



# REPORT TO COUNCIL

## City of Sacramento

915 I Street, Sacramento, CA 95814-2604  
www.CityofSacramento.org

Consent  
May 20, 2008

Honorable Mayor and  
Members of the City Council

**Title:** Partial Release of North Natomas Development Agreement, City Agreement No. 95-193 between the City of Sacramento and Sacramento Municipal Utility District (SMUD)

**Location/Council District:** 2420 and 2450 Del Paso Boulevard / Council District 1

**Recommendation:** Adopt a **Resolution** authorizing the City Manager to execute a Partial Release Agreement with Sacramento Municipal Utility District (SMUD) to terminate the North Natomas Development Agreement, City Agreement No. 95-193 as to the Released Parcel only.

**Contact:** Lindsey Alagozian, Senior Planner (916) 808-2659; Greg Bitter, Principal Planner (916) 808-7816

**Presenters:** Not applicable

**Department:** Development Services

**Division:** Current Planning

**Organization No:** 4885

### Description/Analysis

**Issue:** This report requests Council approval on the partial release of the North Natomas Development Agreement, City Agreement No 95-193, between the City of Sacramento and SMUD for the purpose of terminating the North Natomas Development Agreement with regard to the Released Parcel only. On November 29, 2007, SMUD purchased approximately one-half acre of land for the construction of a substation site within a parking lot previously owned by Mr. Buzz Oates, William C. Cummings and PDA Land, LLC, a limited liability company. This site is located within the load center surrounding Arco Arena and immediately adjacent to an existing overhead 69kV sub-transmission. This substation will provide the necessary capacity to serve existing office and commercial loads as well as already approved new commercial and high density residential uses surrounding Del Paso Blvd., East Commerce, and Gateway Park

Blvd. This substation will also provide back-up ties to existing substations (North Market - Sports and Striker National and Elkhorn - Natomas).

Section 18 of the North Natomas Development Agreement, provides that it will terminate as to each parcel when the parcel has been fully developed and the property owner's obligations in connection therewith are satisfied in the reasonable determination of the City. The City has determined that the Released Parcel is fully developed and all obligations have been satisfied. The City of Sacramento issued Partial Terminations relating to agreements it had entered into with the owners for North Natomas Public Facilities Fee Credits, Subdivision Improvement Agreement for Interim drainage Improvements for Del Paso Road Master Parcel Map, Relinquishment of Certain Easements and Rights Under 1989 and 1992 Reciprocal Easement Agreements and Further Definition of Exercise of Remaining Rights and Grant of Easements, and Partial Termination of Agreement for Construction of Drainage Improvements. These items were shown as exceptions on the preliminary title report being relied upon for the purchase of the land. SMUD was not subject to these agreements. Therefore, the City granted these partial terminations. The remaining exception that was shown on the preliminary title report that is currently reflected on the title policy is the North Natomas Development Agreement. SMUD needed to purchase this site to begin construction to meet peak requirements for summer of 2008. This construction is required for SMUD to meet load and reliability requirements. Sacramento Municipal Utility District, a municipal utility district, is not subject to this agreement and therefore wishes to be removed from its title policy. Upon approval of the Partial Termination, the City will complete the process of clearing title to agreements the City had entered into with the previous private parties on land on which SMUD is exempted.

**Committee/Commission Action:** None

**Policy Considerations:** Approval of this agreement and implementation of the terms will support several of the City of Sacramento Strategic Plan's Goals. This agreement will improve and expand public safety by providing the necessary capacity to serve existing office and commercial users as well as future residential uses and help to achieve sustainability and livability by providing efficient energy needs in the city.

**Environmental Considerations:** None

**Financial Considerations:** This project has no fiscal considerations.

**Emerging Small Business Development (ESBD):** No goods or services are being purchased.



**Attachment 1**

**RESOLUTION NO.**

Adopted by the Sacramento City Council

**AUTHORIZING THE CITY MANAGER TO EXECUTE AN AGREEMENT  
BETWEEN THE CITY OF SACRAMENTO AND SACRAMENTO  
MUNICIPAL UTILITY DISTRICT (SMUD) ALLOWING THE PARTIAL  
RELEASE OF THE NORTH NATOMAS DEVELOPMENT AGREEMENT,  
CITY AGREEMENT NO. 95-193**

**BACKGROUND**

- A. City, on the one hand, and SMUD and/or its predecessors in interest, on the other hand, previously entered into the following agreement: North Natomas Development Agreement, City Agreement No. 95-193, dated October 11, 1995, which was recorded on October 19, 1995, in Book 19951019, Page 518, of the Official Records of the County of Sacramento (the "Agreement").
- B. SMUD intends to construct a SMUD substation, on that certain parcel that is described in Exhibit "A" attached hereto and incorporated herein by reference (referred to herein as the "Released Parcel").
- C. Section 18 of the Agreement authorizes the City to terminate the Agreement as to individual parcels when certain conditions are satisfied. City and SMUD desire to terminate the rights and obligations of each party under the Agreement as provided herein, but only with regard to the Released Parcel.

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

- Section 1.           The City Manager is hereby authorized to execute the Partial Release Agreement with SMUD, a copy of which is attached as Exhibit A, to terminate the North Natomas Development Agreement, City Agreement No. 95-193, as to the Released Parcel only.

