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APPROVED  
BY THE CITY COUNCIL

SEP 2 1997

OFFICE OF THE  
CITY CLERK  
A697-145

1231 I STREET  
ROOM 300  
SACRAMENTO, CA  
95814

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CITY OF SACRAMENTO  
CALIFORNIA

DEPARTMENT OF  
PUBLIC WORKS

TRANSPORTATION AND DEVELOPMENT  
DIVISION

August 19, 1997

City Council  
Sacramento, California

Honorable Members in Session:

**SUBJECT: AGREEMENT BETWEEN THE CITY AND RECLAMATION DISTRICT 1000 FOR  
THE NORTH NATOMAS DRAINAGE COMMUNITY FACILITIES DISTRICT NO.  
97-01 IMPROVEMENTS.**

**LOCATION AND COUNCIL DISTRICT:**

The District includes approximately 5,800 acres in North Natomas Community Plan area located in Council District 1 (see map Exhibit A).

**RECOMMENDATION:**

This report recommends that the City Council adopt the Resolution approving the City/Reclamation District 1000 (RD 1000) agreement which is on file with the City Clerk.

**CONTACT PERSON:**

Edward Williams, Associate Engineer, 264-5440  
Gary Reents, Manager Engineering Services, 433-6633

**FOR COUNCIL MEETING OF:** September 2, 1997

**SUMMARY:**

This agreement formalizes the relationship between the City and RD-1000 with respect to funding, construction and operation of the North Natomas Comprehensive Drainage Plan Improvements.

City Council  
North Natomas CFD No. 97-01, City/RD-1000 Agreement  
August 19, 1997

**COMMITTEE/COMMISSION ACTION:**

None.

**BACKGROUND INFORMATION:**

In August 1994, City Council adopted the North Natomas Financing Plan that identified funding sources for backbone infrastructure and public facilities through buildout of the North Natomas Finance Plan area. A CFD was identified as the primary funding source for the Comprehensive Drainage Plan.

In January 1997, City Council approved a Resolution of Intention to form the North Natomas Drainage CFD No. 97-01. On March 4, 1997, City Council approved formation of the District subject to the required landowner special election. On June 10, 1997 the election results were declared with 99% of the votes in favor of the District. The special election was the final step in the CFD formation process.

Improvements to be funded through the CFD are fully described in the Natomas Comprehensive Drainage Plan Pre-Design Report and the Financing Plan Report for CFD No. 97-01.

Reclamation District 1000 is the lead agency for the construction phases of CFD No. 97-01. The attached resolution and agreement state the roles and responsibilities by which the City and RD-1000 will work together to complete and maintain the drainage improvements. The drainage improvements will provide 100 year flood protection from the underlying flood plain.

In brief, the agreement contains the following:

- Roles and responsibilities relating to the funding of the project.
- Roles and responsibilities during construction of the improvements.
- Roles and responsibilities for operation and maintenance of the facilities.

**FINANCIAL CONSIDERATIONS:**

The agreement between the City and RD-1000 identifies the procedures by which the Reclamation District will receive bond proceeds from the City to fund construction of the project. There is no impact to the General Fund.

City Council  
North Natomas CFD No. 97-01, City/RD-1000 Agreement  
August 19, 1997

**ENVIRONMENTAL CONSIDERATIONS:**

The North Natomas Comprehensive Drainage Plan EIR was approved by City Council on May 20, 1997. The City Council's action in approving the City/RD-1000 agreement is solely for the purpose of transferring funds for a Council approved project and is itself therefore, not a project for purposes of the California Environmental Quality Act.

**POLICY CONSIDERATIONS:**

The procedures under which this district was formed are set forth in Title 5 of the Government Code Sections 53311 - 53317.5 entitled, "The Mello-Roos Community Facilities Act of 1992."

**MBE/WBE:**

None. No goods or services are being purchased.

