

MINUTES

OF THE

SACRAMENTO CITY COUNCIL
REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO
HOUSING AUTHORITY OF THE CITY OF SACRAMENTO
ECONOMIC DEVELOPMENT COMMISSION
SACRAMENTO CITY FINANCING AUTHORITY

REGULAR MEETING

September 15, 1998

CALL TO ORDER

The Regular Meeting of the Sacramento City Council was called to order by Mayor Serna at 2:00 p.m. on the above date in the City Council Chamber located at 915 I Street.

ROLL CALL

Present: Council members Cohn, Fargo, Hammond, Kerth, Pannell, Steinberg, Waters, Yee and Mayor Serna

Absent: None

1.0 **CONSENT CALENDAR** (Items 1.1 through 1.17, except Item 1.12)

A motion was made by Council member Cohn, seconded by Council member Waters, to waive the reading and adopt the Consent Calendar, items 1.1 through 1.17 except item 1.12 which was pulled for separate consideration. The motion carried with a 8-0 vote.

Public Review Items - Informational Only

None

Sacramento Housing and Redevelopment

- 1.1 Sacramento Mutual Housing Association Norwood Estates, located at 3350 Norwood Avenue - Mortgage Revenue bond Administrative Fund Grant. (D-2)
- A. Provide a grant to the Sacramento Mutual Housing Association (SMHA), a California nonprofit corporation, in an amount not to exceed \$200,000 contingent upon a matching commitment of \$300,000 from other sources, and an interest rate reduction and reamortization of the permanent financing provided by Washington Mutual.
 - B. Amend the Agency budget by transferring \$200,000 from the Mortgage Revenue Bond Developer Assistance project to the Sacramento Mutual Housing Association Norwood Estates project.
 - C. Execute a grant agreement.
-

Adopted Redevelopment Agency Resolution 98-039.

REDEVELOPMENT AGENCY RESOLUTION NO. 98-039

NORWOOD ESTATES: APPROVAL OF \$200,000 GRANT
OF MORTGAGE REVENUE BOND FUNDS: AMEND THE
AGENCY BUDGET AND APPROVE EXECUTION OF
GRANT AGREEMENT

- 1.2 Allocation of North Sacramento Tax Increment Revenue for Business Attraction/Business Retention Projects. (D-2)
- A. Approve proposals to fund specific physical improvements to the North Sacramento Redevelopment Area, entitled "Business Attraction/Business Retention Project".
 - B. Amend the 1998 Agency budget by transferring \$15,000 from the North Sacramento Developer Assistance Project to "Business Attraction/Business Retention Project".
-

Adopted Redevelopment Resolution 98-040.

REDEVELOPMENT AGENCY RESOLUTION NO. 98-040

APPROVAL OF PROPOSALS FOR BUSINESS
ATTRactions/BUSINESS RETENTION PROJECTS AND
ALLOCATION OF \$15,000 FROM NORTH SACRAMENTO
TAX INCREMENT REVENUE BY BUDGET AMENDMENT

City Council

- 1.3 Request to purchase a Photo Imaging (electronic mug shot) system at a cost of \$237,141.39 and to enter into an MOU with the Sacramento County Sheriff's Department. (D-All)
-

Adopted Resolution 98-469 approving agreements 98-156; 98-157 98-158

RESOLUTION NO. 98-469

RESOLUTION AUTHORIZING THE CITY MANAGER TO
EXECUTE AN AGREEMENT WITH PRINTRAK
INTERNATIONAL IN THE AMOUNT OF \$237,141.39
FOR THE PURCHASE OF A PHOTO IMAGING SYSTEM;
AND AUTHORIZING THE CITY MANAGER TO EXECUTE
A MEMORANDUM OF UNDERSTANDING WITH THE
SACRAMENTO COUNTY SHERIFF'S AND PROBATION
DEPARTMENT'S TO FORM AND PARTICIPATE IN THE
SACRAMENTO COUNTY LAW ENFORCEMENT PHOTO
IMAGING PROJECT

- 1.4 North Natomas Community Facilities District (CFD) No. 3 for Landscape Maintenance - Results of Mail Ballot Election. (D-1)
-

This item was continued to October 20, 1998.

- 1.5 Greenhaven Drive and Windbridge Drive Traffic Signal Project. (PN:SL16)
- Approve Plans and Specifications, accept bid by M&M Electric Co., in
the amount of \$136,669 and award contract. (PN:SL16). (D-7)
-

Staff recommendations adopted; Adopted Contract 98-143.

- 1.6 Investment Transaction Report for month ending July 31, 1998 - City
Treasurer's Office.
-

For Council information; received and filed.

- 1.7 City Banking Services. (D-All)
-

For Council information; received and filed.

