

STAFF REPORT

DATE: May 14, 2019

TO: City Council

FROM: Ashley Feeney, Assistant City Manager
Sherri Metzker, Principal Planner

SUBJECT: Planning Application #PA-19-16, REZ #1-19, RFPD #1-19, DAA #1-19
(Second Street Crossing, 4551- 4651 Second Street – Target Pad Buildings)

Recommendation

Staff and the Planning Commission recommend that the City Council hold a public hearing and approve the following:

1. Determine that the certified EIR for the Second Street Crossing project adequately addressed the environmental issues associated with the project and no additional CEQA evaluation is required; and,
2. Ordinance Amending Section 40.01.090 of the City Zoning Ordinance by amending Planned Development PD #10-04B to Revise the List of Approved Uses for the Second Street Crossing Project; and
3. Ordinance Amending the Development Agreement By and Between the City of Davis, Target Corporation, and Second Street Crossing, LLC Relating to the Second Street Crossing Project.

Executive Summary

In addition to the 127,000 square foot Target store, the Second Street Crossing project contains 46,000 square feet divided among four pad buildings. The zoning for the pad buildings lists specific allowable retail and ancillary uses, many with minimum and maximum store sizes or maximum aggregate square footage allotments.

The requested modification would eliminate the minimum and maximum size requirements for all permitted uses, such as eliminating the size requirements of an apparel store, shoe store or electronics store. Because this request amends the Planned Development for the property, an amendment to the Development Agreement is also required because the Planned Development qualifies as a major amendment.

The Planning Commission held its public hearing regarding the proposal on April 24, 2019. They recommended approval of both attached ordinances with a 6-0 vote (2 Essex and Rowe absent).

Fiscal Analysis

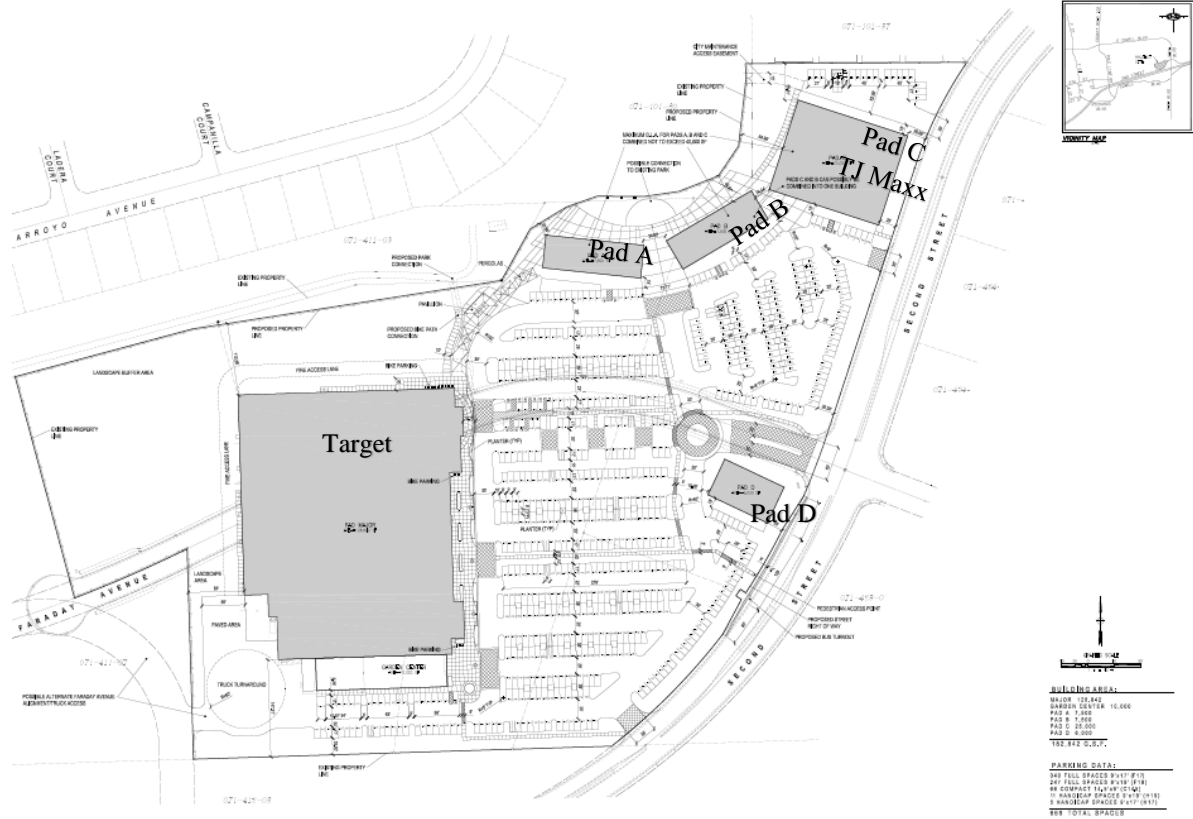
Staff has used no outside resources to prepare this information. Therefore, there is no immediate fiscal impact with this application. If approved, the opportunity for the placement of sales tax generators into the shopping center is increased.

