



REPORT TO COUNCIL

City of Sacramento

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

CONSENT
December 7, 2010

Honorable Mayor and
Members of the City Council

**Title: Agreement: Terminating the Reimbursement/Credit Agreement for
Meadows Community Park Development (L19138000)**

Location/Council District: End of Terracina Drive and south of Del Paso Road/
Council District 1

Recommendation: Adopt a **Resolution:** 1) authorizing the City Manager, or City Manager's designee, to execute the Assignment of Deposit and Termination of Agreement Relating to Design and Construction of Park Improvements in North Natomas Meadows Park, 2) authorizing payment to 2008 Granite Bay Lands Fund, L.P. for Meadows Park (L19138000), in the amount of \$488,257.25, which is the original cash deposit of \$515,368 less all city related charges to date of \$27,110.75; and 3) terminating the Meadows Park project, City Agreement No. 2007-0065.

Contact: Tim Hopper, Administrative Officer, 808-8173; J.P. Tindell, Park Planning & Development Services Manager, 808-1955

Presenters: Not applicable

Department: Parks and Recreation

Division: Park Planning & Development Services

Organization No: 4727

Description/Analysis

Issue: On January 30, 2007, City Council adopted Resolution No. 2007-051 which approved the Reimbursement/Credit Agreement (City Agreement No. 2007-065) for the turnkey design and construction of Meadows Park by Pardee Homes, Corp. (Pardee Homes), accepted a payment of \$515,368 that was deposited into the Park Development Impact Fee (PIF) Fund 3204, and appropriated \$515,368 to the Meadows Park project (L19138000).

Meadows Park is to be an 11.2-acre community park located at the end of Terracina Drive and south of Del Paso Road in North Natomas. Pardee Homes, the original developer for this turnkey park project, has sold the property to 2008 Granite Bay Lands Fund, L.P. (GBLF) and GBLF would like to terminate the agreement as they do not desire to build a turnkey park. Therefore, future development of the park will fall to the City as capital funds are available and allocated for this purpose.

The City of Sacramento, Pardee Homes, and GBLF have jointly signed a termination of agreement relating to this project. Staff is recommending that Council authorize the City Manager, or City Manager's designee, to execute the Assignment of Deposit and Termination of Agreement Relating to Design and Construction of Park Improvements in North Natomas Meadows Park. The Agreement is attached as Exhibit A, page 9.

A summary of the Meadows Park project history is included as Attachment 1 (page 4) and an area map as Attachment 2 (page 5).

Policy Considerations: Providing parks and recreation facilities is consistent with the City's strategic plan to enhance livability in Sacramento's neighborhoods by expanding park, recreation, and trail facilities throughout the City.

Committee/Commission Action: Not applicable.

Environmental Considerations:

California Environmental Quality Act (CEQA): This report concerns administrative activities that will not have a significant effect on the environment, and does not constitute a "project" as defined by the CEQA [CEQA Guidelines Sections 15061(b)(3); 15378(b)(2)].

Sustainability Considerations: Not applicable.

Rationale for Recommendation: The park development agreement was a turnkey agreement using the Unconditional, Irrevocable Stand-By Letter of Credit (LOC). On March 4, 2008, Council approved Resolution No. 2008-125 releasing the Irrevocable Standby Letter of Credit (No. NZS903481), extending the time to complete the park to September 30, 2010, and retaining the \$515,368 in L19138000 as requested by Pardee Homes due to the unfavorable market conditions in the housing industry.

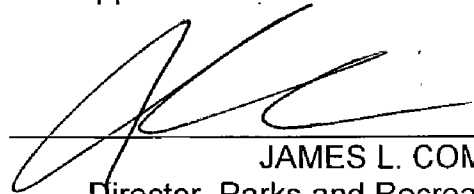
Sacramento City Code 18.44.110 states the City Council may establish guidelines and procedures regarding credits and reimbursements of Park Development Impact Fees.

Financial Considerations: The developer has provided a payment of \$515,368.00 to the City to cover City administrative and project management costs. This payment was used to establish a new Capital Improvement Program (CIP) project, L19138000, for the

associated City costs for development of Meadows Park. The City costs totaled \$27,110.75. The City will return the original payment less all City related charges for a total amount to be returned to GBLF of \$488,257.25. No park credits were issued for any of the single-family or apartment building permits:

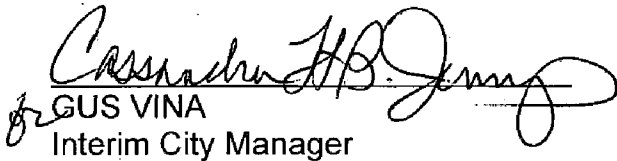
Emerging Small Business Development (ESBD): Not applicable.