- 1.8 Confirmation of nominations made to the following:
- A. Transportation Programming Guide Citizens Advisory Committee
representing District 2 - William L. Maynard;
 - B. Franklin Boulevard Project Area Committee: Seann Rooney
[incumbent], Resident Property Owner; Anita Barnes, Community
Based Organization; Maria Tevera, Community Based Organization;
Ralph Palmer [incumbent], Business Owner; Florence Biel
[incumbent], Resident Property Owner;
 - C. Human Rights/Fair Housing Commission: Roberta W. Battle;
 - D. Campaign Finance Reform Panel - nominations by Mayor and
District Council members: Professor Bob Waste, Chair [Mayor];
Donna Chipps [D-1]; Dick Mayberry [D-2]; Robert Harris [D-3];
William K. Wong [D-4]; Jolyn Lopez [D-5]; Dan Weitzman [D-6];
Craig Powell [D-7]; and Sam Walton [D-8].

RECOMMENDATION OF STAFF: CONFIRM NOMINATIONS

Nominations confirmed.

- 1.9 Request to reopen an application period for Sacramento Youth
Commission due to the following vacancies: Commissioner and Alternate
(D-1, 7) Alternate (D-2,8) One Commissioner and 3 Alternates (At-
Large).
-

Application period opened; applications due: October 16, 1998

- 1.10 Request to reopen an application period for Del Paso Redevelopment Area Committee due to October 15, 1998 term expirations scheduled for D. Olivares, James T. Smith, K. Vue, W. Echols, C. Moore, T. Loree, M. Short and one vacant position. (D-2)
-

Application period opened applications due: October 2, 1998

- 1.11 UCD Medical Center Regional Storage Project (PN:XM44) - Transfer of \$2,360,000 from the Combined Sewer System Reserve (PN:XD42) to the UCD Medical Center Regional Storage Project (PN:XM44), reject all bids, suspend competitive bidding, and authorize the City Manager and City Clerk to execute a construction contract with Sierra National Construction, Inc., for an amount not to exceed \$4,895,000. [requires two-thirds vote] (D-5)
-

This item was continued to September 22, 1998.

- 1.12 North Natomas Basin 5 Common Drainage Facilities Improvement Project (JN:4825). [requires two-thirds vote] (D-1)
- A. Ratify the addendum to the adopted negative declarations;
 - B. Approve the Mitigation Reporting Program;
 - C. Authorize suspension of competitive bidding, and execute an agreement with Kiewit Pacific Company for the construction of common drainage facilities in North Natomas Basin 5 for an amount not to exceed \$2,100,000.
-

Councilmember Pannell requested 1.12 be pulled off Consent Calendar. She said the project had not met MBE/WBE goals. She asked staff to explain.

Gary Ransom, Department of Utilities, explained the project was bid as a private construction project. The project was an Acquisition District in North Natomas. The private developers built the project and the City acquires it once it is completed. Due to problems the landowners have had with liability issues they have asked the City to take the contract in order that development can proceed.

Councilmember Pannell asked was there an exception on this project that the same City goals did not have to be met?

Gary Ransom responded the City cannot give the exception. Because the private developers did not follow the same MBE/WBE requirements and they were not in the bid specifications they did not have the good faith procedures. They did receive 4.2% participation.

Councilmember Pannell emphasized that she represented a diverse community in her district. She wants to see the goals met and had to report to her community. She said she cannot support the project.

Mayor Serna followed up to say even though not all councilmembers supported MBE/WBE participation the City inherited this project from the private sector and suggested this project not be the one to test legally on the MBE/WBE issues.

Councilmember Fargo asked about the landscaping and loan issue.

Gary Ransom responded the Storm Drainage fund would be reimbursed by proceeds of the bond sale or secured by the 100 acres sale.

Council member Waters spoke about the statement that the Mayor made about certain Councilmembers not wanting MBE/WBE participation was not accurate. He knew of no Councilmembers that did not want minority participation.

Mayor Serna said that the City should aggressively test MBE/WBE issues legally.

A motion was made by Council member Fargo, seconded by Council member Waters, to adopt Resolutions 98-470, 98-471, 98-472 approving Contract 98-144. The motion carried with a 6-1 roll call vote with Council member Hammond abstaining, Council member Pannell voting no, and Council member Steinberg being absent.

Adopted Resolution's 98-470; 98-471; 98-472 approving Contract 98-144.

