Manager

FROM: John Tomko, Senior Engineer, Special Projects Unit

SUBJECT: SITE CHARACTERIZATION WORK PLAN - SACRAMENTO GAS PLANT - PG&E

I have reviewed the above referenced work plan on the old PG&E Gas Plant site that is located, within the proposed Docks Area Redevelopment Project, near Front and T Streets.

Site History: The Sacramento Gas Plant operated from 1873 to 1957 and produced gas through the gasification of coal and oil. The plant was dismantled in 1961. Previous records, dating back to 1895, have identified the locations of past process and storage units. In early 1986 a preliminary site investigation was conducted by PG&E and included soil sampling (surface and at depth) and ground water monitoring. The results of this preliminary survey indicated soil contamination (primarily lampblack-residue from the gasification process) and the potential for ground water contamination. (See Attachment 1 for a staff assessment of this preliminary report).

Regulatory Involvement: The results of the preliminary investigation were sent, by PG&E, to the Department of Health Services, Toxic Substances Control Division and the California Regional Water Quality Control Board. Both agencies have requested that a ground water investigation be done. In addition the Department has requested that the ground water investigation and an on-site soil contamination investigation be done in conformance with the California Site Mitigation Decision Tree Process. On August 20, 1986 PG&E authorized Brown and Caldwell, Consulting Engineers, to prepare a work plan to address the regulatory agency concerns and to evaluate the nature, extent, and potential impacts of hazardous materials at this site.

Work Plan Objectives: The work plan objectives include:

1. Determination of the areal and vertical extent of soil contamination, including the potential for off-site contamination;
2. Determination of the extent of ground water contamination;
3. Measurement of ground water flowrate, direction and gradient;
4. Determination on the hydraulic continuity between ground water and the Sacramento River;
- and 5. Determination of the ability of the subsurface clay layer (identified in the preliminary investigation) to impede the downward migration of contaminants.

EXHIBIT "J"
Page 1 of 6

Sampling Plan: The proposed sampling plan is as follows:

1. 18 shallow soil samples, 15 analyzed;
2. 10 soil borings; 21 samples analyzed;
3. 12 monitoring wells - 6 shallow/6 deep, 13 water samples analyzed and 35 soil samples analyzed;
- and 4. Aquifer tests including slug tests, specific capacity tests and two pumping tests.

Analyses: The types of analyses include the following:

- | | |
|---|---|
| 1. Total petroleum hydrocarbons | 21. Thallium |
| 2. Total phenols | 22. Vanadium |
| 3. Cyanide | 23. Zinc |
| 4. sulfide | 24. Moisture content |
| 5. pH | 25. Density |
| 6. Polycyclic aromatic hydrocarbons (PAH's) | 26. Atterberg limits |
| 7. Antimony | 27. Alkalinity |
| 8. Arsenic | 28. Calcium |
| 9. Barium | 29. Chloride |
| 10. Beryllium | 30. Copper |
| 11. Cadmium | 31. Iron |
| 12. Chromium VI compounds | 32. Magnesium |
| 13. Chromium III compounds | 33. Manganese |
| 14. Cobalt | 34. Nitrate |
| 15. Fluoride salts | 35. Sodium |
| 16. Lead | 36. Sulfate |
| 17. Mercury | 37. Specific conductance |
| 18. Molybdenum | 38. Total dissolved solids |
| 19. Nickel | 39. Ammonia |
| 20. Selenium | 40. Purgeable and extractable organics. |

Conclusion/Recommendation:

The soil sampling and ground water sampling plans appear to be sufficient, however, additional site assessment may be required after the results of this first round of sampling are known. The Department's "Decision Tree" process requires that once a site is characterized (i.e., the contaminants, the potential pathways of exposure, and the biological receptors of concern are all identified) that a risk appraisal be done to determine if the biological receptors of concern are presently at a significant adverse risk. If they are then interim remedial actions may be taken.

Apparently, PG&E has determined that their preliminary site investigation (see attachment 1) and the finding of surficial deposits of lampblack, along the northern portion of the site, warrants the immediate placement of an asphalt cover, over this area, to minimize the potential for air and surface water transport of lampblack material.

