

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

October 27, 1998

CALL TO ORDER

The Regular Meeting of the Sacramento City Council was called to order by Mayor Serna at 2:05 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 1.14)

A motion was made by Council member Hammond, seconded by Council member Waters, to waive the reading and adopt the Consent Calendar, Items 1.1 through 1.14. The motion carried with a 9-0 vote.

Public Review Items - Informational Only

None

Sacramento Housing and Redevelopment

None

City Council

- 1.1 *North Natomas Community Facilities District No. 3 - Ordinance of the City Council of the City of Sacramento levying a special tax for the property tax year 1998-1999 and following tax years solely within and relating to the City of Sacramento landscape maintenance. (D-1)*

Passed for publication of title and continued to November 5, 1998.

- 1.2 Commercial Water Meter Testing - Phase 3 (PN: ZB47) - award contract to Metro Meter Services Inc., for an amount not to exceed \$92,640. (D-All)

Adopted Resolution 98-531 awarding Contract 98-171.

RESOLUTION NO. 98-531

RESOLUTION AUTHORIZING THE CITY MANAGER AND CITY CLERK TO SIGN AND EXECUTE A CONTRACT WITH METRO METER SERVICES, INC., FOR THE COMMERCIAL WATER METER TESTING - PHASE 3 PROJECT (PN:ZB47) FOR AN AMOUNT NOT TO EXCEED \$92,640.

- 1.3 Willowcreek II Assessment District - Sump 160 (PN:41AD), located in the area bounded by Garden Highway, I-80, West El Camino and Orchard Lane - approval of contract Change Order 11 with John F. Otto, Inc. (Contract #97-079) for \$158,471.47. (D-1)
-

Adopted Resolution 98-532.

RESOLUTION NO. 98-532

RESOLUTION APPROVING CONTRACT CHANGE ORDER 11 FOR THE WILLOWCREEK II ASSESSMENT DISTRICT - SUMP 160 (PN:41AD)

- 1.4 Sump 35 Pump Station (PN: WG56), located near Alma Vista and Pocket Road. (D-4)
- A. Approval of contract Change Order 4 with EAI International (contract #98-016) for \$95,913.51; and
 - B. Restoration of City Manager's Authority to issue change orders on this contract.
-

Adopted Resolution 98-533.

RESOLUTION NO. 98-533

RESOLUTION APPROVING CONTRACT CHANGE ORDER 4 AND RESTORATION OF CITY MANAGER AUTHORITY FOR THE SUMP 35 PUMP STATION PROJECT (PN:WG56)

- 1.5 Orleans Way French Drains (PN: WG87) - Transfer \$84,000 from the Pocket Area Trunk Sewer Fund 240 to the Orleans Way French Drain Project. (D-7)
-

Adopted Resolution 98-534.

RESOLUTION NO. 98-534

RESOLUTION APPROVING THE TRANSFER OF FUNDS FOR THE ORLEANS WAY FRENCH DRAIN PROJECT (PN:WG87)

- 1.6 Transportation/Air Quality Forum Process - Selection of Bob Grandy, of Grandy & Associates, as the project manager for the exploratory evaluation project phase. (D-All)
-

Adopted staff recommendation.

- 1.7 1996/97 Measure A Overlay Project (PN:RD66) and 1997/98 Measure A Overlay Project (PN:RD67). (D-All)
- A. Approve Program Supplement No. 012 for the 1996/97 Measure A Overlay Project;
 - B. Appropriate \$554,062 in State Funds to the project;
 - C. Approve Program Supplement No. 013 for the 1997/98 Measure A Overlay Project; and
 - D. Appropriate \$606,138 in State Funds to the project.
-

Adopted (A-D) Resolution 98-535 approving Agreement (A) 98-180 and (B) Agreement 98-181.

RESOLUTION NO. 98-535

RESOLUTION APPROVING PROGRAM SUPPLEMENTS NO. 012 AND NO. 013 TO LOCAL AGENCY AGREEMENT NO. SLTPP-5002(001 & 002) AND APPROPRIATION OF \$554,062 TO THE 1996/97 MEASURE A OVERLAY PROJECT (PN:RD66) AND \$606,138 TO THE 1997/98 MEASURE A OVERLAY PROJECT (PN:RD67)

- 1.8 *Tribute Road rezone* - ordinance amending the districts established by the Comprehensive Zoning Ordinance No. 2550, Fourth Series, as amended, by removing a property located at 1770 Tribute Road in the Point West PUD from the Light Industrial-Review-Parkway Corridor-Planned Unit Development (M-1S-R-PC-PUD) Zone and placing the same in the Office Building-Parkway Corridor-Planned Unit Development (OB-PC-PUD) Zone. (P98-077) (APN: 277-0285-007) (D-3)
-

Passed for publication of title and continued to November 5, 1998.

