



REPORT TO COUNCIL City of Sacramento

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

Staff
September 6, 2005

Honorable Mayor and
Members of the City Council

Subject: Agreement Extension: Rapton Honda Exclusive Right to Negotiate

Location/Council District: Haggin Oaks Golf Complex (District 2)

Recommendation:

Adopt a Resolution authorizing an amendment to City Manager Agreement 2004-0148 extending to August 31, 2006 the Exclusive Right to Negotiate with Mel Rapton Honda for the lease of City owned property at Haggin Oaks Golf Complex for a car dealership.

Contact: Dean Peckham, Sr. Project Manager, (916) 808-7063

Presenters: Dean Peckham, Sr. Project Manager

Department: Economic Development

Division: None

Organization No: 4453

Summary: In May 2004 Mel Rapton Honda approached the City of Sacramento with an offer to lease 17.8 ± acres of property at the Haggin Oaks Golf Complex (attachment 1) to locate a new car dealership with freeway visibility and access complying with Honda corporate policy. The facility needs to be open and operational in 2006.

Due to complex issues associated with developing the site, including toxics remediation and regulatory permits, the staff recommends that the term of the exclusive right to negotiate be extended for another twelve (12) months with a new expiration date of August 31, 2006.

Committee/Commission Action: None.

Background Information:

The City currently leases 21± acres of the Haggin Oaks Golf Complex land to the Sacramento Trapshoot Club. The current 2 year lease expired on September 30, 2004 and the Trapshoot Club now operates on the premises under a month to month lease.

In 2002, the City Council directed staff to examine potential alternative uses for the site that would offer a compatible and productive use of the property and mitigate the existing environmental conditions.

In 2004, Mel Rapton, owner of Mel Rapton Honda currently located on Fulton Avenue, submitted a written request to the City for the exclusive right to negotiate an agreement for the lease of a portion of the existing property currently leased by the Sacramento Trapshoot Club.

The lease with Mel Rapton Honda would be a market-rate lease with a financial return on the property well in excess of the financial return from the current tenant. Progress toward consummation of the agreement has been impeded by the lengthy process associated with the toxics cleanup on the site, which has been contaminated by lead shot and other bi-products associated with the Trapshoot operation. Nevertheless, Mel Rapton Honda remains committed to pursuing the lease agreement.

On June 1, 2004 Resolution 2004-420 was adopted approving an exclusive right to negotiate with the City for a period of seven (7) months to lease approximately 17.8 ± acres of the property on which to locate a new car dealership.

On September 14, 2004, in recognition of the time required to adequately address all issues, Council adopted Resolution 2004-723; extending the exclusive right to negotiate with the City for a period of (12) months. City Manager Agreement No. 2004-0148 was executed noting the agreement expiration date as August 31, 2005.

Given the complexities of the lease negotiations a request for an extension of the exclusive right to negotiate (ERN) of another twelve (12) months expiring on August 31, 2006 is presented in the attached draft Resolution.

Financial Considerations:

As part of the original ERN, Mel Rapton Honda gave the city \$10,000 in consideration for the exclusive negotiating rights. The proposal is consistent with direction given by the City Council to find a compatible and productive use for the property.

Environmental Considerations:

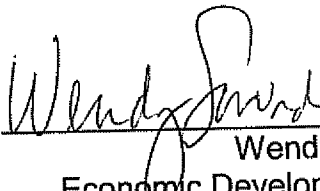
This project will be subject to the environmental review process as part of approval of its development application.

Policy Considerations:

This project is consistent with direction given by Council to find a compatible and productive use for the subject property.

Emerging Small Business Development (ESBD):

No goods or services are being purchased.