**Table of Contents:**

Exhibit A: Agreement with SMUD – 7 pages

Exhibit A – Agreement with SMUD

Recording Benefits the City of Sacramento,  
a Government Entity – No Fee Required  
Govt Code 6103

RECORDING REQUESTED BY  
AND WHEN RECORDED RETURN TO:

Real Estate Services  
City of Sacramento  
5730 24<sup>th</sup> Street, Building 4  
Sacramento, California 95822

**PARTIAL RELEASE OF NORTH NATOMS DEVELOPMENT AGREEMENT, CITY  
AGREEMENT NO. 95-193**

THIS PARTIAL RELEASE OF THE NORTH NATOMAS DEVELOPMENT AGREEMENT, City Agreement No. 95-193 (the "Partial Release Agreement") is by and between the CITY OF SACRAMENTO, a municipal corporation (hereinafter the "CITY"), and SACRAMENTO MUNICIPAL UTILITY DISTRICT, a municipal utility district (hereinafter "SMUD"). This Partial Release Agreement shall become effective upon its being duly recorded by the City in the Official Records of the County of Sacramento.

**Recitals**

- A. CITY, on the one hand, and SMUD and/or its predecessors in interest, on the other hand, previously entered into the following agreement:

North Natomas Development Agreement, City Agreement No. 95-193, dated October 11, 1995, which was recorded on October 19, 1995 in Book 19951019, Page 518, of the Official Records of the County of Sacramento (the "Agreement").

- B. SMUD intends to construct a SMUD substation, on that certain parcel that is described in Exhibit "A" attached hereto and incorporated herein by reference (referred to herein as the "Released Parcel").
- C. CITY and SMUD now desire to terminate the rights and obligations of each party under the Agreement as provided herein, but only with regard to the Released Parcel.

NOW, THEREFORE, in consideration of the above recitals, all of which are expressly incorporated into this Partial Release Agreement, and the mutual promises and covenants of the parties contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby

acknowledged, the parties agree as follows:

### **Agreements**

1. **Partial Release.** CITY and SMUD hereby agree that, effective upon the date of recordation of this Partial Release Agreement in the Official Records of the County of Sacramento, the Agreement is hereby terminated as to the Released Parcel, and neither party will have any further responsibility to comply with the terms thereof as they may apply to the Released Parcel; provided that the foregoing shall not terminate obligations of SMUD under the Agreement, if any, that affect the Released Parcel and that are required to be performed after the completion of construction of the improvements required by such Agreement, including but not limited to post-construction obligations pertaining to warranty obligations and indemnification, but excluding any such obligations, if any, that arise from SMUD's construction or operation of improvements on the Released Parcel.
2. **Continued Effect.** In all other respects, except as otherwise noted below, the Agreement shall remain in full force and effect between CITY and SMUD with respect to all other lands owned by SMUD and encompassed within or otherwise subject to such Agreement, except for the Released Parcel. CITY and SMUD acknowledge and agree that this Partial Release Agreement is given solely to release the Released Parcel from the Agreement. Thus, notwithstanding any other provision of this Partial Release Agreement, neither CITY nor SMUD waives any rights or assumes any obligations under the Agreement by virtue of entering into this Partial Release Agreement. Furthermore, to the extent any obligation under or provisions in the Agreement, or even the Agreement itself, has been satisfied, waived, or otherwise terminated to date, the execution and delivery of this Partial Release Agreement shall not be deemed to revive or reinstate the Agreement or any such obligations therein.
3. **Partial Release Effective During Ownership.** This Partial Release Agreement shall be effective upon the record conveyance of fee title to the Released Parcel to SMUD, and shall remain in effect for as long as SMUD or any other governmental agency or entity, remains as the record fee title owner of the Released Parcel. Upon the recorded conveyance of fee title to the Released Parcel to any private, non-governmental party, this Partial Release Agreement shall become null and void, and the Released Parcel shall again be subject to the Agreement if and to the extent that the Agreement then remains in effect.

**IN WITNESS WHEREOF**, the CITY and LANDOWNERS have executed this Partial

Release Agreement as of the date first set forth above.

**SACRAMENTO MUNICIPAL UTILITY DISTRICT,  
a municipal utility district**

**CITY:  
CITY OF SACRAMENTO,  
a Municipal Corporation**

By: \_\_\_\_\_  
Bruce J. Alei  
Chief Land Specialist

By: \_\_\_\_\_  
Ray Kerridge  
City Manager

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

APPROVED AS TO FORM:

By: \_\_\_\_\_  
City Attorney

ATTEST:

By: \_\_\_\_\_  
City Clerk

EXHIBIT A  
S.O. 30043377  
RP 341

A parcel of land situate within the County of Sacramento, State of California described as follows:

Being a portion of Parcel 7, as shown on the Parcel Map entitled "MASTER PARCEL MAP OF DEL PASO ROAD PROPERTY" recorded in the office of the Recorder of Sacramento County on October 17, 1995 in Book 143 of Parcel Maps, at Page 10, Beginning at a point on the south line of said Parcel 7 located North 89°01'17" East 20.00 feet from the southwest corner of said Parcel 7; thence North 89°01'17" East 180.00 feet along said south line; thence North 00°58'43" West 145.00 feet; thence South 89°01'17" West 180.00 feet; thence South 00°58'43" East 145.00 feet to the point of beginning.



*G. William Ward Jr.* 11-13-07  
G. William Ward Jr., L.S. 5708 DATE