Council Goals

The proposal is consistent with the following adopted overarching City Council goals:

- Build and promote a vibrant city
- Drive a diverse and resilient economy
- Ensure fiscal resilience

SECOND STREET CROSSING SITE PLAN



Current Approved and Constructed Site Plan

Target: 127,000 sf

Pads A & B: 7,500 sf each

Pad C: 25,000 sf / TJ Maxx

Pad D: 6,000 sf

Project Data

Project Location: 4551-4651 Second Street

Applicant: Cybil Bryant for Buzz Oates Construction

Property Owner: Second Street Crossing LLC

Property Size: 5.54 acres in two parcels

Building Size: 46,000 square feet in four buildings

General Plan Designation: General Retail

Zoning: Planned Development #10-04B for medium and large scale discount stores, and ancillary service, retail, office, and restaurant uses.

Background

In June 2006, the Davis City Council approved entitlements for the Second Street Crossing (Target) project. The City Council also placed the project on the ballot for citizen vote. The voters approved the Measure K ballot in November, 2006. Subsequently, the Target store opened in October 2009. The remaining four pad buildings were completed in 2014, with the junior anchor store (Pad C) occupied by TJ Maxx. The remaining 3 pad buildings (totaling 21,000 square feet) house a variety of retailers including a shoe store, a phone store, a mattress store, a physical fitness business and a bank. There is approximately 6732 square feet of vacant store space broken down as follows:

| | Unit | sf | Tenant |
|-------|----------|--------|-----------------|
| Pad A | 100 | 5,110 | Famous Footwear |
| | 200 | 1,504 | Yolo Barre |
| | 300 | 1,155 | Vacant |
| Pad B | 100 | 3,319 | Sleep Train |
| | 115 | 1,155 | Verizon |
| | 120 | 3,294 | Vacant |
| Pad C | 100 | 25,000 | TJ Maxx |
| Pad D | 100 | 3,717 | Bank of America |
| | 200 | 2,283 | Vacant |
| | Total SF | 46,537 | |

Project Analysis

Since the Second Street Crossing was originally approved in 2006, the city has adopted a series of land uses for the property with associated leasable square footage limitations. In 2006, the city was concerned that the shopping center could have a negative impact on the economic viability of the downtown. Studies were prepared that showed there was little likelihood of urban decay, which has held true. After 10 years of operation in the city, staff believes it can be empirically deduced that the tenants in the shopping center are not relocating from the downtown area, nor are they causing closure and mass vacancy in the downtown area. In the 2017 State of the City report, it was noted that,

“The retail market in the city and Davis Core Area is much tighter than the county’s more balanced market. This is evidenced by relatively positive net absorption, vacancy rates of 3.7 and 3.2 percent, compared to the countywide rate of 5.3 percent, and increasing rental rates.”

Table 15: Retail Market Overview, Davis Core Area, City of Davis, and Yolo County, Q4 2016

