



Report to City Council

TO: Mayor and City Council

FROM: Sean Kelleher, Assistant City Manager (Development)

AGENDA DATE: September 2, 2025

TITLE: DEVELOPER'S REQUEST TO AMEND RANCHO DEL SOL GOLF COURSE AGREEMENT (REPORT OF: CITY MANAGER) (DISTRICT 4)

TITLE SUMMARY: Developer's Request To Amend Rancho Del Sol Golf Course Agreement

DISTRICT: District 4

Recommendation(s)

That the City Council:

1. Deny Developer's request to amend the Rancho Del Sol Golf Course Agreement.

SUMMARY

ROCI CA Belago, LLC, ("Developer") is again requesting for a second time that the City Council agree to amend the original Rancho Del Sol Golf Course Agreement, a.k.a. "Agreement Regarding Golf Course Property Maintenance." ("Amendment") to:

- 1) Permit Developer to sell the Rancho Del Sol Golf Course ("Golf Course") to an unidentified Golf Course owner/operator, and to assign ongoing Golf Course related obligations (including maintenance) to a third party subject to reasonable review and approval from the City, with Developer remaining responsible for completing the construction of the Permanent Golf Course Clubhouse ("Permanent Clubhouse");
- 2) Immediately issue all Certificates of Occupancy for Apartment Buildings 1–14 and

the Permanent Clubhouse, and issue the remaining Certificates of Occupancy for Apartment Buildings 15–16 no later than six (6) months from the effective date of the Amendment, or as soon as the Permanent Clubhouse receives a Certificate of Occupancy, whichever occurs first;

- 3) Extend the deadline for completing the Permanent Clubhouse to 12 months from effective date the Amendment;
- 4) Subject to Developer increasing the amount of the Performance Bond related to completion of the Permanent Clubhouse an additional \$1,000,000; and
- 5) Developer making a one-time payment of \$500,000 to the City.

DISCUSSION

Seven years ago, on June 19, 2018, the City Council approved the Rancho Belago Phase II Apartment Project (“Project”). As a condition of approval, Developer was required to enter into a Maintenance Agreement, an Escrow Agreement, and a Memorandum of Agreement and License to provide the water rights (as well as access rights to the water wells and irrigation infrastructure) to the City for a ten-year period commencing the first day the Golf Course is opened, at no cost to the City.

History of Agreement

Developer’s obligations to maintain the Golf Course, and to construct the Permanent Clubhouse and to maintain the Permanent Clubhouse was memorialized in the Rancho Del Sol Golf Course Agreement (a.k.a. “Agreement Regarding Golf Course Property Maintenance”), which was duly approved by both the City Council and Developer (“Agreement”). The developer executed the Agreement 6½ years ago in November 2018. Almost two years later, on September 10, 2020, Developer executed the First Amendment to the Agreement (“First Amendment”). Then, 4½ years later, on March 12, 2025, Developer submitted documentation of its compliance with the First Amendment - along with an unsolicited proposed “Second Amendment.” That proposed Second Amendment was presented to the City Council at a duly noticed regular meeting of the City Council on June 17, 2025, and was denied, after receiving public comment, including from Developer’s representatives. Staff had also recommended denial of the proposed Second Amendment since staff had opined that the terms and conditions of the proposed Second Amendment were not in the City’s best interests.

On August 18, 2025, following the City Council’s denial of the proposed Second Amendment, Developer submitted an alternative proposed “Second Amendment.” This time around, the Developer proposes that the City Council agree to the following terms and conditions:

- 1) Permit Developer to sell the Golf Course to an unidentified Golf Course owner/operator, and to assign ongoing Golf Course related obligations to a third party, subject to reasonable review and approval from the City, with Developer remaining responsible for completing the construction of the Permanent Clubhouse;

- 2) Immediately issue all Certificates of Occupancy for Apartment Buildings 1–14 and the Permanent Clubhouse, and issue the remaining Certificates of Occupancy for Apartment Buildings 15–16 no later than six (6) months from the effective date of the Amendment, or as soon as the Permanent Clubhouse receives a Certificate of Occupancy, whichever occurs first;
- 3) Extend the deadline for completing the Permanent Clubhouse to 12 months from the effective date of the Amendment;
- 4) Subject to Developer increasing the amount of the Performance Bond related to completion of the Permanent Clubhouse by an additional \$1,000,000; and
- 5) Developer making a one-time payment of \$500,000 to the City.

Construction Timeline

On August 21, 2020, a Temporary Certificate of Occupancy was issued for a Temporary Golf Course Clubhouse (“Temporary Clubhouse”). Since the re-opening of the Golf Course, it has been run from the Temporary Clubhouse. 5 ½ months later, on February 11, 2021, the Planning Commission approved the 5,000 square foot Permanent Clubhouse. 14 months later, on April 6, 2022, after the City received the necessary building permit application and requisite information from Developer, the City was prepared to issue a building permit for the Permanent Clubhouse – subject to Developer completing the required on-site grading and obtaining the necessary approvals from outside agencies, including, but not limited to, the Eastern Municipal Water District (“EMWD”). On May 3, 2023, after Developer submitted the requisite grading permit application, the City issued a grading permit for the construction of the Permanent Clubhouse. Six months later, in November 2023, City staff met with Developer’s representatives and learned that the grading for the Permanent Clubhouse would not commence until sometime in December 2023. However, it was not until seven months later, on July 2, 2024, when the Developer started the required demolition work related to the grading permit for the Permanent Clubhouse. Then, 10 months later, on May 22, 2025, after the Developer completed the necessary work, the City was able to conduct the last on-site inspection associated with the grading permit issued for the construction of the Permanent Clubhouse.

