



# **CITY COUNCIL AGENDA REPORT**

---

MEETING DATE: JANUARY 3, 2005

ITEM NUMBER:

**SUBJECT: DA-04-05 ANNUAL REVIEW OF SAKIOKA FARMS DEVELOPMENT AGREEMENT (DA-99-02), 14850 SUNFLOWER AVENUE**

**DATE: DECEMBER 14, 2004**

**FROM: PLANNING DIVISION/DEVELOPMENT SERVICES DEPARTMENT**

**PRESENTATION BY: DONALD D. LAMM, AICP, DEPUTY CITY MGR.-DEV.SVCS. DIRECTOR**

**FOR FURTHER INFORMATION CONTACT: CLAIRE L. FLYNN, AICP, SENIOR PLANNER  
(714) 754-5278**

---

## **RECOMMENDATION:**

Pursuant to Planning Commission's recommendation:

1. Determine and find that the Sakiokas (i.e. Sakioka Farms, RKSS, Marjack, RTS, and Iscina) have demonstrated good faith compliance with the terms and conditions of Development Agreement DA-99-02 (Agreement).
2. Approve the following amendments to the periodic review process: (a) Delegate future periodic reviews to Planning Commission; (b) Allow formal periodic review to be conducted every two years; (c) Conduct separate reviews for individual parcels due to separate ownerships.

## **BACKGROUND:**

On November 1, 1999, Council approved Development Agreement DA-99-02 between the City and Sakioka Farms/Roy K. Sakioka & Sons (Developer) for Sakioka Lots 1 and 2 (Vicinity Map, Attachment 1).

The Agreement facilitated dedication of the fee simple interest in land needed for freeway on- and off-ramps, which cross a portion of Sakioka Farms (along the south side of Anton Boulevard). The Agreement also recognized previous land dedications made by the developer for other public improvements (i.e. streets and the Metro Fire Station site). In exchange for these dedications, the Developer received vesting for Sakioka Lots 1 and 2 entitlements for a period of 20 years under current land use regulations (i.e. General Plan, Zoning Code, and the North Costa Mesa Specific Plan).

On November 22, 2004, Commission recommended that Council find the Developer in compliance with the Agreement and also recommended approval of requested amendments to the periodic review process.

## **ANALYSIS:**

### ***Project Site***

A vicinity map is provided as Attachment 1.

### ***Periodic Review***

This is the second formal annual review, and its purpose is to determine if the Developer has made a good faith effort to comply with the provisions and conditions of the Agreement. Typically, this review focuses on the community benefits provided by the developer. For DA-99-02, these benefits are described in Section 2.1 of the Agreement. The following section summarizes the Developer's progress in realizing remaining Developer obligations.

### ***Remaining Developer Obligations***

Because the Developer has not yet submitted a development proposal and the CenterLine urban rail project is still under environmental review, there are no other obligations that the Developer needs to fulfill at this time. The remaining obligations identified in the development agreement include the following:

1. *Payment of Park and Traffic Impact Fees.* The Agreement includes provisions relative to the payment of park fees for subsequent residential development of Sakioka Farms Lot 1 and traffic impact fees for all development on Lots 1 and 2.
2. *Dedication of Urban Rail Station Easement.* The Agreement includes provisions relative to the dedication of land for a future urban rail transit station on Sakioka Farms Lot 2. When this dedication occurs, the Developer will acknowledge that the City, or other entity as directed by the City, will have jurisdiction over the future urban rail transit system. In this case, the City will direct that the Orange County Transportation Authority have jurisdiction over the passenger stations serving a future urban rail system.
3. *Reservation of Urban Rail Track Line.* The Agreement includes provisions relative to the City reserving its right in the future to exercise its power of eminent domain to acquire property for a future urban rail track line. The City will work with the Developer to minimize impacts on the property from the final alignment of the track line. The Developer will reserve space for a future track line when designing any future development proposal.

During the past year, City staff, OCTA, and the owner have engaged in a number of design workshops related to the CenterLine light rail project and items 2 and 3 above. This process will continue through the final design phase of the project.

