



City Council Staff Report

Date: February 5, 2014 CONSENT CALENDAR

Subject: APPROVAL OF TIME EXTENSIONS OF SUBDIVISION IMPROVEMENT AGREEMENTS FOR VARIOUS PROJECTS

From: David H. Ready, City Manager

Initiated by: Public Works and Engineering Department

SUMMARY

A part of the City's approval of a final subdivision map is the concurrent approval of a subdivision improvement agreement between the City and the Subdivider. The agreement secures the costs of on-site and off-site public improvements, and provides a 2-year period to complete the improvements. Although the economy shows positive signs of improvement, many investors remain cautious. Hence, projects remain incomplete and it is necessary to extend the subdivision improvement agreements to ensure the City retains an ability to pursue the securities in the event a developer defaults.

RECOMMENDATION:

Adopt Resolution No. _____ "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA, AUTHORIZING TIME EXTENSIONS OF VARIOUS SUBDIVISION IMPROVEMENT AGREEMENTS."

STAFF ANALYSIS:

Subdivision improvement agreements are approved as part of the City Council's approval of a final map for subdivision of property for residential or commercial purposes. The agreement between the City and Subdivider obligates the Subdivider to construct all the necessary public improvements, which are secured with bonds or other suitable security to ensure the improvements are constructed and laborers and suppliers are paid. The City retains the ability to call the securities in the event necessary public improvements are not completed and the Subdivider has defaulted on the property.

Many residential projects had stopped construction and remained on indefinite hold because of the recent market turndown. Terms of the subdivision improvement

agreement require that the Subdivider complete the subdivision improvements within a certain time frame (generally two years from the City's approval of the improvement plans). Although there are positive signs that the overall real estate market is headed in the right direction, some investors may need more time to recover than others. Therefore, it is staff's recommendation that the City Council acknowledge that factors beyond the Subdivider's control have delayed completion of the projects, and requires an additional time extension to various subdivision improvements agreements.

In 2009, 2010, 2011, 2012, and 2013, the City Council previously approved *en masse* a one-year time extension to various subdivision improvement agreements due to the recent state of the economy. Although the economy is headed in the right direction, investors still remain cautious, therefore, staff recommends that the City Council proactively extend the following subdivision improvement agreements, as follows:

- Tract Map 28966 "Preserve Estates", extend to June 18, 2015
- Tract Map 30050 "Alta", extend to February 3, 2015
- Tract Maps 32233-1, -2, -3 & -4 "Escena", extend to April 2, 2015
- Tract Map 31263 "The Towers", extend to February 3, 2015
- Tract Map 32160 "Enclave", extend to February 18, 2015
- Tract Map 30046 "Monte Sereno", extend to March 18, 2015
- Tract Map 31514 "Luminaire", extend to June 18, 2015
- Tract Map 33561 "Palermo", extend to April 2, 2015
- Tract Map 33933 "Murano", extend to May 24, 2015
- Tract Map 31848-1 "Avalon", extend to May 4, 2015
- Tract Map 32732 "Oceo", extend to May 20, 2015
- Tract Map 33161 "Vista San Jacinto", extend to August 9, 2015

It should be noted that in most cases, a majority of the subdivision improvements have been completed, but certain on-site improvements remain incomplete. For example, many of these subdivisions have installed base paving (the first 2 inches of asphalt concrete pavement), but have not yet installed the final "cap" (the last 1 inch of asphalt concrete pavement). Delaying the final "cap" on the streets prevents the streets from being damaged during construction of the houses, and is often delayed until the very end of construction. Delaying the final "cap" also prevents the final adjustment of sewer manholes and water valves to grade, which prevents the City and DWA from granting final acceptance of those utilities.