Approved By: 
Wendy S. Saunders
Economic Development Director

Recommendation Approved:


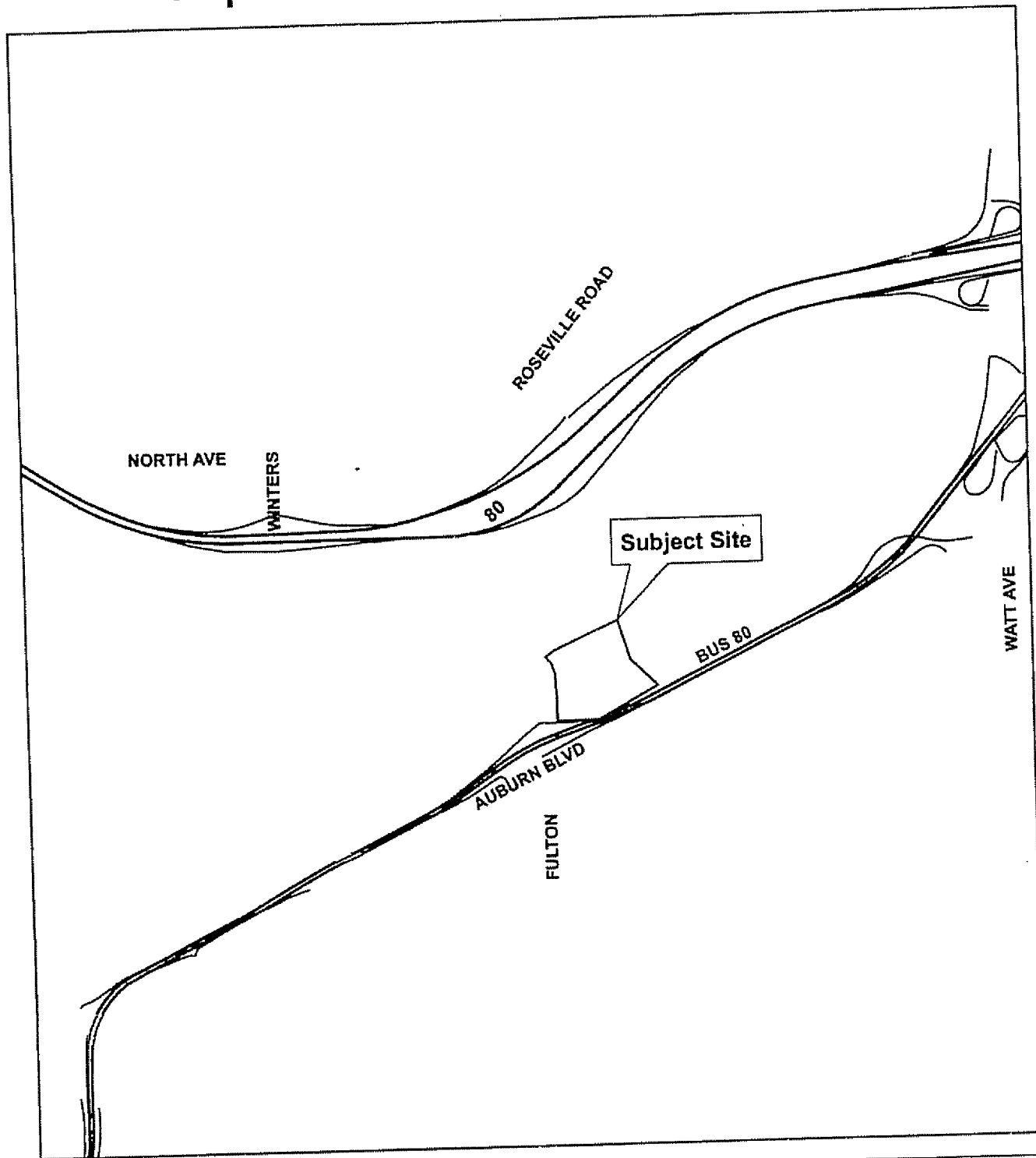

ROBERT P. THOMAS
City Manager

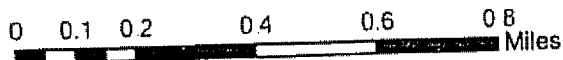
Table of Contents

Pg	1	Report
Pg	4-5	Attachment 1 – Site map
Pg	6-7	Attachment 2 – Resolution 2004-420
Pg	8-9	Attachment 3 – Resolution 2004-723
Pg	10	Resolution
Pg	11-12	Exhibit A – Agreement for Exclusive Right to Negotiate -

Rapton Honda Trapshoot Club Site



Map Contact
D. Peckham, Economic Development
June, 2006



RESOLUTION NO. 2004-420

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON THE DATE OF JUN 01 2004

A RESOLUTION AUTHORIZING THE CITY MANAGER'S OFFICE TO ENTER INTO AN EXCLUSIVE RIGHT TO NEGOTIATE WITH MEL RAPTON HONDA FOR THE LEASE OF 17.8 +/- ACRES LOCATED AT THE HAGGIN OAKS GOLF COMPLEX

