



City of Sacramento City Council

915 I Street, Sacramento, CA, 95814

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Meeting Date: 2/22/2011

Report Type: Consent

Title: Granite Regional Park; Accept Phase II Park Improvements and Conveyance of Two Parcels to Regional Park General

Report ID: 2011-00151

Location: 8141 Cucamonga Avenue (District 5)

Recommendation: Adopt a Resolution: 1) accepting Granite Regional Park Phase II park improvements valued at \$1,677,090 to be credited against Regional Park General's park development obligation of \$9.2 million (plus inflation); 2) authorizing the City Manager or City Manager's designee to execute a Third Amendment to the Lease Agreement Related to Granite Regional Park Agreement Number 2005-0110-2 between the City of Sacramento and Granite Construction Company; and 3) authorizing the City Manager or City Manager's designee to execute all other documents necessary to convey Assessor Parcel Numbers (APN's) 079-0430-010 and -011 to Regional Park General.

Contact: Mary de Beauvieres, Principal Planner, (916) 808-8722, J.P. Tindell, Park Planning & Development Manager, (916) 808-1955, Dept. of Parks and Recreation; Rhonda R. Lake, Facilities and Real Property Superintendent, (916) 808-7902, Dept. of General Services

Presenter: None.

Department: Parks & Recreation Department / Department of General Services

Division: Park Development Services

Dept ID: 19001121

Attachments:

- 1-Description/Analysis
- 2-Background
- 3-Location Map
- 4-Resolution
- 5-Exhibit A
- 6-Exhibit B

City Attorney Review

Approved as to Form
Jeffrey C. Heeren
2/16/2011 11:55:58 AM

City Treasurer Review

Prior Council Financial Policy Approval or
Outside City Treasurer Scope
Russell Fehr
2/4/2011 12:28:44 PM

Approvals/Acknowledgements

Department Director or Designee: Jim Combs - 2/11/2011 11:40:45 AM

Assistant City Manager: Patti Bisharat - 2/15/2011 8:49:37 AM



Description/Analysis

Issue: The Granite Regional Park Development Agreement (Ordinance 2000-042; adopted October 24, 2000) between the City and Regional Park General (RPG) obligates RPG to make \$9.2 million (plus inflation) in eligible park improvements in exchange for the conveyance of 63± acres of City land. The conveyed parcels may be developed as part of the business park approved in August 1998 as the Granite Regional Park Planned Unit Development (PUD). Amendments to the PUD were approved in 2000 and 2007. An additional amendment (P10-073) to develop a 195,000± square foot office building is pending. The current PUD envisions a 142 acre regional park surrounded by a business park of 2.4 million square feet of office buildings, 231,000± square feet of retail, 65,000± square feet of industrial uses and 119 single family residences.

In 2006, Regional Park General (RPG) completed Phase II park improvements which consisted of design and site work for the current dog park, all weather soccer field, a skate park, lighting, parking and a shade structure, valued at \$1,677,090. The improvements are eligible park improvements as outlined in the Granite Regional Park Development Agreement.

In accordance with the Development Agreement and as park improvements are completed and certain dollar thresholds reached, RPG may request conveyance of city owned parcels within the PUD. With the proposed acceptance of \$1,677,090 in Phase II park improvements, RPG has requested the conveyance of APNs 079-0430-010 and -011 (Parcels 10 and 11, respectively). Parcel 10 is 7.352 gross acres and Parcel 11 is 5.562 gross acres. Both parcels are included in premises currently leased to Granite Construction Company (GCC) through September 1, 2015 under Agreement No. 2005-0110-2. In order to convey the parcels to RPG, it is necessary to remove them from the existing lease premises pursuant to the proposed Third Amendment.

In addition, the subject property was pledged as a lease instrument as part of the 2001 Capital Improvement Revenue Bonds Master Lease (“Master Lease”). In order to clear title and complete the conveyance, the two parcels must be removed from the Master Lease. Staff anticipates returning to Council for approval of any necessary legal documents associated with amendment of the Master Lease.

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.

