



Agenda Item:

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COUNCIL COMMUNICATION

City Manager's Office

GENERAL INFORMATION

Agenda Date: 11/7/05

Communication No.: 05-640

Agenda Item Type: Resolution

Roll Call No.:

Submitted by: Richard Clark, Acting City Manager

SUBJECT—

Resolution approving second amendment to development agreement (Spaghetti Works Building at 308 Court Avenue)

SYNOPSIS—

On November 8, 2004 by Roll Call 04-2448, the City Council approved an Urban Renewal Development Agreement with Court Avenue Partners I, L.P., Rick Tollakson, President, (the "Developer"). The proposed amendment to the development agreement redirects payment of a portion of the City's economic development grant to Court Avenue Investors, Inc., Rick Tollakson, President who is a partner of the Developer's general partner. The Developer requested the amendment to avoid possible adverse tax treatment that could have occurred under the original agreement. The City's security in the project remains unchanged.

FISCAL IMPACT—

None.

RECOMMENDATION—

Approval

BACKGROUND—

On November 8, 2004 by Roll Call 04-2448, the City Council approved an Urban Renewal Development Agreement with Court Avenue Partners I, L.P. (the "Developer"), whereby the Developer agreed to rehabilitate the upper three stories of 308 Court Avenue (known as the Spaghetti Works Building) for use as 51 residential apartment units with appropriate common area improvements, and the City has undertaken to provide certain financial incentives and to provide for the use of up to 75 off-street parking spaces for twenty years at market rates within the area for use exclusively by the tenants and condominium owners residing upon the Property.

On August 8, 2005, by Roll Call No. 05-1971, the City Council approved the First Amendment to the Urban Renewal Development Agreement amending the terms of the Development Agreement regarding the provision of off-street parking spaces to meet certain minimum parking standards imposed by the Developer's primary lender.