



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www.CityofSacramento.org

Consent
November 18, 2008

Honorable Mayor and
Members of the City Council

**Title: Agreement: Cotton Lane for the Valley Hi / North Laguna Library Project
(B13000800)**

Location/Council District: 7320 Cotton Lane, District 8

Recommendation: Adopt a **Resolution** authorizing the City Manager or the City Manager's designee to execute an agreement between the City of Sacramento and STL Company, LLC for: 1) reimbursement in the amount of \$750,000 from STL Company, LLC to the City for roadway improvements necessary for construction of Cotton Lane for the Valley Hi/North Laguna Library project; 2) reimbursement from the City to STL Company, LLC in the amount of \$63,000 for the use of its approved engineering documents for the construction of Cotton Lane; and 3) amend the revenue and expenditure budgets for the Valley Hi/North Laguna Library project to reflect the reimbursement amount of \$750,000 (Fund 3702).

Contact: Kevin Love, Construction Manager, 808-6818; Cynthia Kranc, Facilities Manager, 808-2258

Presenters: Not applicable

Department: General Services

Division: Facilities and Real Property Management

Organization No: 13001541

Description/Analysis

Issue: The construction of Cotton Lane is a critical component of the Valley Hi/North Laguna Library project since it is planned as the only access to the Library. Construction of Cotton Lane and a related signalized intersection at Bruceville Road and Cotton Lane was originally to be completed by STL Company, LLC as part of its master planned development along Bruceville Road. However, due to recent market conditions, STL Company, LLC has placed its development project along Bruceville Road on hold. To ensure access to the Library, City Council adopted Resolution No. 2007-883 on December 4, 2007

appropriating \$1.5 million to the Library project for construction of Cotton Lane and the signalized intersection at Bruceville Road and Cotton Lane.

As the City of Sacramento and STL Company, LLC are mutually interested in completion of Cotton Lane and its related improvements, the parties have negotiated an agreement in which STL Company will reimburse the City for its fair share of the road improvements (\$750,000), and the City will reimburse STL Company, LLC for one half of the civil engineering cost (\$63,000) to prepare the approved engineering documents for the construction of Cotton Lane.

Policy Considerations: This agreement establishes a collaborative planning process between the City and STL Company, LLC to implement land use and open space planning and cost sharing principles. The Valley Hi/North Laguna Library project was included in the 2006 Community Reinvestment Capital Improvement Program (CRCIP) approved by City Council on February 7, 2006.

Committee/Commission Action: None

Environmental Considerations:

California Environmental Quality Act (CEQA): The Environmental Services Manager has determined the project, as proposed, will not have a significant impact on the environment; therefore, a Mitigated Negative Declaration has been prepared. In compliance with Section 15070 of the California Environmental Quality Act Guidelines, the applicant has incorporated mandatory mitigation measures into the project plans to avoid identified impacts or to mitigate such impacts to a point where clearly no significant impacts will occur. These mitigation measures address Biological Resources and Cultural Resources. The draft Mitigated Negative Declaration was circulated for a 30-day public review and comment period from August 1, 2007, through August 30, 2007. No comment letters were received during the public review and comment period. City Council approved the Environmental Documents along with the Master Plan for Shasta Community Park on October 9, 2007.

Sustainability Considerations: Not applicable

Rationale for Recommendation: The agreement between STL Company, LLC and the City for the construction of Cotton Lane and related improvements is recommended for the following reasons:

- The construction of Cotton Lane is a critical component of the Valley Hi/North Laguna Library project since it is planned as the only access to the Library.
- The agreement provides for the earliest commencement of construction

activities since it allows the use of already completed engineering documents prepared by STL Company, LLC and provides partial reimbursement to STL Company, LLC for the cost of preparing the documents.


- The agreement provides for reimbursement to the City from STL Company, LLC of its fair share (\$750,000) of construction costs for Cotton Lane and related improvements.
- This agreement ensures the installation of infrastructure for future development without negatively impacting access to the Valley Hi/North Laguna Library project.

Financial Considerations: The recommended agreement negotiated between the City and STL Company, LLC calls for STL Company, LLC to reimburse the City for its fair share (\$750,000) in construction costs of Cotton Lane and the signalized intersection at Bruceville Road and Cotton Lane, and for the City to reimburse STL Company, LLC for one half of the cost (\$63,000) to prepare approved engineering documents for the construction of Cotton Lane.