| | Davis Core Area (a) | | City of Davis | | Yolo County | |
|---|---------------------|---------|---------------|---------|--------------|---------|
| Summary, Q4 2016 (b) | | | | | | |
| Inventory (c) | 747,749 | sq. ft. | 2,222,614 | sq. ft. | 8,516,612 | sq. ft. |
| Occupied Stock | 719,895 | sq. ft. | 2,151,850 | sq. ft. | 8,061,884 | sq. ft. |
| Vacant Stock (d) | 27,854 | sq. ft. | 70,764 | sq. ft. | 454,728 | sq. ft. |
| Vacancy Rate | 3.7% | | 3.2% | | 5.3% | |
| Inventory (% of Yolo County) | 8.8% | | 26.1% | | | |
| Minimum Contiguous Space (e) | 374 - 4,335 | sq. ft. | 374 - 4,335 | sq. ft. | 180 - 57,303 | sq. ft. |
| Maximum Contiguous Space (f) | 374 - 4,335 | sq. ft. | 374 - 10,000 | sq. ft. | 180 - 57,303 | sq. ft. |
| Asking Rents (g) | | | | | | |
| Avg Asking Rent, NNN (per sq. ft.), Q4 2015 | \$1.63 | | \$1.71 | | \$1.23 | |
| Avg Asking Rent, NNN (per sq. ft.), Q4 2016 (b) | \$1.81 | | \$1.82 | | \$1.20 | |
| % Change | 11.0% | | 6.4% | | -2.4% | |
| Net Absorption | | | | | | |
| Net Absorption, 2010 - Q4 2016 (b) | 6,121 | sq. ft. | 181,728 | sq. ft. | 483,527 | sq. ft. |
| Net Absorption, Q1-Q4 2016 (b) | -635 | sq. ft. | 14,170 | sq. ft. | 24,544 | sq. ft. |
| New Activity (h) | | | | | | |
| New Construction, 2010 - Q4 2016 (b) | 4,950 | sq. ft. | 121,649 | sq. ft. | 292,419 | sq. ft. |
| New Construction, Q1-Q4 2016 (b) | 0 | sq. ft. | 0 | sq. ft. | 15,397 | sq. ft. |

Notes:

- (a) Includes all properties located within the Core Area Specific Plan boundary. For a complete definition, see Appendix C.
- (b) Data reflects existing conditions in the fourth quarter, as of December 19, 2016.
- (c) Reflects existing retail stock, including auto dealerships.
- (d) Data reflect retail space currently vacant, including recently vacated spaces in buildings owned by Browman Development Co.
- (e) Reflects minimum and maximum square footage of the smallest contiguous space available for rent in each inventoried building, as of December 19, 2016.
- (f) Reflects minimum and maximum square footage of the largest contiguous space available for rent in each inventoried building, as of December 19, 2016.
- (g) Average asking rents reflect a triple net (NNN) lease where the tenant pays all real estate taxes, building maintenance, and insurance, in addition to rent, utilities, and other expenses.
- (h) New activity reflects new construction, based on additions to the inventory of properties tracked by CoStar.

Sources: CoStar, 2016; BAE, 2016.

The chart above shows that the vacancy rate in the Davis Core Area is less than the overall vacancy rate in the County and only slightly higher than in the city as a whole. In fact, the

downtown is thriving regardless of the existence of other businesses in Davis. Staff does not believe that the magnitude of the requested changes will have a significant effect on the health of the downtown. Under the current zoning, the pad building landlord has the ability to lease to a variety of permitted uses like coffee shop, restaurant, and some neighborhood-serving uses. Unfortunately, with the city-imposed limitations on minimum or maximum square footage, some potential tenants have chosen not to locate within the center. In particular, smaller potential tenants. Staff believes it would be better to have several smaller tenants in the buildings than the vacancy that currently exists.

The City expanded the square footage limitations in 2012. Given that there is no evidence that the shopping center has an impact on the downtown area, staff believes the limitations are unnecessary. Furthermore, the limits are preventing an otherwise viable tenant from contributing to the local economy. In the 2019 economy, it is important to give property owners as much flexibility as reasonably possible. Competition for retailers comes not only from other locations in the city, or other cities, but also from on-line ecommerce. If a small retailer can avoid the cost of brick and mortar locations, and sell his product online, he will give that a strong consideration. Removing the obstacles to locating in a physical location keeps the city more competitive as a whole.

Staff has also verified that the surrounding zoning, which while different, does allow some similar uses and has no provision for square footage limitations on the use. In summary, it was determined that the uses in those buildings would have no impact on downtown uses and therefore, no need for size restrictions.

Staff recommends approval of the requested amendment. The stricken language shown below would be eliminated upon approval.

The principal permitted uses in PD #10-04C for Pad Buildings A, B, C and D as defined in the Final Planned Development are hereby amended to be read as follows:

SECTION 2 (Permitted Uses).

- (a) Community and regional retail stores, such as appliances, department stores, general merchandise, housewares, home furnishings, home decorating, linen, fabrics, craft, hobby, office furniture and supplies, electronics, sporting goods, party supply. ~~no less than 4,000 and up to a maximum of 30,000 square feet per individual use.~~
- (b) Apparel stores ~~between 4,000 and 30,000 square feet per individual use.~~
- (c) Shoes stores ~~between 3,000 and 30,000 square feet per individual use.~~
- (d) Motorcycle and recreational vehicle sales conducted within an enclosed building.
- (e) Shipping/packaging stores.
- (f) Neighborhood retail and personal services, such as beauty salon and supply, video rental, and dry cleaning. ~~up to an aggregate maximum of twenty five percent of the square footage of the pad buildings combined.~~

- (g) Financial institutions, professional and administrative offices, medical offices, real estate offices, banks, credit unions, physical therapy, physical fitness, animal clinics, children’s indoor play places, ~~up to an aggregate maximum of ten percent of the square footage of the pad buildings combined.~~
- (h) Optical retail or telecommunications ~~stores between 2,000 and 30,000 square feet per individual use.~~
- (i) ~~Up to four~~ Restaurants ~~not to exceed 10,000 square feet in aggregate.~~
- (j) Coffee, ice cream, and juice/smoothie shops.

