

ORDINANCE NO. 2005-085

Adopted by the Sacramento City Council

October 18, 2005

AN ORDINANCE AMENDING TITLE 18 OF THE SACRAMENTO CITY CODE RELATING TO DEVELOPMENT FEES IN NORTH NATOMAS, TO DELETE CHAPTER 18.52, WHICH IMPOSED A REFUNDABLE SUPPLEMENTAL NORTH NATOMAS DRAINAGE FEE AND A REFUNDABLE BUY-IN FEE PAYABLE AS A PRECONDITION TO FORMATION OF A BOND FINANCING DISTRICT IN NORTH NATOMAS OR ISSUANCE OF SERIES BONDS IN AN EXISTING DISTRICT

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO

SECTION 1.

- A. North Natomas Comprehensive Drainage Community Facilities District No. 97-01 ("CFD 97-01") was established by the City in 1997 to fund drainage improvements required by North Natomas Comprehensive Drainage Plan, with a bond authorization of \$35,000,000.00.
- B. The improvements were to be constructed in three phases, with each phase to be funded with a series bond issue. Accordingly, the Series A bonds in the sum of \$20,175,000.00 were sold in 1997, and the Series B bonds in the sum of \$5,400,000.00 were sold in 2000, and the Subordinate Series C bonds in the sum of \$6,040,000.00 were sold in 2003.
- C. The stated size of the Series B bond issuance was the maximum allowed by the required value to lien ratio (3:1). Because more funding was necessary in order to construct the second phase of the improvements, City agreed to and did loan the sum of \$3,355,000.00 to the project ("City Loan"). This principal amount, together with interest, is being paid from tax proceeds of CFD 97-01, with full amortization scheduled in 2006.
- D. It was necessary, due to the advanced rate of residential construction in North Natomas, to construct the third phase of the improvements during 2003-2004 at an estimated cost of \$6,040,000.00. The special tax revenue from CFD 97-01 was insufficient to support the issuance of the planned Series C bonds.
- E. Because development in North Natomas could not continue without construction of the third phase of the improvements, the City and certain private North Natomas landowners agreed upon an interim financing solution that produced the required sum of \$6,040,000.00. Under the interim solution, the City issued capital appreciation bonds that were purchased by the City and by private landowners. It was contemplated that in 2006 or 2007 the City would be able to issue bonds in CFD 97-01 to pay off the capital appreciation bonds.

- F. In the interim, it was necessary to establish and impose a refundable supplemental drainage fee ("Fee") to be paid at the time of issuance of a building permit. It was also essential, for the same reasons that a buy-in fee ("Buy-in Fee") be established, to be paid by non-participating landowners who desire the City to establish a bond financing district in North Natomas or to cause the City to issue series bonds in an existing district. Funds generated by the Fee and the Buy-in Fee were to be used to reduce the equity position of the initial participants in the capital appreciation bonds. The investment of the initial participants, and of the payors of the Fee and the Buy-in Fee, shall be reimbursed when bonds are issued in CFD 97-01.
- G. It was determined that sufficient special tax revenue existed to issue the North Natomas CFD 97-01 Series 2005 Refunding Bonds that refunded the Series A, B and C bonds. On June 7, 2005, the Series 2005 Refunding Bonds were issued, thereby abolishing the necessity to further collect the Fee and the Buy-in Fee.

SECTION 2.

Sacramento City Code is amended to delete Chapter 18.52, in its entirety.

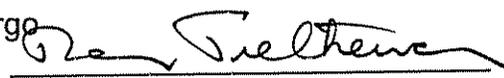
Adopted by the City of Sacramento City Council on October 18, 2005 by the following vote.

Ayes: Councilmembers Cohn, Fong, Hammond, Pannell, Sheedy, Tretheway and Waters.

Noes: None

Abstain: None

Absent: Councilmember McCarty and Mayor Fargo


 Vice-Mayor Ray Tretheway

Attest:


 Shirley Concolino, City Clerk

Passed for Publication: 9-27-05; Published 9-30-05

Effective: 11-18-05