October 30, 1986

Page 3

The next step in the "Decision Tree" process is to determine if the biological receptors of concern will be at significant risk in the future. This step includes an environmental fate analysis (i.e., the determination of existing and future concentrations of contaminants in the four environmental compartments - air, water, soil and biota) and a risk determination, where the concentrations determined in the environmental fate analysis are compared to action levels established by the Department.

The final step includes the development, evaluation and selection of remedial actions culminating in a Remedial Action Plan (RAP). The evaluation of remedial alternatives includes technical, cost, public health, environmental and institutional factors.

A major factor in the environmental fate analysis and the evaluation of remedial alternatives will be the expected land uses of the contaminated site. The degree of cleanup will depend upon the potential for public contact with the contamination. For example, if ground water and surface water contamination is insignificant, the remedial action may be to cap the contaminated area (i.e., the lampblack deposits) and monitor ground water on a regular basis. This also assumes that the quantity of soil contamination makes excavation and off-site disposal cost prohibitive.

The type of cover is dependent upon the type of contaminants and the potential pathways for exposure. If the contaminants are non-volatile or semi-volatile, then the cap could consist of 2 to 3 feet of clean soil. However, if vapors could be emitted from the contaminants, then a layered clay and/or synthetic cover, with a vapor recovery layer, may be necessary.

The duration of the investigation, including implementation of a Remedial Action Plan, could last two to three years, especially if ground water is contaminated and/or off-site soil contamination is detected. PG&E seems to be pursuing the investigation in a timely manner and completely addressing the concerns of the regulatory agencies. PG&E and the two regulatory agencies have agreed to keep me informed on the progress and scope of the investigations at this site. As this information comes in I will endeavor to keep both you and Leo T. Goto, Director, Special Projects, at the Housing and Redevelopment Agency, fully informed.

Respectfully,



John Tomko, Senior Engineer
Special Projects Unit

JT/tc - 86090SP

cc: Walter J. Slipe, City Manager
Melvin H. Johnson, Director, Public Works
Leo T. Goto, Special Projects Director, Housing and Redevelopment Agency
Reginald Young, Deputy Director, Public Works
John Boss, Solid Waste Division Manager



CITY OF SACRAMENTO

DEPARTMENT OF PUBLIC WORKS

SOLID WASTE DIVISION

August 21, 1986

JOHN F. BOSS
Solid Waste Division Manager

MEMORANDUM

TO: John Tomko, Senior Engineer, Special Projects Unit

FROM: Kirk Rosenkranz, Engineering Technician

SUBJECT: SUMMARY OF THE LAB TEST REPORT FOR THE SACRAMENTO PG&E GAS PLANT INVESTIGATION

Eight (8) geotechnical borings and eight (8) piezometer nests were installed (for locations - see attachment). Lampblack was found in most locations as a black, porous, granular to blocky low density material. Odors were moderately strong when the material was saturated with groundwater. The areas with the greatest concentrations of lampblack are identified on the attachment.

Ten (10) soil samples were analyzed using EPA method 8080 for polychlorinated biphenyls (PCB's), method 8310 for polynucleated aromatics (PNA's) and atomic absorption flame techniques for lead (see attachment for results).

PCB's - no PCB's were detected in any of the samples.

PNA's - found in all the samples. Lowest concentrations were in the northeast corner of the site. Highest concentrations were in the northwest corner of the site (Boring B-1).

Lead - found in all samples. Boring B-3 results seem to be an anomaly.

The groundwater data (see attachment) should be viewed qualitatively only, due to sampling techniques which are not standard (due to a need by PG&E to expedite the investigation). The groundwater gradient could not be determined due to a significant drop in the well levels. Some lampblack is below the water table in Well B-1. Some leaching is taking place. This is evidenced by an oily sheen and strong odor in the water. The geology of the site is such that there are opportunities for vertical migration of contaminants. The highest concentrations of PNA's in the groundwater were in the northwest corner.

Conclusion: No firm conclusion can be drawn as to whether PNA's are moving offsite. More complete investigations will be needed to determine the extent of PNA contamination and whether or not if it is moving off site.