Respectfully Submitted by:



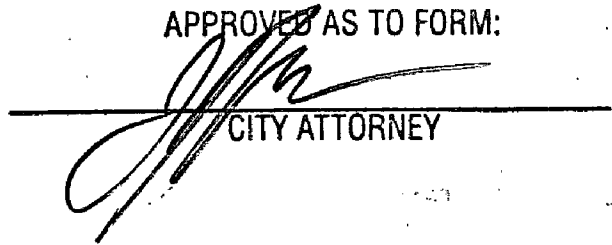
JAMES L. COMBS
Director, Parks and Recreation

Recommendation Approved:



GUS VINA
Interim City Manager

APPROVED AS TO FORM:



CITY ATTORNEY

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Attachment 1

Background Information

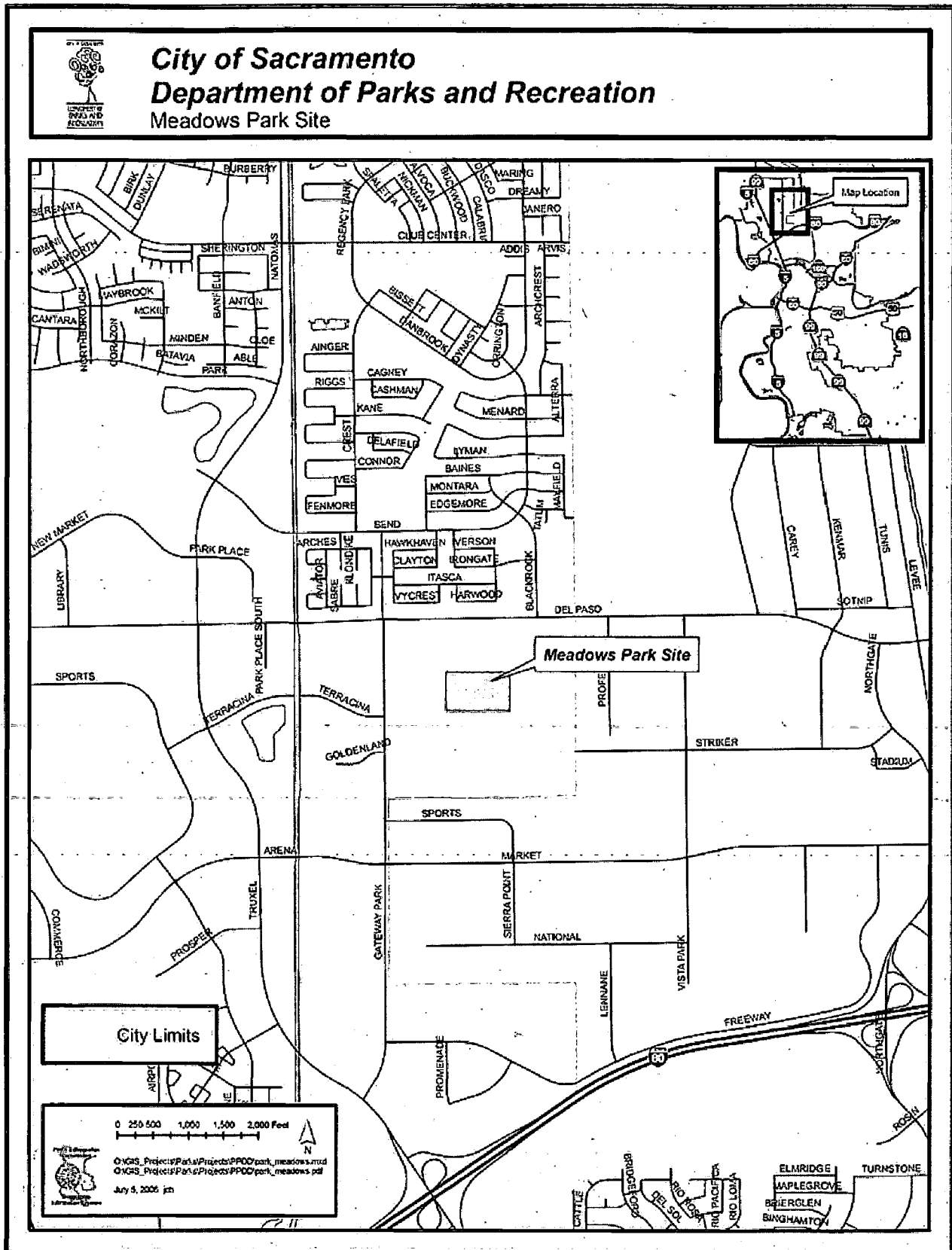
On January 30, 2007, City Council approved a Reimbursement/Credit Agreement, City Agreement No. 2007-0065, for the turnkey design and construction of Meadows Park by Pardee Homes, Corp (Pardee Homes). The proposed Meadows Park site is an 11.2-acre community park located at the end of Terracina Drive, south of Del Paso Road, and east of Gateway Park Boulevard in the Natomas Place Community of North Natomas. Phase I of the park was to be built as a turnkey park developed by Pardee Homes. Pardee Homes sold the property to 2008 Granite Bay Lands Fund, L.P. (GBLF) on September 23, 2008, and GBLF does not desire to build a turnkey park.

