Sacramento Housing & Redevelopment Agency

REPORT TO THE
REDEVELOPMENT AGENCY
of the City of Sacramento
915 I Street, Sacramento, CA 95814-2671
www.CityofSacramento.org

Staff Report
May 16, 2006

Honorable Chair and Members of the Board

Subject: AUTHORIZATION TO PARTICIPATE IN THE CITY BOND ISSUE FOR THE NORTH SACRAMENTO, 65TH STREET, ARMY DEPOT, AND RICHARDS BOULEVARD REDEVELOPMENT PROJECT AREAS AND APPROVAL OF THE PROJECT FUNDING ALLOCATION

Location/Council District:
North Sacramento, Council Districts 2 and 3
65th Street Redevelopment Area, Council Districts 3 and 6
Army Depot Redevelopment Area, Council District 6
Richards Boulevard Redevelopment Area, Council District 1 and 3

Recommendation:
Staff recommends 1) participation in the Sacramento City Financing Authority's Community Reinvestment Capital Improvement Program upcoming bond issue, 2) authorization to enter into advance repayment agreements for the benefit of North Sacramento, 65th Street, Army Depot and Richards Boulevard Redevelopment Areas and 3) approval of the project categories identified for each project area.

Contact:
Lisa Bates, Community Development Director, 440-1316
Satoshi Matsuda, Finance Director, 440-1340
Leslie Fritzsche, City Downtown Development Manager, 808-5450

Presenters: Lisa Bates

Department: Sacramento Housing and Redevelopment Agency, City Economic Development Department

Summary:
Based on the growth of tax increment revenues, need for additional project funds and current favorable interest rate environment, the Redevelopment Agency's participation in the City bond issue is recommended for the North Sacramento, 65th Street, Army Depot and Richards Boulevard Redevelopment Project Areas. The amount of net project funds proposed are $5 million for North Sacramento, $5.5 million for 65th Street, $10 million for Army Depot, and $5 million for Richards Boulevard.

REDEVELOPMENT AREA PARTICIPATION IN CITY BOND ISSUE

Committee/Commission Action:
At its meeting of May 3, 2006, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the bond issue for North Sacramento, 65th Street, and Army Depot Project Areas.

AYES: Burns, Burruss, Coriano, Fowler, Gore, Hoag, Piatkowski, Stivers.

NOES: None.

ABSENT: Gale, Shah, Simon.

RAC Action:

At its regular meeting of April 6, 2006, the 65th Street Redevelopment Advisory Committee adopted a unanimous motion recommending approval of the proposed action.

At its regular meeting of April 20, 2006 the North Sacramento Redevelopment Advisory Committee adopted a unanimous motion recommending approval of the proposed action.

At its regular meeting of April 27, 2006, the Army Depot Redevelopment Advisory Committee approved a motion by a majority vote of 5:3:0 recommending approval of the proposed action.

The Capital Station District Board was briefed on the proposed bond allocation at their board meeting of April 26, 2006.

Background Information:

2006 Capital Improvement Revenue Bonds

Pursuant to California Community Redevelopment Law, redevelopment agencies are required to demonstrate indebtedness in order to continue to receive tax increment (TI) revenues. Currently, the City is undertaking a Community Reinvestment Capital Improvement Program bond issuance. The Redevelopment Agency (Agency) is formally requesting approval to "piggy back" on this bond issuance and to receive $25,500,000 in project proceeds for the North Sacramento, 65th Street, Army Depot, and Richards Boulevard Redevelopment Areas. In exchange for the project funds, the tax increments revenues received by each project area will reimburse the Financing Authority the annual debt payments for the life of the bonds pursuant to the advance repayment agreement. Repayment of the bonds is the sole obligation of the specific redevelopment project area involved in the financing.

The proposed financing will provide new tax-exempt and taxable project funds for the North Sacramento, 65th Street, Army Depot, and Richards Boulevard Redevelopment Areas. Generally, tax-exempt bonds are issued if the projects anticipated involve

construction of infrastructure or if the project funds are needed to assist private development with no repayment of the funds. Taxable funds are used to make loans when repayment is likely.

