



REPORT TO COUNCIL

City of Sacramento

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Consent
 March 25, 2008

Honorable Mayor and
 Members of the City Council

Title: Airfield Park Reimbursement/Credit Agreement and Release of Letter of Credit and Cash Payment

Location/Council District: Airport Road & Arena Boulevard, Council District 1

Recommendation: Adopt a **Resolution:** 1) releasing the Irrevocable Standby Letter of Credit (No. SM226890W) for Airfield Park in the amount of \$2,168,061; 2) returning the cash deposit of \$394,659 to Beazer Homes less any administrative fees and costs incurred by the City associated with Airfield Park (LW48, L19102000); and 3) cancelling the Airfield Park project.

Contact: J. P. Tindell, Park Planning & Development Manager, 808-1955

Presenters: Not applicable

Department: Parks and Recreation

Division: Park Planning & Development Services

Organization No: 4727

Description/Analysis:

Issue: Airfield Park is a proposed 9.12-acre park located on Natomas Crossing Drive at Airport Road in North Natomas. Beazer Homes Holdings Corporation was proposing to develop this park as a turnkey park. The Reimbursement/Credit Agreement was approved by City Council on January 23, 2007, as Agreement No. 2007-0049.

Staff recommends that City Council approve the release of the Irrevocable Standby Letter of Credit and return the cash deposit of \$394,659, less any administrative fees and costs incurred by the City. The deposit was to cover City costs to develop this park project. At this time, Beazer Homes does not intend to develop this park due to the challenges of today's real estate market and the remapping of the Natomas Basin by FEMA (Federal Emergency Management Agency).

A summary of the Airfield 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 liveability in Sacramento's neighborhoods by expanding park and recreation facilities.

Committee/Commission Actions: The Airfield Park name and master plan were reviewed and supported by the Parks & Recreation Commission (PRC) on April 6, 2006. The PRC requested that the park name be changed from the proposed name "Natomas Field Park" to "Airfield Park."

Environmental Considerations: The Environmental Services Manager has reviewed the project for compliance with the requirements of the California Environmental Quality Act (CEQA). The Negative Declaration for the Natomas Field project (P04-236) was approved by the City Council on July 26, 2005 in City Resolution 2005-567. The Adopted Negative Declaration (Resolution No. 2005-567) adequately described the effects of a neighborhood park in this location of the Airfield Park project. The analyses and mitigation measures in the Adopted Negative Declaration are reaffirmed. An Addendum to the Negative Declaration was presented to City Council with the Airfield Park master plan report on July 25, 2006.

Rationale for Recommendation: The park development agreement was a turnkey agreement using the Unconditional, Irrevocable Stand-By Letter of Credit. Staff recommends that City Council release the Letter of Credit provided by Beazer Homes and release the cash deposit, less any City administrative fees and costs.

On September 2, 2002, Council approved Resolution No. 2002-591 authorized the City Manager to issue park development fee credits upon the provision of unconditional, irrevocable stand-by letters of credit.

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

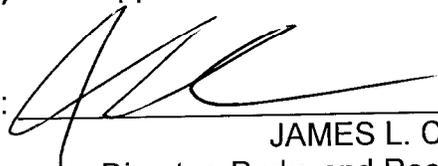
Resolution 2007-404, Section 9.2, states City Council's approval is required for the cancellation of a capital improvement project without completion of the project.

Financial Considerations: The developer provided a total of \$2,562,720 to design and develop the park which includes a payment of \$394,659 to the City to cover City administrative and project management costs. The payment of \$394,659 was used to

establish a new Capital Improvement Program project (LW48, L19102000) for the associated City costs for construction documents, review, inspection work, advance planning, and Art in Public Places for Airfield Park.

Emerging Small Business Development (ESBD): Not applicable.

Respectfully Submitted by:



JAMES L. COMBS
Director, Parks and Recreation

Recommendation Approved:



RAY KERRIDGE
City Manager

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Attachment 1

Background Information

“Airfield Park” is a proposed 9.12-acre neighborhood park located on Natomas Crossing Drive at Airport Road; single-family, residential buildings were to surround the park on all sides. The park was to be on the site of the historic Natomas Air Park, the City’s first airport. The park would be located in the proposed Natomas Field subdivision, which was to be a mix of single family homes, town homes, and low income, senior apartments with a recreation clubhouse. The master plan for the park was created with Beazer Homes and their landscape architecture consultant, the HLA Group, through the public participation process.

Beazer Homes was planning to develop this park as a “turnkey” park. The park was previously expected to be completed in May 2008. The name change to “Airfield Park,” the master plan, and environmental documents were approved by City Council on July 25, 2006.

The City of Sacramento and local developers met numerous times in 2002 and reached an understanding for developers to build turnkey parks in return for receiving park development impact fee credits upfront. The developers felt that they would be able to build the parks faster and cheaper. The developers have been able to build the parks faster because the City builds parks in the order that they are ranked in the approved Parks & Recreation Programming Guide. Developer-built parks have not necessarily been built cheaper than City-built parks, since prevailing wages are required in both scenarios.

The park development agreement was a turnkey agreement using the Unconditional, Irrevocable Stand-by Letter of Credit. Resolution No. 2002-591, approved by Council on September 3, 2002, authorized the City Manager to issue park development fee credits upon the provision of unconditional, irrevocable stand-by letters of credit.

The developer was to design and construct Airfield Park for a total of \$2,562,720 for the improvements, including \$394,659 in cash to the City to cover the estimated City costs to review the construction documents, City administration and project management, inspection work, advance planning, and Art in Public Places.

Beazer Homes has requested that the letter of credit be released and the cash payment, less any city administration fees and costs, be returned due to the challenges of today’s real estate market and the remapping of the Natomas Basin by FEMA.

RESOLUTION NO. 2008-

Adopted by the Sacramento City Council

March 25, 2008

**AIRFIELD PARK REIMBURSEMENT/CREDIT AGREEMENT AND RELEASE OF
LETTER OF CREDIT AND CASH PAYMENT**

BACKGROUND:

- A. Airfield Park is a proposed 9.2-acre park located on Natomas Crossing Drive at Airport Road in North Natomas. The park was to be built by Beazer Homes Holding Corporation as a turnkey park.
- B. 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.
- C. Beazer Homes Holding Corporations desired to receive fee credits for construction of Airfield Park, and provided the City with an unconditional, irrevocable stand-by letter of credit.
- D. The City Council approved the master plan and a park name change from "Natomas Field" to "Airfield Park" on July 25, 2006. The City Council approved the Reimbursement/Credit Agreement (Agreement No. 2007-0049) on January 23, 2007.
- E. Beazer Homes can no longer do the project as a turnkey park due to the challenges of today's real estate market and the remapping of the Natomas Basin by FEMA.
- F. Resolution 2007-404, Section 9.2, states City Council's approval is required for the cancellation of a capital improvement project without completion of the project.

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

- Section 1. The Irrevocable Standby Letter of Credit (No. SM226890W) for Airfield Park in the amount of \$2,168,061 is released.
- Section 2. The cash deposit of \$394,659, less any administrative fees and costs

incurred by the City associated with Airfield Park (LW48, L19102000), will be returned to Beazer Homes.

Section 3. The Airfield Park project is cancelled.