



**REPORT TO THE
REDEVELOPMENT AGENCY
AND CITY COUNCIL
of the City of Sacramento**

915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org

Staff Report
April 1, 2008

**Honorable Mayor and Members of the City Council
Honorable Chair and Members of the Board**

Title: Report Back: Blue Diamond Contract Compliance

Location/Council District: River District, Council District 1

Recommendation: Receive and File

Contact: Rachel Hazlewood, Senior Project Manager, 808-8645

Presenters: Rachel Hazlewood, Senior Project Manager

Department: Economic Development

Division: Citywide

Organization No: 4451

Description/Analysis

Issue: In 1995, the City of Sacramento and the Redevelopment Agency of the City of Sacramento ("Agency") approved a business assistance package to retain the Blue Diamond Growers' processing facility in Sacramento. The terms of the package are reflected in a Memorandum of Understanding, City Agreement 95-107 ("MOU"). In return for City assistance, Blue Diamond agreed to pay liquidated damages if it failed to maintain an employment level of 700 full time equivalent (FTE) positions in Sacramento subject to the following contingencies: (a) Blue Diamond's share of statewide almond crop falls below 1994-95 levels; (b) the Sacramento processing facility's share of Blue Diamond's statewide employment is equivalent to its 1994-95 share; (c) reduced employment is the result of technological improvements; or (d) Blue Diamond represents that the decline in employment is temporary.

Annually, Blue Diamond reports its current FTE status. The following chart is a summary of the last 10 years of employment history at Blue Diamond's Sacramento facilities:

Year	FTEs
1996	1,013
1997	977
1998	1,070
1999	1,115
2000	1,144
2001	994
2002	850
2003	722
2004	703
2005	694
2006/2007*	686

*Switched from calendar to fiscal year reporting

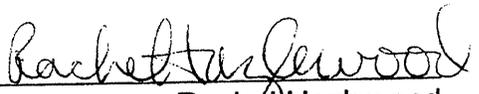
Policy Considerations: Employment for 06/07 fell below 700 to 686 FTEs. Blue Diamond attributed this fall in employment to technological improvements resulting from the investment of approximately \$40 million in plant and equipment that have occurred since 1995. Per the executed agreements, this is an acceptable reason. Blue Diamond anticipates that 2007/2008 employment levels will be over 700 FTEs.

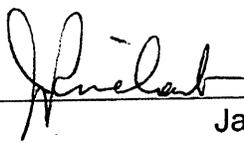
Environmental Considerations: None.

Rationale for Recommendation: Fulfills reporting requirement per executed agreements with Blue Diamond Growers through 2006/2007.

Financial Considerations: None.

Emerging Small Business Development (ESBD): None. This action does not involve procurement of goods or services.

Respectfully Submitted by: 
 Rachel Hazlewood
 Senior Project Manager

Approved by: 
 James R. Rinehart
 Citywide Development Manager

Recommendation Approved:

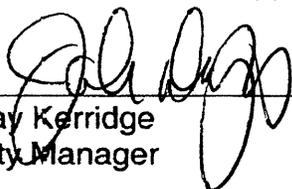

 Ray Kerridge
 City Manager

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