



City of Sacramento City Council

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

Meeting Date: 2/22/2011

Report Type: Consent

Title: Sacramento Convergence Deposit

Report ID: 2011-00085

Location: Railyards and Natomas (District 1)

Recommendation: Adopt a Resolution approving the refund of unallocated deposits received from the Sacramento Convergence LLC.

Contact: Rachel Hazlewood, Senior Project Manager, (916) 808-8645, Department of Economic Development

Presenter: None

Department: Economic Development Division

Division: Downtown Development

Dept ID: 18001021

Attachments:

- 1-Description/Analysis
- 2-Background
- 3-Resolution

City Attorney Review

Approved as to Form
Sheryl N. Patterson
2/15/2011 4:36:20 PM

City Treasurer Review

Prior Council Financial Policy Approval or
Outside City Treasurer Scope
Russell Fehr
2/11/2011 10:53:26 AM

Approvals/Acknowledgements

Department Director or Designee: Jim Rinehart - 2/15/2011 10:03:05 AM

Assistant City Manager: John Dangberg - 2/15/2011 4:24:59 PM



Description/Analysis

Issue: Deposits in the amount of \$170,000 were collected from Sacramento Convergence, LLC (Sacramento Convergence) as required in the Exclusive Right to Negotiate (ERN) Agreement, #2010-0305, for the Sports and Entertainment Complex. The funds paid for third part consulting costs and a project manager during the term of the agreement. That agreement expired on October 25, 2010 and there is no ongoing contractual relationship with Sacramento Convergence. Sacramento Convergence has requested the unspent balance be refunded to them. The purpose of this report is to provide the City Manager with the authority to refund this remaining deposit to Sacramento Convergence LLC.

Policy Considerations: The actions contemplated and described in this report are consistent with City contractual policies and the terms of the ERN.

Environmental Considerations:

California Environmental Quality Act (CEQA): This is an administrative report which is not subject to the California Environmental Quality Act (CEQA).

Sustainability: None at this time.

Commission/Committee Action: N/A

Rationale for Recommendation: Refunding this deposit is consistent with intent of the ERN and City contractual policies.

Financial Considerations: Sacramento Convergence, LLC paid the City \$170,000. These funds were deposited into the Sports Entertainment District Development Project (B18212000) Fund 3702. The balance, \$65,749.92, will be returned to Sacramento Convergence LLC.

Emerging Small Business Development (ESBD): None at this time.



BACKGROUND

On April 27, 2010, the City Council approved the execution of an Exclusive Right to Negotiate (ERN) with the Sacramento Convergence, LLC for the Convergence Plan to build a Sports & Entertainment Complex. Section 12 of the ERN established a schedule for the deposit of funds to pay for a portion of the City's costs related to the project, including hiring a project manager and third party consultants. The amount of the deposits totaled \$170,000. During the term of the ERN, \$104,257.08 was expended, leaving a balance of \$65,742.92. The ERN expired on October 25, 2010 and Sacramento Convergence LLC has requested the unspent balance be refunded to them. While the ERN did not specify a process to return these funds, it was clearly the intent to refund unspent deposits. This report and resolution will provide staff with the authority to refund the remaining deposit to Sacramento Convergence LLC.

RESOLUTION NO. 2011-



Adopted by the Sacramento City Council

APPROVING THE REFUND OF UNSPENT DEPOSIT FUNDS FOR THE EXPIRED AGREEMENT NO. 2010-0305, EXCLUSIVE RIGHT TO NEGOTIATE WITH SACRAMENTO CONVERGENCE, LLC

BACKGROUND

- A. On April 27, 2010, in Resolution 2010-221, City Council approved the execution of an Exclusive Right to Negotiate (ERN) with the Sacramento Convergence, LLC for a Sports & Entertainment Complex.
- B. The ERN required \$170,000 in deposits to cover City costs to hire a project manager and third party consultants.
- C. The ERN has expired and Sacramento Convergence LLC has requested the remaining unspent balance be refunded to them.

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

- Section 1. The City Manager or his designee is hereby authorized to refund the unspent balance of the deposit funds, \$65,749.92, deposited into the Sports Entertainment District Development Project (B18212000) Fund 3702 to Sacramento Convergence, LLC.