Respectfully submitted,

*for Terence Wilmore*  
Gary Reents  
Manager, Engineering Services

*[Signature]*  
Gary Alm  
Manager, Development Services

RECOMMENDATION APPROVED:

*for*  
*[Signature]*  
WILLIAM H. EDGAR  
City Manager

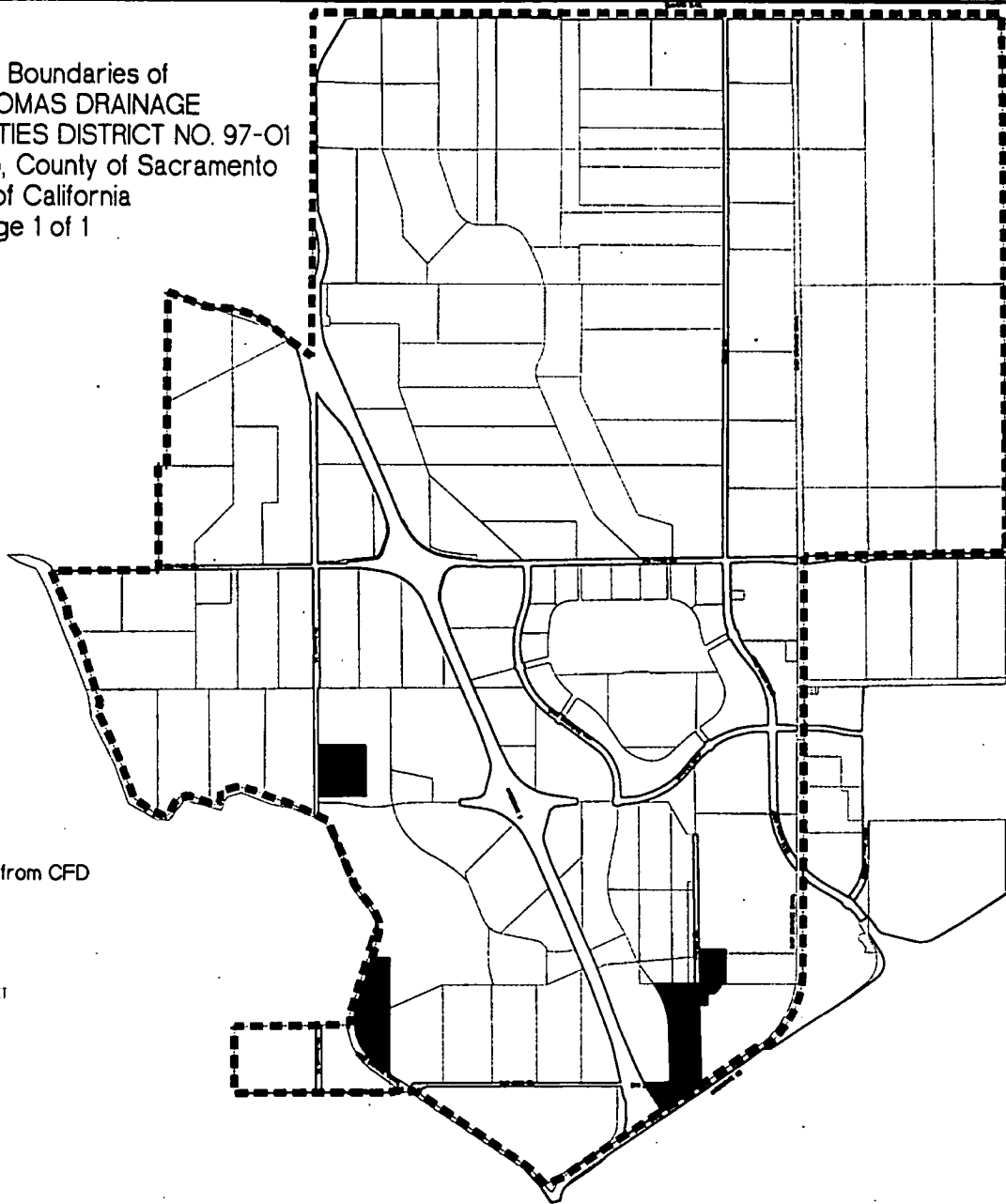
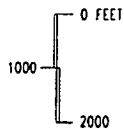
Approved:

*[Signature]*  
Michael Kashiwagi  
Director of Public Works

Proposed Boundaries of  
 NORTH NATOMAS DRAINAGE  
 COMMUNITY FACILITIES DISTRICT NO. 97-01  
 City of Sacramento, County of Sacramento  
 State of California  
 Page 1 of 1



 Excluded from CFD



COMMUNITY FACILITIES  
 DISTRICT BOUNDARY

CLERK'S MAP FILING STATEMENT  
 FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF  
 SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA  
 THIS \_\_\_\_ DAY OF \_\_\_\_\_, 19\_\_

