TO: Chairperson and Members of the Redevelopment Agency

FROM: J. Gordon Palmer, Jr., Executive Director

SUBJECT: RESOLUTION: APPROVE AN AMENDMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT BY AND BETWEEN THE REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON AND REGENT HOTEL, LLC

RECOMMENDATION

It is recommended that the Redevelopment Agency adopt a resolution approving an Amendment to the Disposition and Development Agreement by and between the City of Stockton Redevelopment Agency and Regent Hotel, LLC.

SUMMARY

A Disposition and Development Agreement (DDA) was approved in 2004 with Regent Hotel, LLC, to construct an approximately 150 room hotel with various amenities at the Stockton Events Center. An amendment to the DDA was approved in May 2005, which added 36 condominiums to the top floors of the hotel. A second amendment is now being considered which would increase the number of condominiums to 42 and provide a process for the buyers of the condominiums to be released from the obligations of the DDA at the time of their sale.

DISCUSSION

Background

On March 2, 2004, the Redevelopment Agency approved a DDA with Regent Hotel, LLC, which specified the terms under which a hotel at the Stockton Events Center site is to be constructed. The DDA outlined the responsibilities of the Agency to deliver an approximately four-acre parcel within the Stockton Events Center to Regent Hotel, LLC, an affiliate of Regent Development, Inc. In return, Regent Hotel, LLC, agreed to provide a first-class hotel which will contain approximately 150 rooms, an approximately 10,000 square-foot conference center, a restaurant, and related parking and landscaping.

On May 10, 2005, the Redevelopment Agency approved an Amendment to the DDA which added 36 condominiums to the project. The Amendment also added a one-time $500,000 Conference Center Operating Subsidy to assist in paying for the initial costs of providing furniture, fixtures, and equipment for the Conference Center. In addition, a stipulation was added to the DDA that the Agency would not provide any financial assistance for at least ten years to any other newly constructed hotels in the West End Redevelopment Project Area that would materially compete with this hotel.

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Present Situation

Additional changes to the hotel are now being proposed in order to facilitate its development. The primary changes being proposed to the DDA are:

- A change to the design of the hotel to add 6 condominiums, for a total of 42. The condominiums are being proposed in addition to the original 150 hotel rooms. On March 9, 2006, the Planning Commission approved a Tentative Map and certified an Addendum to the Stockton Events Center Environmental Impact Report to allow the additional six condominiums.
- The addition of a provision which states that when the hotel is fully constructed and all of Regent’s obligations in connection with the construction of the Hotel have been met, the Agency may release the buyers of the individual condominiums from the obligations of the DDA.

In December 2005, the Agency transferred title of the parcel upon which the hotel will be built to Regent Hotel, LLC. While the majority of the pre-disposition items were completed prior to the transfer, Regent indicated that they could not provide a Financing Plan until after they had control of the property and that their Final Construction Plans were not yet ready for Agency review. Pursuant to Section 10.19 of the DDA, a new deadline of February 1, 2006, was established for submittal of these items. To date, they have still not been provided. It is recommended that if the DDA Amendment is approved by the Agency that it not be executed until Regent submits and the Agency approves the Finance and Final Construction Plans.

FINANCIAL SUMMARY

The proposed amendment does not create any financial impact for the Agency.

Respectfully submitted,

J. GORDON PALMER JR., EXECUTIVE DIRECTOR
STOCKTON REDEVELOPMENT AGENCY

JGP:SJP:LI:jb

Attachment

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RESOLUTION NO. __________

STOCKTON REDEVELOPMENT AGENCY

RESOLUTION AUTHORIZING EXECUTION OF A SECOND AMENDMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT WITH REGENT HOTEL, LLC.

WHEREAS, the City Council of the City of Stockton (the "City Council") has approved a redevelopment plan for the West End Urban Renewal Project No. 1 (the "Project Area"), as adopted by the City Council by Ordinance No. 039-91 on July 15, 1991, and as currently amended (the "Redevelopment Plan"); and

WHEREAS, the Redevelopment Agency of the City of Stockton (the "Agency") is vested with responsibility pursuant to the Community Redevelopment Law (Part 1 of Division 24 of Health and Safety Code of the State of California) (the "Law") to implement the Redevelopment Plan in the Project Area; and

WHEREAS, the Agency has selected Regent Hotel, LLC, a California corporation (the "Developer"), to develop a hotel, including a conference center and restaurant (the "Development") on an approximately 3.5-acre parcel owned by the City located on the south side of Fremont Street between Commerce and Monroe Streets in the Project Area in the City of Stockton (the "Property"); and

WHEREAS, on March 2, 2004 the Agency authorized entering into a Disposition and Development Agreement (the "DDA") with the Developer and the Agency has so entered into said DDA, under which the Developer has agreed to develop and operate the Development on the Property; and

WHEREAS, on May 10, 2005 the Agency authorized a First Amendment to the DDA, which made several substantive and procedural changes including the addition of thirty-six (36) condominiums to the project; and

