



December 29, 2004

Redevelopment Agency of the City of Sacramento

Honorable Members in Session:

SUBJECT: TERMINATION OF NEGOTIATIONS WITH WESTFIELD CORPORATION FOR RELOCATION AND EXPANSION OF CENTURY THEATRES TO 7TH AND K STREETS

LOCATION/COUNCIL DISTRICT: 7th & K Streets, Council District 1

RECOMMENDATION:

Staff recommends that the Redevelopment Agency of the City of Sacramento (Agency) approve the attached resolution, which:

- Authorizes the termination of negotiations with Westfield Corporation for the relocation and expansion of Century Theatres to 7th & K Streets

CONTACT PERSON: Michelle Nelson, Senior Project Manager, 808-7064
Wendy Saunders, Econ. Development Director, 808-8196

FOR THE COUNCIL MEETING OF: January 11, 2005

SUMMARY:

This report recommends terminating negotiations with Westfield Corporation for the expansion and relocation of Century Theatres to the 7th & K Street area above the Hard Rock Café.

COMMITTEE/COMMISSION ACTION: None

BACKGROUND:

- On March 4, 2004, the Agency authorized staff to negotiate on behalf of the Agency, the terms of a proposed Owner Participation Agreement (OPA) between the Agency and Westfield Corporation for the expansion and relocation of Century Theatres to 7th & K Streets.
- On August 5, 2004, the Agency authorized the City Manager to extend negotiations with Westfield Corporation for an additional 180 days pending discussions related to a ballot measure for a sports and entertainment complex at the 7th & K Streets site.

Westfield Improvements

Westfield's original plans were to expand the existing 7-screen theater complex to 12-16 screens and to locate it at 5th & L Streets. Staff encouraged Westfield to consider locating the new theater complex to the eastern edge of the Downtown Plaza, at 7th & K Streets to assist in stabilizing and redeveloping the 700 and 800 blocks of K Street.

Preliminary estimates to upgrade the structural support system at the 7th & K site and to construct a new third level above the Hard Rock Café were approximately \$5 million. This was an additional cost that would not be necessary at the 5th & L location and did not appear to be supported by income generated by the lease revenues from the theater.

Staff requested that a detailed project development budget, operating pro forma, and a proposed construction schedule be submitted within 90 days of the extension of negotiations. To date, preliminary information submitted has not been adequate to assess the Agency's financial participation in the project. In addition, the construction schedule for the project is dependent on other planned improvements to the mall that are not immediately known.

Staff recommends that negotiations be terminated until new, additional information is made available to assist in the evaluation of the proposal.

JKL Corridor Workshop

On October 23, 2004, the Mayor's Office in conjunction with Downtown Development staff and the Downtown Sacramento Partnership hosted a community workshop to receive feedback on the development direction for the J-K-L corridor area.

Staff will report back on input received from the workshop at the January 11, 2004 evening meeting and a proposed vision for the area, including 7th & K Streets.

Redevelopment Agency of the City of Sacramento
December 29, 2004
3.

FINANCIAL CONSIDERATIONS:

There are no financial considerations contemplated with the requested action.

ENVIRONMENTAL CONSIDERATIONS:

Not applicable. The proposed actions do not constitute a project under CEQA per Guidelines Section 15378 (b) and 15262, or a Federal undertaking under NEPA.

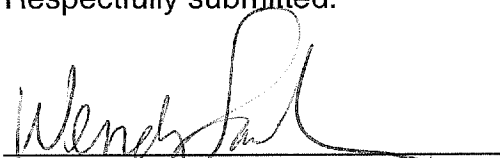
POLICY CONSIDERATIONS:

Agency assistance and participation in future development in the Central Business District is guided by the Merged Downtown Redevelopment Plan and Five-Year Strategy.

ESBD CONSIDERATIONS:

No goods or services are being purchased.

Respectfully submitted:



Wendy Saunders
Economic Development Director

RECOMMENDATION APPROVED:



ROBERT P. THOMAS
City Manager

Table of Contents:

1. Resolution terminating negotiation, p. 4

RESOLUTION NO. _____

**ADOPTED BY THE REDEVELOPMENT AGENCY
OF THE CITY OF SACRAMENTO**

ON DATE OF _____

**RESOLUTION TERMINATING NEGOTIATIONS WITH
WESTFIELD CORPORATION FOR THE EXPANSION AND
RELOCATION OF CENTURY THEATRES
TO 7TH AND K STREETS**

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

Section 1. Negotiations with Westfield Corporation for the expansion and relocation of
Century Theatres to 7th & K Streets are terminated.

CHAIR

ATTEST:

SECRETARY

FOR CITY CLERK USE ONLY

RESOLUTION NO: _____

DATE ADOPTED: _____