



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
[www. CityofSacramento.org](http://www.CityofSacramento.org)

Consent
December 18, 2007

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

Title: Agreements and Budget Allocations for Basin 31 Detention Basin at 65th and Broadway (WKO6)

Location/Council District: Near the intersection of 65th Street and Broadway, adjacent to Redding Avenue / Council District 6

Recommendation:

Adopt a **Resolution** 1) authorizing the City Manager to execute and deliver an Installment Payment Agreement between the City and the California Infrastructure and Economic Development Bank ("I Bank"); and 2) accepting loan financing for the Basin 31 Detention Basin at 65th and Broadway Project (the "Project") in the amount of \$3.5 million from the I Bank.

Adopt a **Resolution** declaring the City's official intent to reimburse certain Project expenditures from proceeds of the I Bank loan.

Adopt a **Resolution:** 1) Authorizing the City Manager to sign, after approval of loan financing for the Project by the I Bank Board: (a) an Individual Project Agreement with the Redevelopment Agency of the City of Sacramento ("Agency") to obtain interim funding for the City to purchase two parcels for construction of the Project, to provide for repayment of one-half the Project's I Bank loan costs (principle, interest, and related fees and charges) from 65th Street Redevelopment Area tax increment revenue, and to provide the Agency with future drainage impact fee credits to offset this repayment, (b) an Individual Project Agreement with the Agency relating to the acquisition and improvement of property adjacent to the Project for park purposes, and (c) an agreement with Wetland Resources LLC to purchase wetland mitigation units to mitigate wetland impacts at the Project site; 2) Approving the purchase of these parcels for the amount of \$1,925,000, after approval of loan financing for the Project by the I Bank Board, 3) Establishing a \$4.1 million budget with (a) \$3.5 million from the Storm Drainage Fund (fund 425) upon acceptance of the I Bank loan, and (b) \$600,000 from a Workforce Housing Reward Program Grant issued to the City by the State Department of Housing and Community Development to the Project.

Contact: Gary A. Reents, Director of Utilities (916) 808-1433, David L. Brent, Engineering

Manager (916) 808-1420, Andy Hunt, Supervising Engineer (916) 808-1408, J.P. Tindell, Park Planning and Development Manager (916) 808-1955

Presenters: Not Applicable

Department: Utilities

Division: Engineering

Organization No: 3332

Description/Analysis

Issue: The Basin 31 Detention Basin Project is proposed to be constructed on two adjacent parcels (APNs 015-0091-044 and 015-0091-045) located east of the intersection of 65th Street and Broadway, totaling approximately 6.95 net acres and for which eminent domain proceedings have been filed. Through mediation a settlement agreement has been reached with the owners of these two parcels to purchase the parcels for \$1,925,000, subject to approval by the City Council and loan financing approval by the I Bank Board. The I Bank has required City Council approval of the purchase before its Board will authorize loan financing for the Project. The I Bank Board is currently scheduled to approve the loan financing on December 20, 2007.

The Utilities Department proposes to finance the acquisition and construction of the Project with a \$3,500,000 low interest loan from I Bank and \$600,000 from a Workforce Housing Reward Program Grant (Agreement No. 07-WFH-229) issued to the City by the State Department of Housing and Community Development (the "WFH Grant"), the combination of which will cover the estimated \$4,100,000 cost of the Project. The City Council authorized the application for an I Bank loan in December 2005. The proposed Installment Payment Agreement between the City and I Bank is on file and available for public review in the Office of the City Clerk.

The I Bank loan and WFH Grant both provide for reimbursement of Project costs after expenditure versus providing the funding up front. Staff is proposing to obtain a bridge loan from the Agency whereby the Agency will provide interim funding for the property acquisition, in the amount of \$1,925,000, from the Agency's 2006 65th Street Taxable Bond funds. This loan would be repaid, without interest, when the City is reimbursed for property acquisition costs from the I Bank loan and WFH Grant. The Individual Project Agreement (IPA) between the City and Agency also would require the Agency to repay one-half of the Project's total I Bank loan costs (principle, interest, and related fees and charges) from 65th Street Redevelopment Area tax increment revenue, and provide the Redevelopment Agency with future drainage impact fee credits to offset this repayment.