Environmental Considerations:

California Environmental Quality Act (CEQA): The proposed action would change the ownership of undeveloped land. No physical changes will occur as a result of the proposed action. Therefore, the conveyance of Parcels 10 and 11 to Regional Park General is exempt from the requirements of the California Environmental Quality Act (CEQA), pursuant to Section 15061(b)(3) of the CEQA Guidelines. Exemption 15061(b)(3) consists of an activity covered by the general

rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

Sustainability: The acceptance of the Granite Regional Park Phase II park improvements is consistent with the goals, policies and targets of the Sustainability Master Plan and the 2030 General Plan. The park improvements help to advance the goals, policies and targets of the Sustainability Master Plan by providing additional public green space in underserved neighborhoods.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: The acceptance of the Granite Regional Park Phase II park improvements and the conveyance of the two parcels to RPG are City obligations as outlined in the Granite Regional Park Development Agreement (OR2000-042). Upon acceptance of the Phase II park improvements valued at \$1,677,090 as outlined in this report, RPG has adequate park development credits to justify conveyance of Parcels 10 and 11.

Financial Considerations: The 2000 Development Agreement obligates RPG to make \$9.2 million (with inflation factor applied, current value is \$12,334,848) in eligible park improvements (see Exhibit A). To date, including the proposed Phase II improvements, RPG has made a total of \$4,369,205 in park improvements. Of this total, \$3,969,205 in park improvements has been determined to be eligible for park credits. The remaining obligation in current dollars is \$8,365,643.

A total of 72.446 acres of land are identified in the current Development Agreement for conveyance to RPG. Land conveyance may occur as park improvements are made and development thresholds are reached. Under an earlier agreement, one parcel (9.873 gross acres) was conveyed to RPG. If approved, two additional parcels totaling 12.914 gross acres would be conveyed, bringing the total to 22.787 gross acres, or 31.45 percent of the total parcels to be conveyed.

Park development creates an ongoing cost for park maintenance and utilities based on the size of the park. Granite Regional Park is currently 92.71 acres, of which 46.2 acres are developed. Acceptance of the Phase II park improvements does not place an additional burden on the Park Maintenance staff because the Phase 2 park improvements were completed in 2006; additional funding was provided by city funds and grants to complete the improvements. Dedication of the park improvements (skate park, dog park and all weather park soccer field and parking) occurred in May 2006 and the park has remained open for public use since that time.

With the economic downturn, the City has received maintenance assistance from United Soccer who currently mows the three turf fields and the Power Inn Alliance, a coalition of business and property owners in the area, assisting with biweekly trash pickup. All

other park maintenance activities continue to be the responsibility of the City's Park Maintenance Division.

Emerging Small Business Development (ESBD): No goods or services are being purchased as a result of this report.



Background Information

In 1971, the Granite Construction Company entered into an Agreement with the City to Convey Real Property for a future park (Granite Regional Park) located within the area generally bounded by Power Inn Road, the Jackson Highway, Florin Perkins Road and 14th Avenue in the Fruitridge Broadway Community Plan Area. The 260 acre property was the site of a longtime gravel mining operation and is comprised of an east basin and a west basin, generally divided by a central ridge that extends in a north / south direction. Under the provisions of the 1971 Conveyance Agreement (and subsequent amendments) land in the west basin was conveyed to the City. In turn, Granite Construction Company leased the land from the City to continue its mining and reclamation activities. Land in the east basin was also identified for conveyance to the City; however, the conveyance of the east basin has not yet occurred. Granite Construction Company remains obligated to convey fee title to the City pursuant to the 1971 agreement.

In 1994, the City Council entered into an agreement with Regional Park General (a development partnership consisting of Separovich-Domich, Carl Panattoni and Granite Construction Company) for the development of up to 4 million square feet of offices and other uses in return for the construction of a regional park (City Agreement 94-007).

On August 6, 1998, various entitlements including the Granite Regional Park Planned Unit Development were approved by the City Council. At buildout, the 260-acre complex was envisioned to consist of a 142 acre regional park, surrounded by 3.4 million square feet of office buildings, 165,000 square feet of new retail, park buildings and industrial development and parking areas to serve the new uses. Resolution 98-399 authorized staff to begin work to amend City Agreement 94-007.

On October 24, 2000, the City Council adopted Ordinance 2000-042; the current Granite Regional Park Development Agreement. Under this Agreement, RPG was obligated to develop park improvements valued at \$9.2 million dollars (plus inflation). As improvements were made, city owned parcels would be conveyed back to RPG for further development of the business complex. The Development Agreement also recognized \$168,750 in land payments required by City Agreement 94-007 which could be applied to the \$9.2 million park development obligation. With inflation applied, the total credit was valued at \$192,115.