Development Agreement Amendment

The Development Agreement for the Second Street Crossing project states that changes to the permitted uses of the property are “Major Amendments” requiring a public hearing before the Planning Commission and City Council. If approved, this would be the second Major Amendment of the Development Agreement; a Minor Amendment regarding timing of the traffic improvements was approved in spring 2010, and the first Major Amendment of the Development Agreement was approved in 2012.

Staff recommends approval of the second Major Amendment to the development agreement, with the following provision:

This Developer hereby agrees to develop the Project in accordance with this Development Agreement, the Existing Project Approvals and the Development Standards defined in Section 200, as well as any amendments to the Existing Project Approvals or this Development Agreement as may, from time to time, be approved pursuant to this Development Agreement, including the changes to the Preliminary Planned Development approved by the City Council on, [REDACTED] 2019. Nothing in this section shall be construed to restrict the ability to make minor changes and adjustments in accordance with Section 106, *supra*.

Community Outreach

Prior to the Planning Commission meeting, the applicant made contact with the Davis Chamber of Commerce (Cory Kohler) and the Davis Downtown Business Association (Josh Chapman.)

Both groups indicated that they had no issue with the proposed project. Attachment 1 is a letter from the Davis Chamber indicating their support.

Environmental Determination

The EIR for the Second Street Crossing project, including the Target Store and the pad buildings, was certified in June 2006. The requested changes do not increase the size of the center or significantly change the retail uses. The changes do not change the intensity or overall use of the center and do not raise any environmental issues that were not addressed in the earlier environmental review, or cause new or substantially more severe significant environmental impacts.

The proposed “project,” for the purposes of the California Environmental Quality Act, is the elimination of the minimum and maximum square footage requirements for certain uses, which have always been permitted in the project. CEQA provides for 30 days to challenge an environmental determination and no challenge was filed after the EIR was certified. The environmental analysis is presumed valid and applicable to any changes in the project unless the project has significantly changed or there is new information about significant environmental impacts.

Other than the change to the minimum and maximum square footage requirement, there will be no change from the original project description for the EIR or economic analysis. The pad buildings have a total of 46,000 square feet, consisting of four pad buildings measuring 6,000, 7,500, 7,500, and 25,000 square feet. There is no change to the type of permitted uses. The Target Store, which is the dominant use on the site and a major emphasis of the 2006 EIR, is unchanged except for closure of the garden center. It should also be noted that TJ Maxx occupies Building C, (and is proposed to remain unchanged.)

CEQA states that no subsequent EIR is required unless there is new information (PRC 21166). *CREED vs. City of San Diego* concluded that greenhouse gases and climate change are not new issues, and were known issues prior to City’s approval of the Final Environmental Impact Report. The proposed change is very minor, and there is no evidence that the change in the size of the tenants in the pad buildings would cause any significant change to GHG emissions or any other environmental impacts. Staff recommends that the Commission determine that the EIR for the Second Street Crossing project adequately addressed the environmental issues associated with this project and no additional CEQA evaluation is required.

Attachments

1. Davis Chamber of Commerce Support Letter – City Council
2. Davis Chamber of Commerce Support Letter – Planning Commission
3. Ordinance Amending Zoning
4. Ordinance Amending Development Agreement

May 8, 2019

Brett Lee, Mayor
City of Davis
23 Russell Blvd
Davis, CA 95616

RE: Elimination of Use Size Restrictions - Support

Dear Mayor Lee,

On behalf of the Davis Chamber of Commerce, we would like to express our support for the elimination of the existing use size limitations for the buildings located at the 2nd Street Crossing shopping center. This item will come before the City Council on May 14 and we ask that you support the removal of these restrictions.

Davis needs jobs and to grow its tax base. This proposal will accomplish both.

Based on the staff report, conversations with city staff and Chamber leadership, we believe the elimination of these requirements will help foster more economic development opportunities. These restrictions are outdated and unnecessary.