\_\_\_\_\_  
 CITY CLERK, CITY OF SACRAMENTO

CLERK'S CERTIFICATE  
 I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED  
 BOUNDARIES OF THE NORTH NATOMAS DRAINAGE COMMUNITY  
 FACILITIES DISTRICT, CITY OF SACRAMENTO, COUNTY OF  
 SACRAMENTO, STATE OF CALIFORNIA, WAS APPROVED BY THE  
 CITY COUNCIL OF THE CITY OF SACRAMENTO AT A MEETING  
 THEREOF HELD ON THE \_\_\_\_ DAY OF \_\_\_\_\_, 19\_\_ BY ITS  
 RESOLUTION NO. \_\_\_\_\_

\_\_\_\_\_  
 CITY CLERK, CITY OF SACRAMENTO

COUNTY RECORDER'S FILING STATEMENT  
 FILED THIS \_\_\_\_ DAY OF \_\_\_\_\_, 19\_\_ AT THE HOUR OF  
 \_\_\_\_ O'CLOCK \_\_\_\_M, IN BOOK \_\_\_\_ OF MAPS OF ASSESSMENT  
 DISTRICTS AND COMMUNITY FACILITIES DISTRICTS AT PAGE \_\_\_\_  
 IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF  
 SACRAMENTO, STATE OF CALIFORNIA

\_\_\_\_\_  
 COUNTY RECORDER OF THE  
 COUNTY OF SACRAMENTO,  
 CALIFORNIA

**RESOLUTION NO. 97-497**

ADOPTED BY THE SACRAMENTO CITY COUNCIL

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

**APPROVED**  
BY THE CITY COUNCIL  
**SEP 2 1997**  
OFFICE OF THE  
CITY CLERK

**RESOLUTION APPROVING THE AGREEMENT  
BETWEEN THE CITY OF SACRAMENTO AND RECLAMATION  
DISTRICT 1000 REGARDING CFD No. 97-01**

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

1. The agreement between the City of Sacramento and Reclamation District 1000, a copy of which is attached to this resolution, is approved and the City Manager is authorized to execute the agreement.
2. The City Manager is authorized to transfer such amounts of the bond proceeds, when and if received by the City to Reclamation District 1000 as is required to pay the district's costs and fund construction of the project.

\_\_\_\_\_  
**MAYOR**

**ATTEST:**

\_\_\_\_\_  
**CITY CLERK**

**FOR CITY CLERK USE ONLY**

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

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

DRAFT

JOINT COMMUNITY FACILITIES AGREEMENT  
BETWEEN  
THE CITY OF SACRAMENTO  
AND  
RECLAMATION DISTRICT 1000

This Agreement is entered into as of \_\_\_\_\_, 1996, by and between the City of Sacramento, a charter municipal corporation ("City"), and Reclamation District 1000, a public entity of the State of California formed by Cal. Stats. 1911, c. 412 ("District").

**Recitals**

**Whereas:**

A. Development within the geographic area included in the North Natomas Community Plan (the "Plan Area"), as shown on the map attached as Exhibit A, requires the construction of public facilities and improvements, including drainage and associated facilities; and

B. District owns and operates an integrated system of drainage canals, pumping plants and other facilities for the drainage of lands within its boundaries; and

C. City and District have agreed to cooperate in the design and construction of drainage facilities to serve the Plan Area, consisting of new facilities and improvements to existing District facilities ("Facilities"), in order to accommodate new development within the Plan Area; and

D. City has, in conjunction with landowners and developers within the Plan Area, determined to finance the Facilities through the formation by City of a community facilities district ("CFD") pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (California Government Code Sections 53311, et seq., hereafter the "Act"), and the authorization of special tax levies and bond issues ("Bonds") that will be used in part to pay for the Facilities, which will be owned by District; and

E. Section 53316.2 of the Act provides that a CFD may be used to finance facilities to be owned by an entity other than the agency that forms the CFD, but only pursuant to a joint community facilities agreement or a joint exercise of powers agreement; and

F. Section 53316.2 of the Act authorizes the legislative bodies of two or more local agencies to enter into a joint community facilities agreement prior to the formation of the CFD if the legislative body of each entity adopts a resolution declaring that such a joint agreement would be beneficial to residents of that entity; and

G. For purposes of the Act and this Agreement, the City Council of the City of Sacramento (the "City Council") is the legislative body of City; and the Board of Trustees of District ("the Board") is the legislative body of District; and

H. The City Council and the Board have, prior to the execution of this Agreement, duly considered the contents of this Agreement and have each determined, by resolution, that the execution of this Agreement would be beneficial to the residents of City and the residents within the service area of District; and

I. By this Agreement, City and District desire to set forth their intent and their agreements with respect to the conduct of the proceedings for formation of the CFD, the implementation of the levy and collection of the special tax, the issuance of Bonds and distribution of Bond proceeds, and construction and ownership of the Facilities.

