



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
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Consent
February 13, 2007

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

Title: Freeport Regional Water Project Neighborhood Mitigation Funds

Location/Council District: Council Districts 7 and 8

Recommendation: Adopt a **Resolution:** (1) accepting a \$2 million payment from the Freeport Regional Water Authority as General Fund (Fund 101) revenues; and (2) allocating \$1.5 million of this amount for the construction of the proposed Pocket Library (QA03) and \$500,000 for the construction of the Valley Hi-North Laguna Creek Library (QA36).

Contacts: Dawn Holm, Principal Management Analyst, 808- 5574, Jim Peifer, Senior Engineer, 808-1416

Presenters: Not applicable

Department: Finance

Division: Budget

Organization No: 1140

Description/Analysis

Issue: The Freeport Regional Water Authority (FRWA) has paid the City \$2 million for mitigation of neighborhood impacts due to the construction of the Freeport Regional Water Project (FRWP) intake structure and pipeline. The impacts resulting from the construction of the project will occur primarily in Districts 7 and 8. During the City Council's January 10, 2006 planning workshop on the Community Reinvestment Capital Improvement Program (CRCIP), these funds were identified as necessary to complete the funding needed for the construction of the proposed Pocket and Valley Hi-North Laguna Libraries. Thus, staff is recommending that these funds be allocated to the two library projects.

Policy Considerations: This action is in conformance with the City Council Focus Areas of "Culture and Entertainment" and "Sustainability and Livability".

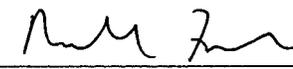
Environmental Considerations: Environmental review for the proposed Pocket Library and the proposed Valley Hi-North Laguna Creek Library will be conducted in accordance with the California Environmental Quality Act (CEQA) prior to approval of these projects.

Rationale for Recommendation: On October 11, 2005, the City Council approved a sales and purchase agreement with the FRWA. This agreement required FRWA to pay the City for mitigation of unique and significant impacts to neighborhoods in the vicinity of the FRWP. The City received payment from FRWA in January, 2007. The Pocket and Valley Hi-North Laguna Library projects will provide significant benefits to the residents of Districts 7 and 8, and the benefits from using FRWA mitigation funds for these projects will offset the burden of FRWA's construction activities in these areas.

Financial Considerations: During the Community Reinvestment Capital Improvement Program (CRCIP) process, the City Council approved funding for the proposed Pocket and Valley Hi-North Laguna Libraries. The source of funding for these projects included the anticipated mitigation funding from FRWA. The FRWA mitigation funds will be used to provide the funding necessary to complete the two libraries based on the original project construction estimates for these projects.

Emerging Small Business Development (ESBD): Not Applicable.

Respectfully Submitted by: 
Dawn Holm
Principal Management Analyst

Approved by: 
Russell Fehr
Director of Finance

Approved by: 
Gary Reents
Director of Utilities

Recommendation Approved:


Ray Kerridge
City Manager

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RESOLUTION NO.

Adopted by the Sacramento City Council

**FREEPORT REGIONAL WATER PROJECT
NEIGHBORHOOD MITIGATION FUNDS**

BACKGROUND

- A. The Freeport Regional Water Authority (FRWA), is a joint powers authority between the County of Sacramento and the East Bay Municipal Utility District.
- B. FRWA is constructing a water intake facility at the site of a decommissioned wastewater treatment plant, adjacent to the Sacramento River and the Freeport Reservoir. Authorization for FRWA's purchase of the property was granted by the City Council on October 11, 2005 in a resolution authorizing the City Manager to enter into a Sales and Purchase Agreement with the FRWA.
- C. Section 3.7 of the Sales and Purchase Agreement between the City, the Freeport Regional Water Authority (FRWA), the Sacramento County Water Agency and East Bay Municipal Utility District (City Agreement No. 2005-0147A) required FRWA to pay the City \$2 million for mitigation of neighborhood impacts due to the construction of the Freeport Regional Water Project intake structure and pipeline. Nearly all of the impacts resulting from the construction of the project will occur in Districts 7 and 8.
- D. The City of Sacramento received the \$2 million mitigation payment from FRWA in January 2007.
- E. The Pocket and Valley Hi-North Laguna Library projects will provide significant benefits to the residents of Districts 7 and 8, respectively. The benefits from using FRWA mitigation funds for these projects will offset the burden of FRWA's construction activities in these areas.
- F. On January 10, 2006 the City Council allocated Community Reinvestment Capital Improvement Program (CRCIP) bond funds for the construction of the Pocket and Valley Hi-North Laguna Libraries with the expectation that the FRWA mitigation funds would provide the necessary funding for the library projects.

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

- Section 1. The City Manager is authorized to recognize the FRWA mitigation payment of \$2 million as General Fund (Fund 101) revenues and allocate \$1.5 million to the Pocket Library (QA03) and \$500,000 to the Valley Hi-North Laguna Creek Library (QA36) project expenditure budgets.