In 2006, the initial size limitations were put into place in order to reduce any potential negative impacts to the downtown core from the Target store and other larger companies opening at the shopping center. Since that time, city officials have closely monitored any potential impacts in the downtown business core.

According to city staff, there is no evidence that the shopping center has had significant impacts on downtown businesses. Accordingly, city staff wants to eliminate the restrictions and the Chamber agrees.

These limitations have posed a significant challenge in attracting new businesses to lease the spaces. In fact, city staff indicates that several businesses are interested in leasing those areas if the limitations were removed. The Chamber believes that eliminating the size restrictions will provide enough flexibility to attract businesses and eliminate the number of

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Mayra Vega
Dignity Health
Trevor Warren
AGR Partners

Chamber Staff

Cory Koehler
Executive Director
Holly Claus
Director of Events & Marketing
Bobbi Vaughn
Director of Membership
Jovita Husband
Front Office Administrator

The Chamber commends the city staff for attempting to remove a significant barrier in attracting new tenants to the shopping center. Any new business will contribute to the local economy in terms of job creation and tax revenue.

With over 500 businesses as members of the Chamber, we want to continue our partnership with the city and continue an open dialogue on issues that impact the business community. We thank city staff for bringing this issue to our attention and look forward to working with the city on removing other barriers to expand economic development in the city.

Sincerely,



Cory Koehler
Executive Director

April 24, 2019

Stephen Streeter, Chair
Planning Commission
City of Davis
23 Russell Blvd
Davis, CA 95616

RE: Item #5 Elimination of Use Size Restrictions - Support

Dear Chair Streeter,

On behalf of the Davis Chamber of Commerce, we would like to express our general support for the elimination of the existing use size limitations for the buildings located at the 2nd Street Crossing shopping center. This item will come before the Planning Commission this week and we ask that you support the removal of these restrictions.

Based on the staff report, conversations with city staff and Chamber leadership, we believe the elimination of these requirements will help foster more economic development opportunities. These restrictions are outdated and unnecessary.

In 2006, the initial size limitations were put into place in order to reduce any potential negative impacts to the downtown core from the Target store and other larger companies opening at the shopping center. Since that time, city officials have closely monitored any potential impacts in the downtown business core.

According to city staff, there is no evidence that the shopping center has had significant impacts on downtown businesses. Accordingly, city staff wants to eliminate the restrictions and the Chamber agrees.

These limitations have posed a significant challenge in attracting new businesses to lease the spaces. In fact, city staff indicates that several businesses are interested in leasing those areas if the limitations were removed. The Chamber believes that eliminating the size restrictions will provide enough flexibility to attract businesses and eliminate the number of long-term vacancies that currently exist.

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Jay Errecarte
SunWest Foods
Michael Faust
MEF Consulting
Nancy Hannell
Davis Enterprise
Capt. Lyndsey Horn
Air Force 60th AMW, Travis AFB
Carol Landry
First Northern Bank
Ted Parks
Woodstock's Pizza
Mabel Salon
UC Davis
Rusty Seymour
El Macero Country Club
Dr. Sang Tran
Varsity Dentistry
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The Chamber commends the city staff for attempting to remove a significant barrier in attracting new tenants to the shopping center. Any new business will contribute to the local economy in terms of job creation and tax revenue.

With over 500 businesses as members of the Chamber, we want to continue our partnership with the city and continue an open dialogue on issues that impact the business community. We thank city staff for bringing this issue to our attention and look forward to working with the city on removing other barriers to expand economic development in the city.

Sincerely,



Cory Koehler
Executive Director

ORDINANCE NO.

**ORDINANCE AMENDING SECTION 40.01.090
OF THE CITY ZONING ORDINANCE
BY AMENDING PLANNED DEVELOPMENT (PD) #10-04B
TO REVISE THE LIST OF APPROVED USES
FOR THE SECOND STREET CROSSING PROJECT**

THE CITY COUNCIL OF THE CITY OF DAVIS DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1 (Zoning Designation Change)

Article 40.01.090 (Zoning Map) of Chapter 40 of the Davis Municipal Code is hereby amended by changing the approved uses for the parcels shown on Exhibit A, attached hereto and incorporated herein by reference, from Planned Development #10-04B to Planned Development #10-04C.

SECTION 2 (Permitted Uses).

