

# Recommendation to City Council to approve the Subdivision Improvements and Bond Proceeds Disbursement Agreement between the City of Santa Rosa and Sectarian Properties, Inc.

City Council

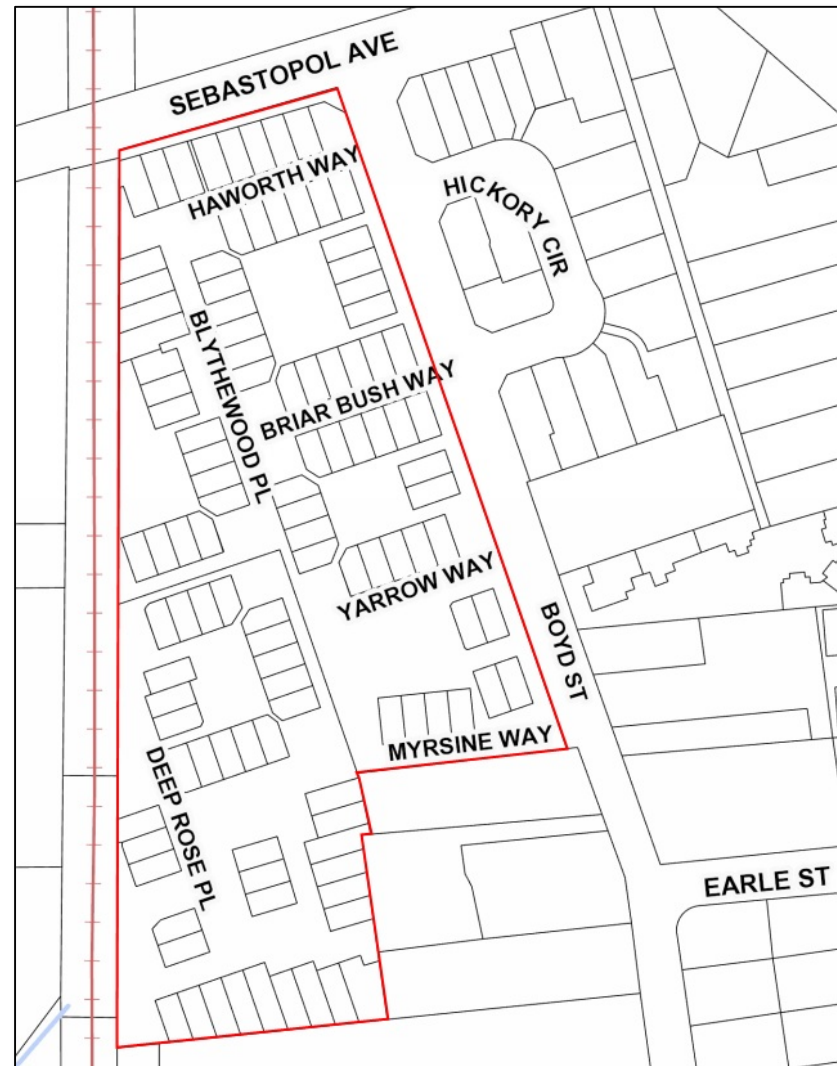
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May 1, 2018

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Deputy Director of Development Services  
Planning and Economic Development

## Village Gardens Subdivision 110 residential units

- Tentative map approved by the Planning Commission on January 26, 1999
- Final map recorded on August 30, 2005
- Bonds acquired from Insurance Company of the West (ICW) and Subdivision Improvement Agreement (SIA) executed with Village Gardens Investors on July 26, 2005



- Developer became insolvent and was unable to fulfill obligations under SIA
- Failed to complete required public and common area improvements



# Background



- City pursued its rights under the SIA and pressured ICW to complete the remaining improvements
- City and ICW entered into a Takeover Agreement on October 11, 2011
- ICW, under the Takeover Agreement, agreed to complete the remaining public and common area improvements
- An amended Takeover Agreement was executed on April 28, 2015
  - Deferred installation of common area landscaping
  - Added additional reconstruction work on Boyd Street



- In March of 2012, an ICW contractor excavated and placed approximately 2,000 cubic yards of contaminated soil onto the development site
- On January 6, 2015, Blue Mountain Homes purchased the parcels within the development from the bankruptcy estate of the original developer and then conveyed interest to Sectarian Properties
- ICW and Blue Mountain were unable to come to an agreement regarding the disposal of the contaminated material

# Background

- On or about June 2, 2016, ICW determined that it would not proceed with the remaining work under the agreement and tendered to the City the amount of \$1,186,340.98 to cover the completion of the improvements.

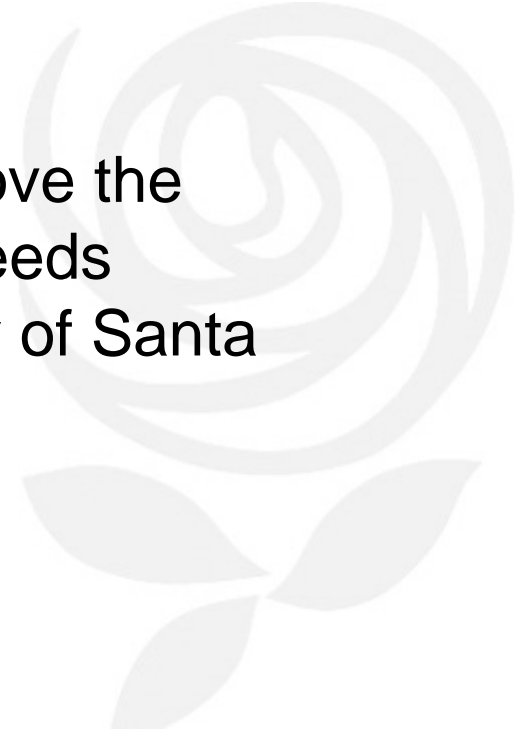


- City does not possess the readily available resources to complete the improvements in a timely fashion.
- Sectarian is willing to complete the remaining improvements, including the additional reconstruction work on Boyd Street, in exchange for a financial reimbursement
- Sectarian is willing to accept an amount equal to \$1,136,340.98
  - \$50,000 will be retained by the City to address costs associated with the negotiation of the agreement and the recovery of the amount tendered by ICW

- PED has reviewed the remaining improvements and determined that the proposed reimbursement amount is a reasonable estimate of the remaining costs
- Sectarian is willing to submit new performance and warranty bonds to ensure the completion of the remaining improvements.
- Approval of this agreement will expedite the delivery of housing units and improve the roadway surface on a significant section of Boyd Street

# Recommendation

It is recommend that the City Council approve the Subdivision Improvements and Bond Proceeds Disbursement Agreement between the City of Santa Rosa and Sectarian Properties, Inc.



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