The preliminary Meadows Park Master Plan was presented to the North Natomas Alliance on June 8, 2006, and was approved with minor revisions, which were included.

The Meadows Park Master Plan, approved by Council in Resolution 2006-646, includes a demonstration garden, a stone landscape wall, a shade shelter with group picnic area, a tot age play area, an adventure play area, concrete walkways, two basketball courts, two lighted tennis courts, a lighted softball field, a lighted baseball field, a restroom building, a garden arbor, a concrete seat wall with public art, a fountain wall, decomposed granite jogging paths, and shade trees with additional landscaping.

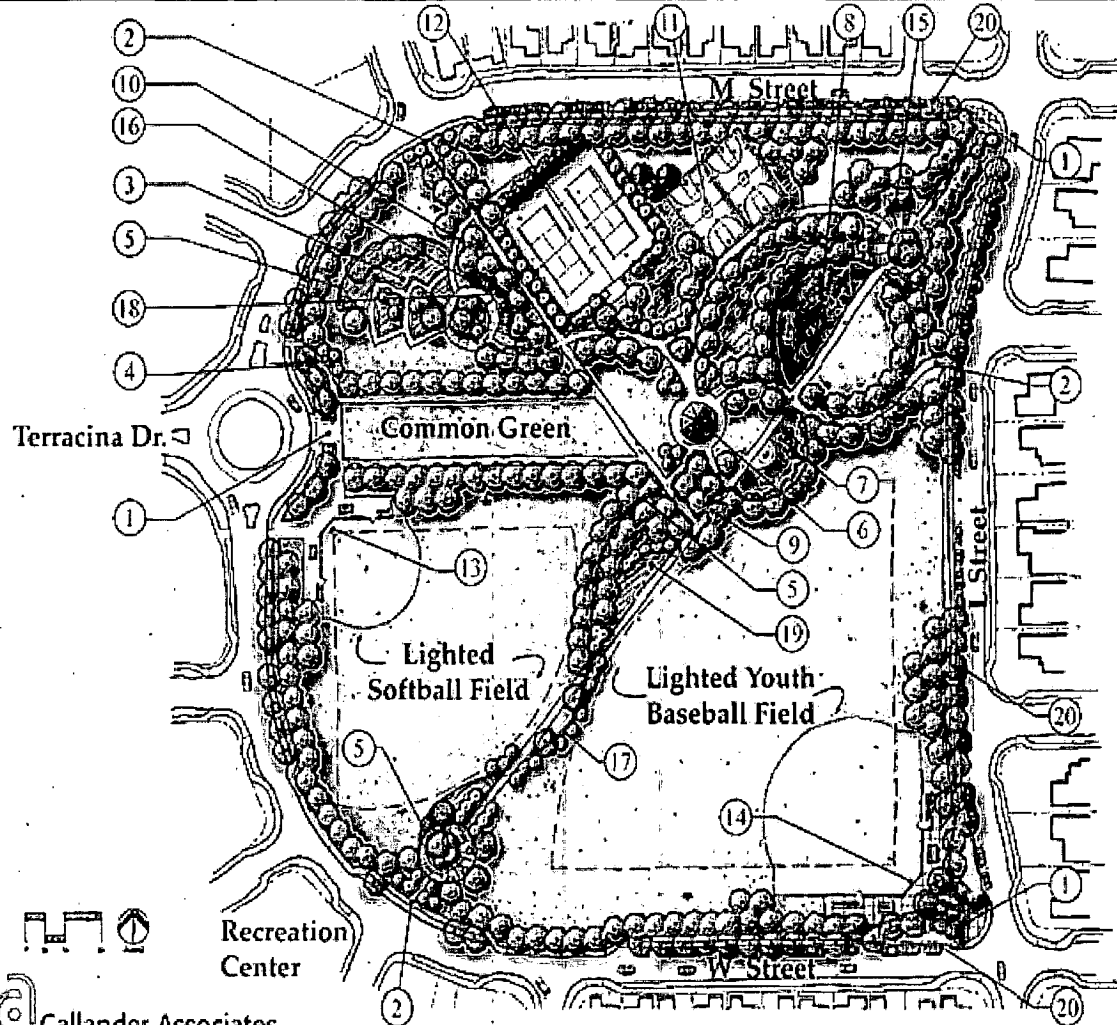
The park was planned to include the Maintainable Park Standards water saving techniques. At least 20% of the site was designed with urban forest, non-irrigated native grasses and mulch.

