

CITY OF YUBA CITY
STAFF REPORT

Date: November 5, 2019
To: Honorable Mayor & Members of the City Council
From: Development Services Department
Presentation By: Brian Millar, Interim Development Services Director

Summary

Subject: Amendment to the Disposition and Development Agreement for the Feather River Mill and Associated Properties

Recommendation: Authorize the City Manager to approve and sign on behalf of the City, Amendment No. 2 to the Disposition and Development Agreement with Noyan Properties, L.P., with regard to the property located at the southeast corner of Bridge and Shasta Streets to be used for the future development of a mixed use project (APN 52-324-023 & 52-502-008)

Fiscal Impact: None to approve the amendment.

Purpose:

To extend the closing date for the sale of Feather River Mill with Noyan Properties, L.P. to July 20, 2020.

Background:

After entering into an exclusive right to negotiate, on July 26, 2017, the City Manager executed a City Council-approved Development and Disposition Agreement (DDA) with Noyan Prosperities, L.P. for the properties commonly referred to as the former Feather River Mill (FRM). Since that time Mr. Noyan continued to pursue possible tenants for the property, secured a signed letter of intent and is finalizing a contract with Lotus Inc., a hotel developer and operator, to construct a Holiday Inn Express at the corner of Shasta and B Streets.

Also during this time, City staff continued to move forward key projects that are crucial to the future development of FRM. This included signing a contract for the replacement of the 5th Street Bridge, analyzing traffic impacts from a variety of uses at FRM and processing a zoning change to the property to allow a hotel. The City continues to work with the developer of a hotel on approximately a 1.5 acre site of FRM. Updated planning requirements for the rest of the site, including an update to the General Plan, Zoning and the Central City Specific Plan, are ongoing by the City and anticipated to be completed in the coming months.

Due to the additional time required to rebid the 5th Street Bridge Replacement Project Mr. Noyan asked for and received City Council approval of Amendment No. 1 to the DDA, which changed the date Noyan Properties, LP, must close on the property from January 26, 2018 to July 20, 2018. The sale of the property has not yet been completed, and there was no additional extension of time for the DDA term requested or granted subsequent to July 20, 2018 until recently, when a

request for Amendment No. 2 to the DDA was filed by Noyan Properties, LP, requesting a new close date for the property sale to November 5, 2020.

Analysis:

The development of FRM will be a catalyst for future development opportunities along the Bridge Street Corridor. Noyan Properties has an impressive team on this project which includes a partner that specializes in the remediation of containment properties. FRM is a contaminated parcel and one of the largest hurdles to the development is the remediation of the site, which now has an approved remediation plan.

This DDA Amendment No. 2 will not change the other key aspects of the executed DDA, which included the following:

- Property to be purchased for \$1 as determined by an appraisal completed by Seevers Jordan Ziegenmeyer and as approved in the Long Range Property Management Plan.
- Noyan Properties must maintain a majority interest in the project until such time that the developer is relieved of the requirements contained in the DDA.
- Developer will provide a performance bond in the amount of \$1,000,000 as collateral that will be released upon the property being clean to the satisfaction of the Central Valley Regional Water Quality Control Board.
- Clean up on the property must commence within 90 days from the close of escrow.
- The Developer will ensure the projects meet the City's Design Guidelines and Central City Specific Plan requirements.

Key steps will include:

- Update to the Central City Specific Plan, Zoning and General Plan Designations.
- Developer to provide \$1,000,000 performance bond – Prior to close of escrow.
- Developer to provide proof of financing – Prior to close of escrow.
- Developer to commence Remediation Work – Within 90 Days after close of escrow.
- Commencement of Construction – Within 90 days after remediation is completed.

While the DDA extension term technically expired on July 21, 2018, the parties can agree to revive the DDA as amended with approval of this Amendment No. 2, which establishes a new expiration date for the DDA. The applicant has indicated to staff their intent to timely proceed with development of the site consistent with the DDA, including remediation of contaminated soils.

Fiscal Impact:

The project includes the sale of approximately 7.5 acres of Agency property for the appraised value of \$1.00.

Alternatives:

Do not approve Amendment No. 2 of the Disposition and development Agreement with Noyan Properties.

Recommendation:

Authorize the City Manager to approve and sign on behalf of the City, Amendment No. 2 to the Disposition and Development Agreement with Noyan Properties, L.P., with regard to the property located at the southeast corner of Bridge and Shasta Streets to be used for the future development of a mixed use project (APN 52-324-023 & 52-502-008)

Attachments:

1. DDA Amendment No. 2

Prepared By:

/s/Brian Millar

Brian Millar
Interim Development Services Director

Submitted By:

/s/ Michael Rock

Michael Rock
City Manager

Reviewed by:

City Attorney

Finance

SLC by email

SM

ATTACHMENT 1

**AMENDMENT NO. 2 TO DISPOSITION AND
DEVELOPMENT AGREEMENT**

This Amendment No. 2 to Disposition and Development Agreement, dated for reference purposes as of November 5, 2019, is entered into by the CITY OF YUBA CITY, a municipal corporation (“City”) and NOYAN PROPERTIES, L.P., a California limited partnership (“Developer”) with respect to that certain Disposition and Development Agreement between City and Developer, dated as of July 26, 2017 (the “DDA”). The DDA provides for the sale of certain property (the “Property”) to the Developer for development of a mixed-use commercial development project (the “Project”). Due to current circumstances, the parties desire to enter into this written agreement to extend the time period for Close of Escrow on conveyance of the Property set forth in the Schedule of Performance, included as Attachment No. to the DDA.

1. The Outstanding Closing date, as set forth in Item No. 14 of the Schedule of Performance (Attachment No. 3 to the DDA), is hereby amended to be “Not later than 360 days from execution of this agreement as amended by Amendment No. 2, which date is November 5, 2020.”
2. Except as specifically set forth herein, all other terms and conditions of the DDA, as previously amended, shall remain in full force and effect.

CITY:
CITY OF YUBA CITY,
a municipal corporation

By: _____
City Manager

APPROVED AS TO FORM
COUNSEL FOR YUBA CITY

SHANNON CHAFFIN, City Attorney
Aleshire & Wynder, LLC

DEVELOPER:
NOYAN PROPERTIES, L.P., a limited
California
Partnership

By: _____