### **Agreement**

**Now, therefore, the parties agree as follows:**

Section 1. **Formation of CFD.** City covenants to use its best efforts to initiate and conduct all legal proceedings to form the CFD with the boundaries specified in Exhibit B, attached hereto and incorporated herein by this reference, or such other boundaries that City and District shall agree upon in writing. If the CFD is formed, City agrees to use its best efforts in actions to levy, collect and enforce the special tax, and issue and administer the Bonds and the CFD. In administering the Bonds and the CFD, City shall employ and pay all required consultants, annually levy the special tax, pay and administer the Bonds, and comply with all state and federal requirements pertaining to the proceedings and the Bonds, including the requirements of the United States Internal Revenue Code and associated regulations. District will not participate in or be considered a participant in the formation proceedings for the CFD, nor will it for any purpose be considered to be an issuer of the Bonds.

Section 2. **Facilities.** The land and improvements which are to be acquired, installed and constructed within each of three (3) phases of construction and the required time of completion thereof are specified in Exhibits C and C-1, attached hereto and incorporated herein by this reference. Exhibits C and C-1 may be modified with the written approval of both parties, should the need to do so arise during design or construction of the Facilities. At City's request, District will provide to City any information in District's possession required to complete the portion of the public facilities report regarding the Facilities (as specified in section 53321.5 of the Act).

Section 3. **Design, construction and ownership of Facilities: right of way acquisition.** City shall prepare and deliver to District for its approval, the following: (i) upon completion thereof, final design plans and specifications for the Facilities; (ii) an itemized budget for the design, construction and acquisition of the Facilities; and (iii) an estimated schedule of expenditures for the Facilities, which shall provide for phased installation of Facilities substantially as set forth in Exhibit "C". City shall, additionally, acquire any additional right of way necessary to accommodate the Facilities and shall obtain all necessary permits and approvals required for construction of the Facilities, including, if and to the extent required, but not limited to, Section 404 permits and California Fish and Game Code Section 1601 permits. Upon completion and acceptance of the plans and specifications, budget and schedule of expenditures, and acquisition of any additional required right of way, District shall construct the Facilities in accordance therewith

and shall solely own and operate such Facilities. City and District shall cooperate in the process of acquiring needed land and rights of way for the construction of the Facilities. In the event that it is determined by District, by survey or otherwise, that District needs to acquire or memorialize of record land or rights of way in order to conform legal descriptions of its existing facilities, easements, fee title, or other rights of way, to the actual physical location of its existing facilities, costs associated with such acquisitions shall not be costs associated with the Facilities, and shall be borne solely by District from its own funds.

Section 4. **Disbursement of Bond proceeds.** Pursuant to the Bond resolution or indenture providing for the issuance of the Bonds ("Indenture"), City shall establish a separate account with the bond trustee or fiscal agent designated in the Indenture, into which the proceeds of the Bonds to be used for the Facilities shall be deposited (the "Facilities Account"). The proceeds in the Facilities Account shall be for the use of District and City exclusively for the purposes herein described and may be drawn upon by District and City in accordance with the procedures set forth in this section.

City may draw upon the Facilities Account to pay for its costs actually incurred in connection with the design of the Facilities, together with costs relating to the acquisition of land and rights of way. District may draw upon the Facilities Account to pay for its costs actually incurred in connection with construction and installation of the Facilities. District or City shall submit a requisition, in such form as may be specified with the bond trustee or fiscal agent, to the bond trustee or fiscal agent for the costs incurred. District and City may not draw upon any of the proceeds in the Facilities Account without the signature of an appropriate official upon the requisition.

Except to the extent that the Indenture requires earnings that are subject to rebate as arbitrage pursuant to the Internal Revenue Code be deposited elsewhere, all earnings from investment of the proceeds in the Facilities Account shall accrue to and be deposited into the Facilities Account.

