



REPORT TO COUNCIL City of Sacramento

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Consent
June 16, 2009

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

Title: North Natomas Library Appropriation Adjustments

Location/Council District: Council District 1.

Recommendation: Adopt a Resolution revising existing appropriations for the North Natomas Library (B13000700).

Contacts: Mark Griffin, Fiscal Manager, 808-8788; Leyne Milstein, Director, 808-8491

Presenters: N/A

Department: Finance Department

Divisions: Public Improvement Financing

Organization No.: 22001411

Description/Analysis:

Issue: Development fees have been used to pay principal and interest on bonds that provided partial funding for the North Natomas Library. State law requires that interest earned on the bond proceeds allocated to the library be used for development fee purposes. Accordingly, this item realigns appropriations to appropriately account for interest earned on the bond proceeds. It also reduces the grand total of funding from all sources for the Library – from fees, interest, and bond proceeds – to match project requirements. The revised total reflects the base funding requirement from the development fees of the North Natomas Financing Plan. The recommended action was anticipated in the North Natomas Finance Plan 2008 Update that the City Council approved on May 26, 2009.

Policy Considerations: Adoption of the resolution is consistent with the 1994 Financing Plan and Nexus Study, as amended by the 1999, 2002, 2005, and 2008 updates. The resolution is also consistent with the City's Strategic Plan 3-Year Goal to "achieve sustainability and enhance livability."

Environmental Considerations: Adoption of the proposed resolution is not a project for the purpose of the California Environmental Quality Act, as it concerns a government-funding mechanism that does not involve any commitment to a specific project that may result in a potentially significant physical impact on the environment. (Cal. Code Regs., §§ 15061, subd. (b)(3), 15378 [CEQA Guidelines].) The project for the library was approved with a Mitigated Negative Declaration on March 25, 2008.

Sustainability Considerations: The completion of the North Natomas Library fosters sustainability by facilitating the build-out of North Natomas in accordance with the North Natomas Community Plan.

Committee/Commission: None

Rationale for Recommendation: The recommendation correctly aligns resources under State law and in accordance with project requirements and Council's intent.

Financial Considerations: There is no impact to the General Fund. Because development fees have been used to pay principal and interest on the bonds, state law requires that interest earned on the bond proceeds allocated to the North Natomas Library be used for development fee purposes. A slight reduction to the total project appropriation must also be made to align appropriations with the current project budget. The correct budget allocation (and interest appropriation) was a part of the North Natomas Finance Plan 2008 Update that the City Council approved on May 26, 2009. The budget amount has been different because of differences between Council and Financing Authority resolutions and their affect on budget appropriations.

The attached resolution implements the two actions by realigning budgetary appropriations to account for the interest earnings on bond proceeds and by reducing the grand total of funding from all sources, including fees, interest, and bond proceeds, to match project need.

Interest Adjustment

The project is now supported by two City sources: proceeds from the 2003 Capital Improvement Revenue Bonds (held in Fund 3003) and revenues from the North Natomas Public Facilities Fee (held in Fund 3201). The realignment increases appropriations by \$800,000 in Fund 3303 and reduces appropriations by \$800,000 in Fund 3201. This has the effect of directing the increase in revenue for development fee purposes, as required by state law. This realignment:

- Increases appropriations for the project in Fund 3003 with a transfer of \$800,000 from contingency in Fund 3003 to reflect the use of interest earnings on the

proceeds of bonds for the library as required by state law, thereby increasing appropriations for the project in Fund 3003 from \$4,347,716 to \$5,147,716; and

- Decreases appropriations for the project in Fund 3201 with a transfer of \$800,000 from the project to Contingency in Fund 3201, thereby decreasing appropriations for the project in Fund 3201 from \$4,445,000 to \$3,645,000.

The total project remains funded at \$8,792,716. The entire City support also includes an Arts in Public Places (APP) project in Fund 3003 for \$234,528, for a total current amount of \$9,027,244. The APP is entirely funded from North Natomas development impact fees.

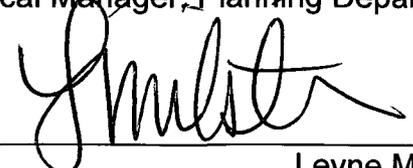
Budget Reduction

The realignment also reduces the overall budget by \$233,639 from \$9,027,244 to \$8,793,605. This aligns appropriations with the current project budget and Council intent. More specifically, the realignment transfers \$233,639 to contingency in the North Natomas Community Improvement Fund (Fund 3201) from the project.

The \$8,793,605 is the base funding from development fees of the North Natomas Financing Plan and cannot be exceeded under the North Natomas Development Agreement. These fees will be used to service the debt that is currently funding this project.

Emerging Small Business Development (ESBD): Council approval of this item is not affected by city policy related to the ESBD Program.

Respectfully Submitted by: 
Mark Griffin
Fiscal Manager, Planning Department

Approved by: 
Leyne Milstein
Director, Finance Department

Recommendation Approved:


Ray Kerridge
City Manager



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Attachment 1

RESOLUTION NO.

Adopted by the Sacramento City Council

NORTH NATOMAS LIBRARY (B13000700) APPROPRIATION ADJUSTMENTS

BACKGROUND

- A. The North Natomas Library is funded with proceeds from the 2003 Capital Improvement Revenue Bonds (CIRB) and revenues from the North Natomas Public Facilities Fee.
- B. Because fee revenues have been used to pay principal and interest on CIRB proceeds allocated to the library, state law requires that interest earned on those CIRB proceeds be credited to the fee program (Government Code Section 66006, subdivision (a)).
- C. The credit of interest can be accomplished by increasing the project appropriations in the CIRB fund (Fund 3003) and decreasing appropriations by a like amount in the North Natomas Community Improvement Fund (Fund 3201).
- D. The North Natomas Library total appropriations also need adjustment to reflect project need.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

SECTION 1.

- 1. The City Manager is authorized to transfer \$800,000 in Fund 3003 from Contingency to the North Natomas Library project.
- 2. The City Manager is authorized to transfer \$800,000 in Fund 3201 from the North Natomas Library project to the contingency of the Fund.
- 3. The City Manager is authorized to further transfer \$233,639 in Fund 3201 from the North Natomas Library project to the contingency of the Fund, reducing total City project support from \$9,027,244 to \$8,793,605 to reflect project need.