



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org

Consent
November 9, 2006

Honorable Mayor and
Members of the City Council

Title: Delta Shores Memorandum of Understanding (MOU) and Staffing Request

Location/Council District: Districts 7 & 8

Recommendation: Adopt 1) a **Resolution** approving and authorizing the City Manager to execute a Memorandum of Understanding (MOU) with M&H Realty, SCC Acquisitions, Inc., and Dunmore Homes to provide for the funding of a dedicated staff person to process applications for the Delta Shores Project and 2) a **Resolution** authorizing the addition of one (1) limited term Senior Planner position to Organization 4913 effective FY 06/07 to process applications for the Delta Shores Project.

Contact: Scot Mende, New Growth Manager, 808-4756, Carol Shearly, Director of Planning, 808-5893.

Presenter: Not Applicable

Department: Planning

Division: New Growth

Organization No: 4913

Description/Analysis

Issue: Staff is requesting City Council approval of a MOU between the City and M&H Realty, SCC Acquisitions, Inc., and Dunmore Homes to fund a new Senior Planner position to provide efficient and effective processing of applications for the Delta Shores project.

Policy Considerations: The actions described in this report are consistent with several goals of the City's Strategic Plan, including: Increase opportunities for safe and affordable housing; and Expand economic development. In addition, this request is consistent with the Development Oversight Commission goal of assisting the City of Sacramento in becoming a development-friendly city with a streamlined, time-certain development process that encourages and promotes

quality, cost-effective and sensible development while creating jobs and revenue and sustaining our excellent quality of life.

Committee/Commission Action: No committee or commission action is required.

Environmental Considerations: None

Rationale for Recommendation: The Delta Shores project is located in the southern portion of the City, south of Meadowview Road, east of the town of Freeport and extending to the Morrison Creek Levee. The project encompasses 926 acres and includes three landowners: M&H Realty Partners (151 acres), SCC Acquisitions, Inc. (650 acres), and Dunmore Homes (126 acres). The processing of the project applications will require a significant amount of City staff time, and the City does not currently have the resources to dedicate one staff person to manage the project. The rationale behind the Delta Shores MOU is to create a Senior Planner position which would be dedicated solely to the processing of the Delta Shores project. A dedicated staff person would expedite the efficient and effective processing of the project. In addition, the staff person would provide landowners with a single point of contact at the City.

Financial Considerations: The costs associated with the additional position are expected to be approximately \$103,000 in on-going and \$5,000 in one-time expenses. The full costs of this new position would be paid by the landowners, and there is no impact on the General Fund. Upon expiration of the Delta Shores MOU, the Senior Planner position and associated revenue and expenditure budgets will be eliminated.

Emerging Small Business Development (ESBD): No outside goods or services are being purchased under this report.

Respectfully Submitted by: Scot Mende
Scot Mende
New Growth Manager

Approved by: Carol Shearly
Carol Shearly
Director of Planning

Recommendation Approved:

due Ray Kerridge
RAY KERRIDGE
City Manager

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RESOLUTION NO.
ADOPTED BY THE SACRAMENTO CITY COUNCIL

**APPROVING MEMORANDA OF UNDERSTANDING FOR
DELTA SHORES AGREEMENT TO FUND DEDICATED
STAFF POSITION**

BACKGROUND

- A. The Delta Shores project presents a unique opportunity for development of one of the largest undeveloped areas within the City limits. Planning and development of the property and processing of the applications will require significant time and resources from landowners and the City.
- B. The Memoranda of Understanding between the City of Sacramento and M&H Realty, SCC Acquisitions, Inc., and Dunmore Homes will memorialize a framework for planning of the Delta Shores property and processing of the applications in a timely manner consistent with orderly development.

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

- Section 1. A Memorandum of Understanding with M&H Realty, SCC Acquisitions, Inc., and Dunmore Homes to provide for the funding of a dedicated staff person to process applications for the Delta Shores Project is approved and the City Manager is authorized to execute such Memorandum of Understanding.

