

RESOLUTION 2023-0238

Adopted by the Sacramento City Council

July 25, 2023

Budget Adjustment and Purchase & Sale Agreement: Acquisition of 827 K Street from Hale Bros. Investment Company, LLC. (I80310000)

BACKGROUND

- A. The property located at 827 K Street, referred to as parcel number 006-0097-012-0000 (the "Property") consists of approximately 19,680 square feet of land area and a building containing approximately 73,098 gross square feet in the downtown corridor. The building consists of retail and office space. Staff have inspected the building and have concluded that it is in overall good condition. An independent appraisal conducted by a third party indicated that the market value of the Property was \$18.5 million. The City seeks to acquire the Property for the appraised value as part of the settlement of the following cases:

Petrovich Development Company et al v. City of Sacramento et al., Court of Appeal, Third Appellate District, Case No. C094400;

Calvine & Elk Grove-Florin, LLC, et al., v. City of Sacramento, et al., Sacramento Superior Court Case Number 34-2016-00200153;

Petrovich Development Company et al v. City of Sacramento et al., Sacramento Superior Court Case No. 34-2022-80003871.

- B. The acquisition of the Property is a key component of the resolution of seven years of litigation with the Petrovich Development entities and will provide the City with ownership of a key piece of real estate in the downtown K Street corridor.
- C. Staff requested that the requirement for 10-day posting of agreements over \$1,000,000 be waived, pursuant to City Code section 4.04.020(C) and Council Rules of Procedure Chapter 7, Section E.2.d, for the acquisition of the real property located at 827 K Street.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

SECTION 1.

The City Manager or the City Manager’s designee is authorized to increase the expense budget in the Citywide Litigation Project (I80310000) by \$15,000,000 (Risk Management Fund, Fund 6502).

SECTION 2.

The City Manager or the City Manager’s designee is authorized to execute the attached Purchase and Sale Agreement in the amount of \$18.5 million plus closing costs with Hale Bros. Investment Company, LLC for the City’s acquisition of real property located at 827 K Street. The purchase is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b) (3) and 15301.

SECTION 3.

The City Manager or the City Manager’s designee is authorized to execute any related documents to consummate the real property purchase transaction.

Adopted by the City of Sacramento City Council on July 25, 2023, by the following vote:

Ayes: Members Jennings, Kaplan, Maple, Loloee, Talamantes, Valenzuela, Vang, and Mayor Steinberg

Noes: None

Abstain: None

Absent: Member Guerra

Attest:  08/10/2023

Mindy Cuppy, City Clerk

The presence of an electronic signature certifies that the foregoing is a true and correct copy as approved by the Sacramento City Council.