- 1.9 Recommendation for removal of Lawrence Bolden from the Del Paso Heights Redevelopment Advisory Committee pursuant to Section 232 of the Sacramento City Charter. (D-2)
-

Adopted staff recommendation.

- 1.10 Request to reopen an application period for the Construction Codes Advisory and Appeals Board due to the November 21, 1998 term expiration scheduled for M. Abrahams. (D-All)
-

Application period opened; applications due November 20, 1998.

- 1.11 Request to reopen an application period for the 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 November 27, 1998.

- 1.12 Confirmation of the following nominations: City/County Solid Waste Advisory Committee: James G. Moose; Sacramento Metropolitan Arts Commission: Bernadette Chiang; Design Review and Preservation Board:

Christopher C. Elliott; Sacramento Environmental Commission: Marjorie M. Namba; Capitol Area Development Authority Governing Board: Marc Brown [nominations made 10-20-98].

Confirmed nominations.

- 1.13 Ordinance approving and adopting the fifth amendment to the Redevelopment Plan for the Del Paso Heights Redevelopment Project. [PPF'd October 20, 1998, item 1.2(F)] (D-2)
-

Adopted Ordinance 98-045.

ORDINANCE NO. 98-045

APPROVING AND ADOPTING THE FIFTH AMENDMENT
TO THE REDEVELOPMENT PLAN FOR THE DEL PASO
HEIGHTS REDEVELOPMENT PROJECT

- 1.14 Request to open an application period for the East Del Paso Heights Target Area Committee due to the 01/22/99 term expirations scheduled for F. Barker, T. Dorais, F. Ramos, W. Philipps, M. Tappel and three vacant positions.
-

Application period opened; applications due November 27, 1998.

* * * * *

2.0 **SPECIAL PRESENTATIONS/GENERAL COMMUNICATIONS**

- 2.1 Award from State Department of Housing & Community Development for Pensione K Project.
-

Anne Moore, Acting Executive Director, SHRA, introduced Richard Mallory, Director, State Department of Housing and Community Development, who presented the award to the City of Sacramento for the Pensione K Project.

Mr. Mallory cited Pensione K for being an outstanding example within the State for providing housing for multi-income levels with such things as reasonable construction cost. Mr. Mallory presented one award to the City Council and one award to the builder.

Mayor Serna thanked Mr. Mallory and said he was glad the City could make it happen.

Michael Glass, Developer and one owner of Pensione K, expressed his thanks to the City Council members for their cooperation. Mr. Glass added that Pensione K proved that this type of project can work successfully.

Council member Cohn commented that he was proud to have Pensione K in his district.

* * * * *

3.0 PUBLIC HEARINGS

None

* * * * *

4.0 STAFF REPORTS

4.1 Placement of the City's Excess Liability Insurance coverage. (D-All)

Greg Norton, Administrative Services Manager, presented the report.

On June 30, 1998 staff brought a report to Council recommending the placement of the City's insurance coverages for FY99, along with information regarding the process utilized to select brokers, assign insurance markets and place the insurance lines. At that meeting, Council approved placement of the All Risk Property, Excess Workers' Compensation, Aircraft Hull & Liability, and Crime & Public Officials Bonds coverages through Robert F. Driver Associates. Additionally, Council directed staff to rebid the City's Excess Liability Insurance coverage.

The rebid process was completed with all three of the Brokers utilized as finalists in the previous bid process. With the assistance of ARM Tech, the bid specifications and process were clarified to ensure fairness and avoid issues and/or conflicts in the bid process. The bid process was completed with submission of proposals from all three brokers received on or before September 16, 1998, as required in the bid specifications.

ARM Tech performed a comparison and evaluation of the three proposals received based on the Selection Criteria included in the Insurance and Services Specifications document. The Selection Criteria section of the document stated that the City would evaluate proposals based on, but not limited to, the following:

	<u>Evaluation Criteria</u>	<u>Maximum Criteria Weight</u>
1)	Scope of Coverage	40%
2)	Financial stability of insurers	20%
3)	Program cost	40%
	Total	100%

Upon completion of their evaluation and review, ARM Tech submitted their recommendation for placement of the Excess Liability Insurance coverage along with the evaluation criteria and points assigned, indication of the coverage enhancements proposed and a comparison of the proposals.

Based on their evaluation, ARM Tech recommended placement of the Excess Liability coverage in the program offered by Robert F. Driver Associates.

The rebid premium recommended was in the amount of \$289,819. Funding to pay this premium was included in the 1998-99 Risk Management budget.