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF
SACRAMENTO, M&H REALTY PARTNERS, SCC ACQUISITIONS AND DUNMORE
LAND REGARDING THE PLANNING PROCESS FOR DEVELOPMENT OF DELTA
SHORES**

This Memorandum of Understanding ("MOU") is dated _____, 2006, and is entered into by and among M & H Realty Partners VI L.P. ("M & H"), SCC Acquisitions, Inc. ("SCC"), and Dunmore Land, LLC ("Dunmore") (collectively, "Landowners") and the City of Sacramento, a charter municipal corporation ("City"). City and Landowners are sometimes collectively referred to herein as the "Parties" or individually as a "Party."

RECITALS

This MOU is entered into by and between the Parties in consideration of the following:

A. Landowners hold interests in certain real properties (collectively, the "Property") located in the southern portion of the City that total approximately 926 acres. M & H owns or controls approximately 151 acres of the Property, SCC owns or controls approximately 650 acres of the Property, and Dunmore owns or controls approximately 125 acres of the Property. The Property as a whole is commonly referred to as Delta Shores.

B. Landowners presently plan to develop all or portions of the Property and in conjunction therewith anticipate submitting various land use application(s) to the City ("Applications"), which may include, but are not limited to: General Plan and Community Plan Amendments; PUD Guidelines; Schematic Plans; Rezoning; Tentative Parcel Maps; Tentative Subdivision Maps; Final Parcel Maps; Final Subdivision Maps; Special Permits; and Development Agreements.

C. The Parties acknowledge that the Property presents a unique opportunity for development of the largest undeveloped area currently within the City limits. Planning and development of the Property and processing of the Applications will require significant time and resources from Landowners and the City. The Parties are entering into this MOU to memorialize a framework for planning of the Property and processing of the Applications in a timely manner consistent with orderly development, as further described below.

D. The Parties acknowledge that significant City staff time will be necessary to process the Applications. Accordingly, in return for City's commitment to process the Applications in a diligent manner, Landowners commit to remunerate City the amount of monies expended by City in engaging a dedicated staff person to process the Applications.

AGREEMENT

The Parties agree as follows:

1. Project Description. The Property consists of approximately 926 acres of land adjacent to Interstate 5 in the City. Landowners intend to propose a development of approximately 156 acres of retail commercial and hospitality and 770 acres of residential and related development.
2. City Management Oversight. While many departments of City will be involved in developing solutions and processing the Applications, it is the understanding of the Parties that the City Manager is directed to take the lead in managing this process and resolving key issues that may arise during this processing. The City's New Growth Manager, currently Scot Mende, shall serve as the City Manager's delegate to oversee and implement the provisions of this MOU by coordinating regular monthly or semi-monthly meetings, coordinating between different City

departments and coordinating among the Project, the South Area Community Plan Update and the General Plan update.

3. Diligent Processing of Applications. City, and all agencies of City that are affected or may be affected, shall process any and all Applications in a diligent manner. If necessary or required, upon satisfactory completion by Landowners of all required preliminary actions, City shall promptly commence and diligently proceed to complete all steps necessary or required for processing the Applications, including, but not limited to, scheduling, convening and concluding all required public hearings in a diligent manner. Specifically, the City agrees that it will use best efforts to respond in accordance with the schedule of performance set forth in Section 6, below, and as to submittals from Landowners will use best efforts to respond within ten (10) business days or less.

4. Dedicated Staff. City agrees to hire or otherwise engage a “Dedicated Staff Person” to oversee the City’s processing of the Applications in a diligent manner. The Dedicated Staff Person shall have sufficient planning background and experience to oversee such processing of the Applications. Landowners shall be permitted to participate in interviews of applicants and to recommend the Dedicated Staff Person to City. In its sole discretion, the City shall decide whom to hire or otherwise engage as the Dedicated Staff Person. The Dedicated Staff Person shall work exclusively on processing the Applications and devote his/her time only to such processing, unless otherwise mutually agreed to by the parties hereto in writing. Landowner understands and acknowledges that the Dedicated Staff Person will be under the sole authority and direction of the City and there are no expectations that Landowner will direct or have authority over the Dedicated Staff Person. In return for City’s diligent processing of the Applications and City’s hiring or otherwise engaging the Dedicated Staff Person necessary to accommodate such processing, M & H and SCC shall reimburse City quarterly, in advance, for 86.5% of the salary and benefits of the Dedicated Staff Person and Dunmore shall reimburse City quarterly, in advance, for 13.5% of the salary and benefits of the Dedicated Staff Person. City shall send invoices to SCC for 86.5% of the salary and benefits of the Dedicated Staff Person and to Dunmore for 13.5% of the salary and benefits of the Dedicated Staff Person. The salary and