The Project is designed to allow for joint use of some detention basin facilities for park purposes, provided that any park improvements would be constructed as part of a separate project or projects. Staff is recommending entering into a second IPA with the Agency that (1) provides for the conveyance to the City of 3 additional adjacent parcels (APNs 015-0091-041, 015-0091-047, and 015-0091-0480) being acquired by the Agency, for park purposes, (2) allocates Quimby fees collected in the 65th Street

Redevelopment Area during the next ten years for the potential acquisition of additional parcels, and (3) allocates Park Impact Fees collected in specified Community Planning Areas of the 65th Street Redevelopment Area during the next ten years for the development of park improvements on the parcels acquired.

The proposed Individual Project Agreements with the Agency are on file and available for public review in the Office of the City Clerk.

The attached Resolutions authorize the City Manager to sign the above agreements after the Project loan financing is approved by the I Bank Board, because acquisition of the above parcels and implementation of the Project is contingent upon loan approval by the I Bank Board.

Policy Considerations: This Project is consistent with the 65th Street Redevelopment Plan to both improve the storm drainage infrastructure and the goals and objectives outlined in the 65th Street Implementation Plan (2004 – 08) to remediate inadequate improvements, facilities and utilities. It is also consistent with the South 65th Street Area Plan and the 65th Street/University Transit Village Plan, and the Parks and Recreation Programming Guide. Finally, the acquisition and development of park land is consistent with the City's strategic plan to enhance livability in Sacramento's neighborhoods by expanding park, recreation, and trail facilities throughout the City.

Committee/Commission Action: Not applicable

Environmental Considerations: The City Council adopted the Mitigated Negative Declaration and Mitigation Reporting Plan for the Project on December 13, 2005, by Resolution No. 2005-915. The Project site contains 0.904 acres of seasonal wetlands, and the impact of constructing the Project in this area will be mitigated through the purchase of mitigation credits in a mitigation bank approved by the U.S. Army Corps of Engineers. This report requests authorization for the City Manager to sign the agreement to purchase these credits in the Elsie Gridley Mitigation Bank located in Solano County, at a cost of approximately \$400,000, if the Project loan financing is approved by the I Bank Board. This agreement is on file and available for public review in the Office of the City Clerk.

Rationale for Recommendation: The Project will provide significant public health and safety benefits to the Project area, through the reduction of flooding, by allowing for more effective management of storm events and reducing impacts to the City's storm water system during storms. In addition, the construction of the needed drainage and recreational facilities will assist current and future development of the 65th Street Redevelopment Area. Therefore, the Departments of Parks and Recreation, Utilities and the Agency are seeking to partner in order to provide a short-term and long-term funding mechanism for the Project. This coordinated funding from the Agency and the City will help build facilities necessary for future transit oriented development near the 65th Street Light Rail Station.

Financial Considerations:

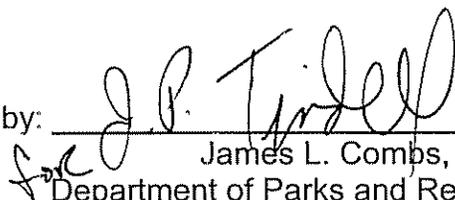
The Project cost, including site acquisition, wetland mitigation, design and construction, is approximately \$4.1 million. If approved by the City Council and the Agency, interim funding for the property acquisition, in the amount of \$1,925,000, will be provided from the Agency's 2006 65th Street Taxable Bond funds. Under the proposed agreement with the Agency, this loan would be repaid, without interest, when the City is reimbursed for property acquisition costs from the I Bank loan and WFH Grant. The agreement also requires the Redevelopment Agency to repay one-half of the Project's I Bank loan costs (principle, interest and related fees and charges) from 65th Street Redevelopment Area tax increment revenue. This is necessary because the City does not have adequate funding to repay the I-Bank loan in total. The other half of the I Bank loan will be repaid from Storm Drainage revenues. This is a change from the financial information presented in staff's December 13, 2005, report to Council, which anticipated, at that time, that the I Bank loan would be repaid solely with tax increment revenue. The I Bank loan interest will be a fixed interest rate determined at the time of loan approval (this rate currently is approximately 3% annually).

Emerging Small Business Development (ESBD):

As no services or supplies are being purchased there are no ESBD issues. ESBD requirements will be included in the contract for construction of the Project.

