

RESOLUTION NO. 2009-086

Adopted by the Sacramento City Council

February 17, 2009

RAPTON AUTO DEALERSHIP – TEMPORARY RENT REDUCTION/STOPLIGHT PAYMENT PLAN

BACKGROUND

- A. The City owns the property at 3701 Fulton Avenue, the site of the Fulton Avenue Development Project
- B. The City had leased the site, comprising of about 21 acres of Del Paso Park, to the Sacramento Trapshooting Club since approximately 1915. The lease expired on September 30, 2004, but the Trapshooting Club continued to operate on the site under a month-to-month agreement until the lease was terminated on June 30, 2006.
- C. In 2002, the City Council directed staff to examine potential alternatives for the “highest and best” uses for the site.
- D. In March 2004, Colliers International presented the City with an opportunity to lease the site to Mel Rapon, Inc., which does business as Mel Rapon Honda.
- E. An Exclusive Right to Negotiate (ERN) was executed on June 1, 2004, between the City and Mel Rapon, Inc. The ERN granted Mel Rapon, Inc. the exclusive right to negotiate with the City for the lease of the site. It was renewed twice by the City Council and expired on August 31, 2007.
- F. On April 18, 2006, the City Council approved the utilization of \$6.4 million of Community Reinvestment Capital Improvement Program (CRCIP) funding for remediation of the site.
- G. On June 5, 2007, the City Council approved the initial Ground Lease between the City of Sacramento and Rapon Investment Group, LLC. (Resolution 2007-341).
- H. The City Council certified an environmental impact report (EIR) for the Fulton Avenue Development Project on June 16, 2007 (Resolution 2007-029) and amended the zoning of the site to C-4 PUD (Ordinance 2007-004).
- I. The Greater Sacramento retail automobile market experienced a 21.9 percent decline in 2008.
- J. Rapon Honda has invested over \$14 million in the development of its new dealership at the site.

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

- Section 1. The facts set forth in the Background are correct.
- Section 2. Rapton Investment Group will pay a reduced monthly rent of \$44,313.83 for a period of one year beginning in March 2009. The original rent payment of \$54,313.83 per month, as identified in the original Ground Lease, will resume March 2010.
- Section 3. Rapton Investment Group will pay its \$100,000 contribution toward the cost to construct a stoplight at the site, currently due in March 2009, in two equal payments of \$50,000, one in March 2009 and the other in March 2010.
- Section 4. The City Manager is hereby authorized to find on the City's behalf, an amendment to Rapton Investment Group's ground lease, implementing this resolution.

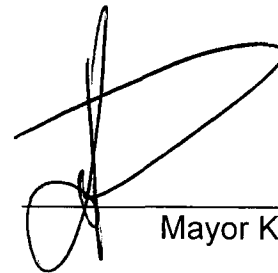
Adopted by the City of Sacramento City Council on February 17, 2009 by the following vote:

Ayes: Councilmembers Cohn, Fong, Hammond, McCarty, Pannell, Sheedy, Tretheway, Waters, and Mayor Johnson.

Noes: None.

Abstain: None.

Absent: None.



Mayor Kevin Johnson

Attest:


Shirley Concolino, City Clerk