## ***Amendments to Periodic Review Process***

The applicant has made the following requests to amend the periodic review process. Since the applicant does not anticipate development to occur in the immediate short-term future (within 5 years), annual review of the Agreement may not be necessary. Commission supports the following requests:

- *Delegate periodic review to the Planning Commission.* Council may delegate this responsibility to the Commission, as it has done for the South Coast Metro Development Agreement.
- *Extend the formal "periodic review" period.* Given that development activity will not occur in the immediate short-term future, it would be more productive to conduct the formal periodic review by the Commission every two years (i.e. biennial review) instead of every year. Intervening annual reviews required by State law will be conducted at staff level.
- *Conduct separate reviews for individual parcels.* The Developer has also requested that separate reviews be conducted for individual parcels, as each parcel has separate ownership. This request will require that each property owner submit a separate planning application and processing fee.

### **ALTERNATIVES CONSIDERED:**

If Council finds that the Developer is not in compliance with the Agreement's terms, evidence supporting that determination would be required.

### **FISCAL REVIEW:**

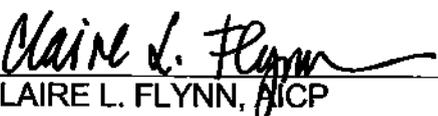
Fiscal review is not required for this item.

### **LEGAL REVIEW:**

The City Attorney's office has determined that this periodic review of the Agreement is in compliance with Section 2.1 of the Agreement and with State law.

### **CONCLUSION:**

The Commission recommends that Council find the Developer in compliance with the Agreement and also recommends approval of the following amendments to the periodic review process: (a) Delegation of formal periodic review responsibility to Planning Commission; (b) Formal periodic review to occur every two years (biennially); and (c) Separate reviews to be conducted for individual parcels due to different ownership.

  
\_\_\_\_\_  
CLAIRE L. FLYNN, AICP  
Senior Planner

  
\_\_\_\_\_  
DONALD D. LAMM, AICP  
Deputy City Mgr.- Dev. Svs. Director

DISTRIBUTION: City Manager  
Assistant City Manager  
Deputy City Mgr./Dev. Svcs. Director  
Acting City Attorney  
Staff (4)  
File (2)

George Sakioka  
Roy K. Sakioka & Sons  
14850 Sunflower Avenue  
Santa Ana, CA 92707

Jeffrey Littell  
Chief Operating Officer  
3183-A Airway Avenue, Suite 2  
Costa Mesa, CA 92626

ATTACHMENTS: 1. Vicinity Map  
2. Sakioka and Littell correspondence  
3. Development Agreement  
4. 11/22/04 PC Agenda Report

File: 120604DA0403TwoTownCtr

Date:

Time: 300p.m.