Respectfully Submitted by: 
David L. Brent
Engineering Manager

Approved by: 
Gary A. Reents
Director of Utilities

Approved by: 
James L. Combs, Director
Department of Parks and Recreation

Recommendation Approved:

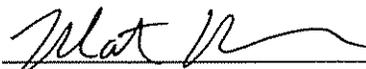

Ray Kerridge
City Manager

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Attachment 1

BACKGROUND INFORMATION:

Following major flooding in 1986, the City Council adopted Resolution 93-164, directing staff to master plan drainage basins in areas experiencing the most severe flood control problems. The area that would be served by the Project is part of Drainage Basin 31, which has experienced significant flooding. A Master Plan Study for flood control improvements in Drainage Basin 31 was completed in May 1999, dividing Drainage Basin 31 into multiple improvement phases. Two of the component phases of the Drainage Basin 31 Master Plan that have been completed are the Sump 31 outfall through the California State University at Sacramento (CSUS) campus and the Sump 31 Reconstruction Project.

The Project location has been identified as a potential regional detention basin site since 1999. After several efforts to purchase the property were unsuccessful, the City Council, on December 13, 2005, adopted a resolution of necessity (Resolution No. 2005-916) to initiate the eminent domain process for acquisition. After this action was filed, staff continued efforts to reach an agreement with the property owners. In October, 2007, through mediation, an agreement was reached on the purchase price, subject to City Council approval and the approval of loan financing by the I Bank Board. The purchase will be accomplished by filing a stipulated judgment in the eminent domain proceeding and obtaining a final order in condemnation.

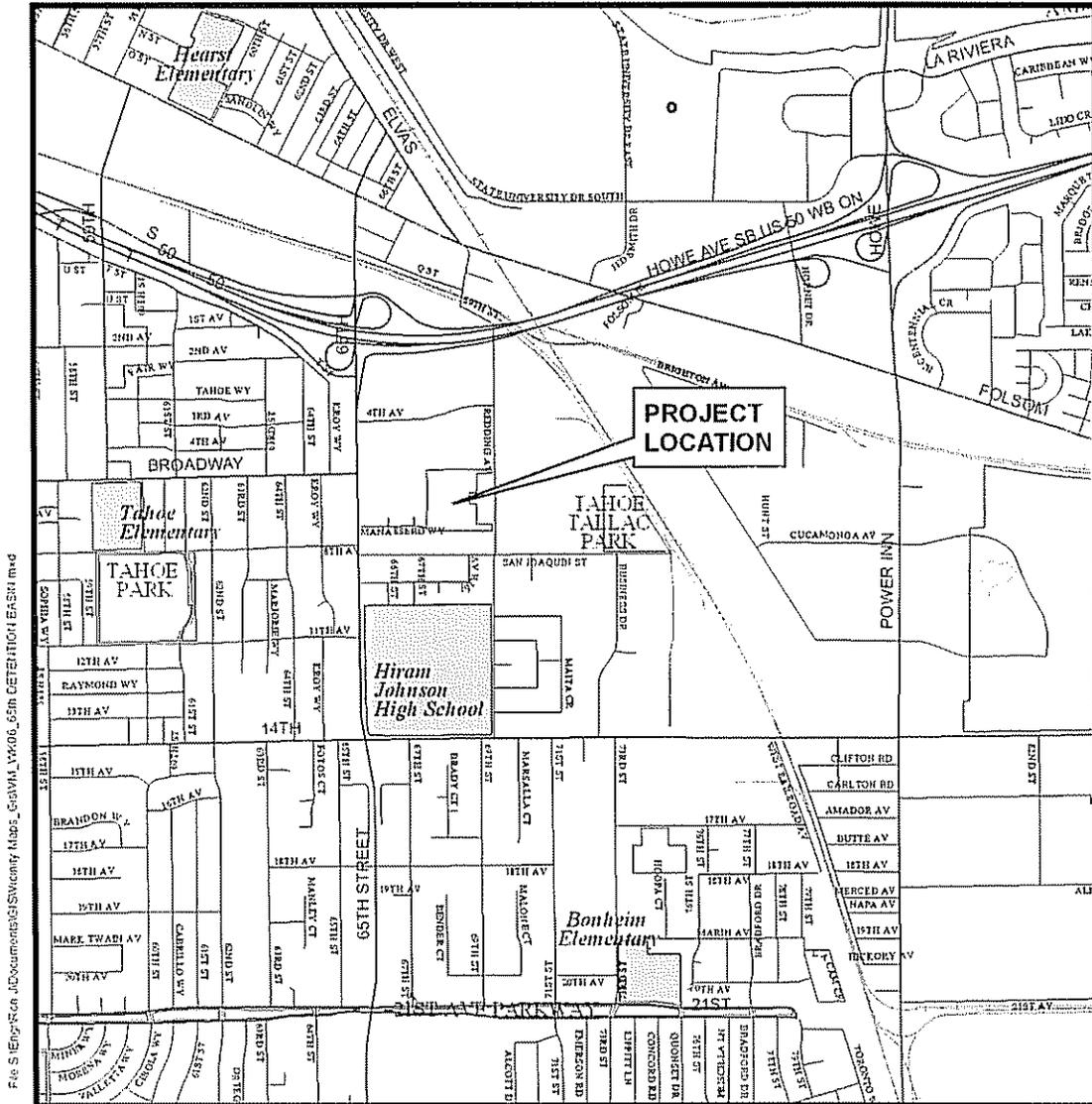
On December 13, 2005, the City Council adopted Resolution No. 2005-908 authorizing the submission of an application to the I Bank to obtain loan financing for the Project in an amount not to exceed \$4 million. City staff subsequently applied for the I Bank loan, and financing was approved by the I Bank Board; however, this commitment was terminated when the time period allowed for executing a financing agreement expired due to delay associated with acquisition of the Project site. At that time, I Bank staff advised the City that it could reopen its financing application once the Project was ready to proceed.