The principal permitted uses in PD #10-04C for Pad Buildings A, B, C and D as defined in the Final Planned Development are hereby amended to be read as follows:

- (a) Community and regional retail stores, such as appliances, department stores, general merchandise, housewares, home furnishings, home decorating, linen, fabrics, craft, hobby, office furniture and supplies, electronics, sporting goods, party supply. ~~no less than 4,000 and up to a maximum of 30,000 square feet per individual use.~~
- (b) Apparel stores ~~between 4,000 and 30,000 square feet per individual use.~~
- (c) Shoes stores ~~between 3,000 and 30,000 square feet per individual use.~~
- (d) Motorcycle and recreational vehicle sales conducted within an enclosed building.
- (e) Shipping/packaging stores.
- (f) Neighborhood retail and personal services, such as beauty salon and supply, video rental, and dry cleaning. ~~up to an aggregate maximum of twenty five percent of the square footage of the pad buildings combined.~~
- (g) Financial institutions, professional and administrative offices, medical offices, real estate offices, banks, credit unions, physical therapy, physical fitness, animal clinics, children's indoor play places, ~~up to an aggregate maximum of ten percent of the square footage of the pad buildings combined.~~
- (h) Optical retail or telecommunications stores ~~between 2,000 and 30,000 square feet per individual use.~~
- (i) ~~Up to four~~ Restaurants ~~not to exceed 10,000 square feet in aggregate.~~
- (j) Coffee, ice cream, and juice/smoothie shops.

SECTION 3 (Other Provisions)

All other provisions of Planned Development #10-04B shall continue to be in effect and are hereby incorporated into PD #10-04C.

SECTION 6 (Findings).

The City Council hereby finds that all of the following are true and correct:

1. That the proposed amendment is in general conformance with the City General Plan and East Davis Specific Plan, which designate this site for General Retail use.
2. That the Planning Commission held a public hearing on April 24, 2019 to consider this proposed ordinance.
3. That that the EIR for the Second Street Crossing project adequately addressed the environmental issues associated with the project and no additional CEQA evaluation is required.
4. That the public necessity, convenience and general welfare require the adoption of this amendment, in order to provide shopping opportunities to meet the needs of Davis residents.

INTRODUCED on the ____ day of _____, 2019, and PASSED and ADOPTED by the City Council of the City of Davis on the ____ day of _____, 2019, by the following vote:

AYES:

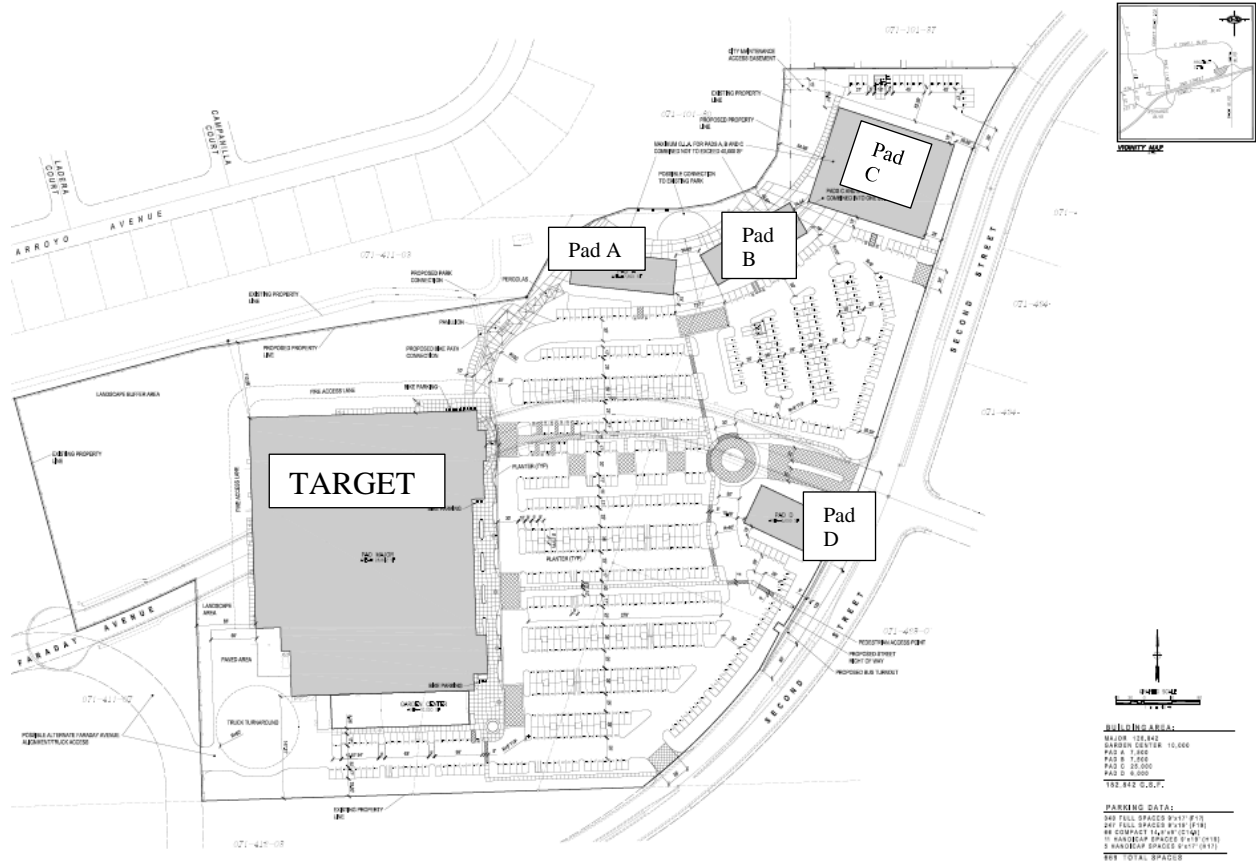
NOES:

