



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
[www. CityofSacramento.org](http://www.CityofSacramento.org)

Consent Report
August 29, 2006

Honorable Mayor and
 Members of the City Council

Title: Supplemental Agreements and Second Amendment to Agreement for the Exclusive Rights to Negotiate a Lease: Del Paso Park Project

Location/Council District: 3701 Fulton Avenue/Council District 2

Recommendation: Adopt three resolutions: 1) authorizing the City Manager to execute Supplemental Agreement No. 1 with Kleinfelder for the preparation of the Del Paso Park Environmental Impact Report (EIR), 2) authorizing the City Manager to execute Supplemental Agreement No. 1 with Wood Rodgers for planning, engineering and surveying services, and 3) authorizing the City Manager to execute an amendment to Agreement for the Exclusive Rights to Negotiate (ERN) a Lease with Mel Rapton Honda (Rapton).

Contacts: Denise Malvetti, Economic Development Project Manager, 808-2796
 James R. Rinehart, Citywide Economic Development Manager, 808-5054

Presenters: Not applicable

Department: Economic Development

Division: Citywide

Organization No: 4453

Description/Analysis

Issue: As a result of the increased value of the proposed dealerships at Del Paso Park, the scope of services for both Kleinfelder, Inc. and Wood Rodgers has expanded. The cost of additional services for the preparation of the EIR and geotechnical investigation by Kleinfelder is \$67,800. The cost for Wood Rodgers additional planning, engineering and surveying services is \$44,680.

The City of Sacramento and Rapton have made considerable progress in negotiating a lease, but they cannot complete negotiations before the ERN terminates at 5:00 p.m. on August 31, 2006. Both parties desire to extend the ERN by 12 months so that it will expire at 5:00 p.m. on August 31, 2007.

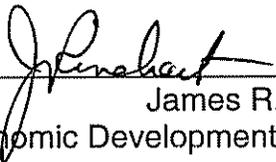
Policy Considerations: The Del Paso Park project is consistent with the City of Sacramento Strategic Plan goals to expand economic development throughout the City and achieve sustainability and livability.

Environmental Considerations: In and of itself, this update does not have any environmental considerations. Clearly, the findings of the EIR will result in environmental considerations and actions at some future date.

Rationale for Recommendation: In order for the Del Paso Park project to achieve its highest and best use, it is necessary to have Kleinfelder and Wood Rodgers perform additional consulting services.

Financial Considerations: All of these agreements shall be funded by the Trapshoot Clean-Up Project, CIP #CB33, in an amount not to exceed \$112,480. Financing for this project has been provided by a "bridge loan" in the amount of \$6.4 million approved by City Council on May 23, 2006.

Emerging Small Business Development (ESBD): The Economic Development Department plans on entering into supplemental agreements with Wood Rodgers and Kleinfelder because they are already involved in, and familiar with, the Del Paso Park Project. Neither Wood Rodgers nor Kleinfelder are registered small businesses.

Respectfully Submitted by:  _____
James R. Rinehart
Citywide Economic Development Manager

Recommendation Approved:

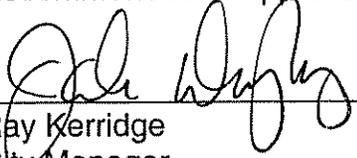
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Ray Kerridge
City Manager

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Attachment 1**Background**

The City had leased 21± acres of Del Paso Park to the Sacramento Trapshooting Club (STC) site since approximately 1915. On September 30, 2004, the STC lease expired and the STC was given written notification that their lease was being converted to a month-to-month status. By authorization of the Sacramento City Council, the STC was given a 60-day notification that their lease was terminated effective June 30, 2006.

The STC still, however remains and operates on the site as of the date of writing this background description. The City of Sacramento has served the STC with an unlawful detainer action seeking return of the property, past due rent, environmental fees and statutory damages. The matter is before the courts.

In 2002, the City Council directed staff to examine potential alternatives for the "highest and best" uses for the site that would offer a compatible and productive use of the property. In 2004, Mel Rapon Honda, currently located on Fulton Avenue, submitted a written request to the City to lease a portion of the existing property that was leased by the Trapshooting Club. An Exclusive Rights to Negotiate (ERN) was executed on June 1, 2004, between the City and Rapon. It has been renewed by Council twice, and expires on August 31, 2006.

In February 2006, the City entered into a professional services agreement with Wood Rodgers for planning, engineering and surveying services. The original contract amount was \$98,000.

In March 2006, the City entered into a professional services agreement with Kleinfelder, Inc. for the preparation of the Del Paso Park Environmental Impact Report (EIR) as a part of the Del Paso Park Clean-up Project. The original contract amount was \$180,000.

