

STAFF REPORT

DATE: December 11, 2023
TO: Sacramento Regional Transit Board of Directors
FROM: Laura Ham, VP, Planning and Engineering
SUBJ: APPROVING THE CONSTRUCTION AND MAINTENANCE
AGREEMENT FOR OFF-SITE IMPROVEMENTS WITH CAPITAL
PLANET, LLC

RECOMMENDATION

Adopt the Attached Resolution.

RESULT OF RECOMMENDED ACTION

Approval of the attached Resolution will approve an agreement for construction activities and ongoing maintenance at, and adjacent to, the 23rd Street light rail station.

FISCAL IMPACT

The proposed improvements will be constructed at no cost to SacRT. The intent of the agreement is to avoid additional ongoing costs for SacRT facility maintenance as a result of allowing construction of these improvements within the station area. There is a possibility, though remote, that the leaseholder will, after completion of construction, default on its obligations to maintain these unique features, in which case SacRT would incur costs to either assume maintenance of the improvements or remove them.

DISCUSSION

In February 2022, the City of Sacramento (“City”) received an entitlement application from SKK Developments and Capital Planet, LLC (formerly Another Planet Entertainment) for their 24R Theater project, which proposed a general admission ticketed, indoor live performance theater located at 1800 24th Street, on the southwest corner of 24th and R Streets. The project included plans to replace an existing vacant industrial/commercial building with a new 42,700 square foot building, to host live music and other events with a maximum capacity of 2,300.

The project was designed to take advantage of SacRT’s light rail system, with the 23rd Street station located directly in front of the project site. As such, SacRT staff was an integral part of the entitlement application approval process and worked in coordination with both the City and the 24R Theater development team to provide project conditions of approval and discuss the effects on transit. The property is owned by 1800 24th Street, LLC. Capital Planet, LLC will have a long-term lease to construct and operate the theater.

One condition of approval was to provide SacRT staff with the opportunity to review the project's construction and off-site improvement plans to identify station impacts and determine solutions. Upon review, SacRT staff determined several elements that needed to be addressed through an agreement that would define the roles and responsibilities of each entity, including but not limited to construction activity, work within SacRT's right-of-way, maintenance responsibility, and right of access.

A Construction and Maintenance Agreement for Off-Site Improvements ("Agreement") has been developed in partnership with 1800 24th Street, LLC and Capital Planet, LLC. The Agreement includes all terms and conditions for construction and maintenance at the 24R Theater project site (APN 010-0035-002-0000) and SacRT's adjacent station, including obligations to maintain, in perpetuity, certain features within SacRT's station area that are being constructed as part of the project. During the term of the lease, Capital Planet, LLC will be responsible for these obligations. If the lease is terminated or expires, the property owner will assume these responsibilities. The Agreement will be recorded with the County Recorder to ensure terms and conditions are preserved with future sale(s) of the property, though there is still some risk to SacRT if Capital Planet, LLC is not performing its obligations under the Agreement, but the property owner has not terminated the lease.

The 24R Theater development team is preparing permits with the City to begin construction at the project site, which requires SacRT's signature approving the off-site improvement plan set. Capital Planet, LLC and 1800 24th Street, LLC have already executed the agreement and are awaiting action by SacRT.

RESOLUTION NO. 2023-12-125

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

December 11, 2023

APPROVING THE CONSTRUCTION AND MAINTENANCE AGREEMENT FOR OFF-SITE IMPROVEMENTS WITH CAPITAL PLANET, LLC

NOW, THEREFORE, BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the Construction and Maintenance Agreement for Off-Site Improvements by and between the Sacramento Regional Transit District (therein "SacRT") and Capital Planet, LLC (therein "Property Operator"), whereby the Property Operator agrees to specified terms and conditions for the construction and maintenance of improvements within and adjacent to SacRT's 23rd Street Light Rail Station, including the obligation to maintain specified improvements in perpetuity and to which the property owner 1800 24th Street LLC is joined as a contingent obligor upon termination or expiration of the leasehold interest, is hereby approved.

THAT, the General Manager/CEO is hereby authorized and directed to execute the foregoing agreement.

PATRICK KENNEDY, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Tabetha Smith, Assistant Secretary