RESOLUTION 98-470

A RESOLUTION ADOPTING FINDINGS REGARDING THE ENVIRONMENTAL IMPACTS INVOLVED IN APPROVING THE CONSTRUCTION OF BASIN 5 COMMON DRAINAGE FACILITIES (JN:4825) AS PART OF THE NORTH NATOMAS COMPREHENSIVE DRAINAGE PLAN

RESOLUTION 98-471

A RESOLUTION ADOPTING THE MITIGATION REPORTING PROGRAM FOR THE BASIN 5 COMMON DRAINAGE FACILITIES OF THE NORTH NATOMAS COMPREHENSIVE DRAINAGE PLAN

RESOLUTION 98-472

RESOLUTION TO AUTHORIZING THE CITY MANAGER AND CITY CLERK TO WAIVE COMPETITIVE BIDDING AND EXECUTE A CONTRACT WITH KIEWIT PACIFIC FOR CONSTRUCTING COMMON DRAINAGE FACILITIES IN BASIN 5 OF NORTH NATOMAS (JN4825) FOR AN AMOUNT NOT TO EXCEED \$2,100,000.

1.13 UCD Medical Center Regional Storage Project (PN:XM44), Broadway Parallel Sewer Project, Union Pacific Regional Storage Project, and Land Park Relief Sewer. (D-4,5,6)

- A. Authorize the City Manager and City Clerk to sign and file on behalf of the City of Sacramento a Financial Assistance Application and negotiate and execute a loan from the State Water Resources Control Board (SWRCB) for the following projects: UC Med Center Regional Storage Project, Broadway Parallel Sewer Project, Union Pacific Regional Storage Project, and Land Park Relief Sewer Project.
- B. Authorize the City Manager and City Clerk to negotiate and execute a loan from the State Water Resources Control Board for the Sump 1/1A and Pioneer Reservoir Rehabilitation and Improvements Project and the Sump 2 Improvements Project.

Adopted Resolution 98-473 approving agreements 98-158; 98-159.

RESOLUTION 98-473

RESOLUTION TO AUTHORIZE APPLICATION AND
NEGOTIATION AND EXECUTION OF CONTRACTS FOR
A STATE REVOLVING FUND LOAN FOR COMBINED
SYSTEM PROJECTS

- 1.14 Sump 23 Pump Station (PN:WG36) located on the Executive Airport property near Cork Circle. (D-8)
- A. Transfer \$35,000 from the Storm Drainage CIP Base Reserve (PN:WE71) to the Sump 23 Pump Station Project (PN:WG36);
 - B. Approve Change Order 2 with JJM Engineering Constructors, Inc. (Contract #97-142) for \$55,191; and
 - C. Restore the City Manager's authority to issue change orders on this contract.
-

Adopted Resolution 98-474.

RESOLUTION 98-474

RESOLUTION AUTHORIZING THE TRANSFER OF
FUNDS, APPROVING CONTRACT CHANGE ORDER 2,
AND RESTORATION OF CITY MANAGER AUTHORITY
FOR THE SUMP 23 PUMP STATION PROJECT
(PN:WG36)

- 1.15 Proposed Waterfront Hotel - Updated process and schedule for property located on Agency owned property known as the "Docks" site. (D-1)
- A. Extension of negotiations with Promus Hotel Corporation - Selection of Gail Ervin Consulting to prepare environmental documents;
 - B. Authorize City Manager to enter into a contract for services; and
 - C. Establish a CIP and transfer of funds in the amount of \$100,000
-

A-B: Adopted Redevelopment Agency Resolution 98-044 C. Adopted City Resolution 98-480.

REDEVELOPMENT AGENCY RESOLUTION 98-044

EXTENSION OF WATERFRONT HOTEL DEVELOPMENT
NEGOTIATION WITH PROMUS HOTEL CORPORATION
AND SELECTION OF GAIL ERVIN CONSULTING TO
PREPARE ENVIRONMENTAL DOCUMENTS

RESOLUTION 98-480

RESOLUTION ESTABLISHING A CIP AND
ALLOCATING FUNDS FOR THE WATERFRONT HOTEL
DEVELOPMENT

- 1.16 Request to reopen an application period for Transportation Programming Guide Community Advisory Committee for T. Sandovall, R. Tolmach, W. Seifert, C. Zell, S. Rooney, H. O'Mara, P. Wedge, C. Brown, L. Pereira, E. Cox and one vacant position. (D-All)
-

Application period opened applications due: October 2, 1998

- 1.17 Request to reopen an application period for Sacramento Environmental Commission for November 9, 1998 term expiration scheduled for S. Halousek. (D-All)
-

Application period opened applications due: October 2, 1998

* * * * *

2.0 SPECIAL PRESENTATIONS/GENERAL COMMUNICATIONS

- 2.1 Proclamation declaring the week of September 21 - 27 as National Pollution Prevention Week.

Larry Nash, Program Manager, for the Cities Storm Water Control Program, which is involved in the pollution control benefits. They have been working with several organizations and a ceremony at the Sacramento Zoo to open a storm water exhibit. He thanked Council for the declaration.