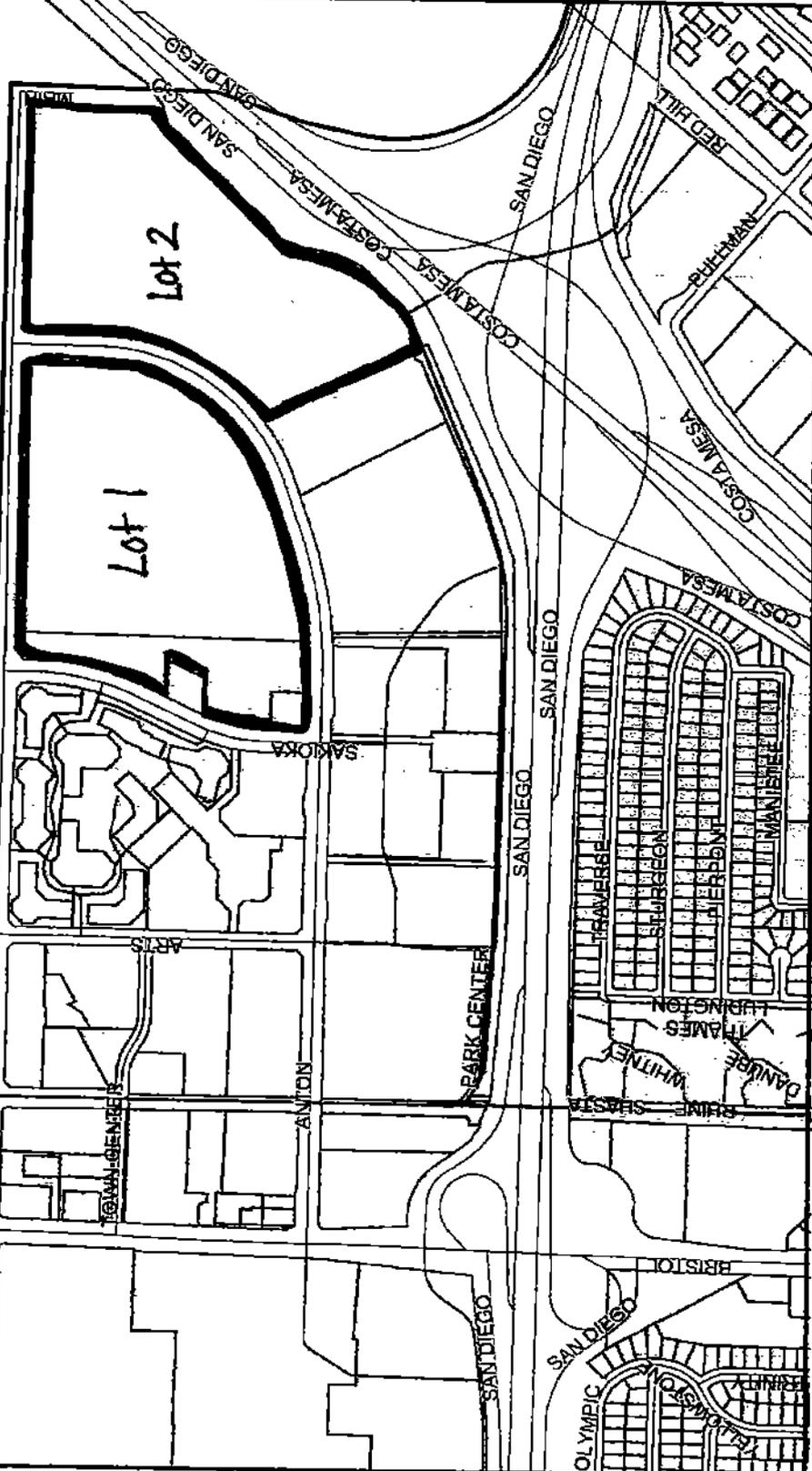
# Sakioka Lots 1 & 2

## Vicinity Map



### Legend

- Identified Features
- Selected Features
- Hydrology Channels
- Street Names
- Street Centerlines
- Parcel Lines
- City Boundary
- Water Ways
- Parcels



Contents of this map are copyright 2002, City of Costa Mesa, and may not be reproduced without prior write

WARNING: This map does not meet national map accuracy standards and cannot be used for engineering pur



Printed: 9/22/2003 1:47:09 PM



Powered By GeoSmart.net

**ATTACHMENT 2**  
**SAKIOKA AND LITTELL CORRESPONDENCE**

# ROY K. SAKIOKA & SONS

14850 Sunflower Avenue  
Santa Ana, CA 92707  
(714) 545-8611

October 13, 2004

Claire L. Flynn  
City of Costa Mesa  
P.O. Box 1200  
77 Fair Drive  
Costa Mesa, California 92628-1200

Re: *Annual Review of Development Agreement DA-99-02  
For Sakioka Farms*

Dear Ms. Flynn:

Reference is hereby made to that certain Development Agreement for Sakioka Farms Development Property ("Development Agreement") between the City of Costa Mesa ("City"), Sakioka Farms, a California general partnership ("Sakioka Farms"), and Roy K. Sakioka & Sons, a California general partnership ("RKSS"; Sakioka Farms and RKSS are collectively referred to herein as, "Developer"), recorded February 3, 2000 as instrument number 20000060847. The Development Agreement covers that certain property located in the City of Costa Mesa consisting of approximately 73.34 acres ("Property"), which is more particularly described in the Development Agreement. Capitalized terms not defined herein shall have the definitions set forth in the Development Agreement. Pursuant to your letter dated September 9, 2004, this letter illustrates that the Developer has complied with the terms of the Development Agreement.