In 2000, RPG completed construction of \$2.5 million in park improvements. Of the \$2.5 million, \$2.1 million in park improvements were determined to be eligible for credit. The improvements included a soccer / rugby complex (turf and irrigation), 12 competition level horseshoe courts, a wetlands area and lake, parking for 151 standard vehicles and 15 recreational vehicles, slopes and roads, a 40-table picnic area, interim dog park and maintenance yard. The Phase I improvements were accepted by the City Council by adoption of Resolution 2001-214, on April 17, 2001.

The 2000 Development Agreement outlines the procedure to be used to determine if adequate park development credits exist to warrant the conveyance of land. In order to

convey parcels, the percentage of the completed park improvements (in dollars) must equal or exceed the percentage of conveyance parcels (in acres) already transferred or proposed for transfer. In the case of the current conveyance request and upon City Council acceptance of the Phase II park improvements, the total park improvements made will be \$3,969,205 (this figure includes the Phase I improvements valued at \$2.1 million and the \$168,750 in land costs, which when inflated totaled of \$192,115). When the inflation factor is applied to the \$9.2 million dollar obligation, it is \$12,334,848 in 2010 dollars. The total park development credits represent 32.18% of the total improvements warranted.

To date, 7.873 gross acres have already been conveyed under an earlier agreement. The current request is to transfer 14.914 gross acres of the remaining 62.57 acres of City land to RPG. The total acreage conveyed or requested to be conveyed at this time is 22.787 gross acres. This represents 31.45% of the total acreage to be conveyed. Since the improvements made to date represent 32.18% of the improvements obligated, and this is greater than the 31.45% of total acreage to be conveyed, the conveyance of Parcels 10 and 11 is warranted.

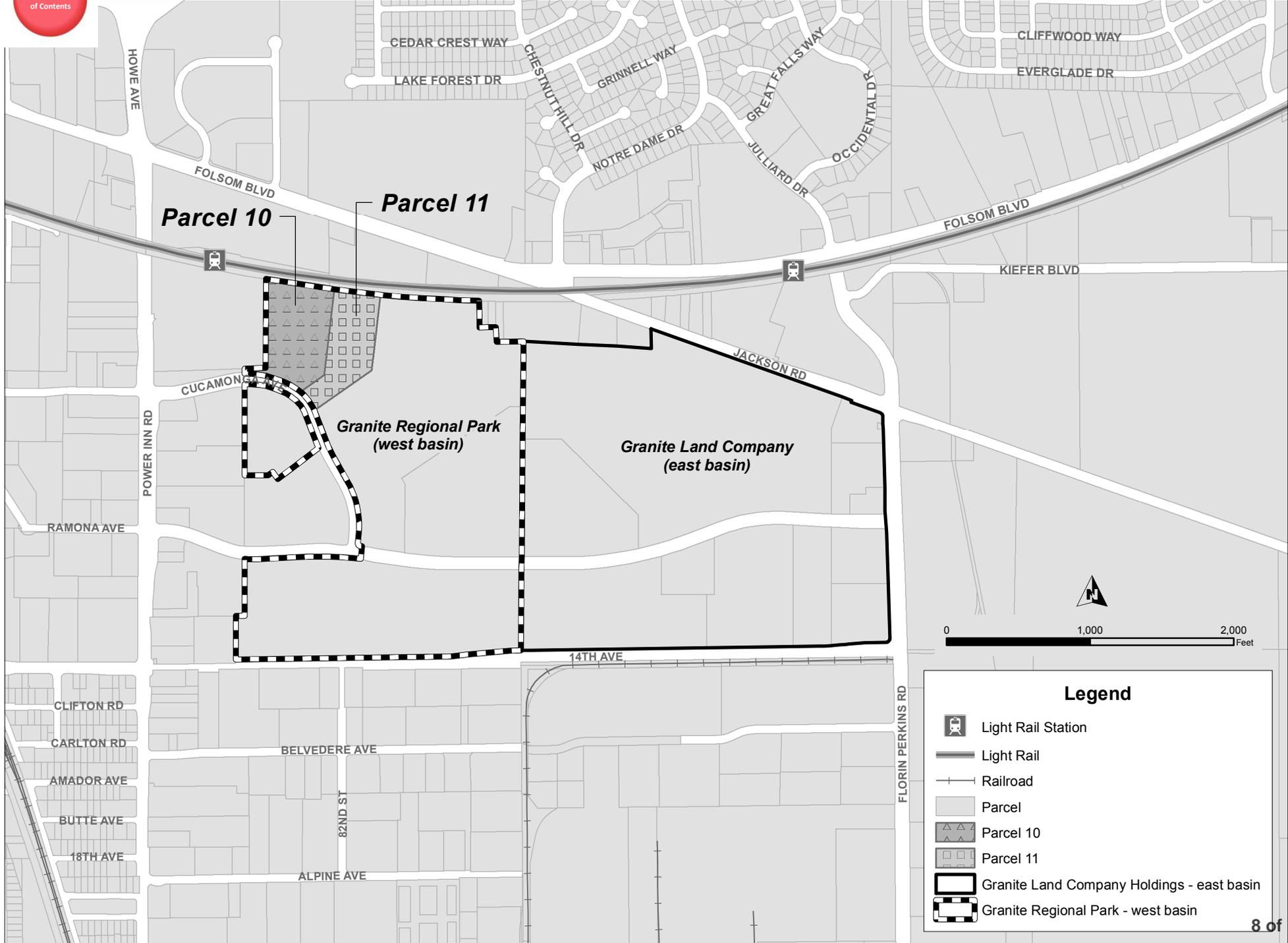
The west basin ground lease between the City and Granite Construction Company has been changed several times since its initial entry (on March 24, 1972). A new lease was entered in 1975, which superceded the 1972 lease, but incorporated its terms and conditions. The 1975 lease was amended in 2005, and again on September 1, 2010 (City Agreement 2005-0110-2). The current lease is for a five year term, ending September 1, 2015. It covers 42.92 (gross) acres in the west basin and includes the two parcels to be conveyed to RPG. Pursuant to Section 3.b. of the lease, parts of the lease area may be removed from the lease as needed pursuant to the terms of the Development Agreement 2000-042. Therefore, in order to convey Parcels 10 and 11 to RPG, it is necessary to remove them from the existing lease pursuant to the proposed Third Amendment.