The park was expected to open in 2008, but the time was extended to September 30, 2010 by Resolution No. 2008-125. However, because the developer is not interested in building a turnkey park, future development of the park will fall to the City as capital funds are available and allocated for this purpose at a date yet to be determined.



Meadows Park Master Plan

June 28, 2006



Key

- ① Primary Park Entry
- ② Secondary Park Entry
- ③ Demonstration Garden
- ④ Park Sign
- ⑤ Stone Landscape Wall
- ⑥ Shade Shelter/Group Picnic Area
- ⑦ Tot Age Play (2-5 years)
- ⑧ Adventure Play (5-12 years)
- ⑨ 10' Wide Concrete Walk, typ.
- ⑩ 5' Wide Concrete Walk, typ.
- ⑪ Basketball Court
- ⑫ Lighted Tennis Court
- ⑬ Softball Backstop
- ⑭ Baseball Backstop
- ⑮ Restroom Building
- ⑯ Garden Arbor
- ⑰ Concrete Seatwall w/ Public Art
- ⑱ Fountain Wall
- ⑲ Bark Mulch Area, typ.
- ⑳ Street Parking (70 Spaces)
- ㉑ DC Jogging Path

Total Park Acreage: 11.23

Natomas Place

 **Callander Associates**
Landscape Architecture
Park and Recreation Design
Community Design

 PardeerHomes

RESOLUTION NO. 2010-

Adopted by the Sacramento City Council

December 7, 2010

AGREEMENT: TERMINATING THE REIMBURSEMENT/CREDIT AGREEMENT FOR MEADOWS COMMUNITY PARK DEVELOPMENT (L19138000)

BACKGROUND

- A. Meadows Park is an 11.2-acre community park located at the end of Terracina Drive south of Del Paso Road in North Natomas.
- B. Phase I of the park was to be built as a turnkey park and developed by Pardee Homes.
- C. On September 3, 2002, Council approved Resolution No. 2002-591 authorizing the City Manager to issue park development fee credits upon the provision of unconditional, irrevocable stand-by letters of credit.
- D. The City Council approved the Meadows Park name and master plan in Resolution 2006-646.
- E. On January 30, 2007, City Council adopted Resolution No. 2007-051 which approved the Reimbursement/Credit Agreement (City Agreement No. 2007-065) for the turnkey design and construction of Meadows Park by Pardee Homes, Corp., established LW58 for associated City costs for the development of the park, accepted a payment of \$515,368 that was deposited into the Park Development Impact Fee (PIF) Fund 3204, and appropriated \$515,368 to the Meadows Park project (L19138000).
- F. The City Council approved releasing the letter of credit, extending the time to build the park, and retaining the cash payment for the Meadows Community Park Development on March 4, 2008, in Resolution No. 2008-125.
- G. Pardee Homes Corp., the original developer for this turnkey park project, has sold the property to 2008 Granite Bay Lands Fund, L.P. (GBLF) and GBLF would like to terminate the agreement as they do not desire to build a turnkey park.
- H. The City will return the original payment (\$515,368.00), less all City related charges (\$27,110.75), for a total amount to be returned to GBLF of \$488,257.25. No park credits were issued for any of the single-family or apartment building permits.