* * * * *

3.0 PUBLIC HEARINGS

None

* * * * *

4.0 STAFF REPORTS

- 4.1 Old Sacramento Audio Tour Agreement. (D-1)
-

A motion was made by Councilmember Fargo, seconded by Councilmember Hammond to continue 4.1 to November 5, 1998. The motion carried with a 8-0 vote with Councilmember Waters being absent.

A motion was made by Councilmember Fargo, seconded by Council member Yee to continue item 4.4 to the evening agenda. The motion carried with a 8-0 vote with Council member Waters being absent.

- 4.2 Old Sacramento Management Report/History Wall. (D-1)
-

Ed Astone, Old Sacramento Town Manager, spoke about the Old Sacramento History Wall, a project that completed the renovation of the K Street/I-5 Underpass and fulfilled the requirement of a Federal Intermodal Surface Transportation Efficiency Act (ISTEA) Grant. There was a total project cost of \$450,000 with \$360,000 of that in Grant funds under (ISTEA). The Agency share had a 25 share of \$20,000. The history wall was a \$96,000 project. The action before Council was to approve the content of the people, events and places that are proposed for inclusion on the Old Sacramento History Wall. The wall was 88 feet by 8 feet with 4X8 porcelain panels. The project was part of the underpass improvements and was designed to enhance the aesthetics of the underpass. The location of the wall was the south half of the west half of the underpass.

James Henley, Museum and History Manager, spoke about the determination of the people, places and events for inclusion on the history wall. Over the past year a committee of acknowledged local scholars were appointed by the Sacramento Commission of History and Science. One of the deciding factors the committee did was to recognize that history was that which you save of it and is frequently what was written about. The committee made a conscious effort to reach out and get representations of people throughout the community that made significant contribution.

Councilmember Cohn asked if the material was graffiti tested.

Mr. Astone responded the product had been tested with various markers and products. One simple product used to remove the products was water and elbow grease and the use of general household cleaners.

Councilmember Fargo mentioned 2 names that she did not recognize, but would not state who. She hoped that some type of material would be put together about what each of these individuals actually contributed. She also asked if there would be a K through 12 curriculum worked out for the schools.

Mr. Astone responded the committee had not formalized that agreement. It was something that once it was in place it would generate more interest. He added there would be text along the bottom of each character.

Mayor Serna suggested the Story be told of the City of Sacramento having the oldest Fire Department west of the Mississippi.

Councilmember Kerth asked about the durability of the panels and how much money was budgeted for replacement.

Mr. Astone responded there was no budget for replacement. The product was very durable with one or two exceptions. Most of the repair would be for graffiti removal and cleaning. He said it was amazing how little vandalism and damage there was under the west half of the underpass.

Councilmember Yee spoke about two major contributors to our City, Tom Raley and Gordan Shaber.

Mr. Henley responded that both were considered, however with so many recommendations submitted a balance had to be kept and these individuals come toward the end of the story line.

Councilmember Steinberg spoke about future walls and how some of the individuals not named could be used on future projects and suggested the use for future neighborhood revitalization.

Mr. Henley spoke of how many cities have found areas in there neighborhoods which gives them a history.

Councilmember Cohn asked why Mark Twain fell off the list.

Mr. Henley responded Mark Twain was a writer for Sacramento Union but lived in Sacramento less than 2 months. During his primary time as a reporter with the Union he was living in Hawaii. The committee made a conscious decision to eliminate people who were not actually involved in Sacramento.

A motion was made by Councilmember Fargo, seconded by Councilmember Cohn to adopt Resolution 98-475 approving the Old Sacramento Management Report/History Wall. The motion carried with a 9-0 roll call vote.

Adopted Resolution No. 98-475.

RESOLUTION NO. 98-475

OLD SACRAMENTO MANAGEMENT REPORT/HISTORY
WALL

4.3 General Fund Outlook With and Without 1/4 Cent Sales Tax.

Bill Edgar City Manager, spoke about three possible 6-year scenarios for the General Fund and requested direction from Council on how to proceed with budget planning for the next six years. Because this report deals only with budget plans, future actions from City Council would be required for implementation. He spoke about the budget impact summary of the three scenarios:

1. Status Quo General Fund Project (Deficit). This projection would result in a cumulative deficit of \$93 million based on current budget revenue estimates and the continuation of 101 currently grant funded police officer.
2. Adjusted General Fund Projection with 1/4 Cent sales Tax. This projection assumed the 1/4 cent sales tax measure passes and additional expenditures for police, fire and code enforcement. The deficit is "fixed" with a permanent reduction of \$12-13 million in the general government budget.
3. Adjusted General Fund Projection without 1/4 Cent Sales Tax. This projection assumes the 1/4 measure fails. The deficit is "fixed" with permanent reductions of \$5 million in police; \$1 million in fire and \$20 million in general government.