Next Steps:

Pursuant to the 1971 Conveyance Agreement (and amendments), Granite Construction Company remains obligated to convey land in the east basin; this conveyance has not yet occurred. In addition, the 2000 Development Agreement, required a wetlands agreement which would obligate the City to be responsible for half the costs of development, construction, monitoring, maintenance and permitting of the wetlands area. The City and RPG have not yet entered into an agreement for the management of the wetlands. City staff is meeting with representatives of Regional Park General to discuss future development concepts for the regional park which could entail a reconfiguration of the business park and/or regional park layout and a potential update to the Park Master Plan. In the event changes are proposed for the park layout, Park Master Plan Update separate item will come before City Council for approval.



Granite Regional Park - Conveyance of Parcels 10 and 11



Legend

- Light Rail Station
- Light Rail
- Railroad
- Parcel
- Parcel 10
- Parcel 11
- Granite Land Company Holdings - east basin
- Granite Regional Park - west basin



RESOLUTION NO. 2011 -

Adopted by the Sacramento City Council

February 22, 2011

ACCEPTING GRANITE REGIONAL PARK PHASE II PARK IMPROVEMENTS; AUTHORIZING THE THIRD AMENDMENT TO LEASE AGREEMENT RELATED TO GRANITE REGIONAL PARK; AND AUTHORIZING CONVEYANCE OF TWO PARCELS TO REGIONAL PARK GENERAL