City staff reopened the I Bank financing application in August, 2007. On December 20, 2007, the I Bank Board is scheduled to consider adoption of a Resolution approving loan financing for the Project in the amount of \$3.5 million, which will be followed by execution and delivery of an Enterprise Fund Installment Payment Agreement. The I-Bank loan amount is now \$3.5 million instead of \$4 million due to the availability of Project funding from the WFH Grant. As drainage system revenues will provide security for the I Bank loan, the loan agreement requires the City's drainage fund to maintain net system revenues in an amount equal to at least 1.25 times the system's maximum annual debt service. In the event that this ratio is not maintained, the agreement stipulates that certain remedies may be required such as reducing operating costs and/or increasing revenue as necessary to restore the 1.25 ratio.

This report also requests adoption of a Resolution declaring the City's official intent to reimburse certain Project expenditures from proceeds of the I Bank loan. This declaration is required for purposes of compliance with Treasury regulations applicable to the I Bank loan. The City Council adopted a similar Resolution on December 13, 2005 (Resolution No. 2005-917), in connection with the City's first loan financing application for the Project.

ATTACHMENT 2

BASIN 31 DETENTION AT 65th AND BROADWAY (PN:WK06)



File S:\Eng\Sacramento\GIS\Utility Maps_GIS\WK06_55m DETENTION EAST.mxd



Map Prepared By
City of Sacramento
Department of Utilities



Attachment 3

RESOLUTION NO.

Adopted by the Sacramento City Council

**AUTHORIZING THE EXECUTION AND DELIVERY OF THE
INSTALLMENT PAYMENT AGREEMENT BY AND
BETWEEN THE CITY OF SACRAMENTO AND THE
CALIFORNIA INFRASTRUCTURE AND ECONOMIC
DEVELOPMENT BANK AND APPROVING CERTAIN OTHER
MATTERS IN CONNECTION THEREWITH**

BACKGROUND:

- A. The California Infrastructure and Economic Development Bank administers a financing program to assist local governments with the financing of Public Development Facilities as described in Section 63000 et seq. of the California Government Code.
- B. On December 13, 2005, the City Council adopted Resolution No. 2005-908 authorizing the submission of an application to the California Infrastructure and Economic Development Bank (the "I Bank") to obtain loan financing for the Basin 31 Detention Basin at 65th Street and Broadway Project (the "Project").
- C. The I Bank Board is scheduled to consider adoption of a Resolution approving financing for the Project in the amount of \$3.5 million, which would be followed by execution and delivery of an Enterprise Fund Installment Payment Agreement between the City and I Bank.

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

- Section 1. If loan financing for the Project is approved by the I Bank Board, the City Manager is authorized and directed to execute and deliver the Enterprise Fund Installment Payment Agreement (the "Agreement") proposed to be entered into by the City and the I-Bank, for and on behalf of the City of Sacramento. As executed and delivered, such document shall be in substantially the form presented at this meeting, with such minor additions thereto or minor changes therein as the officers executing such document shall require or approve, such approval to be conclusively evidenced by the

execution and delivery thereof.

