



City Council Staff Report

Date: February 18, 2009 NEW BUSINESS

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 developer. The agreement secures the costs of on-site and off-site public improvements, and provides a 2-year period to complete the improvements. Given the current state of the economy, many 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 to ensure the improvements are constructed and laborers and suppliers are paid. The City retains the ability to call the bonds in the event public improvements are not completed and the Subdivider has defaulted on the property.

As the national economic recession continues to impact the real estate market, many residential projects have stopped construction and are on indefinite hold until the market improves. 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). Previously, the City Council considered time extensions to various subdivision improvement agreements on a case-by-case basis; however, as the real estate market continues to be impacted by the ongoing economic recession, 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 improvement agreements.

It is staff's recommendation that the City Council proactively extend the following subdivision improvement agreements, as follows:

Tract Map 34214 "803 N. Palm Canyon", extended to January 18, 2010
Tract Map 33577 "Palomino", extended to February 18, 2010
Tract Map 32160 "Enclave", extended to February 18, 2010
Tract Map 30046 "Monte Serreno", extended to March 19, 2010
Tract Maps 32233-1, -2, -3 &-4 "Escena", extended to April 2, 2010
Tract Map 32675 "Alexander Country Club Estates", extended to April 2, 2010
Tract Map 33561 "Palermo", extended to April 2, 2010
Tract Map 33162 "Pedregal", extended to April 4, 2010
Tract Map 30058 "Four Seasons II", extended to April 16, 2010
Tract Map 31848-1 "Avalon", extended to May 4, 2010
Tract Map 32732 "Oceo", extended to May 20, 2010
Tract Map 33933 "Murano", extended to May 24, 2010
Tract Map 33878-1 "The Cottages at Smoke Tree Ranch", extended to May 24, 2010
Tract Map 34933 "Cocotero", extended to June 7, 2010
Tract Map 28966 "Preserve Estates", extended to June 18, 2010
Tract Map 31514 "Luminaire", extended to June 18, 2010
Tract Map 31525 "Four Seasons III", extended to June 18, 2010
Tract Map 33161 "Vista San Jacinto", extended to August 9, 2010
Tract Map 33542 "Tangerine", extended to September 3, 2010
Tract Map 32378 "Macrina", extended to September 19, 2010
Tract Map 31104 "Spanish Inn", extended to November 29, 2010

It should be noted that in most cases (including the Spanish Inn), 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 33162 "Pedregal" (the site has been graded and the on-site sewer extension has been completed, but most on-site improvements are incomplete, and no off-site improvements have been 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 has not started);

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.



David J. Barakian
Director of Public Works/City Engineer



Thomas J. Wilson
Assistant City Manager



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, the current economic recession has significantly impacted the real estate market; 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 until the real estate market improves; 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. 5429, Tract Map 34214, extended to January 18, 2010
- Agreement No. 5226, Tract Map 33577, extended to February 18, 2010
- Agreement No. 5106, Tract Map 32160, extended to February 18, 2010
- Agreement No. 5131, Tract Map 30046, extended to March 19, 2010
- Agreement No. 5086, Tract Map 32233-1, extended to April 2, 2010
- Agreement No. 5087, Tract Map 32233-2, extended to April 2, 2010
- Agreement No. 5088, Tract Map 32233-3, extended to April 2, 2010
- Agreement No. 5089, Tract Map 32233-4, extended to April 2, 2010
- Agreement No. 5276, Tract Map 32675, extended to April 2, 2010
- Agreement No. 5246, Tract Map 33561, extended to April 2, 2010
- Agreement No. 5516, Tract Map 33162, extended to April 4, 2010
- Agreement No. 5080, Tract Map 30058, extended to April 16, 2010
- Agreement No. 5393, Tract Map 31848-1, extended to May 4, 2010
- Agreement No. 5426, Tract Map 32732, extended to May 20, 2010

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Agreement No. 5324, Tract Map 33933, extended to May 24, 2010
Agreement No. 5425, Tract Map 33878-1, extended to May 24, 2010
Agreement No. 5496, Tract Map 34933, extended to June 7, 2010
Agreement No. 4814, Tract Map 28966, extended to June 18, 2010
Agreement No. 5155, Tract Map 31514, extended to June 18, 2010
Agreement No. 5439, Tract Map 31525, extended to June 18, 2010
Agreement No. 5436, Tract Map 33161, extended to August 9, 2010
Agreement No. 5291, Tract Map 33542, extended to September 3, 2010
Agreement No. 5614, Tract Map 32378, extended to September 19, 2010
Agreement No. 5618, Tract Map 31104, extended to November 29, 2010

ADOPTED THIS 18th day of February, 2009.

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 18, 2009, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

James Thompson, City Clerk
City of Palm Springs, California