BACKGROUND

- A. Granite Regional Park is located between Power Inn Road, Florin Perkins Road, the Jackson Highway and 14th Avenue in the Fruitridge Broadway Community Plan Area. In October 2000, the City and Regional Park General (a development partnership consisting of Separovich-Domich, Carl Panattoni and Granite Construction Company) entered into the Granite Regional Park Development Agreement (Ordinance 2000-042) to develop a 3.5± million square foot business park surrounded by a 142 acre regional park.
- B. In accordance with the Development Agreement, Regional Park General was obligated to develop \$9.2 million (with inflation, this figure is currently \$12,334,848) in park improvements for which it would receive 72.446 acres of city owned land in the form of eight separate parcels. One of the parcels was conveyed to Regional Park General in accordance with an earlier agreement. The current request for conveyance of Assessor Parcel Numbers 079-0430-010 and -011 will bring the total acreage of land conveyed to 22.787 acres, which represents 31.45% of the total acreage to be conveyed. In order to convey the parcels to RPG, it is necessary to remove them from the existing lease pursuant to the proposed Third Amendment.
- C. In 2006, Regional Park General completed \$1,677,090 in Phase II park improvements. The City has previously accepted \$2,292,115 in eligible park improvements completed by Regional Park General, bringing the total park improvement value to \$3,969,205, which represents 39.18% of the total park improvements.
- D. On September 1, 2010, the Second Amendment to Lease Agreement Related to Granite Regional Park, between the City of Sacramento and Granite Construction Company was executed. It is City Agreement Number 2005-0110-2. The Lease covers 42.92 acres in the west basin, including APNs 079-0430-010 and -011.
- E. The Environmental Services Manager has reviewed this project for compliance with the requirements of the California Environmental Quality Act (CEQA) and determined that the conveyance of the two parcels is exempt from the

requirements of the CEQA pursuant to Section 15061(b)(3) of the CEQA Guidelines. Exemption 15061(b)(3) consists of an activity covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

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

- Section 1. Accepts Granite Regional Park Phase II park improvements valued at \$1,677,090 to be credited against Regional Park General's park development obligation of \$9.2 million (plus inflation). In 2010 dollars, the remaining park development obligation is estimated at \$8,365,643. A breakdown of the park improvements and annual adjustment to show the remaining park obligation is attached as Exhibit A and is part of this resolution.
- Section 2. Authorizes the City Manager or City Manager's designee to execute the Third Amendment to Lease Agreement Related to Granite Regional Park, in a form approved by the City Attorney's office, the only change being removing Assessor Parcel Numbers 079-0430-010 and -011 from the Lease Agreement. A map showing the new lease premises is attached as Exhibit B and is part of this resolution.
- Section 2. Authorizes the City Manager or City Manager's designee to execute all other documents necessary to convey Assessor Parcel Numbers 079-0430-010 and -011 to Regional Park General.

Table of Contents:

- Exhibit A – Value of Park Improvements and Remaining Park Obligation
Exhibit B – GCC Leased Premises Map



EXHIBIT A

Granite Regional Park: Park Improvements and Remaining Park Obligation

Based on Engineering News Review Construction Cost (ENRCC) Index for 20-City Average

ENRCC Index Date	Index Amount	Adjustment Rate	Park Improvements	Park Obligation
8/1/1998	5929	Base Year		\$9,200,000
			\$168,750 + interest*	-\$192,115
				<u>\$9,007,885</u>
1/1/1999	6000	1.01		\$9,115,755
1/1/2000	6130	1.02		\$9,313,263
1/1/2001	6281	1.02		\$9,542,676
			Phase I Park Credit**	-\$2,100,000
				<u>\$7,442,676</u>
1/1/2002	6462	1.03		\$7,657,152
1/1/2003	6581	1.02		\$7,798,161
1/1/2004	6825	1.04		\$8,087,289
1/1/2005	7297	1.07		\$8,646,586
1/1/2006	7660	1.05		\$9,076,723
			Phase II Park Credit***	-\$1,677,090
				<u>\$7,399,633</u>
1/1/2007	7880	1.03		\$7,612,155
1/1/2008	8090	1.03		\$7,815,017
1/1/2009	8549	1.06		\$8,258,416
1/1/2010	8660	1.01		\$8,365,643
1/1/2011	not yet available			tbd

* Per OR2000-042 (the Development Agreement) Section 2, \$168,750 paid in 1996 as a land payment + interest through 9/30/2000 shall be a credit against the \$9.2M park obligation. With interest, the \$168,750 grew to \$192,115.