Recommendations: Conduct further ground water monitoring. The Special Projects Unit will continue to track the ongoing investigation of the site as directed by the Central Valley Region of the California Regional Water Quality Control Board (See attached memo).

Kirk W. Rosenkranz

Kirk Rosenkranz

Page 4 of 6

KR/tc - 86028:SP

(32)

2/16

Table 2. Results form PNA analysis (EPA method 610) for water samples collected from piezometers at Front Street, Sacramento.

Compound	ANALYTICAL RESULTS			
	Concentration (ug/L)			
	P-4	P-5	P-8 ¹	P-9
Acenaphthene	ND	59	ND	0.76
Acenaphthylene	ND	ND	ND	ND
Anthracene	0.002	5.3	ND	130
Benzo(a)anthracene	0.03	0.02	0.054	240
Benzo(a)pyrene	0.03	0.02	0.11	410
Benzo(b)fluoranthene	0.04	0.03	0.086	390
Benzo(ghi)perylene	0.05	0.04	ND	380
Benzo(k)fluoranthene	0.02	0.01	0.025	160
Chrysene	0.03	0.02	0.025	460
Dibenzo(a,h)anthracene	0.004	ND	ND	0.19
Fluoranthene	0.04	5.8	0.57	850
Fluorene	0.005	19	35	0.06
Ideno(1,2,3-cd)pyrene	0.05	0.04	ND	380
Napthalene	0.02	3.4	ND	0.14
Phenanthrene	0.03	12	ND	380
Pyrene	0.05	5.2	0.58	900
Total PNA	0.4	110	37	4700

¹Analyzed by Anlab analytical laboratory, Sacramento. All other samples analyzed by McKesson Environmental Services, Pleasanton.