- Section 2. If loan financing for the Project is approved by the I Bank Board, the City Manager, City Clerk, Finance Director, Utilities Director and/or City Treasurer are hereby each authorized and directed, in the name and on behalf of the City of Sacramento, to take any and all steps and to execute and deliver any and all certificates, contracts and other documents which they might deem necessary or appropriate in order to consummate the delivery of the Agreement and otherwise to effectuate the purposes of this Resolution, including the execution of a tax certificate, and such actions previously taken by the employees of the City of Sacramento are hereby ratified and confirmed.
- Section 3. The City Council acknowledges that subsequent to the execution and delivery of the Agreement, the I-Bank may determine to issue bonds to fund all or a portion of the Project, as defined in the Agreement. In such event, the City Council hereby authorizes the City Manager to execute any necessary documentation, as requested by the I-Bank, including a new installment payment agreement, so long as such documentation is consistent with this Resolution and substantially identical to the terms and conditions of the Agreement.
- Section 4. This Resolution shall take effect on and after its adoption.

Attachment 4

RESOLUTION NO.

Adopted by the Sacramento City Council

**DECLARATION OF OFFICIAL INTENT OF THE CITY OF SACRAMENTO
TO REIMBURSE CERTAIN EXPENDITURES FROM PROCEEDS OF OBLIGATION**

BACKGROUND:

- A. The City of Sacramento intends to acquire land for, and construct, the Basin 31 Detention Basin at 65th Street and Broadway Project (the "Project").
- B. The City expects to pay certain expenditures (the "Reimbursement Expenditures") in connection with the Project prior to incurring indebtedness for the purpose of financing costs associated with the Project on a long-term basis.
- C. The City reasonably expects that a financing arrangement ("Obligation") in an amount not expected to exceed 3.5 Million Dollars (\$3,500,000) will be entered into and that certain of the proceeds of such Obligation, if entered into, will be used to reimburse the Reimbursement Expenditures.

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

- Section 1. The City Council finds and determines that the foregoing recitals are true and correct.
- Section 2. This declaration is made solely for purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations, and does not bind the City to make any expenditure, incur any indebtedness, or proceed with the Project.
- Section 3. The City hereby declares its official intent to use proceeds of the Obligation, if entered into, to reimburse itself for Reimbursement Expenditures.
- Section 4. All of the Reimbursement Expenditures were made no earlier than 60 days prior to the date of this declaration. The City will allocate proceeds of the Obligation, if entered into, to pay Reimbursement Expenditures within eighteen (18) months of the later of the date the original expenditure is paid or the date the Project is placed in service or abandoned, but in no event more than three (3) years after the original expenditure is paid.
- Section 5. This declaration shall take effect on and after the date of adoption of this Resolution.

Attachment 5

RESOLUTION NO.

Adopted by the Sacramento City Council

AUTHORIZING THE CITY MANAGER TO SIGN AN INDIVIDUAL PROJECT AGREEMENT WITH THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO RELATING TO FINANCING FOR THE BASIN 31 DETENTION BASIN PROJECT (WK06); AUTHORIZING THE CITY MANAGER TO SIGN AN INDIVIDUAL PROJECT AGREEMENT WITH THE REDEVELOPMENT AGENCY RELATING TO THE ACQUISITION AND IMPROVEMENT OF PROPERTY ADJACENT TO THE PROJECT FOR PARK PURPOSES; AUTHORIZING THE CITY MANAGER TO SIGN AN AGREEMENT TO PURCHASE WETLAND MITIGATION UNITS; APPROVING PURCHASE OF TWO PARCELS FOR THE PROJECT; AND ALLOCATING FUNDS TO THE WK06 PROJECT BUDGET

BACKGROUND:

