



**Sacramento  
Housing &  
Redevelopment  
Agency**

May 4, 2005

Redevelopment Agency of the  
City of Sacramento  
Sacramento, California

Honorable Members in Session

**SUBJECT: NORTH SACRAMENTO LOAN APPLICATION TO THE CALIFORNIA  
INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK**

**LOCATION & COUNCIL DISTRICT**

North Sacramento Redevelopment Area  
Council District 2

**RECOMMENDATION**

Staff recommends adoption of the attached resolution on page 6, which authorizes the Executive Director to:

- submit a loan application for approximately \$4 million to the California Infrastructure and Economic Development Bank (Infrastructure Bank) to fund streetscape improvements along Del Paso Boulevard and;
- sign any financing documents or amendments, subject to the approval of Agency Counsel, for purposes of this financing; and
- accept the funds contingent upon all applicable legal requirements.

In addition, the attached resolution on page 8:

- requests approval to use proceeds of the loan, if entered into, to reimburse the Agency for eligible costs incurred prior to final loan approval.

**CONTACT PERSONS**

Lisa Bates, City Community Development Director, 440-1322  
Cynthia Shallit, Redevelopment Management Analyst, 440-1322 ext. 1233

**FOR COUNCIL MEETING OF – MAY 17, 2005**



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### **SUMMARY**

This report recommends that the Redevelopment Agency of the City of Sacramento (Agency) apply for \$4 million from the California Infrastructure and Economic Development Bank to fund streetscape improvements along Del Paso Boulevard within the North Sacramento Redevelopment Project Area. If the funding is approved, subsequent approval for implementation of the project will be required after design and environmental review is completed.

### **RAC ACTION**

At its meeting of April 21, 2005, the North Sacramento Redevelopment Advisory Committee adopted a motion recommending approval of the attached resolution. The votes were as follows:

AYES: Ash, Bergstrom, Harlan, Mack, E. McCleary, J. McCleary, C. Mulligan, M. Mulligan, Ogden, Scoggins

NOES: None

ABSENT: Funner, Marcus

### **COMMISSION ACTION**

At its meeting on May 4, 2005, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolutions. The votes were as follows:

AYES: Burns, Burruss, Gale, Gore, Hoag, Piatkowski, Shah., Simon, Stivers

NOES: None

ABSENT: Coriano, Harland

### **BACKGROUND**

In October 2002 the City Council adopted the Del Paso Boulevard Streetscape Improvement and Beautification Master Plan which covers a one mile stretch on Del Paso Boulevard from Highway 160 to Lampasas Avenue. Phase I of the project includes enhanced pedestrian crosswalks, pedestrian scale lighting, new median landscaping, public art, and gateway enhancements at Highway 160. Phase II of the project includes a lane

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reduction and diagonal parking improvements on Del Paso Boulevard between Arden and El Camino. The Phase II improvement is designed to reduce speeds on the Boulevard, beautify the area, and promote this section of Del Paso Boulevard as a walkable and customer friendly corridor.

The design work for the Phase I improvements has been completed and the City is currently soliciting construction bids. The design work for the angled parking should start this month and be ready to bid out in 2006.

A total of \$1,980,000 of North Sacramento Tax Increment Bond funds was previously allocated for the Phase I streetscape improvement project. However, with only \$2,434,000 of non-housing redevelopment funds available for new projects, and the desire to provide diagonal parking improvements recommended for the corridor that are not currently included in the project, Agency staff has been exploring other options for funding the infrastructure improvements. The option of using low-cost financing from the California Infrastructure and Economic Development Bank (Infrastructure Bank) would make additional funds available for other development projects in the redevelopment area and enable both phases of the streetscape project to be completed.

The Infrastructure Bank offers a revolving funds program designed to provide low-cost financing to public agencies for a wide variety of infrastructure projects. The Infrastructure Bank has provided a preliminary review of the streetscape project and found that it meets the eligibility requirements of their program. The North Sacramento Redevelopment Project area is eligible to apply for the maximum of \$4 million dollars which would cover the majority of the construction costs for the Phase I improvements, plus the design and construction of the proposed diagonal parking improvements, and any other unforeseen costs and improvements.

The proposed loan amount of \$4 million would be secured and repaid with North Sacramento tax increment funds. While the interest rate is not set until the Infrastructure Bank approves the loan, the rate is anticipated to be between 3 percent and 3.8 percent. With a 30-year amortization of the loan, and at the higher 3.8 percent interest rate, the anticipated annual payment is expected to be \$223,660. Given the rapid increase in property values in North Sacramento and the amount of new development occurring in the area, we anticipate that even with this proposed loan, the Agency will still have ability to bring additional bond funds to North Sacramento in the near future. The Infrastructure Bank loan is similar to redevelopment bonds except that it is specifically designed for infrastructure projects, and at a more favorable interest rate.

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### **FINANCIAL CONSIDERATIONS**

The Infrastructure Bank loan, if approved, will provide up to \$4 million in California State Infrastructure Bank financing for the North Sacramento Streetscape project. The loan term is 30 years and though the interest rate is not set until the time of loan approval, it is expected to be between 3 percent and 3.8 percent. This loan requires a one-time loan origination fee of 0.85 percent of the loan amount or \$34,000; this amount will be funded from loan proceeds. Loan repayment will be guaranteed by the tax increment generated by the North Sacramento Project Area. The annual debt service payment will be approximately \$225,000 annually.