Section 5. **Use of special tax proceeds: tax covenant.** District shall use the proceeds from the draws upon the Facilities Account exclusively to pay the costs of construction and installation of the Facilities, and City shall use the proceeds from draws upon the Facilities Account exclusively to pay the costs of design of the Facilities and acquisition of necessary right of way for the Facilities, and each shall account for the expenditure of such funds according to generally accepted governmental accounting practices. District and City each covenant that they will take no action that would result in interest on any Bonds issued with respect to the CFD not being excluded from gross income for federal income tax purposes.

Section 6. **Debt service: rebate compliance.** District's obligations hereunder shall be limited to the obligations assumed by it with respect to the Facilities. District shall have no obligation or responsibility whatsoever with respect to the issuance and sale of the Bonds, for the payment of principal and interest thereon, or for the levy of the special taxes required to provide debt service. City shall have the sole responsibility in such matters.



City shall be responsible for payment of arbitrage rebates, where required under the United States Internal Revenue Code and the regulations promulgated thereunder. Notwithstanding the foregoing, unless otherwise provided in the Indenture, to the extent that any earnings on the funds in the Facilities Account are subject to rebate, District and City will deliver from the Facilities Account such rebatable amounts to allow City to timely rebate to the United States, as required.

Section 7. **No separate entity.** It is not intended that this Agreement be construed to form a separate joint exercise of powers authority; instead, it is the intention of the parties that the Council act on behalf of City in all matters for which City is responsible under the Act and this Agreement, and that the Board act on behalf of District in all matters for which it is responsible under this Agreement. Whenever approval of City and District is required under the Act or this Agreement, it is contemplated by the parties that such action be submitted to the Council and the Board for approval by resolution, or to the officer to whom approval authority has been delegated, prior to such action being taken.

Section 8. **Indemnification.**

a. **By City.** City shall to the full extent permitted by law indemnify, defend and hold District, and its officers, employees, agents and contractors harmless from and against any and all liability, obligations, losses, claims and damages, and expenses in connection therewith, including counsel fees and expenses, arising out of or as the result of the proceedings for the formation of the CFD, the levy and collection of the special taxes, and the insurance, sale and administration of the bonds and bond proceeds ~~of the design of the Facilities.~~

b. **By District.** District shall to the full extent permitted by law indemnify, defend and hold City, and its officers, employees, agents and contractors harmless from and against any and all liability, obligations, losses, claims and damages, and expenses in connection therewith, including counsel fees and expenses, arising out of or as the result of the acquisition, construction, or operation and maintenance of the Facilities.

Section 9. **Termination.** This Agreement shall terminate and be of no further force and effect upon the earliest to occur of the following events: (i) the dissolution of the CFD pursuant to Section 53338.5 of the Act; and (ii) the agreement of City and District to terminate this Agreement. Notwithstanding the foregoing, this Agreement shall remain in force and effect for as long as any Bonds are outstanding.

Section 10. **Notice.** Any notice, payment or instrument required or permitted by this Agreement to be given or delivered to any party or other person shall be deemed to have been received when personally delivered or seventy-two (72) hours following deposit of the same in any United States Post Office in California, first class, postage prepaid, addressed as follows:

City: City of Sacramento  
Manager, Real Estate and Special Districts  
915 I Street, Sacramento, CA 95814

District: District Engineer  
Reclamation District No. 1000  
1633 Garden Highway, Sacramento, CA 95833

Section 11. **Captions.** Captions to sections of this Agreement are for convenience purposes only, and are not part of this Agreement.

Section 12. **Severability.** If any portion of this Agreement is declared by a court of competent jurisdiction to be invalid or unenforceable, such portion shall be deemed severed from this Agreement and the remaining parts shall remain in full effect as though such invalid or unenforceable provision had not been a part of this Agreement.

Section 13. **Successors and assigns.** This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

Section 14. **Entire agreement; amendment.** This Agreement contains the entire agreement between the parties with respect to the matters provided for herein and may be amended only by subsequent written agreement signed on behalf of both parties.

Section 15. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument.

Section 16. **CEQA compliance.** No physical work on the ground shall be conducted until the California Environmental Quality Act has been complied with, at no cost to District, on City's drainage plan for the Plan Area, and this agreement is subject to such compliance.

City of Sacramento

Reclamation District 1000

By: \_\_\_\_\_  
WILLIAM H. EDGAR  
City Manager

By: \_\_\_\_\_  
Title: \_\_\_\_\_

Approved as to form:

Attest:

\_\_\_\_\_  
City Attorney

\_\_\_\_\_  
City Clerk