Brett Lee
Mayor

ATTEST:

Zoe S. Mirabile, CMC
City Clerk

EXHIBIT A SECOND STREET CROSSING



SUBTOTALS:

| | |
|---------------------|----------------|
| MAJOR | 122,842 |
| MINOR | 10,000 |
| PAD A | 7,500 |
| PAD B | 7,500 |
| PAD C | 25,000 |
| PAD D | 20,000 |
| TOTAL G.S.U. | 192,842 |

PARKING DATA:

| | |
|--------------------------------|------------|
| 340 FULL SPACES 9'x17' (81%) | |
| 20 FULL SPACES 8'x10' (61%) | |
| 88 COMPACT 14'x14' (51%) | |
| 0 HANDICAP SPACES 5'x8' (11%) | |
| 0 HANDICAP SPACES 9'x17' (81%) | |
| TOTAL SPACES | 456 |

EXHIBIT 2

ORDINANCE __

AMENDING DEVELOPMENT AGREEMENT BY AND BETWEEN THE CITY OF DAVIS, TARGET CORPORATION AND SECOND STREET CROSSING, LLC RELATING TO THE SECOND STREET CROSSING PROJECT

THE CITY COUNCIL OF THE CITY OF DAVIS DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1 Development Agreement Amendment

The Development Agreement dated July 19, 2006, by and between Developer and the City recorded in the Office of the Yolo County Recorder, State of California, on December 12, 2007 as Doc. No. 2007-0041468-00, as Amended by that certain First Minor Amendment To Development Agreement Regarding Certain Traffic Improvements dated May 10, 2010 by and between the Developer and the City recorded in the Office of Yolo County Recorder, State of California, on May 13, 2010 as Doc. No. 2010-0012708-00, and as Amended by that certain First Major Amendment to Development Agreement Relating to the Development of Second Street Crossing Retail Project dated March 5, 2013 by and between the Developer and the City recorded at the Office of Yolo County Recorder, State of California, on March 8, 2013 as Doc. No 2013-0007643-00 (collectively the "Development Agreement"), is hereby amended as shown in Exhibit A to this Ordinance.

SECTION 2 Authority

The Mayor of the City of Davis is hereby authorized and directed to sign the Development Agreement Amendment and any necessary documents to implement the changes, subject to any minor conforming, technical or clarifying changes approved by the City Attorney.

SECTION 3 Findings

The City Council finds all of the following to be true and correct:

1. That the proposed amendment is in general conformance with the City General Plan and East Davis Specific Plan, which designate this site for General Retail use.
2. That the Planning Commission held a public hearing on April 24, 2019, to consider this proposed ordinance.
3. That that the EIR for the Second Street Crossing project adequately addressed the environmental issues associated with the project and no additional CEQA evaluation is required.
4. That the public necessity, convenience and general welfare require the adoption of

this amendment, in order to provide shopping opportunities to meet the needs of Davis residents.

PASSED AND ADOPTED by the City Council of the City of Davis this ___th day of ___, 2019,
by the following vote:

AYES:

NOES:

Brett Lee
Mayor

ATTEST:

Zoe S. Mirabile, CMC
City Clerk

EXHIBIT A

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of Davis
Community Development Dpt.
23 Russell Boulevard
Davis, California 95616

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**SECOND AMENDMENT TO
DEVELOPMENT AGREEMENT
Second Street Crossing Retail Project
DAVIS, CALIFORNIA**

This SECOND AMENDMENT TO DEVELOPMENT AGREEMENT FOR THE SECOND STREET CROSSING RETAIL PROJECT (this "**First Amendment**") is entered into and effective as of the ___th day of _____, 2019, between the City of Davis, a municipal corporation (the "**City**") and TARGET CORPORATION, A Minnesota corporation (the "**Developer**") in accordance with the provisions of Government Code Sections 65867 and 65868.