He spoke about 2 policy issues that Council would have to consider. (1) The Council would be asked to exempt Police and Fire from future cuts that would be necessary to balance the general fund. The required reductions in the remaining portion of the budget would be proportionately higher than they would if some Police and Fire reductions were made; (2) In order to meet the critical need in the Police Department and to maintain a minimum staffing in the Neighborhood Policing Program, staff was suggesting that an additional Police Grant be accepted. The money that was freed up from extension of grants or money from better revenue projections the City could obtain to fund those extra officers in the future. This would allow the Police Department to maintain its approved and existing staff levels in the neighborhoods. One of the concerns that Council and community had been neighborhood police officers were pulled in for training, sick leave, etc. the constant manning of Neighborhood policing had not been available. This grant would enable the City to do that.

Betty Matsuoka, Deputy City Manager spoke about the 3 projected scenarios for the General Fund. The first was Status Quo General Fund Projection (Deficit) long range plan presented to the City Council on September 8, 1998 (Next Steps report). This included a 6-year projection of the General Fund. This status quo projection (see Attachment B) assumed the continuation of all current programs and positions including the 101 police officers that were funded with the Universal Hiring Grant. The revenue projection was based on the adopted revenue schedule. The projection indicated: (1) On an annual basis, General Fund expenditures exceed revenues. The annual gap grows from \$1.6 million in FY 98-99 to \$28 million in FY04-05. The cumulative balance deficit, if no corrective action were taken, would be \$93 million in FY04-05. (2) A large part of the cause for this gap was due to the expiration of a Police grant. This accounted for about \$35 million of the \$93 million deficit during the projection period. (3) The rest of the deficit was attributable to a structural imbalance whereby overall expenditures were growing faster than revenues. (4) In order to close the projected deficits, there must either be more revenue to the General Fund, or expenditures must be reduced. (5) A 1/4-cent sales tax would not generate sufficient revenue to fully cover the projected deficit during the period.

The second option was to include the 1/4 Cent Sales Tax Measure. The City Council has endorsed the County Board of Supervisors' action to place on the November ballot a 1/4-cent sales tax. If passed this 1/4-cent would be a general tax revenue source to the cities and county of Sacramento. The revenue allocated to the City of Sacramento would be placed in the General Fund without restriction. The proposed tax, which sunsets in six years, would generate between \$12-\$13 million per year for the City. Because the 1/4-cent sales tax was a general tax, there could not legally, and would not be advance "earmarking" of its use. Each year, in its budgetary process, the City Council would determine how this revenue, along with the rest of the General Fund was to be appropriated.

The key revenue assumptions in this General Fund Projection with 1/4 Cent Sales Tax were: Revenue Assumptions:

Base (1%) sales tax projections were increased by \$2 million in the current year. This increase to the base grows at the currently projected rate of 2.4% per year. This adjustment was based on staff's estimate of the impact from new retail development that has recently opened in the City. The 1/4 cent sales tax was approved by the voters and generates an estimated \$12-\$13 million per year during its effective period.

The key expenditure assumptions:

All current programs/positions in Police and Fire were maintained (including the 101 grant funded police officers) during the projection period. A new police grant was applied for (and received) which funds 20-30 officers for 3 years at a grant level of \$25,000 per officer, the General Fund paying for the grant match and continuation of the positions at least during the projection period. An additional 40 firefighters were added to the budget to substantially mitigate past reductions. An additional \$500,000 was added to the Code Enforcement budget to supplement that program. \$4-8 million of the new revenue was used to mitigate the structural imbalance in the General Fund.

The projected Outcomes:

Because of the high priority of Police and Fire, it was assumed that those areas would not be affected by any deficit reduction efforts. This results in the need for a permanent reduction in the non-public safety budgets of about \$12.5 million in FY02-03. This represents about a 13% reduction to the gross general government budget or a 25% reduction to the discretionary

or net general government budget. An additional growth in the base revenues of the General Fund could mitigate this reduction.

The funding projection could be further improved for both public safety and general government if alternative funding can be achieved.

If the Universal Hiring Grant was extended, the freed up funds could be held in reserve to fund the officers when the grants finally do expire.

If the 1/4-cent sales tax revenue comes in higher or lower than projected, the expenditure assumptions above could be adjusted on a proportional basis.

The Sales Tax Measure required an annual audit of the 1/4 cent revenue. This audit would provide public information on how the funds were spent in the City. The bottom portion of Attachment A was an example of the type of information the audit could provide.

The third option was the General Fund Projection without 1/4 Cent Sales Tax. This projection (see attachment D) also builds on the status quo projection already reviewed by Council. In this projection, staff presents an option for balancing the budget assuming no new revenue sources. The key assumptions in this projection were:

Revenue Assumptions:

Base (1%) sales tax projections were increased \$2 million in the current year. This increase to the base grows at the currently projected rate of 2.4% per year. (Same as scenario 2).