** Phase I Park Credit of \$2.1M were accepted by City Council by adoption of Resolution 2001-214, dated April 17, 2001

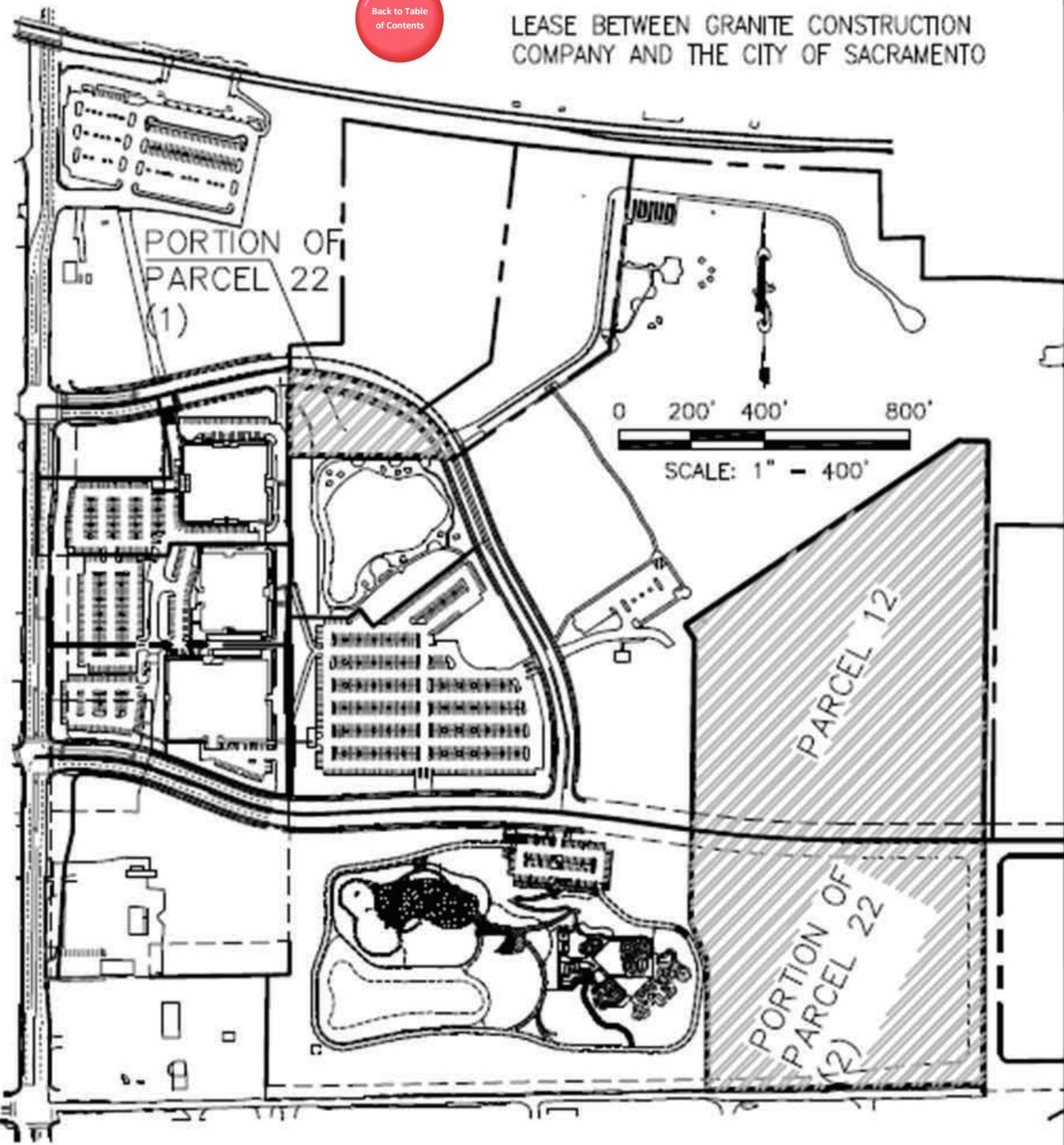
*** Phase II Park Credit of \$1,677,090 pending City Council acceptance

Note: Inflation factors for January 2011 will be available mid-February

MdB 1/27/2010



LEASE BETWEEN GRANITE CONSTRUCTION COMPANY AND THE CITY OF SACRAMENTO



AREA OF:
PARCEL 12 - 16.024C GROSS; 15.19AC NET
PORTION OF PARCEL 22 (1) - 1.78AC GROSS; 1.38AC NET
PORTION OF PARCEL 22 (2) - 12.21AC GROSS; 10.05AC NET