- A. The Basin 31 Detention Basin Project (the "Project") is proposed to be constructed on property located east of the intersection of 65th Street and Broadway, consisting of 2 adjacent parcels (Assessor Parcel Numbers 015-9091-044 and 045) totaling approximately 6.95 net acres. In December, 2005, the City Council adopted a Resolution of Necessity to initiate the eminent domain process for acquisition of these parcels.
- B. Through mediation in the eminent domain process, agreement has been reached with the owners of these two parcels to purchase the parcels for \$1,925,000, subject to approval by the City Council and approval of loan financing for the Project by the California Infrastructure and Economic Development Bank (the "I Bank"). The I Bank has required City Council approval of the purchase before its Board will authorize loan financing for the Project.
- C. Acquisition of these parcels and construction of the Project will be financed by a \$3,500,000 low interest loan from the I Bank (if approved by the I Bank Board), and by using \$600,000 from a Workforce Housing Reward Program Grant (Agreement No. 07-WFH-229) issued to the City by the State Department of Housing and Community Development (the "WFH Grant"), the combination of which will cover the estimated \$4,100,000 cost of the Project.

- D. Because the I Bank loan (if approved by the I Bank Board) and WFH Grant both provide for reimbursement of Project costs after expenditure, City staff is proposing to enter into an agreement with the Redevelopment Agency of the City of Sacramento for the Redevelopment Agency to provide interim funding for the property acquisition, in the amount of \$1,925,000, from the Agency's 2006 65th Street Taxable Bond funds. The agreement also requires the Redevelopment Agency to repay one-half of the Project's I Bank loan costs (principle, interest, and related fees and charges) from 65th Street Redevelopment Area tax increment revenue, and provides the Redevelopment Agency with future drainage impact fee credits to offset this repayment.
- E. The Project is designed to allow for joint use of some detention basin facilities for park purposes, provided that any park improvements would be constructed as part of a separate project or projects. City staff is recommending entering into a separate agreement with the Redevelopment Agency that (1) provides for the conveyance to the City of 3 additional adjacent parcels (APNs 015-0091-041, 015-0091-047, and 015-0091-0480) being acquired by the Agency, for park purposes, (2) allocates Quimby fees collected in the 65th Street Redevelopment Area during the next ten years for the potential acquisition of additional parcels, and (3) allocates Park Impact Fees collected in specified Community Planning Areas of the 65th Street Redevelopment Area during the next ten years for the development of park improvements on the parcels acquired.
- F. The Project site contains 0.904 acres of seasonal wetlands, and the impact of constructing the Project in this area will be mitigated through the purchase of mitigation credits in a mitigation bank approved by the U.S. Army Corps of Engineers.
- G. Council has determined that current funding sources are insufficient to fully fund this Project.

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

- Section 1. In accordance with California Health and Safety Code Section 33445, the City Council finds and determines that:
 - a. The Project will benefit the 65th Street Project Area by providing protection from a 100-year storm event, reducing flooding in the basin area, providing infrastructure for future redevelopment, and allowing for joint use of some detention basin facilities for park purposes in the East Broadway Planning Area that currently is park deficient.
 - b. No other reasonable means of financing the Project are available to the community.

- c. The funding for the Project is consistent with the goals of the 65th Street Five-Year Implementation Plan adopted by the Sacramento City Council, that includes eliminating blight by funding infrastructure improvements to support higher-density development envisioned in the Transit Village Plan and as identified in the Infrastructure Needs Assessment.

Section 2. After loan financing for the Project has been approved by the I Bank Board, the City Manager is authorized to sign the following agreements:

- a. An Individual Project Agreement with the Redevelopment Agency of the City of Sacramento to obtain interim funding in the amount of \$1,925,000 for the City to purchase two parcels for construction of the Project, to provide for repayment of one-half the Project's I Bank loan costs (principle, interest, and related fees and charges) from 65th Street Redevelopment Area tax increment revenue, and to provide the Redevelopment Agency with future drainage impact fee credits to offset this repayment;
- b. An Individual Project Agreement with the Redevelopment Agency relating to the acquisition and improvement of property for park purposes; and
- c. An agreement with Wetland Resources LLC to purchase wetland mitigation units in the Elsie Gridley Mitigation Bank as required for construction of the Project.

Section 3. The City Council approves the purchase of two parcels (Assessor Parcel Numbers 015-9091-044 and 045) for construction of the Project, after loan financing for the Project has been approved by the I Bank Board, by stipulated judgment and final order in condemnation, for the amount of \$1,925,000.

Section 4. The City Manager is authorized to establish a budget in the amount of \$4.1 million with (a) \$3,500,000 from the storm drainage fund (Fund 425) upon acceptance of the I Bank loan and (b) \$600,000 for the Workforce Housing Reward Program Grant for the Project (WK06).