By way of explanation, in December of 2002, ownership of the Property was divided as follows: (i) RKSS is the current owner of that certain real property within the Property described as Lot 2 in the Development Agreement shown on Exhibit A attached hereto and incorporated herein by this reference, (ii) Marjack LLC, a California limited liability company ("Marjack"), RTS-Sunflower, LLC ("RTS"), and Iscina-Sunflower, LLC ("Iscina") are the current owners of all that certain real property within the Property shown on Exhibit B attached hereto and incorporated herein by this reference, and (iii) Sakioka Farms and Marjack are the current owners of all that certain real property within the Property described on Exhibit C attached hereto and incorporated herein by this reference (the properties described in Exhibits A, B and C each being referred to as an "Individual Parcel"). Sakioka Farms, RKSS, Marjack, RTS, and Iscina are all owned and controlled by certain Sakioka family members. On February 17, 2004 the City, RKSS, Sakioka Farms, Marjack, RTS and Iscina executed an Assignment and

Assumption of Development Agreement for Sakioka Farms Development Property, recorded April 2, 2004 as instrument number 2004000275186, which reflects the ownership changes described above, and allocates the obligations of the Developer under the Development Agreement among the current owners of the Individual Parcels.

The Development Agreement requires that the Developer dedicate certain easements and fee interests to the City. Specifically, the Developer is obligated to execute and deliver the Dedication Agreement, the Ramp Deed, and the Private Road Deed (collectively, "Dedication Agreements") concurrently with the execution of the Development Agreement. *Development Agreement, Section 2.1(i)-(iii)*. The Developer has delivered each of the required Dedication Agreements to the City. Additionally, section 2.1(iv) of the Development Agreement requires the Developer to dedicate to the City certain rights of way for Bus Turnouts. The Developer has dedicated the rights of way for the Bus Turnouts as requested by the City.

Pursuant to the terms of the Development Agreement, the Developer agreed, upon request from the City, to dedicate a portion of the Property for the purpose of locating a future urban rail station. *Development Agreement, Section 2.2(v)*. Moreover, the City reserved the right to exercise the power of eminent domain to acquire a portion of the Property for the urban rail track line. *Development Agreement, Section 2.2(vi)*. However, the City has not yet requested that the Developer make the dedication for the urban rail station, and the conditions precedent to the dedication have not yet occurred.

In addition to the land dedications discussed above, the Development Agreement requires the Developer to pay a park fee and a traffic impact fee. *Development Agreement, Section 2.2 (v) & (vi)*. Section 2.2(v) of the Development Agreement obligates the Developer to pay a park fee in the event that the Property is developed for residential use. However, the Property has not been developed for residential use and, therefore, the Developer is not required to pay the park fee at this time. In addition, section 2.2(vi) of the Development Agreement requires that the Developer pay a traffic impact fee during the term of the Development Agreement. As of the date hereof, no traffic impact fees have been assessed with respect to the Property.

As detailed above, the Developer has timely performed all of its obligations under the Development Agreement.

Given that some obligations under the Development Agreement have already been fulfilled, we request that future reviews of the Development Agreement be limited to outstanding obligations under the Development Agreement. We understand that this form of Development Agreement review was recently approved with respect to the Segerstrom Home Ranch Development Agreement.

We also request that future reviews of the Development Agreement be conducted separately as to each Individual Parcel. Separate treatment of the Individual Parcels is required under section 3.9 of the Development Agreement, which provides that upon the sale of a portion of the Property, the seller "automatically shall be released from any executory obligations to City hereunder with respect to the portion of the Property so sold". Therefore, as of the date of the division of the Property as described above, the owners of the Individual Parcels were released from the periodic review process for the Individual Parcels which they do not own. However,

this year it is convenient to conduct the periodic review for all of the Individual Parcels at once, and we consent to such joint review.

We respectfully request to the City Council that future periodic reviews be conducted by the Planning Commission, and only sent to the City Council if necessary.

Please do not hesitate to contact me with any questions or comments.

Very truly yours,



George M.K. Sakioka

Exhibits A, B and C attached

cc: Amy R. Forbes  
Marnie E. Lassen  
Cynthia Wolcott  
Jeffrey Littell



# **CITY OF COSTA MESA**

P.O. BOX 1200 • 77 FAIR DRIVE • CALIFORNIA 92628-1200

---

DEVELOPMENT SERVICES DEPARTMENT

**FOR ATTACHMENTS NOT INCLUDED IN THIS REPORT,  
PLEASE CONTACT THE CITY CLERK AT (714) 754-5223**