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# REPORT TO LAW & LEGISLATION COMMITTEE City of Sacramento

915 I Street, Sacramento, CA 95814-2671

CONSENT  
February 7, 2006

Honorable Members of the  
Law and Legislation Committee

**Subject:** Approval to Pursue Legislation Amending the State Harbors and Navigation Code in Connection with Recent Governance Changes Approved for the Sacramento-Yolo Port District

**Location/Council District:**  
Citywide

**Recommendation:**

This report recommends that the Law and Legislation Committee approve pursuing state legislation to amend the Harbors and Navigation Code pursuant to the terms of a Joint Port Governance Agreement recently approved and executed by the appointing jurisdictions of the Sacramento-Yolo Port District Commission.

**Contact:** Tom Zeidner, Senior Project Manager, 808-1931

**Presenters:** Tom Zeidner, Senior Project Manager, 808-1931

**Department:** Economic Development

**Division:** Citywide

**Organization No:** 4453

**Summary:**

This report describes the results of recent negotiations concerning modification of the governance structure of the Sacramento-Yolo Port District. The negotiated modifications are incorporated as terms of a Joint Port Governance Agreement approved by the City Council on January 5, 2006, which include City support of state legislation to: 1) reduce the geographic boundaries of the Port District to coincide with Yolo County's first supervisorial district; 2) reduce the Port Commission to five members, four of whom will be appointed by the City of West Sacramento, and one by the County of Yolo; 3) limit the Port's powers of eminent domain within the City; 4) establish a Riverfront Enhancement Fund; and 5) other related actions.

**Committee/Commission Action:** None.

**Background Information:**

On January 5, 2006, the City Council approved the terms of a Joint Port Governance Agreement in which the City agreed to grant the City of West Sacramento a greater voice on the Sacramento-Yolo Port District Commission. The Agreement was the result of negotiations between the “appointing jurisdictions” of the Port Commission (Sacramento City, Sacramento County, City of West Sacramento and Yolo County) concerning the future of the troubled Port and its governance. The essence of the Agreement is that the City and County of Sacramento will each relinquish one of their two appointments to the Commission. The City of West Sacramento, which had only two seats on the seven-member Commission, will now have four, and thus a voting majority.

The Agreement further obligates the Port to begin liquidation of its substantial holdings of surplus real estate. The initial \$50 million in proceeds from these sales will be retained by the Port for costs related to its conversion to a “sustainable Port” model. In consideration of the City and County of Sacramento’s earlier investment in the Port’s real estate and facilities, land sale proceeds exceeding \$50 million will be deposited into a “Riverfront Enhancement Fund”. These monies will be under the control of the City and County, and will be available to fund projects of regional benefit along the Sacramento and American Rivers.

Another provision of the Joint Port Governance Agreement is that the appointing jurisdictions will support state legislation to amend the Harbors and Navigation Code, to be introduced at the beginning of the 2006 year of the legislative session. This legislation is to include provisions to accomplish the following:

- A. Contracting the size of the Port so that the boundaries would coincide with the first supervisorial district of the County of Yolo.
- B. Changing the Port governing board to five members as follows:
  - (1) Four (4) members appointed by the City of West Sacramento, who will be residents of the City of West Sacramento;
  - (2) One (1) member appointed by the County of Yolo, who will be a resident of the City of West Sacramento.
- C. Establishing provisions to:
  - (1) Insure that the Port Commission membership changes and any related operational changes are consistent with laws provided that they are not incompatible offices.

(2) Authorize the establishment of, deposit to and use of funds in the Riverfront Enhancement Fund, and authorize the disposition of net proceeds of sale of property.

(3) Require consents for certain Port actions related to: a) the exercise of the power to acquire property by eminent domain in the City and/or County of Sacramento; and b) any sale or dismantling of the Port's deepwater channel and existing terminal.

**Financial Considerations:**

The proposed legislation will have no direct financial impact on the City of Sacramento. Any projects approved pursuant to the Riverfront Enhancement Fund will be funded solely by the Fund, unless otherwise approved specifically by the City Council

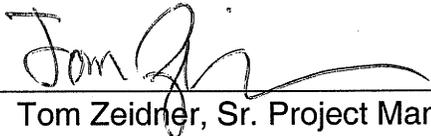
**Environmental Considerations:**

Projects funded through the Riverfront Enhancement Fund will be subject to specific environmental review, as required.

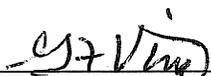
**Policy Considerations:**

The proposed legislation is consistent with the terms of the Joint Port Governance Agreement approved by the City Council on January 5, 2006.

**Emerging Small Business Development (ESBD):**

Respectfully Submitted by:   
Tom Zeidner, Sr. Project Manager

Recommendation Approved:

  
GUSTAVO F. VINA  
Assistant City Manager