With respect to the Project’s Apartment Buildings, the City issued the necessary grading permit on March 29, 2021. However, it was not until nearly two years later, on February 14, 2023, after the Developer completed the necessary grading, that the City was able to issue the necessary building permit for the construction of the Project’s apartment buildings.

DISCUSSION

Again, the Developer is proposing an alternative Second Amendment to the Agreement. Developer purports that the purpose of this alternative proposed Second Amendment is to allow Developer to obtain the necessary Certificates of Occupancy for the Project’s Apartment Buildings so that the apartment units can be rented and occupied prior to

opening the Permanent Clubhouse.

The proposed terms pertain to Section 1, "Operations," and Section 4, "Default." The existing language and the proposed term of each of the above Sections are set forth below, with an analysis of the proposed changes.

Section 1. Operations

Existing Language:

"Owner, prior to receipt of any building permits for the Multifamily Parcel, shall open and operate an 18-hole golf course on the Golf Course Parcel. Owner may operate the golf course using a temporary clubhouse until such time that a permanent golf course clubhouse has been completed. No Certificates of Occupancy shall issue for any portion of the Multifamily Parcel until such time that a permanent golf course clubhouse has been completed, approved by City and open to the public."

Proposed Terms:

- Permit Developer to sell the Golf Course to an unidentified Golf Course owner/operator, and to assign ongoing Golf Course related obligations to a third party, subject to reasonable review and approval from the City, with Developer remaining responsible for completing the construction of the Permanent Clubhouse;
- Immediately issue all Certificates of Occupancy for Apartment Buildings 1–14 and the Permanent Clubhouse, and issue the remaining Certificates of Occupancy for Apartment Buildings 15–16 no later than six (6) months from the effective date of the Amendment, or as soon as the Permanent Clubhouse receives a Certificate of Occupancy, whichever occurs first;
- Extend the deadline for completing the Permanent Clubhouse to 12 months from the effective date of the Amendment;
- Subject to Developer increasing the amount of the Performance Bond related to completion of the Permanent Clubhouse, an additional \$1,000,000; and
- Developer making a one-time payment of \$500,000 to the City.

Analysis:

The existing language requires the Developer to maintain and operate the Project's Golf Course. However, the proposed terms that would allow Developer to sell the Golf Course to a third party is concerning, since there is no certainty at this time that Developer would be able to retain the ability to construct the Permanent Clubhouse after a sale to a third party, the identity of which is also unknown at this time.

The proposed terms that would require the City to issue Certificates of Occupancy for all 16 Apartment Buildings prior to completion of the Permanent Clubhouse is not what

was intended when the Project and Agreement were initially approved. The purpose of deferring issuance of the Certificates of Occupancy until after the Permanent Clubhouse has been completed, approved by the City, and open to the public, was to ensure that prospective residents of the Apartment Buildings would have the main amenities of the Project (including the Permanent Clubhouse) immediately available to them upon occupying the respective Apartment units. This would avoid any future complaints by the Project's residents that the City was complicit with allowing the deferral of the construction and completion of the Permanent Clubhouse - an amenity the residents would presumably be paying for as part of the rental value of their units.

Although increasing the performance bond for completing construction of the Permanent Clubhouse is beneficial, and the one-time payment \$500,000 is enticing, both are contingent upon allowing the Developer to sell the Golf Course to a third party and to assign all Golf Course related obligations to a third party, again, both of which are unknown at this time. It is also contingent upon requiring the City to issue all Certificates of Occupancy for all 16 Apartment Buildings prior to completing construction of the Permanent Clubhouse, which staff does not believe to be in the City's or the future residents' best interests, as described above.

ALTERNATIVES

1. Deny Developer's request for the currently proposed alternative Second Amendment, as the existing terms and conditions of the Agreement and the First Amendment provide the City with the greatest assurance that the Permanent Clubhouse will be completed in a timely manner and that the Golf Course will be properly maintained. *Staff recommends this alternative.*
2. Approve Developer's requested proposed alternative Second Amendment, and direct and authorize the City Manager with concurrence of the City Attorney to prepare and execute a Second Amendment, which relieves Developer's responsibility to maintain the Golf Course, should the Developer assign the Agreement to a third party. *Staff does not recommend this alternative.*

NOTIFICATION

Posting of the agenda.

PREPARATION OF STAFF REPORT

Prepared By:
Sean Kelleher
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Department Head Approval:
Brian Mohan
City Manager

Concurred By:
Steve Quintanilla
City Attorney

CITY COUNCIL GOALS

CITY COUNCIL STRATEGIC PRIORITIES

1. Economic Development
2. Public Safety
3. Library
4. Infrastructure
5. Beautification, Community Engagement, and Quality of Life
6. Youth Programs

Report Approval Details

Document Title:	STAFFREPORT_CM_GOLFCOURSEAGREEMENTAMENDMENT.docx
Attachments :	- AGREEMENT REGARDING GOLF COURSE PROPERTY MAINTENANCE.pdf - FIRST AMENDMENT TO AGREEMENT REGARDING GOLF COURSE PROPERTY MAINTENANCE.pdf
Final Approval Date:	Aug 27, 2025

This report and all of its attachments were approved and signed as outlined below:

Brian Mohan

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