



February 1, 2018

David Biggs – City Manager  
City of Hercules  
111 Civic Drive  
Hercules, CA 94547

RE: Hill Town Development  
Framework Forward

Dear Mr. Biggs:

It was a pleasure sitting to discuss the above referenced with you and the City Attorney last week. As discussed, we are submitting this letter which hopefully serves as a framework for us moving forward as expeditiously as possible.

As we have stated beforehand, we have successfully completed one of the major tasks of the Agreement which was to remove the large petroleum storage tanks and remediate the soil to an acceptable residential level. We both agree that the Agreement is intended to grant us a fully vested right to develop the Project as provided by the Agreement. I believe we both acknowledge that certain aspects exist today that did not exist in 2008, which must be incorporated into the development plan that we will submit (i.e. Stormwater control, clean water requirements, Uniform Building Code revisions, etc.)

We believe that under Section (1) definitions 1.9 "All details of the Project as set forth in this Agreement are, however, subject to further plan development and may be changed by mutual agreement of the parties," allows us to incorporate these changes without running afoul of the basic terms set forth in the Agreement.

One change under the Agreement has been the dissolution of the RDA. We are aware that the City is the successor agency of the RDA for non-housing related issues. Under the Agreement Section 4.2.1.2(a), we have an obligation to pay an "in-lieu" fee to the Agency of City for 58 moderate income units, while the Agency's obligation is to produce those units at an offsite location within the boundaries of RDA-3.

Another interesting change has to do with the Sports Facility In-lieu Fee. This fee of \$5,000 per unit was originally intended to be utilized for the purchase and development of offsite land for the construction of sports facilities thereon.

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*Santa Clara Valley Housing Group, Inc.*

Given the fact that the Housing Element of the RDA is in limbo and the City may wish to find other recreational uses/benefits for the Sports Facility In-lieu Fees, we propose that the parties agree to modify the Agreement in order to eliminate the BMR in-lieu fee requirement and to amend the Sports Facility In-lieu Fee to allow the expenditure of such fees for any and all recreational needs at the sole discretion of the City.

With regard to moving forward, I have laid out the following bullet points for your perusal and consideration.

- Extension of the Agreement term from 11/8/17 until when majority C. Council formally agrees to have us move forward with "original plan" (we believe that is a 4 mos. window).
- We respectfully request an additional extension of 6 mos. (if necessary) to the Development and Owner Participation Agreement in order to fully incorporate the new and necessary standards (C-3 requirements, Geotechnical and Grading related issues).
- Essentially, these actions would defer expiration of the Agreement from 10/23/18 to 8/23/19.
- SCVHG will immediately and diligently pursue the application process of submitting for Tentative Map, Architectural and Landscaping approval for the entire 43 acre site. We will propose a phasing plan and estimated schedule of performance scenario at that time.
- We estimate 90-120 days before we can submit to the City.
- We estimate that Staff will want/need 30 days for review comment.
- We estimate the need for public review/outreach. Would request an informal Neighborhood/City presentation (15 days).
- We estimate a 30 day turnaround for inputting Staff and Neighborhood comment and resubmittal of plans.
- We would assume at least (two) meetings with Planning Commission before receiving the recommendation (30 to 60 days).
- We would assume (two) meetings with City Council before a final vote may be given (45 to 90 days).

Per my calculation the adds up to somewhere between an 8 month to 11 ½ month process from when we move forward.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen E. Schott", written in a cursive style.

Stephen E. Schott

CC: Patrick Teng

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