benefits paid to the Dedicated Staff Person shall not exceed the total costs to the City for a Senior Planner, approximately \$100,000 annually. Additional costs to be paid by Landowners in the proportions set forth above are approximately \$3,000 annually for supplies and services and a one time cost of \$5,000 as the cost for a computer and furniture. If the City proposes to increase the number of people assigned to work on the Applications, it shall first consult with Landowners who must approve increasing the number of Dedicated Staff Persons before the Landowners will become liable to City for reimbursement of the salary costs of such additional Dedicated Staff Person(s). Landowners' obligation to make payment to City under this Agreement shall not be conditional or contingent on the decisions made and actions taken by the Dedicated Staff Person, the City's New Growth Manager, or any other City staff assigned to the Applications. There shall be no joint and several liability of Landowners to City for making the reimbursement payments described above. Dunmore shall be solely liable for making its 13.5% reimbursement payment for the salary, benefits and costs of the Dedicated Staff Person and M&H and SCC shall be solely liable for making their 86.5% reimbursement payment for the salary, benefits and costs of the Dedicated Staff Person.

5. Community Plan Coordination. The Parties acknowledge that the City is currently undertaking review and revision of the Airport Meadowview Community Plan, which will include portions of the South Sacramento Community Plan. This revised plan is designated by the City as the South Area Community Plan ("Community Plan") and includes the project area. Concurrently, the City is also undertaking an overall update of the City's General Plan. The Parties agree to make every effort to coordinate any revisions to the Community Plan and General Plan update with the processing of the Applications in such a manner that the project as contemplated in the Applications, if ultimately approved by the City, will be consistent with any revisions made to the Community Plan and General Plan. The City agrees that its preparation of the Community Plan and General Plan update will not delay processing of the Applications.

6. Processing of Applications. The Parties agree to work cooperatively in an effort to complete processing of the Applications and related environmental documentation consistent

with the schedule attached hereto, and the City agrees to use best efforts to provide responses or take action in response to submittals by the Landowners as follows:

City Action	Calendar Days
Landowner Application Deemed Complete	30 days following City's receipt from Landowners of Complete Application
Publication of Notice of Preparation for DEIR	10 days following City's receipt from EIR consultant
Provision by City of comments on Admin. DEIR	30 days following City's receipt of Admin. DEIR from EIR consultant
Public Distribution of DEIR	10 days following City's receipt of DEIR from EIR consultant
Provision by City of comments on admin FEIR	30 days following City's receipt of admin FEIR from EIR consultant
Planning Commission hearing for Approval of Applications	30 days following release of FEIR
City Council hearing for Approval of Applications and Certification of EIR	30 days following Planning Commission hearing

7. Reimbursement to Landowners. The parties acknowledge that Landowners may request reimbursement from third parties for a pro rata share of the costs incurred by Landowners associated with this MOU as part of the finance plan City is preparing for the development of the Delta Shores area. City agrees to consider implementation of developer fees, or other forms of reimbursement, that may be necessary to provide such reimbursement to Landowners.

8. Term and Termination. This Agreement shall have an initial term of two (2) years commencing on the date first written above and ending on the second anniversary of such commencement date. Each Landowner shall have the option to extend this Agreement for two additional one (1) year terms, provided that such Landowner provides written notice to City of its intent to exercise such option at least thirty (30) days prior to expiration of the then current term.

Notwithstanding the foregoing, any Party may terminate its participation in this Agreement by providing one (1) month's prior written notice to the other Parties. A Landowner shall have no responsibility to reimburse City for the salary and benefits of the Dedicated Staff Person(s) following the date of termination of this Agreement to the extent such salary and benefits were earned by the Dedicated Staff Person(s) after the date of the termination of a Landowner's participation in this Agreement.