WHEREAS, redevelopment of the Property pursuant to the DDA will serve major Redevelopment Plan goals and objectives by alleviating the existing blight in the Project Area, attracting new patrons to neighboring businesses, encouraging new economic investment and creating new employment opportunities; and

WHEREAS, at the time that the DDA was approved and first amended, the hotel was in an early stage of design, and subsequently the design has progressed; and

WHEREAS, as a result, additional refinements to the scope of the Development have been made; and

WHEREAS, certain additional changes to the DDA have been proposed in order to facilitate the financing of, and changes to, the proposed Development, including a change to the design of the hotel to add an additional six (6) condominiums for a total of forty-two (42) condominiums; and

City Atty
Review
Date May 14, 2006
WHEREAS, there is a need to amend the DDA to establish a process for the Agency to release each individual condominium unit from the obligations of the DDA when it is sold to a retail purchaser; and

WHEREAS, the need still exists for Developer to submit, and for the Agency to approve, a Finance Plan and Final Construction Plans; and

WHEREAS, on December 9, 2003, the City Council of the City of Stockton as "lead agency" considered and certified, and the Agency, as "responsible agency," approved, the Environmental Impact Report ("EIR") for the Events Center Project in accordance with the requirements of the California Environmental Quality Act and related state and local implementing guidelines ("CEQA"). The Amendment being approved hereby is within the scope of the certified EIR, and the EIR is intended to serve as the CEQA documentation for consideration of approval of the Amendment; and

WHEREAS, the Agency has reviewed and considered the Addendum #2/Initial Study (IS2-06) to the EIR, which was prepared in order to update the environmental documentation for this project; and

WHEREAS, the Agency has determined that the EIR, as amended by the Addendum #2/Initial Study (IS2-06) for the Stockton Event Center, has been completed in compliance with the California Environmental Quality Act (CEQA), the State CEQA Guidelines, and the City of Stockton Guidelines for the Implementation of CEQA; and

WHEREAS, the anticipated benefits of these proposals outweigh the unavoidable or unresolved adverse environmental effects for the project as supported by the Findings and Mitigation Monitoring/Reporting Program for the Stockton Event Center, as dated December 2003; and

WHEREAS, pursuant to Sections 15091 and 15093 State CEQA Guidelines, all applicable approvals are based on, and subject to, the adopted findings, mitigation measures and mitigation monitoring/reporting provisions, as specified in the Findings and Mitigation Monitoring/Reporting Program for the Stockton Event Center, as dated December 2003; and

WHEREAS, the staff report accompanying this Resolution contains additional information and analysis considered by the Agency in connection with this Resolution (the "Staff Report"); now, therefore,

BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON, AS FOLLOWS:

1. The Agency finds and determines that the above recitals are true and correct, and together with the Staff Report have served as the basis, in part, for the actions of the Agency set forth in this Resolution.

2. The Agency hereby certifies that, in considering approval of the Amendment, the Agency has considered the EIR, and all comments received during the public review process on the EIR, as amended by the Addendum #2/Initial Study (IS2-06).

3. The Agency finds and determines based upon the Staff Report and the provisions of Public Resources Code section 21090, that the EIR and Addendum #2/Initial Study (IS2-06) have served as the Agency's environmental documentation pursuant to CEQA
for consideration and approval of the Amendment, and that any minor changes to the Development in the Amendment do not alter these determinations.

4. The Agency finds that the Amendment will assist in the elimination of blight pursuant to the Redevelopment Plan and the Law and is consistent with the implementation plan adopted by the Agency pursuant to Health and Safety Code section 33490. These findings are based on the facts and analysis set forth in the Staff Report accompanying this Resolution.

5. The Agency hereby approves the Amendment and authorizes the Agency Chairperson or the Agency Executive Director to execute on behalf of the Agency the Amendment, substantially in the form on file with the City Clerk and the Agency Secretary, with such changes as are approved by the Agency signatory (such approval to be conclusively evidenced by the execution of the Amendment), with the condition precedent that Developer shall have first filed and Agency shall have approved the Finance Plan and Final Construction Plans prior to execution of the Amendment.

6. In compliance with 14 Cal. Code of Regulations, Section 15096(l), the Executive Director is authorized and directed to file a Notice of Determination on behalf of the Agency in connection with the Agency's use of the EIR and Addendum #2/Initial Study for purposes of approval of the Amendment and this Resolution.

7. The Executive Director is authorized to take such action as deemed necessary to carry out the purpose and intent of the Amendment and this Resolution, including execution of any ancillary documents referenced in or necessary to implement the Amendment.

8. This Resolution shall be effective immediately upon its adoption.

PASSED, APPROVED, AND ADOPTED ____________________________

EDWARD J. CHAVEZ, Chairperson
Redevelopment Agency of the
City of Stockton

ATTEST:

KATHERINE GONG MEISSNER, Secretary
Redevelopment Agency of the
City of Stockton