At this time, staff is not seeking to leverage any housing set aside funds. Staff continue to actively pursue the development of affordable and mixed-income housing developments in the redevelopment areas utilizing non-housing funds. Last year, the Agency successfully invested non-housing tax increment funds on several prominent affordable residential projects including Del Paso Nuevo and Globe Mills. The non-housing bond proceeds that the Agency will receive through this bond issue will allow for greater flexibility in each Project Area to the meet their housing and non-housing needs as necessary. The proposed breakdown of the funds by redevelopment area is as follows:

North Sacramento

Developers Assistance - $4,500,000 – taxable
Includes activities such as gap financing, brownfields remediation, property acquisition and related expenses needed to facilitate commercial and residential property development. Potential projects include: development of Agency owned sites along Del Paso Boulevard, clean-up of El Monte Triangle brownfields area, improvements to North Sacramento Area Multi-family complexes, and Transit Oriented Development projects.

Infrastructure Improvements - $500,000 – tax exempt
Includes activities such as park improvements, infrastructure improvements to facilitate development, streetscape improvements, residential lighting, community facilities, parking improvements, and other related expenses. Potential projects include: residential lighting in North Sacramento neighborhoods, and Del Paso Boulevard Streetscape Improvements.

65th Street

Developer Assistance - $3,850,000 – taxable
Includes activities such as gap financing, property acquisition and related expenses needed to facilitate commercial, residential, and economic development. Potential projects include: development of mixed-use projects in the Station Block area, housing development, development assistance for the South 65th Street Transit Village, and for brownfields clean-up.

Infrastructure Improvements - $1,650,000 – tax exempt
Includes activities such as park improvements, infrastructure improvements to facilitate development, streetscape improvements, parking improvements, and other related expenses. Potential projects include: Redding Avenue street enhancements, and the 65th Street Transit Village Plan amendment.

REDEVELOPMENT AREA PARTICIPATION IN CITY BOND ISSUE

Army Depot

Developer Assistance - $6,000,000 – taxable
Includes activities such as gap financing, housing development, property acquisition and related expenses needed to facilitate commercial and economic development. Potential projects include: assemblage of parcels for development of a grocery store, commercial development, and housing development assistance.

Infrastructure and Community Facilities Improvements - $4,000,000 – tax exempt
Includes activities such as park improvements, infrastructure improvements to facilitate development, streetscape improvements, community facilities, and other related expenses. Potential projects include: George Sim Community Center expansion, on-street and off-street bicycle facility planning and implementation, traffic calming projects, and street improvements.

Richards Boulevard

Developer Assistance - $3,500,000 ($2,100,000 - taxable, $1,400,000 - tax exempt)
Includes activities such as gap financing, toxic remediation, property acquisition and related expenses needed to facilitate commercial and housing development. Potential projects include: housing development and catalyst commercial projects.

Infrastructure Improvements - $1,500,000 - tax exempt
Includes activities such as infrastructure improvements to facilitate private development, park improvements, streetscape improvements, street lighting, community facilities, parking improvements, and other related expenses. Potential projects include: Gateway District Streetscape Improvements, street improvements, and utility system enhancements.

Financial Considerations:
The Sacramento City Financing Authority will be the issuer of the bonds. The Agency will enter into advance repayment agreements with the Financing Authority under which the tax increments revenues from the applicable project area are pledged on a subordinate basis to the repayment of the bonds. The obligation to repay the advance repayment agreements is the responsibility of each of the project areas.
The following summarizes the amount of taxable and tax-exempt project funds recommended for the project areas.