Expenditure Assumptions:

No new program/positions

Projected Outcomes:

Because of the high priority of Police and fire, those budgets take a proportionally smaller cut than General Government.

The Police budget would be reduced by about \$5 million on a permanent basis in FY01-02. This is a 5% reduction of that budget. This represent a reduction of about 58 of the 101 grant funded officers.

The Fire budget would be reduced by about \$1.3 million or one company. This represent a %2 reduction of its net budget (which excluded the ALS/ambulance program).

The remaining general government budgets (parks, recreation, support, etc) would be reduced by about \$20 million which represents a 36% reduction of the discretionary portion of those budgets.

Mayor Serna spoke about the 101 Police officers that were at risk because of the grants. There was also serious needs in the Fire Department. There were police stations and Fire equipment that needed replacement. He emphasized the 25% reduction in general government was a tough concern and affected the entire City.

Councilmember Hammond said her understanding of the passage of the sales tax measure was the City was getting away from police grants to hire Police officers. She added the unions and organizations should be involved to gain a better understanding of what type of decisions the council had to make.

Bill Edgar, City Manager explained that just one grant was required to keep the minimum staffing. He added this was the first time the City had tried to work out a budget plan with the employee organizations.

Mayor Serna spoke about clarification on the 40 firefighters and suggested they talk in terms of companies rather than personnel.

Mr. Edgar responded we did not want to be pessimistic and the predictions were conservative on the revenue side. He made the point that things would have to be done differently. There would have to be more collaboration with the County and pursue the possibility of privatization.

Councilmember Steinberg spoke about the consolidation of the Fire Department and to look at an ERAF discussion. He added that Council should be looking at other scenarios that were less harmful of general government.

Bill Edgar said there was a timing problem with an upcoming election. What was needed was a general plan to explain to the voters how the money was going to be used. There was an ongoing planning process as one component of the strategy to solve the problem. We don't intend to cut general government 25% and there were other things in mind to deal with the problem.

Councilmember Fargo asked for clarification on Attachment A, if 1/4 cent sales tax passed were we looking at 25% reduction in general government services. She added what was troubling to her was the concept of expansion of some City services, but at the same time planning to do a major reduction in other services which were equally important to public safety such as Animal Control, Senior Services, emergency preparedness, clean playgrounds for our children.

Mayor Serna emphasized the Council was going to have to decide how the Capital Improvement funds were spent and focus on capital needs on a citywide basis. There were many Citywide priorities that included public safety such as our fire stations.

Councilmember Cohn spoke about the six year outlook and providing the voters with the kinds of things that could be done if the Measure passes. He asked if service would continue with Fire Truck 8.

Gary Costamagna, Fire Chief, responded with the passage of the measure the level of service would be continue.

Councilmember Pannell spoke about pursuing as many grants possible to achieve goals in everyone's district.

Mayor Serna spoke about the fact that one day these grants would go away and adjustments would have to be made.

Joe Sullivan, Executive Director Sacramento County Taxpayers League, said they were the lead organization that was opposing Measure M. The state dropped 25% of the income from the vehicle tax. The state neglected the city entirely. The league was opposed to certain types of taxes that in the organizations opinion were illegal. He agreed with the Mayor the problem lyes with the State. If money was needed we would take it from the Cities and Counties and let them go to the taxpayers.

Councilmember Kerth thanked Joe Sullivan for his help with the Regional Sanitation Fee and Connection structure and in securing a grand fathering of connections that were by the parcels. He also asked about the fact that the County was pursuing this as a 50% vote rather than a 2/3 vote.

Mr. Sullivan responded that securing the fee and connection structure was a given and the right thing to do. He continued that when the County started talking about Measure M and the raising of sales tax aimed at public safety i.e. Police, Fire, and Sheriff it was considered a special tax under 62 and 218. Consequently, it required a 2/3 vote and what the county had done was added two words to pass it off as a general tax.

This item was received and filed; Continued to October 1, 1998, 2:00 P.M.

- 4.4 Long Range Plan: Next Steps [continued from 9/8/98, item W2.1].
 - A. Incorporate City Council comments to draft 5 year plan
 - B. Review draft plan with employee unions and the community
 - C. Finalize draft plan at management retreat September 24-26
 - D. Place revised Plan on City Council agenda for mid-October for final review

This item was continued to the evening meeting agenda item 11.1A

* * * * *

5.0 SHRA

5.1 Empowerment Zone Application. (D-1,2)

Cassandra Jennings, Business and Employment Opportunities Department of SHRA, spoke about the Empowerment Zone (EZ) Program. The program was introduced in 1994 as a major element of the Clinton administration's community revitalization policy for high poverty distressed communities across the country. The federal policy is designed to empower people and communities across the nation to develop and implement strategic plans to create job opportunities and sustainable community development. The program combined tax benefits with the potential substantial investment of federal resources and enhanced coordination among federal agencies. All communities which apply would be invited to work with the federal government to overcome programmatic regulations and impediments to effective economic, physical, and community development activities.