In May 2006, City Council authorized the use of a general fund loan in the amount of \$6.4 million to be used a "bridge loan" financing for this project.

RESOLUTION NO.

Adopted by the Sacramento City Council

SUPPLEMENTAL AGREEMENT WITH KLEINFELDER, INC. FOR THE PREPARATION OF AN ENVIRONMENTAL IMPACT REPORT (EIR) FOR THE DEL PASO PARK CLEAN-UP PROJECT.

BACKGROUND

- A. The City had leased 21± acres of Del Paso Park to the Sacramento Trapshooting Club since approximately 1915. The lease expired on September 30, 2004 and the Trapshooting Club operated on the premises under a month to month agreement until the lease was terminated on June 30, 2006.
- B. In 2002, the City Council directed staff to examine potential alternatives for the "highest and best" uses for the site that would offer a compatible and productive use of the property.
- C. An environmental analysis is required for the proposed Del Paso Park project under the California Environmental Quality Act (CEQA). The analysis will also examine the impacts of the potential rezone from recreational to commercial use.
- D. In March 2006, the City of Sacramento entered into a contract with Kleinfelder for the preparation of the EIR for an amount not to exceed \$180,000.
- E. As a result of attracting an increased quality and revenue generating tenant, the scope of the contract with Kleinfelder has increased to accommodate the additional planning, environmental and geotechnical services.

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

- Section 1. The City Manager is authorized to execute Supplemental Agreement No. 1 to Agreement No. 2006-0242 with Kleinfelder, Inc. for the EIR for the Trapshoot Clean-Up Project. This agreement shall be funded from the Trapshoot Clean-Up Project, CIP #CB33, in an amount not to exceed \$67,800.

RESOLUTION NO.

Adopted by the Sacramento City Council

SUPPLEMENTAL AGREEMENT WITH WOOD RODGERS, INC. FOR THE DEL PASO PARK CLEAN-UP PROJECT.

BACKGROUND

- A. The City had leased 21± acres of Del Paso Park to the Sacramento Trapshooting Club since approximately 1915. The lease expired on September 30, 2004 and the Trapshooting Club operated on the premises under a month to month agreement until the lease was terminated on June 30, 2006.
- B. In 2002, the City Council directed staff to examine potential alternatives for the "highest and best" uses for the site that would offer a compatible and productive use of the property.
- C. In February 2006, the City entered into a professional services agreement with Wood Rodgers for planning, engineering and surveying services. The original contract amount was \$98,000.
- D. As a result of attracting an increased quality and revenue-generating tenant, the scope of the contract with Wood Rodgers has increased to accommodate additional planning, engineering and surveying services.

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

- Section 1. The City Manager is authorized to execute Supplemental Agreement No. 1 to Agreement No. 2006-0177 with Wood Rodgers, Inc. for planning, engineering and surveying services. This agreement shall be funded from the Trapshoot Clean-Up Project, CIP #CB33, in an amount not to exceed \$44,680.

RESOLUTION NO.

Adopted by the Sacramento City Council

SECOND AMENDMENT TO THE AGREEMENT FOR THE EXCLUSIVE RIGHTS TO NEGOTIATE A LEASE WITH MEL RAPTON HONDA, INC. FOR THE DEL PASO PARK PROJECT.

BACKGROUND

- A. The City leased 21± acres of Del Paso Park to the Sacramento Trapshooting Club since approximately 1915. The lease expired on September 30, 2004 and the Trapshooting Club operated on the premises under a month to month agreement until the lease was terminated on June 30, 2006.
- B. In 2002, the City Council directed staff to examine potential alternatives for the "highest and best" uses for the site that would offer a compatible and productive use of the property.
- C. In June 2004, the Sacramento City Council approved a resolution authorizing the City Manager's Office to enter into an exclusive rights to negotiate agreement for seven (7) months with Mel Rapon Honda for the lease at 3701 Fulton Ave.
- D. In September 2004, the Sacramento City Council approved a resolution authorizing the City Manager's Office to extend for twelve (12) months the exclusive rights to negotiate agreement with Mel Rapon Honda for the lease at 3701 Fulton Ave.
- E. In September 2005, the Sacramento City Council approved a resolution authorizing the City Manager's Office to extend for twelve (12) months the exclusive rights to negotiate agreement with Mel Rapon Honda for the lease at 3701 Fulton Ave.
- F. Sacramento and Rapon have made considerable progress in negotiating a lease, but they cannot complete negotiations before the ERN terminates at 5:00 p.m. on August 31, 2006. Both parties desire to extend the ERN by 12 months so that it will expire at 5:00 p.m. on August 31, 2007.

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

- Section 1. The City Manager is authorized to execute the amendment for the Exclusive Right to Negotiate a Lease Agreement with Mel Rapon Honda, Inc. extending it for twelve (12) months.