Description	Tax-exempt	Taxable	Total
North Sacramento	$500,000	$4,500,000	$5,000,000
65th Street	$1,650,000	$3,850,000	$5,500,000
Army Depot	$4,000,000	$6,000,000	$10,000,000
Richards Boulevard	2,900,000	$2,100,000	$5,000,000
Total	$9,050,000	$16,450,000	$25,500,000

May 16, 2006

REDEVELOPMENT AREA PARTICIPATION IN CITY BOND ISSUE

Environmental Considerations:

The redevelopment plans for the North Sacramento, 65th Street, Army Depot, and Richards Boulevard Redevelopment Project Areas were subject to environmental review at the time each redevelopment plan was adopted or amended. Per CEQA Guidelines Section 15180, approval of projects in furtherance of the redevelopment plan were deemed approved at the time of adoption of the plan. However, the proposed action does not constitute approval of any specific project, and all projects that are funded with the bond proceeds will be subject to environmental review individually prior to their approval.

The proposed action to issue bonds as a financing mechanism that does not involve a commitment to any specific project is exempt from environmental review per CEQA Guidelines Section 15378(b)(4). This action is not subject to NEPA.

Policy Considerations:

The recommendations are consistent with similar Agency and City actions in the Financing Authority's bond issues in 1999, 2002, and 2005.

M/WBE Considerations:

Minority and Women's Business Enterprise requirements will be applied to all activities to the extent required by federal funding.

Respectfully Submitted by: _____

ANNE M. MOORE
Executive Director

Recommendation Approved:

Cassandra H.B. Jennings

for Ray Kerridge
City Manager

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RESOLUTION NO. 2006 -

Adopted by the Redevelopment Agency of the City of Sacramento

on date of

AUTHORIZATION TO PARTICIPATE IN THE CITY BOND ISSUE FOR THE NORTH SACRAMENTO, 65TH STREET, RICHARDS BLVD., AND ARMY DEPOT REDEVELOPMENT PROJECT AREAS, ENTER INTO REPAYMENT AGREEMENTS, AND APPROVAL OF THE BOND FUNDING ALLOCATION BY PROJECT CATEGORIES

BACKGROUND

A. Creating additional financial resources through issuance of bonds in the amount of $5 million for North Sacramento, $5.5 million for 65th Street, $5 million for Richards Blvd., and $10 million for the Army Depot Redevelopment Project Areas will further the Agency's goal of eliminating blight and increasing economic opportunities, as well as promoting the City of Sacramento's goal of preserving and enhancing neighborhoods.

B. The North Sacramento, 65th Street, Richards Blvd., and Army Depot Redevelopment Project Areas all have adequate tax increment revenues to repay this obligation.

C. The proposed bond issuance, tax increment repayment obligations, and allocation of funds by project categories were reviewed and approved by the respective Redevelopment Advisory Committee for each Project Area.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE REDEVELOPMENT AGENCY RESOLVES AS FOLLOWS:

Section 1: The Executive Director, or her designee, is authorized to participate in the Sacramento City Financing Authority's Community Reinvestment Capital Improvement Program upcoming bond issue to provide a total of $25.5 million in bond funds for investment in the North Sacramento ($5 million), 65th Street ($5.5 million), Richards Blvd. ($5 million), and Army Depot ($10 million) Redevelopment Project Areas.

Section 2: The Executive Director, or her designee, is authorized to enter into advance repayment agreements for repayment of the bond proceeds from the tax increment revenues generated within the North Sacramento, 65th Street, Richards Blvd., and Army Depot Redevelopment Project Areas.

Section 3: The allocation of the bond proceeds by project categories for each Project Area as shown below is hereby approved:

North Sacramento:	Developer Assistance - $4,500,000 (taxable) Infrastructure Improvements - $500,000 (tax exempt)
65th Street:	Developer Assistance - $3,850,000 (taxable) Infrastructure Improvements - $1,650,000 (tax exempt)
Army Depot:	Developer Assistance - $6,000,000 (taxable) Infrastructure, Park, and Community Facilities Improvements - $4,000,000 (tax exempt)
Richards Blvd.	Developer Assistance - $3,500,000 ($2,100,000 taxable, $1,400,000 – tax exempt) Infrastructure Improvements - $1,500,000 (tax exempt)