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO THAT:

WHEREAS, the City of Sacramento owns the Haggin Oaks Golf Complex and leases approximately 21 acres to the Sacramento Trapshoot Club;

WHEREAS, the lease for the Sacramento Trapshoot Club expires September 30, 2004;

WHEREAS, Mel Rapton Honda has requested an exclusive right to negotiate with the City for a period of seven (7) months to lease 17.8 +/- acres of the property on which to locate a new car dealership;

WHEREAS, Mel Rapton Honda has offered \$10,000 (Ten-thousand dollars) in consideration for the exclusive negotiating rights; and

WHEREAS, the proposal is consistent with direction given by the City Council to find a compatible and productive use for the property.

NOW THEREFORE, be it resolved by the City Council of the City of Sacramento, as follows:

1. City Council hereby authorizes the City Manager to negotiate exclusively with Mel Rapton Honda for a period of seven (7) months for the lease of said 17.8 +/- acres;
2. City manager shall submit proposed lease City Council for approval upon completion.

FOR CITY CLERK USE ONLY

RESOLUTION NO: 2004-420
DATE ADOPTED: JUN 01 2004

6

HEATHER FARGO

MAYOR

ATTEST:

SHIRLEY CONCOLINO

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: 2004-420

DATE ADOPTED: JUN 01 2004

7

RESOLUTION NO. 2004-723

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON THE DATE OF SEP 14 2004

**A RESOLUTION AMENDING THE TERMS, AUTHORIZING
THE CITY MANAGER'S OFFICE TO ENTER INTO AN
EXCLUSIVE RIGHT TO NEGOTIATE WITH MEL RAPTON
HONDA FOR THE LEASE OF 17.8 +/- ACRES LOCATED
AT THE HAGGIN OAKS GOLF COMPLEX**

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO THAT:

WHEREAS, the City of Sacramento owns the Haggin Oaks Golf Complex and leases approximately 21 acres to the Sacramento Trapshoot Club;

WHEREAS, the lease for the Sacramento Trapshoot Club expires September 30, 2004;

WHEREAS, Mel Rapton Honda initially requested an exclusive right to negotiate with the City for a period of seven (7) months to lease approximately 17.8 +/- acres of the property on which to locate a new car dealership;

WHEREAS, on June 1, 2004 the Sacramento City Council approved Resolution #2004-420 authorizing the City Manager's Office to enter into an exclusive rights to negotiate with Mel Rapton Honda for the lease of 17.8 +/- acres located at the Haggin Oaks Golf Complex;

WHEREAS, in recognition of the time required to adequately address all issues, Mel Rapton Honda has requested an exclusive right to negotiate with the City for a period of twelve (12) months to lease approximately 17.8 +/- acres of the property on which to locate a new car dealership;

WHEREAS, Mel Rapton Honda has offered \$10,000 (Ten-thousand dollars) in consideration for the exclusive negotiating rights; and

WHEREAS, the proposal is consistent with direction given by the City Council to find a compatible and productive use for the property;

FOR CITY CLERK USE ONLY

RESOLUTION NO.: 2004-723
DATE ADOPTED: SEP 14 2004

8

NOW THEREFORE, be it resolved by the City Council of the City of Sacramento, as follows:

1. City Council hereby authorizes the City Manager to negotiate exclusively with Mel Rapton Honda for a period of twelve (12) months for the lease of said 17.8 +/- acres, and
2. City manager shall submit proposed lease to City Council for approval upon completion.

HEATHER FARGO

MAYOR

ATTEST:

SHIRLEY CONCOLINO

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: 2004-723
DATE ADOPTED: SEP 14 2004

RESOLUTION NO.