Because of the program's focus on the most distressed communities in the country, major criterion for eligibility was a high poverty rate (percentage of the population below the federally established poverty rate which was household earning less than \$15,000 annually). To be eligible for consideration, the majority of the census tracts within a proposed area must have a poverty rate of 25% or greater. In addition, the maximum twenty-mile area must follow census tract boundaries and contain a population of not more than 50,000.

Based upon the criteria, a section of the northern part of Sacramento was selected for inclusion in the application. The proposed Zone included the Richards Boulevard area on the south, North Sacramento and part of Noralto in the middle and Del Paso Heights, Strawberry Manor and a portions of Robla and Foothill Farms on the north end. These areas all exceeded the required poverty threshold. Statistically, these areas represent some of the most distressed areas of Sacramento.

Councilmember Cohn asked did the map included Sutter's Landing Park and existing Centrage site.

Ms. Jennings responded the site included the landfill area. The areas had to follow census tract boundaries and that was how they determined inclusion of the areas. It would allow any additional economic development opportunities like tax exempt revenue bonds as well as social service grants.

Councilmember Kerth thanked staff and community members for their efforts in the development of the program.

A motion was made by Councilmember Kerth, seconded by Councilmember Fargo to adopt Resolution 98-476 approving the Empowerment Zone application. The motion carried with an 8-0 vote with Mayor Serna being absent.

RESOLUTION 98-476

EMPOWERMENT ZONE APPLICATION

Items 5.2 and 5.3 were heard together.

5.2 Capitol Park Homes, block bounded by 12th, 14th, P and Q Streets - negative declaration Owner Participation Agreement. (D-1)

- A. Authorize the Executive Director to execute an Owner Participation Agreement (OPA) and related agreements to provide a forgivable loan of \$2 million of Downtown Tax Increment funds to Shasta/Downtown Sacramento Joint Venture Single Family Development, LLC for the development of 64 market rate, owner-occupied homes on Capitol Area Development Authority (CADA) Development Site 18A and 7A;
- B. Authorize the Executive Director to transfer \$2,000,000 from the Central City Market Housing Project (\$1,128,055) in the Low/Mod Capital Projects Fund and \$871,945 in the Downtown TARBS Taxable fund) to the Capitol Park Homes Project;
- C. Find the environmental documentation adequate and complete and the Negative Declarations appropriate for the project; and
- D. Make findings of benefit to permit the use of Downtown Tax Increment funds outside the boundaries of the Merged Downtown Sacramento Redevelopment Project Area.

Ann Moore, Executive Director SHRA, spoke about the Capitol Park Homes Owner Participation Agreement. This project represented the Agency's latest efforts to encourage market-rate housing development in the Central City. The Capitol Park Homes consisted of 64 detached ownership units arranged in clusters around central courtyards. The design program of the site draws on the scale, orientation and material surrounding older homes in order to create an attractive new development that blended visually with the existing homes in the area. The Agency's loan would be forgiven proportionately upon the development and sale of each home in accordance with the OPA. If sales proceeds exceed proforma expectations, the Agency would receive 45 percent of the additional revenue after payment for the Developer's fee and partial payment for the CADA Land.

The Fremont Building was a four-story mixed-use building consisting of 69 upscale apartment units over approximately 12,000 square feet of ground-floor retail space. In accordance with funding source restrictions nine units (13 percent of the total) would be leased at rents that were affordable to households earning 60 percent less of area median income, adjusted for family size, with two of these units affordable to households earning 50 percent or less of area median income. Overall, the Fremont building would achieve market-rate rents affordable on average to households earning 90 percent of area median income.

Both of these projects would be developed on land that Capital Area Development Authority (CADA) would acquire from the State. They were able to achieve this by legislation that was passed last year.

Andy Plesha, with Capital Area Development Authority (CADA), spoke about the partnership between Shasta Real Estate Company and SHRA on both projects. The Capital Homes project was a 3.5 acre property site acquired by the State Department of General Services and escrow would close next week. The property would be sold to the developer on an owner equity basis and would participate through a percentage of the net sale proceeds of the sale of the project.

The Fremont project was a 1 acre piece of property that was vacant and escrow would close next week. This was a land loan at 40 years at 6% interest. The developer was paying \$575,000.

Mayor Serna said he was very pleased with both projects that the future of downtown was based on good housing.

Councilmember Kerth asked if CADA would have to fix the levees according to SAFCA. He also said 2 million could buy 4 or 5 troublesome liquor stores downtown which would have a great effect on the downtown area.