9. Notices. Any notice or communication required hereunder between the City or Landowners shall be in writing, and may be given either personally, electronically, by facsimile or by registered or certified mail, return receipt requested. Notice shall be complete upon delivery by personal service to the address provided for a party, below. Upon receipt of electronic or facsimile notice, the receiving party shall provide electronic or facsimile confirmation of receipt and such notice shall be deemed to have been given when the sender has received such confirmation of receipt. If notice is given by registered or certified mail, the same shall be deemed to have been given and received on the first to occur of (a) actual receipt by any of the addressees designated below as the party to whom notices are to be sent, or (b) five (5) days after a registered or certified letter, return receipt requested, containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail. Any party hereto may at any time, by giving ten (10) days written notice to the other party, designate any other address in substitution of the address to which notice or communication shall be given. Such notices or communications shall be given to the parties at their addresses set forth below.

If to City:

Scot Mende, New Growth Manager
Planning Department
New City Hall, 915 I Street, 3rd floor
Sacramento, CA 95814
Phone: (916) 808-4756
Fax: (916) 808-5786
E-mail: smende@cityofsacramento.org

If to Landowners:

M&H Realty Partners VI L.P.
12555 High Bluff Drive, Suite 385
San Diego, CA 92130
Attention: Scott McPherson
Phone: (858) 259-9909
Fax: (858) 259-8886
email: scott.mcpherson@mhrealty.com

SCC Acquisitions, Inc.
1430 Blue Oaks Blvd., Suite 200
Roseville, CA 95747
Attention: Tom Karvonen, Delta Shores Project Manager
Phone: (916) 218-1204
Fax: (916) 772-2464
email: tkarvonen@suncal.com

Dunmore Land, LLC
8781 Sierra College Blvd., Suite 120
Granite Bay, CA 95746
Attention: Ken Allred
Phone: (916) 771-7500
Fax: (916) 771-7520
email: Kallred@dunmorehomes.com

with a copy to:

Gregory D. Thatch, Esq.
Law Offices of Gregory D. Thatch
1730 I Street, Suite 220
Sacramento, CA 95814
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Fax: (916) 443-4632
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555 Capitol Mall, 9th Floor
Sacramento, CA 95814
Phone: (916) 444-3900
Fax: (916) 444-3826
email: smewitz@mhallow.com

10. Successors. This Agreement shall be binding on and inure to the benefit of the successors and assigns of the respective Parties hereto.

11. Counterparts. This Agreement may be signed in counterparts and by facsimile signature each of which shall be deemed an original but all of which, taken together, shall be one and the same document.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first written above.

M & H REALTY PARTNERS VI L.P., a California limited Partnership

**By: MHRP VI L.P., a California corporation,
General Partner of M&H Realty Partners VI L.P.**

**By: Merlone/Hagenbuch VI Inc.,
General Partner of MHRP VI L.P.**

By: _____

Title: _____

**SCC ACQUISITIONS, INC.
a California corporation**

By: _____

Title: _____

**DUNMORE LAND, LLC
a California limited liability company**

By: _____
Sid Dunmore
Managing Member

CITY OF SACRAMENTO

By: _____
City Manager or designee

Approved as to form:

City Attorney

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

AUTHORIZING AN INCREASE IN THE NUMBER OF SENIOR PLANNER POSITIONS AND RELATED EXPENSES FOR SUPPLIES AND SERVICES

BACKGROUND

- A. The Delta Shores project presents a unique opportunity for development of one of the largest undeveloped areas within the City limits. Planning and development of the Property and processing of the applications will require significant time and resources from landowners and the City.
- B. The Memoranda of Understanding (MOU) between the City of Sacramento and M&H Realty and SCC Acquisitions, Inc., and between the City and Dunmore Homes provides funding for at least two years for a Senior Planner position in the Planning Department.

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

The New Growth Division of the Planning Department is directed to:

Section 1. Add one (1) limited term Senior Planner position to the New Growth Division of the Planning Department dedicated to the Delta Shores project.

Section 2. The Planning Department FY2006/07 revenue and expense budgets shall be adjusted as follows:

Revenue:		
101-490-4913-3XXX		\$108,000
Expense:		
101-490-4913-4XXX	On-Going Expense	\$103,000
101-490-4913-4XXX	One-Time Expense	\$ 5,000

Section 3. Upon expiration of the Delta Shores MOU the Senior Planner position and associated revenue and expenditure budgets will be eliminated.

