



## Legislation Text

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**File #:** 16-468, **Version:** 1

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*Report Prepared by: Kim Espinosa, Planning Manager, Development Services Department*

**SUBJECT:** First Amendment to Services Agreement with UC Merced

### REPORT IN BRIEF

The City Council will consider adopting the First Amendment to the Services Agreement with UC Merced in order to allow UC Merced to pay for sewer fees over a 4-year time period.

### RECOMMENDATION

**City Council** - Adopt a motion approving the First Amendment to the amended and restated contract for water, sewer, and other services between the City of Merced and the Regents of the University of California and authorizing the City Manager to sign the First Amendment.

### ALTERNATIVES

1. Approve, as recommended by staff; or,
2. Approve, subject to modifications as conditioned by Council; or,
3. Deny the request completely; or,
4. Refer back to staff for reconsideration of specific items as requested by Council; or,
5. Continue item to a future Council meeting (date and time to be specified in City Council motion).

### AUTHORITY

Merced City Charter, Section 200.

### CITY COUNCIL PRIORITIES

Approval of the Transportation and Services Agreements with UC Merced were identified as City Council priorities.

### DISCUSSION

In October 19, 2015, the City Council approved the Transportation and Services Agreements with UC Merced for the UC Merced 2020 Project. On April 28, 2016, the Chancellor signed the agreements on behalf of the Board of Regents; and on April 29, 2016, the Mayor signed the agreements on behalf of the City. On June 14, 2016, the Annexation Agreement (Attachment 5 of the original Services agreement) was executed and recorded.

Under Section 8b of the Services Agreement (Attachment 2), UC Merced would have had to pay Sewer Facilities charges for 137 acres of developable land in the amount of \$582,470.08 in one lump sum payment. UC Merced has asked that they be allowed to make the payments over a 4-year period instead.

Staff has prepared a First Amendment to the Services Agreement (Attachment 1) which will allow UC Merced to pay 25 percent (\$145,617.52) of the total as a down payment upon execution of the agreement and then to pay the remaining 75 percent over the next four years in equal annual installments. The total amount paid will be \$582,470.08, plus interest on the unpaid balance. As with the original agreement, the First Amendment would allow for an adjustment in the final payment if the final developable acreage of the UC 2020 project exceeds the 137 acres calculated. The Chancellor has executed the First Amendment on behalf of the Board of Regents.

### **IMPACT ON CITY RESOURCES**

Approval of the original Services Agreement ensured the existing and future revenue streams to the City's sewer and water enterprise funds from UC Merced would continue for a minimum of 10 years. The First Amendment to the Services Agreement will not affect those funds, except to allow UC Merced to pay one of the fees over a 4-year period.

### **ATTACHMENTS**

1. Amended Agreement
2. Original Agreement