RECITALS

A. The City and Developer entered into that certain Development Agreement dated July 19, 2006, by and between Developer and the City recorded in the Office of the Yolo County Recorder, State of California, on December 12, 2007 as Doc. No. 2007-0041468-00, as Amended by that certain First Minor Amendment To Development Agreement Regarding Certain Traffic Improvements dated May 10, 2010 by and between the Developer and the City recorded on the Office of Yolo County Recorder, State of California, on May 13, 2010 as Doc. No. 2010-0012708-00, and as Amended by that certain First Major Amendment to Development Agreement Relating to the Development of Second Street Crossing Retail Project dated March 5, 2013 by and between the Developer and the City recorded at the Office of Yolo County Recorder, State of California, on March 8, 2013 as Doc. No 2013-0007643-00 (collectively the "**Development Agreement**"), , with respect to the development of certain real property located in Davis, California and described in Exhibit "A" attached hereto and incorporated herein (the "**Property**"). Unless otherwise defined in this Second Amendment, all capitalized terms have the meanings given to those terms in the Development Agreement.

B. The Development Agreement addresses Developer's construction of a 19-acre community retail shopping center, in accordance with the Project Approvals.

C. The City and Developer seek to amend the Development Agreement to, among other things, amend the list of retail and personal service uses permitted on the Property.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed as follows:

1. [Section 200] Permitted Uses and Development Standards. **The second paragraph of Section 200 of the Development Agreement is hereby amended as follows:**

This Developer hereby agrees to develop the Project in accordance with this Development Agreement, the Existing Project Approvals and the Development Standards defined in Section 200 as well as any amendments to the Existing Project Approvals or this Development Agreement as may, from time to time, be approved pursuant to this Development Agreement, including the changes to the Preliminary Planned Development approved by the City Council on, _____2019. Nothing in this section shall be construed to restrict the ability to make minor changes and adjustments in accordance with Section 106, *supra*.

2. Governing Law. This Second Amendment shall be governed by and construed under the laws of the State of California.

3. Successor and Assigns. This Second Amendment shall be binding upon and inure to the benefit of the City and Developer and their respective successors and assigns.

4. Integration. Except as expressly provided to the contrary herein, all provision of the Development Agreement shall remain in full force and effect. The Development Agreement, as previously amended, and this Second Amendment shall hereafter be collectively referred to as the Development Agreement. The Development Agreement integrates all of the terms and conditions of agreement between the parties and supersedes all previous agreements between the parties with respect to the subject matter hereof.

IN WITNESS WHEREOF, the parties have executed this Second Amendment as of the **day and year** first above set forth.

Target Corporation

By _____

Name:

Title:

“DEVELOPER”

Second Street Crossing, LLC

By _____

Name:

Title:

“DEVELOPER”

**CITY OF DAVIS,
a municipal corporation**

By: _____

Brett Lee, Mayor

ATTEST:

Zoe Mirabile, CMC, City Clerk

APPROVED AS TO FORM:

Harriet Steiner, City Attorney

Attachment

Exhibit A, Legal Description

LEGAL DESCRIPTION

Real property in the City of Davis, County of Yolo, State of California, described as follows:

PARCELS 4, 5, 6, 7, 8, 14, 15, 16 AND 17, AS SHOWN UPON THAT CERTAIN MAP ENTITLED, "PLAT OF SUBDIVISION NO. 4439, MACE RANCH LIGHT INDUSTRIAL / BUSINESS PARK", FILED IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF YOLO, STATE OF CALIFORNIA, ON APRIL 18, 2003, IN BOOK 2003 OF MAPS, AT PAGES 23-26.

EXCEPTING THEREFROM ALL GAS, OIL, AND HYDROCARBON SUBSTANCES AND ALL LEASES PERTAINING THERETO, LYING BELOW A DEPTH OF 500 FEET MEASURED VERTICALLY FROM THE SURFACE OF THE ABOVE PARCEL, AS RESERVED IN DEED FROM YOLO PROPERTIES NO. 1, A LIMITED PARTNERSHIP, RECORDED OCTOBER 14, 1977, IN BOOK 1272 OF YOLO COUNTY OFFICIAL RECORDS, PAGE 79.