



APPROVED  
BY THE CITY COUNCIL

JAN 26 1999

1.7

CITY OF SACRAMENTO OFFICE OF THE  
CALIFORNIA CITY CLERK

DEPARTMENT OF  
PUBLIC WORKS

TECHNICAL SERVICES DIVISION

CONTINUED

FROM 1-19-99  
TO 1-26-99

DEVELOPMENT SERVICES &  
SPECIAL DISTRICTS  
1231 I STREET  
ROOM 300  
SACRAMENTO, CA  
95814-2988

December 17, 1998

916-264-7474  
FAX 916-264-7480

AG-99020

City Council  
Sacramento, California

Honorable Members in Session:

**SUBJECT: NORTH NATOMAS WARRANTY AND REIMBURSEMENT AGREEMENT**

**LOCATION AND COUNCIL DISTRICT:**

Council District 1.

**RECOMMENDATION:**

This report recommends that City Council adopt the attached resolution canceling City Agreements 88-210 and Addendum 2 thereto, and 90-065, and authorizing the City Manager to execute a reimbursement agreement with landowners in the North Natomas Community Plan area which would refund (through the Major Street Construction Tax Fund) costs paid by landowners or predecessors for improvements covered by City Agreements 88-210 and 90-065.

**CONTACT PERSON:** Ronald Wicky, Special Districts Analyst, 264-5628

**FOR COUNCIL MEETING OF:** January 5, 1999

**SUMMARY:**

The purpose of the warranty and reimbursement agreement was to obligate property owners for defects, deficiencies and other failures in design, construction or workmanship of accepted improvements (storm drainage, sidewalks and streets). The release of property owners from warranty obligations related to construction of the improvements eight years ago, as part of Assessment District 88-03, constitutes the final acceptance of the improvements by the City.

CONTINUED  
FROM 1-5-99  
TO 1-19-99

City Council  
North Natomas Warranty and Reimbursement Agreement  
December 17, 1998

**BACKGROUND:**

On April 25, 1989, the City and developers entered into a Warranty and Reimbursement Agreement (City Agreement 88-210) for approximately 5½ miles of major street improvements in the North Natomas area. At the time of the agreement, the improvements were accepted by the City with a one-year developer warranty. By May of 1990, subsequent to that agreement, some of the improvements had become defective or in need of repair.

In May of 1990, an addendum to the original agreement was entered into by the City and developers (City Agreement No. 90-065) which stated that those improvements identified during the warranty period as needing repair would continue to be covered by the developer's warranty until repairs were made to the satisfaction of the City (City Agreement No. 88-210). Areas identified as needing repair were listed in Exhibit 1 of that addendum. The addendum stated directly that the warranty obligation would be a covenant running with the land. The original agreement and addendum were recorded by the County Recorder and show as a lien on title reports for those properties affected by the agreement.

In October 1990, the City and the same group of developers entered into a second addendum to the warranty and reimbursement agreement (City Agreement No. 88-210). This addendum addressed the reimbursement to property owners for construction of overwidth pavement sections of major streets. Under this addendum, reimbursement of \$1.6 million in Major Street Construction Tax due to developers would be paid only after all warranty repairs had been completed. However, this addendum was not recorded.

The repair items identified in Exhibit 1 of the first addendum have now either been completed or resolved to the satisfaction of the property owners and the City. Repairs associated with drainage were completed several years ago. By consensus of City staff and landowners, the issue of defective sidewalks was resolved; curbs, gutters and sidewalks would be replaced as development occurred.

Now that we are at a point in the implementation of the North Natomas Finance Plan where some landowners are preparing to finalize maps and market property, they have requested that the City cancel the existing agreement and both addendums, and enter into a new reimbursement agreement. When each of the landowners sign the attached agreement, it will replace the 2nd addendum relative to Major Street Construction Tax, and will have the effect of releasing the lien.

**COMMITTEE/COMMISSION ACTION:**

None.

City Council  
North Natomas Warranty and Reimbursement Agreement  
December 17, 1998

**FINANCIAL CONSIDERATIONS:**

Major street construction tax collected from development within the City will be used to reimburse the appropriate property owners as funds become available.

**ENVIRONMENTAL REVIEW:**

Council's action in adopting this resolution is exempt from CEQA because it will have no conceivable effect on the physical environment.

**POLICY CONSIDERATION:**

Execution of a new agreement by landowners will trigger removal of the recorded agreements from the land. This replacement agreement will not be recorded.

**MBE/WBE:**

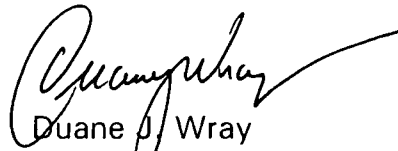
City Council adoption of the attached resolution is not affected by City policy related to MBE/WBE.

Respectfully submitted,



Marty Hanneman  
City Traffic Engineer

Approved:



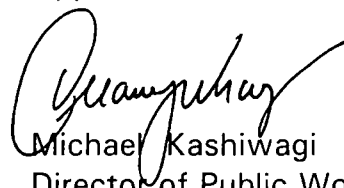
Duane J. Wray  
Manager, Technical Services Division

RECOMMENDATION APPROVED:



WILLIAM H. EDGAR  
City Manager

Approved:



Michael Kashiwagi  
Director of Public Works

Attachment

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**APPROVED**  
BY THE CITY COUNCIL

**JAN 26 1999**

OFFICE OF THE  
CITY CLERK

**RESOLUTION NO.**

99-038

**ADOPTED BY THE SACRAMENTO CITY COUNCIL**

**ON DATE OF \_\_\_\_\_**

**RESOLUTION CANCELING CITY AGREEMENTS 88-210  
AND 90-065 RELATING TO NORTH NATOMAS  
WARRANTY AND REIMBURSEMENT AGREEMENT**

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

1. City Agreements 88-210 and 90-065, relating to the North Natomas Warranty and Reimbursement Agreement, are hereby canceled.
2. The City Manager is hereby authorized to enter into and execute a reimbursement agreement with those landowners in the North Natomas Community Plan area who are entitled thereto, through the Major Street Construction Tax Fund, with respect to costs paid by such landowners or their predecessors in interest with respect to improvements covered by City Agreement 88-210.

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

\_\_\_\_\_  
FOR CITY CLERK USE ONLY

RESOLUTION NO: \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_