Adopted by the Sacramento City Council

AUTHORIZING AN AMENDMENT TO AGREEMENT NO. 2004-0148 EXTENDING THE EXCLUSIVE RIGHT TO NEGOTIATE WITH MEL RAPTON HONDA FOR THE LEASE OF 17.8 ± ACRES LOCATED AT THE HAGGIN OAKS GOLF COMPLEX

BACKGROUND

- A. The City of Sacramento owns the Haggin Oaks Golf Complex and leases approximately 21 acres to the Sacramento Trapshoot Club. The lease for the Sacramento Trapshoot Club expired September 30, 2004
- B. On June 1, 2004 Resolution 2004-420 was adopted approving an exclusive right to negotiate with the City for a period of seven (7) months to lease approximately 17.8 +/- acres of the property on which to locate a new car dealership.
- C. On September 14, 2004, in recognition of the time required to adequately address all issues, Council adopted Resolution 2004-723; extending the exclusive right to negotiate with the City for a period of (12) months. City Manager Agreement No. 2004-0148 was executed noting the agreement expiration date as August 31, 2005.
- D. As part of the original ERN, Mel Rapton Honda gave the city \$10,000 in consideration for the exclusive negotiating rights. The proposal is consistent with direction given by the City Council to find a compatible and productive use for the property.
- E. Given the complexities of the lease negotiations an extension of the exclusive right to negotiate (ERN) between the City and Mel Rapton for another twelve (12) months expiring on August 31, 2006 is requested.

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

- Section 1. The City Manager is authorized to execute an amendment to agreement No.2004-0148 with Mel Rapton Honda extending the exclusive negotiating rights for a period of twelve (12) months expiring August 31, 2006.

Table of Contents:

Exhibit A – ERN Amendment

**AMENDMENT TO AGREEMENT FOR EXCLUSIVE RIGHT TO
NEGOTIATE A LEASE**

**Between the City of Sacramento and Mel Rapton, Inc.
Effective Date: August 31, 2005**

Parties

In this amendatory agreement, "Sacramento" refers to the City of Sacramento, a California municipal corporation; and "Rapton" refers to Mel Rapton, Inc., a California corporation.

Background

Rapton and Sacramento are parties to an Agreement for Exclusive Right to Negotiate a Lease (the ERN), a copy of which is attached. Under the ERN, Sacramento granted Rapton the exclusive right to negotiate a ground lease of Sacramento's real property adjacent to the Haggin Oaks Golf Course; Rapton desires to lease the property for use as an automobile dealership and related uses. Although Sacramento and Rapton have made considerable progress in negotiating a lease, unanticipated environmental conditions on the property have prolonged the negotiations to such an extent that Sacramento and Rapton cannot enter into a lease before the ERN terminates at 5:00 p.m. on August 31, 2005. So that negotiations may continue, Sacramento and Rapton desire to extend the ERN by one year.

Terms and Conditions

- 1. Extension of exclusive right to negotiate.** In return for the consideration described below in section 3, Sacramento and Rapton agree to revise paragraph 1(a) of the ERN so that it reads as follows:

Term. The term of this agreement expires at 5:00 p.m. on August 31, 2006.


- 2. Change of address for notice to Sacramento.** Paragraph 5(a) of the ERN is revised so that it reads as follows:

City Manager
City of Sacramento
915 I Street, Fifth Floor
Sacramento, CA 95814

- 3. Consideration.** In return for the extension of the ERN, Rapton agrees to continue negotiating in good faith and to pay Sacramento \$10 within five business days after Rapton signs this amendatory agreement. Sacramento, in turn, agrees to continue negotiating in good faith, exclusively with Rapton, for a lease on the real property identified in the ERN.

4. **All other terms remain in force.** Except as amended by sections 1 and 2 above, all terms and conditions of the ERN remain in full force.
5. **Effective Date.** This amendatory agreement is effective as of the date set forth in the title once both parties have signed it.
6. **Entire Agreement.** This amendatory agreement sets forth the parties' entire understanding regarding the matters set forth above. It supersedes all prior or contemporaneous agreements, representations, and negotiations regarding those matters—whether written, oral, express, or implied—and may be modified only by another written agreement signed by both parties.


CITY OF SACRAMENTO

By 
Robert P. Thomas
City Manager

MEL RAPTON, INC.

By 
Mel Rapton, President

Approved for Legal Form
Sacramento City Attorney

By 
Joseph P. Cerullo
Senior Deputy City Attorney

Approved for Legal Form
Law Offices of Gregory D. Thatch

By 
Michael Devereaux