Mr. Plesha responded the property would be sold to the private developer and was subject to all City building and development fees.

Councilmember Hammond asked about the State owned parking lots and replacement of those parking spaces.

Mr. Plesha responded the parking lots developed would work toward the established goal of reducing parking by 1200 spaces. The State was building some additional parking garages located on P Street between 13th and 14th Street which consisted of 745 spaces. Another site was near R Street between 8th and 9th Street which was designated for a future garage.

A motion was made by Councilmember Yee, seconded by Councilmember Cohn to adopt items 5.2 approving Redevelopment Resolution 98-041. The motion carried with a 9-0 vote.

RESOLUTION NO. 98-041

CAPITOL PARK TOWNHOMES: ENVIRONMENTAL FINDINGS; FINDING OF VENEFIT FOR USE OF TAX INCREMENT FUNDS OUTSIDE PROJECT AREA; APPROVAL OF \$2 MILLION ACQUISITION AND DEVELOPMENT LOAN (MERGED DOWNTOWN SACRAMENTO REDEVELOPMENT PROJECT AREA FUNDS); OWNER PARTICIPATION AGREEMENT WITH SHASTA/DOWNTOWN SACRAMENTO VENTURE SINGLE FAMILY DEVELOPMENT, LLC; AND AMENDMENT OF AGENCY BUDGET

- 5.3 Fremont Building, located on the east side of 16th Street between O and P Streets - negative declaration Owner Participation Agreement. (D-3)
- A. Authorize the Executive Director to execute an OPA and related agreements to provide a loan of \$840,000 in Home Investment Partnership Program (HOME) funds and \$400,000 in Downtown Tax Increment funds to the Shasta/Downtown Sacramento Venture Mixed Use Development, LLC for the development of 69 mixed-income

- apartments on CADA Development Site 5A;
- B. Authorize the Executive Director to transfer \$400,000 from the CADA Project (\$381,892 in the Downtown '93 TARBS Tax exempt fund and \$18,108 in the Downtown '90 TARBS Low/Mod fund) to the Fremont Building Project;
- C. Find the environmental documentation adequate and complete and the Negative Declaration appropriate for the project; and
- D. Make findings of benefit to permit use of Downtown Tax Increment funds outside the boundaries of the Merged Downtown Sacramento Redevelopment Project Area.

A motion was made by Councilmember Cohn, seconded by Councilmember Yee adopting 5.3 approving Redevelopment Agency Resolution 98-042 and City Resolution 98-477. The motion carried with a 9-0 vote.

REDEVELOPMENT RESOLUTION 98-042

THE FREMONT BUILDING: ENVIRONMENTAL FINDINGS; FINDING OF BENEFIT FOR USE OF TAX INCREMENT FUNDS OUTSIDE PROJECT AREA; APPROVAL OF \$1.24 MILLION ACQUISITION AND DEVELOPMENT LOAN (MERGED DOWNTOWN SACRAMENTO REDEVELOPMENT PROJECT AREA FUNDS AND HOME FUNDS); OWNER PARTICIPATION AGREEMENT WITH SHASTA/DOWNTOWN SACRAMENTO VENTURE MIXED USE DEVELOPMENT, LLC; AND AMENDMENT OF AGENCY BUDGET

RESOLUTION 98-477

THE FREMONT BUILDING: APPROVAL OF HOMEPROGRAM LOAN

.0 COUNCIL IDEAS AND QUESTIONS

- 6.1 Councilman Kerth informed the Council that the Auburn City Council had rejected Senator Doolittle's recent proposal for a smaller dam at Auburn.

* * * * *

7.0 CITIZENS ADDRESSING COUNCIL (MATTERS NOT ON AGENDA)

(A Three minute time limit is imposed on speakers addressing the Council under this heading)

None

* * * * *

8.0 Recessed into CLOSED SESSION at 5:40 p.m.

- 8.1 Pursuant to Government Code Section 54956.9(a) for matters pertaining to pending litigation in the case of R. Michael George WCAB No. SAC 263029/263030.
- 8.2 Pursuant to Government Code Section 54956.9(b) for matters pertaining to threatened litigation: one potential case.

* * * * *

ADJOURNMENT -

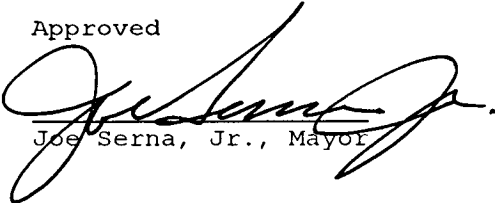
There being no further business to come before City Council, the meeting was adjourned at the hour of 5:40 p.m.

Submitted



Valerie A. Burrowes, City Clerk

Approved



Joe Serna, Jr., Mayor