Reimbursement by the City will be due within one year following the date of this agreement. Reimbursement by STL Company, LLC will be due upon the first occurrence of any of the following events: 1) issuance of the first building permit for development of the STL Company, LLC master planned development; 2) close of escrow if STL Company, LLC sells its development property; or 3) within ten years of the date of this agreement.

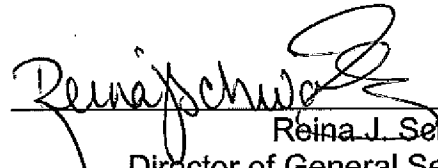
Emerging Small Business Development (ESBD): No goods or services are being purchased as a result of this report.

Respectfully Submitted by:



Cynthia Kranc
Facilities Manager

Approved by:



Reina J. Schwartz
Director of General Services

Recommendation Approved:



Ray Kerridge
City Manager

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Attachment 1

Background Information

- On October 11, 2005, City Council authorized the City Manager to identify projects for a 2006 Community Reinvestment Capital Improvement Program (CRCIP) bond issuance. The Valley Hi/North Laguna Library was included in the approved 2006 CRCIP bond issuance and is funded with non-taxable bond dollars, which requires completion by June 30, 2009.
- On January 23, 2007, City Council adopted Resolution No. 2007-047 awarding a professional services agreement to Noll and tam Architects for architectural services in the amount of \$1.082 million for the Valley Hi/North Laguna Library.
- On March 20, 2007, City Council adopted Resolution No. 2007-166, suspending competitive bidding and authorizing the implementation of a qualification and selection process to hire a contractor for the Valley Hi/North Laguna Library.
- On December 4, 2007, City Council adopted Resolution No. 2007-883 appropriating \$1.5 million to the project for construction of a signalized intersection at Bruceville road and Cotton Lane, and a portion of Cotton Lane to provide access to the Library.
- On February 26, 2008, City Council adopted Resolution No. 2008-104 awarding a design-assist construction contract for the construction of the Valley Hi/North Laguna Library project to Sundt Construction Company for the guaranteed maximum price of \$10,043,212.

RESOLUTION NO. 2008-xxxx

Adopted by the Sacramento City Council

November 18, 2008

APPROVING AN AGREEMENT BETWEEN THE CITY OF SACRAMENTO AND THE STL COMPANY, LLC OF SACRAMENTO REGARDING REIMBURSEMENT TO THE CITY FOR COTTON LANE IMPROVEMENT COSTS FOR THE VALLEY HI/NORTH LAGUNA LIBRARY (B13000800)

BACKGROUND

- A. On September 19, 2008, the City and STL Company, LLC agreed to negotiate on principles of coordination, cost of construction and cost sharing for Cotton Lane improvements necessary for the Valley Hi/North Laguna Library project.
- B. The City and STL Company, LLC propose to jointly prepare a plan necessary for the implementation of the Joint Agreement to construct Cotton Lane. As City and STL Company, LLC are similarly interested in the preparation of the Cotton Lane improvements, City and STL Company, LLC desire to share the cost of constructing Cotton Lane in anticipation of having those costs paid for by the City, without which the Cotton Lane improvements would not proceed.
- C. The City has entered into an agreement with STL Company, LLC whereby the STL Company, LLC will reimburse the City for its fair share cost (\$750,000) of the City's cost to build Cotton Lane. Reimbursement by STL Company, LLC will be due upon the first occurrence of any of the following events: 1) issuance of the first building permit for development of the STL Company, LLC master planned development; 2) close of escrow if STL Company, LLC sells its development property; or 3) within ten years of the date of this agreement.

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 execute an agreement between the City of Sacramento and STL Company, LLC for: 1) reimbursement in the amount of \$750,000 from STL Company, LLC to the City for roadway improvements necessary for construction of Cotton Lane for the Valley Hi/North Laguna Library project, and; 2) reimbursement from the City to STL Company, LLC in the amount of \$63,000 for the use of approved engineering documents for the Cotton Lane construction.

Section 2. Amend the revenue and expenditure budgets for the Valley Hi/North Laguna Library project to reflect the reimbursement in the amount of \$750,000 (Fund 3702).