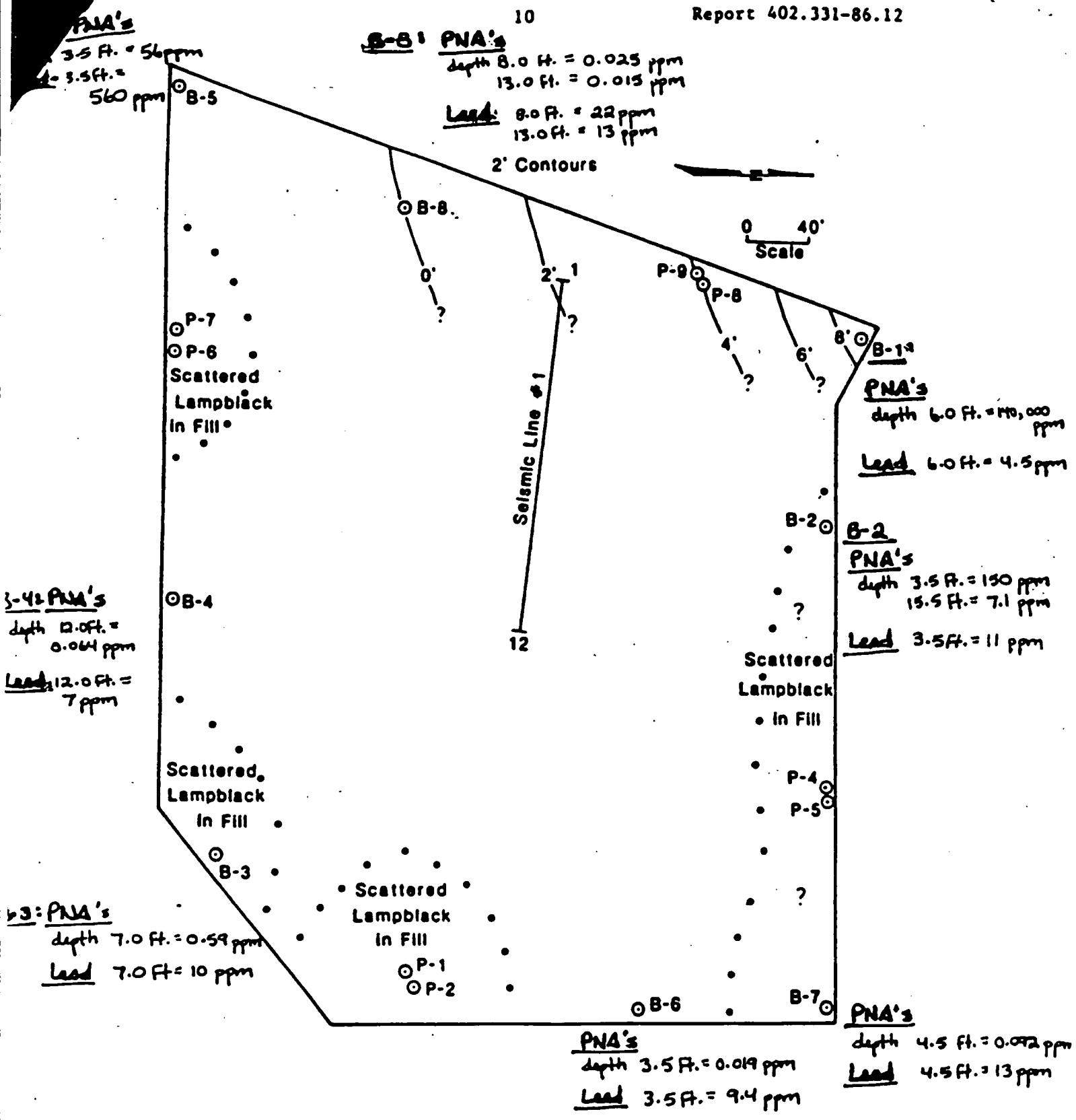


FIGURE 6. Sacramento Gas Plant Isopach map of lampblack.

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SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

FILED
 FEB 10 1987
 SACRAMENTO REDEVELOPMENT AGENCY
 CITY OF SACRAMENTO

February 9, 1987

FILED
 FEB 10 1987
 BY THE CITY COUNCIL
 OFFICE OF THE CITY CLERK

TO: Redevelopment Agency of the City of Sacramento
FROM: William H. Edgar, Executive Director
SUBJECT: Status Report on Docks Development Project
 February 10, 1987 - Item No. 46

On February 9, 1987, the Sacramento Housing and Redevelopment Commission adopted a motion generally supporting the proposed development and land uses presented in Exhibit "G" of the staff report as those which come closest to meeting the wishes and preferences of the Commission. A copy of Exhibit G is attached to this memo.