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

- Section 1. The City Manager, or City Manager's designee, is authorized to execute the Assignment of Deposit and Termination of Agreement Relating to Design and Construction of Park Improvements in North Natomas Meadows Park.
- Section 2. Payment to Granite Bay Lands Fund, L.P., is authorized in the amount of \$488,257.25, for Meadows Park (L19138000), which is the original cash deposit of \$515,368.00, less all City related charges to date of \$27,110.75.
- Section 3. The Reimbursement/Credit Agreement, City Agreement No. 2007-0065, for Meadows Park is terminated.

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Exhibit A: Termination Agreement

Exhibit A

**ASSIGNMENT OF DEPOSIT AND TERMINATION OF AGREEMENT
RELATING TO DESIGN AND CONSTRUCTION
OF PARK IMPROVEMENTS IN NORTH NATOMAS
MEADOWS PARK**

This Agreement assigning a deposit and terminating the Park Turnkey Agreement ("Termination Agreement") is entered into on _____, by and between the **CITY OF SACRAMENTO**, a charter municipal corporation ("City"), and **PARDEE HOMES CORP.**, a California Corporation ("PARDEE HOMES"), and **2008 GRANITE BAY LANDS FUND L.P.**, a Washington limited partnership ("GRANITE BAY LANDS") with respect to the following facts:

RECITALS

- A.** On January 30, 2007, PARDEE HOMES and City entered into that certain REIMBURSEMENT/CREDIT AGREEMENT RELATING TO DESIGN AND CONSTRUCTION OF PARK IMPROVEMENTS IN NORTH NATOMAS, MEADOWS PARK, City Agreement number 2007-0065 ("Park Turnkey Agreement").
- B.** On March 4, 2008, the City released a portion of the letter of credit, and the City retained payment for its costs incurred at that time for development of the park. See, City Resolution No. 2008-125.
- C.** In September 2008, GRANITE BAY LANDS purchased certain real property from PARDEE HOMES including the real property that is the subject of the Park Turnkey Agreement. City was not asked to and has not pre-approved assignment of rights to reimbursement or credits, in accordance with Article 5 of the Park Turnkey Agreement. PARDEE HOMES nor GRANITE BAY LANDS request that the City approve assignment of the Park Turnkey Agreement. Instead, PARDEE HOMES and GRANITE BAY LANDS now request that GRANITE BAY LANDS take assignment of and the rights to the deposit of funds now held by the City which the City retained payment for its costs incurred at that time for development of the park, and then terminate the Park Turnkey Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and the mutual promises contained herein, City and PARDEE HOMES and GRANITE BAY LANDS hereby agree as follows:

- (1) The foregoing recitals are true and correct, and are part of this Termination Agreement for all purposes.

(2) Subject to deduction of City's costs ("Costs"), a fully inclusive list of which is attached hereto as Schedule 1, GRANITE BAY LANDS takes assignment of, and the rights to, the deposit of funds now with the City ("Deposit") which the City retained for payment of the costs incurred by it at that time for development of the park, as provided for by City Resolution No. 2008-125, and pursuant to the Park Turnkey Agreement. City agrees to pay and deliver the Deposit to Granite Bay Lands as soon as practicable after execution of this Termination Agreement.

(3) The Park Turnkey Agreement is hereby terminated.

(4) PARDEE HOMES and GRANITE BAY LANDS agree to indemnify, defend and hold the City, including any person at any time serving as a member, official, director, officer, employee, volunteer, attorney, agent or consultant of the City, (any such person, including the City, is hereinafter referred to as an "Indemnified Party" and collectively as "Indemnified Parties") harmless from and against any and all claims, liabilities, fines, losses, damages, costs, expenses, including attorneys' fees and/or costs, litigation and court costs, amounts paid in settlement, and amounts paid to discharge any suits and judgments of any kind whatsoever, whether in contract, tort or strict liability, brought, claimed or rendered against any Indemnified Party (collectively, "Claims"), including, but not limited to, claims, liabilities, fines, losses, damages, costs, expenses, suits and judgments arising out of or in connection with this Termination Agreement. Such indemnification of the Indemnified Parties shall not include indemnification of any Indemnified Party for liabilities caused by the, active negligence, gross negligence or willful misconduct of such Indemnified Party.

CITY OF SACRAMENTO

PARDEE HOMES, a California corporation

By: _____
Gus Vina
Interim City Manager

By: _____
Jon E. Lash
Executive Vice President/COO

APPROVED AS TO FORM:

2008 GRANITE BAY LANDS FUND, L.P. a Washington limited partnership
By: Granite Bay Development II, LLC, a Washington limited liability company, its General Partner

Jeffrey C. Heeren
Supervising Deputy City Attorney

By: _____
Clay A. Loomis, Manager