



Sapphire Plaza owner asks for 7-year fee deferral

[By Rick Longley/Orland Press-Register](#)

2011-11-25 18:16:10

A request by the owners of Sapphire Plaza to pay \$124,000 in development impact fees over seven years was met with skepticism Monday by the Orland City Council.

Interim City Manager Gail Wingard described it as an "unusual request" as far as he was concerned as most cities do not defer such fees for very long.

However, a reported agreement between the shopping center's owners and the city from three or four years ago suggested the fee deferral could be done, city officials said.

But nobody had official documentation to prove it at Monday's council meeting, so city staff was directed to look into it and contact retired City Manager Joe Riker for more information since he was managing the city at that time.

"We have to be careful with the use of public funds," Councilman Bruce Roundy cautioned, since Sapphire Plaza has a history of starting and stopping.

He suggested Orland officials speak with the League of California Cities and see what other cities have done in this situation.

Roundy said a pattern has emerged with the five-building Walker Street complex in which it apparently overbuilt and became too expensive to attract tenants.

"Otherwise, it would be filled by now," he said. "The Hobbs' building or Booth Hotel filled immediately after it was finished because he (Ray Hobbs) knew the market."

Roundy added he understood there was an agreement with Savannah Investments that it would start paying the impact fees as soon as the buildings were occupied.

Its lone tenant is a Papa Murphy's franchise, and Roundy said \$8,000 in impact fees is due now for that space.

But Sapphire Plaza owner Neil Bhagat has yet to pay any of the fees, city officials said.

"I don't think we should be a bank," Roundy added. "They should pay half or a third of the fees now. I've got open ears (to discussion) But got my eyes open."

Councilman Jim Paschall said he agreed with a lot of Roundy's comments but had been talking with Bhagat while he was mayor in recent months.

He understands the deferral agreement was entered into by a previous council, Paschall said, and he did not know why it did it.

Paschall said seven years is too long for a pay out and five would be better.

His idea in talking with Bhagat was to get some kind of business going in the complex, Paschall said.

At least two other businesses reportedly want to locate there including a 7-Eleven Store.

The council approved a letter of "public convenience and necessity" for an off-sale liqueur license for that proposed store in August.

But the 7-Eleven has yet to move into the complex.

Sapphire Plaza has 33,750 square feet in retail space and 7,198 square feet of office space.

City Engineer Ken Skillman told the council the impact fees were supposed to be paid at the time certificates of occupancy were issued but were not paid for some reason.

Skillman also said normally impact fees are paid when the building permits are issued, but he believed there was a "verbal agreement" with city officials to defer the payments.

Vice Mayor Charles Gee also suggested if the payments are deferred, interest should be charged in the five to seven percent range annually. "That might give him an incentive to pay," Gee said.

And real estate firm owner Jim Arano told the council Bhagat should pay the \$8,000 up front and possibly do some sort of performance bond on the rest of the fees.

The city also may examine "assignment of rents" on the project in lieu of a city lien, officials said.

Besides the deferral request, Wingard also wants to review Orland's impact fee rates to see if they should be revised or remain the same, he said.

A report on the fees in general will come back at a future council meeting.

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