### **POLICY CONSIDERATIONS**

The actions recommended in this staff report are consistent with the North Sacramento Redevelopment Plan, the North Sacramento 2005-2009 Implementation Plan and the Del Paso Boulevard Streetscape Improvement and Beautification Master Plan. Specifically, the proposed streetscape improvements meet the 2005-2009 North Sacramento Implementation Plan goals of 1) implementing a major streetscape improvement plan on Del Paso Boulevard and 2) guiding use of public improvement funds to assist future redevelopment activities and 3) maintaining and improving the areas economic vitality.

This report is also consistent with the City's Strategic Plan goals to enhance and preserve the neighborhoods and to promote and support economic vitality. The proposed action supports the Guiding Principle of that goal which states that priority should be given to infrastructure and facility projects that elevate areas of the City to a baseline level.

### **ENVIRONMENTAL REVIEW**

The application for funding for infrastructure improvements is exempt from environmental review under CEQA Guidelines Section 15378 (b)(2) as a government funding mechanism because application of such funding for the Del Paso Blvd Streetscape project is contingent on subsequent project approval after completion of design and environmental evaluation. NEPA does not apply.

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**M/WBE CONSIDERATIONS**

The items discussed in this report have no M/WBE impact; therefore, M/WBE considerations do not apply.

Respectfully submitted,



ANNE M. MOORE  
Executive Director

Recommendation approved,



ROBERT P. THOMAS  
City Manager

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RESOLUTION NO. \_\_\_\_\_  
ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF \_\_\_\_\_

**AUTHORIZATION FOR SUBMISSION OF THE APPLICATION TO  
THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC  
DEVELOPMENT BANK FOR FINANCING OF DEL PASO  
BOULEVARD STREETScape PROJECT AND APPROVING  
CERTAIN OTHER MATTERS IN CONNECTION THEREWITH**

WHEREAS, the California Infrastructure and Economic Development Bank ("Infrastructure 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 (the "Act"); and

WHEREAS, the Infrastructure Bank has instituted an application process for financing under its Infrastructure State Revolving Fund Program; and

WHEREAS, the Agency desires to submit an application ("Financing Application") to the Infrastructure Bank for the financing of Del Paso Boulevard Streetscape Project ("Project") within the North Sacramento Redevelopment Project Area ("Project Area") in an amount not to exceed \$4 million; and

WHEREAS, the Act requires the Agency to certify by resolution certain findings prior to a Project being selected for financing by the Infrastructure Bank.

BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO:

Section 1. The Agency hereby approves the filing of a Financing Application with the Infrastructure Bank for the Project; and in connection therewith certifies:

- a. That the Project is consistent with the General Plan of the City of Sacramento;
- b. That the proposed financing is appropriate for the Project;
- c. That the Project facilitates effective and efficient use of existing and future public resources so as to promote both economic development and conservation of natural resources;

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RESOLUTION NO.: \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_

- d. That the Project develops and enhances public infrastructure in a manner that will attract, create, and sustain long-term employment opportunities; and
- e. That, to the best of the Agency's knowledge of the Infrastructure Bank's Criteria Priorities and Guidelines for the Infrastructure State Revolving Fund Program, the Project is consistent therewith.

Section 2. The Executive Director, or her designee, is hereby authorized and directed to act on behalf of the Redevelopment Agency of the City of Sacramento in all matters pertaining to this application.

Section 3. If the application is approved and the Agency has commenced and completed environmental review of the Project under the California Environmental Quality Act, approved the environmental findings and based upon such findings approved the Project, the Executive Director is authorized to enter into and sign the financing documents and any amendments thereto with the Infrastructure Bank for the purposes of this financing.

Section 4. Based upon findings for the adoption of the North Sacramento Redevelopment Plan and subsequent findings for the adoption of Implementation Plans for the Project Area, the Project Area meets the current definition of blighted area contained in Health and Safety Code Section 33030.

Section 5. This resolution shall become effective immediately upon adoption.

\_\_\_\_\_  
CHAIR

ATTEST:

\_\_\_\_\_  
SECRETARY

\_\_\_\_\_  
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RESOLUTION NO : \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_

**RESOLUTION NO. \_\_\_\_\_**

**ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO**

ON DATE OF \_\_\_\_\_

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

WHEREAS, the Redevelopment Agency of the ("Agency") intends to install streetscape improvements along Del Paso Boulevard from Highway 160 to Lampasas Avenue (the "Project") in the North Sacramento Redevelopment Project Area ("Project Area"); and

WHEREAS, the Agency anticipates that it may 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; and

WHEREAS, the Agency reasonably expects that a financing arrangement ("Obligation") in an amount not expected to exceed Four Million Dollars (\$4,000,000.00) will be entered into and that certain of the proceeds of such Obligation, if entered into, will be used to reimburse the Reimbursement Expenditures.

**BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO:**

Section 1. 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 Agency to make any expenditure, incur any indebtedness, or proceed with the Project.

Section 3. The Agency 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 defined herein were made no earlier than 60 days prior to the date of this declaration. The Agency will allocate proceeds of the Obligation, if entered into, to pay Reimbursement Expenditures within eighteen (18) months after 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.

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RESOLUTION NO.: \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_

Section 5. This declaration shall be effective on and after the date of adoption of this Resolution.

\_\_\_\_\_  
CHAIR

ATTEST:

\_\_\_\_\_  
SECRETARY

\_\_\_\_\_  
**FOR CITY CLERK USE ONLY**

RESOLUTION NO.: \_\_\_\_\_  
DATE ADOPTED: \_\_\_\_\_