B. Edgar
 WILLIAM H. EDGAR
 Executive Director

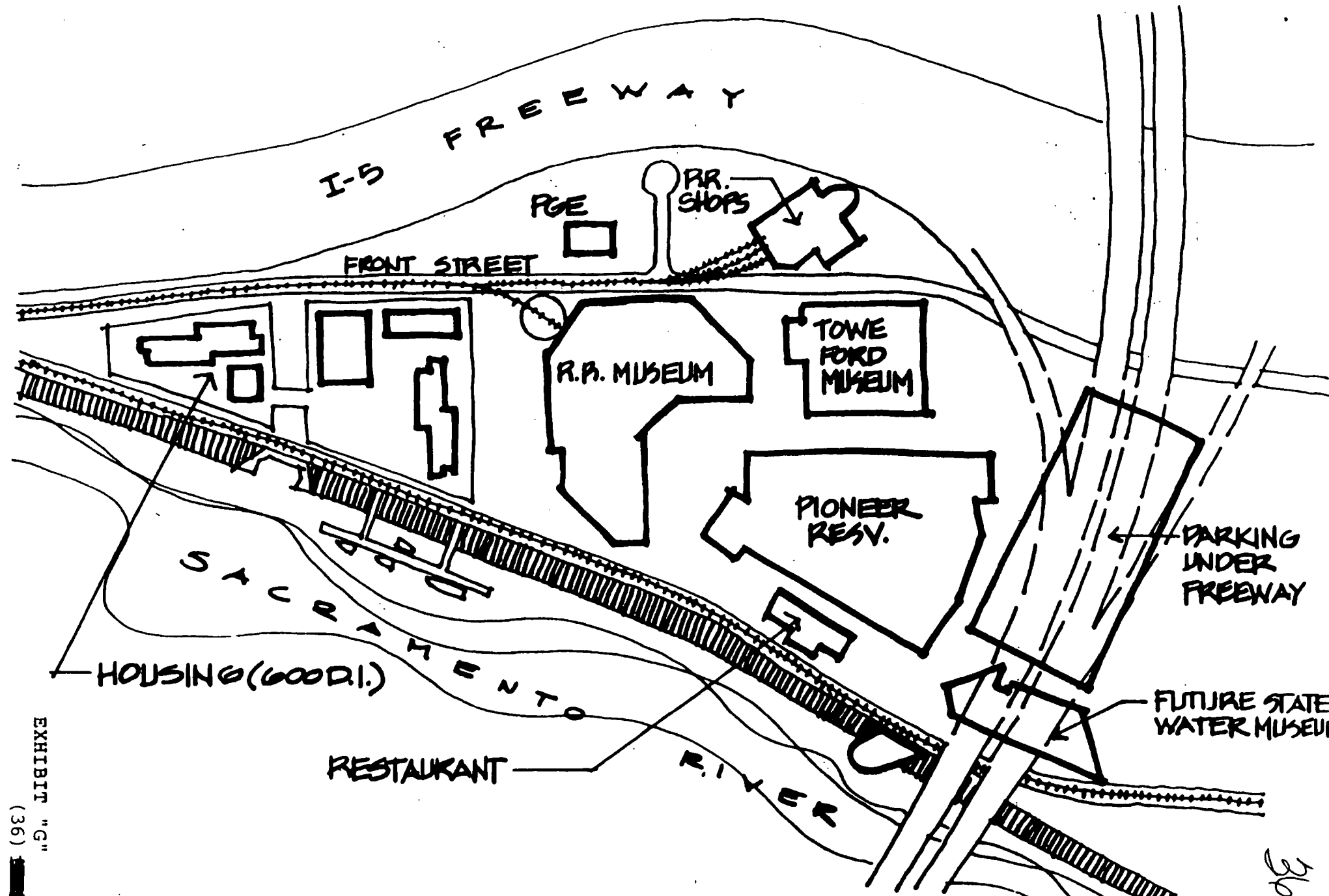


EXHIBIT "G"
(36)

DOCKS AREA DEVELOPMENT

1/5/87

REVISED PROPOSAL BY DEVELOPER

36

DEPARTMENT OF PARKS AND RECREATION

SACRAMENTO DISTRICT
 111 I STREET
 SACRAMENTO, CALIFORNIA 95814
 (916) 445-7373



February 10, 1987

Honorable Anne Rudin, Mayor
 Members, City Council
 City of Sacramento
 City Hall
 915 I Street
 Sacramento, CA 95814

Dear Mayor Rudin and
 Members, City Council:

Yesterday I received the Status Report regarding Docks Development Project. The following points must be made to clarify the Department's participation in the planning process as it relates to the location of the final phase of the California State Railroad Museum - the Museum of Railroad Technology.

- 1) Page 3 of the report erroneously states that the Department prefers the site "near 'R' and Front Streets and no residential development." The Department has never opposed the residential element and sees much wisdom in the "24 hour community" concept. Given successful resolution of the toxic issue, we feel there is adequate space to accommodate both projects in the Docks Area. This is not a "museum vs apartments" issue but rather a site selection issue.
- 2) The comments which accompany the sketches in the staff report are somewhat incomplete. Over the past three months, we have evaluated in detail, several alternative locations proposed by the Agency and the Developer. The following factors figured in each to a varying degree: 1) Substantial engineering requirements 2) Significant additional costs 3) Built in operational problems 4) Potential use conflicts 5) Toxics and 6) Physical and psychological distance from remainder of museum complex and Old Sacramento.

We are ready and willing to work with the Agency and the Developer in the coming months to resolve this issue. As you know, the State is committed to completing the final phase of this world class museum and we are eager to tie down a workable site for this purpose.

Ronald L. Hanshaw

for Richard E. Troy, Superintendent
 Sacramento District