Of the subdivisions listed above, the following are projects that have not completed a majority of the on-site or off-site improvements:

- Tract Map 33561 "Palermo" (the second phase of the development has not been constructed, all off-site improvements are completed);
- Tract Map 33933 "Murano" (the site has been graded and two of the four on-site private streets have been completed, but construction of the last two on-site private streets includes only the base paving installed during 2013);
- Tract Map 33161 "Vista San Jacinto" (the on-site improvements remain incomplete);

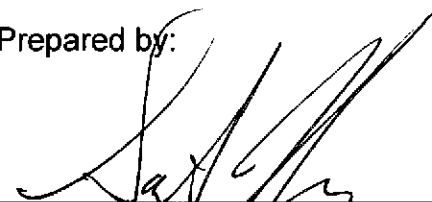
Staff will continue to coordinate with each Subdivider, and in some cases the property has defaulted to the lender, requiring staff to coordinate with a new developer or the bank on completion of remaining improvements. The City Council's formal approval of a time extension to the Subdivision Improvement Agreements establishes a public record of the action, and ensures that the surety companies continue to acknowledge the validity of the agreement and the City's ability to use the securities in the event of a Subdivider's default of the Agreement.

FISCAL IMPACT:

None

SUBMITTED:

Prepared by:




Savat Khamphou
Assistant Director of Public Works/
Assistant City Engineer

Recommended by:



David J. Barakian
Director of Public Works/City Engineer


David H. Ready, City Manager

ATTACHMENTS:

1. Resolution

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
PALM SPRINGS, CALIFORNIA, AUTHORIZING TIME
EXTENSIONS OF VARIOUS SUBDIVISION IMPROVEMENT
AGREEMENTS

WHEREAS, the City Council has approved various subdivisions for development projects throughout the City; and

WHEREAS, included with the City Council's approval of each subdivision is approval of a Subdivision Improvement Agreement between the City and Subdivider identifying certain obligations of the Subdivider, including an obligation to complete subdivision improvements within two years of commencement of work; and

WHEREAS, there are positive signs that the overall real estate market is headed in the right direction; some investors may need more time to recover than others; and

WHEREAS, a number of residential subdivisions throughout the City are in various stages of completion, and have been placed on an indefinite hold by the subdivider as the real estate market slowly begins to improve; and

WHEREAS, it is necessary to grant a time extension to various subdivision improvement agreements.

THE CITY COUNCIL OF THE CITY OF PALM SPRINGS DOES HEREBY RESOLVE AS FOLLOWS:

The City Council hereby approves time extensions to the following Subdivision Improvement Agreements, as follows:

- Agreement No. 4814, Tract Map 28966, extended to June 18, 2015
- Agreement No. 4955, Tract Map 30050, extended to February 3, 2015
- Agreement No. 5086, Tract Map 32233-1, extended to April 2, 2015
- Agreement No. 5087, Tract Map 32233-2, extended to April 2, 2015
- Agreement No. 5088, Tract Map 32233-3, extended to April 2, 2015
- Agreement No. 5089, Tract Map 32233-4, extended to April 2, 2015
- Agreement No. 5100, Tract Map 31263, extended to February 3, 2015
- Agreement No. 5105, Tract Map 32160, extended to February 18, 2015
- Agreement No. 5131, Tract Map 30046, extended to March 18, 2015
- Agreement No. 5155, Tract Map 31514, extended to June 18, 2015
- Agreement No. 5246, Tract Map 33561, extended to April 2, 2015
- Agreement No. 5324, Tract Map 33933, extended to May 24, 2015
- Agreement No. 5393, Tract Map 31848-1, extended to May 4, 2015
- Agreement No. 5426, Tract Map 32732, extended to May 20, 2015
- Agreement No. 5436, Tract Map 33161, extended to August 9, 2015

ADOPTED THIS 5th day of February, 2014.

David H. Ready, City Manager

ATTEST:

James Thompson, City Clerk

CERTIFICATION

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
CITY OF PALM SPRINGS)

I, JAMES THOMPSON, City Clerk of the City of Palm Springs, hereby certify that Resolution No. _____ is a full, true and correct copy, and was duly adopted at a regular meeting of the City Council of the City of Palm Springs on February 6, 2013, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

James Thompson, City Clerk
City of Palm Springs, California