



COUNCIL COMMUNICATION

CC #: 2359
File #: 0209

Title: 6382 Phillip Road – Option and Purchase and Sale Agreement Amendment
Contact: Robert Cline 916-746-1172 racline@roseville.ca.us

Meeting Date: 10/19/2022
Item #: 8.1.

RECOMMENDATION TO COUNCIL

Staff recommends that the City Council adopt a resolution authorizing the City Manager to execute a Second Amendment to the Option and Purchase and Sale Agreement with PDC Sacramento LPIV, LLC for property located at 6382 Phillip Road.

BACKGROUND

On March 3, 2021, City Council approved a Memorandum of Option and Purchase and Sale Agreement (PSA) with Panattoni Development Company (Panattoni) to entitle, sell and develop a future jobs center, known as the Roseville Industrial Park. The property at 6382 Phillip Road is located within a portion of the Reason Farms property, and is an approximately 241 acre (with 176.5 developable acres) vacant greenfield parcel. The City acquired Reasons Farms in order to develop the Pleasant Grove Retention Basin Project. Since the Pleasant Grove Basin Project only required a portion of the property, it was determined the remaining portion of land would be available for other uses. Since 2006, following an analysis of the 6382 Phillip Road property, the site has been envisioned to be an industrial park and jobs center that would yield property and sales tax to the City. While the site has been envisioned as a future major jobs center for the City, prior to Council approval in March 2021, no studies to provide utilities or other infrastructure to service the site had been conducted.

The PSA initially allowed Panattoni one year to conduct its due diligence with respect to the property and complete the entitlement process. On May 25, 2021, Panattoni submitted a formal application for project-related entitlements to the Development Services – Planning Division. The project includes several major entitlements, including a General Plan Amendment, Rezone, Tentative Parcel Map, Major Project Permit Stage 1, Major Project Permit Stage 2, Tree Permit, and Development Agreement to process the land use and zoning change, as well as establish building and site design for the overall project. To date, the entitlement project has been through four rounds of plan review, with nearly all City department comments addressed. The Development Agreement between the City and Panattoni is in preliminary stages of review, with one round of comments provided to the applicant by the City.

Initial public outreach efforts have also been completed for the project. Notice of the application was posted to the Roseville Coalition of Neighborhood Associations (RCONA) webpage, and the City's Projects of Interest webpage has a section dedicated to the entitlement project. Additionally, the project was presented to the Fiddymont Farms and Westpark Neighborhood Associations joint virtual meeting on September 14, 2021. The City held a public scoping meeting on the Notice of Preparation for the project's Environmental Impact Report (EIR) on July 28, 2021.

During the review process, a number of technical studies were prepared to evaluate the proposed project's potential environmental impacts, leading to the preparation of an EIR. The EIR for the Roseville Industrial Park project is expected to be released for a 45-day public review period in October 2022. During the 45-day review period, the City will accept written comments as well as hold a public meeting on the EIR. A Final EIR will be prepared once the public review period concludes. Based on the current schedule, it is anticipated that the entitlement project will be presented to the Planning Commission and City Council in Spring of 2023.

In November 2021, City Council approved a First Amendment to the Option and Purchase and Sale Agreement (PSA) which extended the "Due Diligence Period" to November 2022. The PSA allows Panattoni two sixty-day extensions to the "Due Diligence Period" however, the process to entitle, re-zone and produce a Master Infrastructure Plan for a greenfield site is complicated and the timeframe originally identified in the PSA and First Amendment is still not sufficient to complete the necessary technical studies, CEQA analysis and to allow for the required public review process.

To better align the term of the "Due Diligence Period" with the conditions of the PSA, staff is recommending City Council approve a Second Amendment to extend the "Due Diligence Period" to the time Panattoni is issued entitlements by the City. This amended term appropriately aligns the Due Diligence Period to the First Phase Option Period, since at the time Panattoni obtains all entitlements of the entire property they will have 180 days from the date entitlements are issued by the City to acquire a portion of the property consisting of a minimum of 35 acres.

Except as set forth in this Second Amendment, all of the terms and provisions of the PSA shall remain unmodified and in full force and effect.

Project Economic Impacts:

The proposed project is consistent with City Council goals and initiatives outlined in the Economic Development Strategic Plan,

adopted on October 5, 2022. The future Roseville Industrial Park provides an opportunity to enhance economic vitality and remain fiscally responsible in a changing world. According to 2018 IMPLAN data, every \$1.00 spent in manufacturing adds another \$2.74 to the economy, the highest multiplier effect of any economic sector. Additionally, the industrial market in the region and Roseville continue to see record high demands. A market report for the second quarter of 2022 issued by CBRE indicated an industrial vacancy rate in the Roseville/Rocklin submarket at 1%. In recent years several large industrial tenants, offering competitive wages, have located in Roseville including Penumbra, McKesson, Restaurant Depot, Amazon, and Quick Quack Car Wash. The Greater Sacramento Economic Council reports 80% of relocation or major expansion inquiries looking at the region are seeking industrial space. At buildout, the Roseville Industrial Park will offer approximately 2.4 million square feet of industrial space and allow Roseville to remain highly competitive in recruiting and expanding jobs within the targeted industrial sector.

FISCAL IMPACT

Approval of this Amendment will result in future property sales that will increase the Strategic Improvement Fund (SIF) balance during each phase of property purchase. Within 180 days from the date entitlements are issued by the City, the First Phase Option Period of at least 35 acres is expected to result in a minimum of approximately \$1.2 million (\$34,519/acre).

ENVIRONMENTAL REVIEW

The proposed project involves the sale of surplus property not located in an area of statewide, regional or area-wide concern. This activity has been determined to be categorically exempt from CEQA as a Class 12 Exemption (State CEQA Guidelines Section 15312). An Exemption was prepared when the project was approved by City Council on March 20, 2021, and no further CEQA action is required.

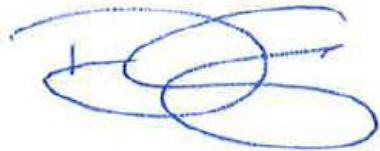
CITY COUNCIL STRATEGIC PLAN/OVERARCHING GOALS

Goal B – Remain fiscally responsible in a changing world
Goal D – Enhance economic vitality

Respectfully Submitted,

Robert Cline, Economic Development Project Manager

Melissa Anguiano, Economic Development Director



Dominick Casey, City Manager

ATTACHMENTS:

Description

[Resolution 22-395](#)

[Second Amendment to 6382 Phillip Road – Option and Purchase and Sale Agreement](#)