There was no discussion on this item.

A motion was made by Council member Hammond, seconded by Council member Yee, to adopt Resolution 98-536. The motion carried with a 9-0 roll call vote.

RESOLUTION NO. 98-536

RESOLUTION AUTHORIZING PURCHASE OF THE
CITY'S EXCESS LIABILITY INSURANCE COVERAGE

- 4.2 Amendment to the North Natomas Financing Plan relative to school fees.
(D-1)
-

Terry Moore, Special Projects Manager, presented the report.

Mr. Moore advised that staff learned last Wednesday that language could prevent the City Council from amending the North Natomas School Finance Plan.

The School Impact Fee Program was developed in recognition of a perceived lack of available State and local funds for school facilities construction and the need to provide for parity among developers of land within the North Natomas Community Plan (NNCP) area with respect to the payment of school facilities impact fees. Pursuant to Resolution No. 95-623, the school impact fee was originally set at \$4.15 per square foot and, based on the plan's escalator provisions, was currently \$4.57 per square foot. This fee was set at this level, rather than at the "Sterling Act" fee of \$1.93 per square foot due to the lack of otherwise available State school facilities funding.

In August, 1998, the State enacted an urgency measure designed to occupy the field of school facilities financing to the exclusion of contrary local measures ("SB 50"). SB 50 generally provided for State funding and developer contributions, which were set at \$1.93 per square foot for residential construction. However, school districts were authorized to impose higher fees under certain conditions, based on criteria specified in SB-50. Local governments were generally prohibited from requiring higher school impact fees as a condition of any land use entitlement, whether the entitlement was "legislative" or "quasi-judicial".

SB-50 would become law on November 4, 1998, provided that the electorate passed Proposition 1-A on the November 3, 1998 statewide ballot, which provided for \$9.2 billion dollars through the year 2002 for school facilities, including \$2.9 billion for construction of new K-12 school facilities.

Mr. Moore continued that because SB-50 contained unclear language which could be construed to eliminate the City's ability to amend the School Facilities Fee element of the Financing Plan, it was essential that the plan be amended prior to November 4, 1998. The amendment would allow the City to provide within the Financing Plan that NNCP developers could satisfy their school impact fee requirements by complying with the provisions of this resolution. If the electorate enacted Proposition 1-A and, if that measure failed, the plan's requirements remained in effect.

Developers who, in accordance with the provisions of Section A, Subsections (1) and (2), paid the fees specified by this plan and its implementing ordinance and resolution should pay such fees to the City. The City would place such funds into a special fund established by the City Treasurer. However, the City would forthwith pay to each NNCP area school district its share of the \$1.93 per square foot fee required by Government Code Section 65995.

The balance of the funds would be held in the special account and invested by the City Treasurer in the Treasurer's Pool A fund until January 1, 2000. At that time the City Treasurer would: 1) pay to each

such NNCP area school district the amount by which such district's actually-levied school fees exceed \$1.93 per square foot, together with accumulated interest on the said excess; and 2) pay the balance of the amount in the fund to the developer or developers who paid the funds into the fund, together with accumulated interest thereon. The City Treasurer would, prior to making any distribution from the fund, deduct a reasonable and usual fee for services in connection with the handling and investment of the fund.

If Proposition 1-A on the November 3, 1998 ballot was not approved by the voters and SB-50 did not become effective, then the financing mechanism for funding of school facilities within the boundaries of the North Natomas Community Plan would be consistent with, and based upon, the provisions and requirements set forth in this section.

Mayor Serna asked if this was resolved according to the staff recommendation?

Assistant City Attorney Carnazzo advised that the City did have the legal authority to do this at the moment. We were concerned, he added, that a good argument could be made if this measure passed, that the City Council would not be able to change anything in the Financing Plan. Mr. Carnazzo indicated that he had met with Mr. Addison Covert of the school district, who felt it would not affect City Council's flexibility. Mr. Carnazzo asked for an on-the-record statement that would delay the decision for 30 days, in order to allow time for discussion. He stated it would be legally acceptable to have a delay.

Mayor Serna observed that SB-50 took cities out of the loop. Mr. Carnazzo commented that as of January 1, 2000 the City would be out of the business of school fees.

Mayor Serna noted that this was crucial to the North Natomas District building right now. He noted that Proposition 1-A spoke to the same thing. Mr. Carnazzo stated that it was linked to SB-50; if Prop 1-A passed, SB-50 went into effect.

Council member Kerth asked what would occur if Council did not act today. Mr. Carnazzo responded that the Attorney's office had read the legislation. The City had higher fees at \$4.53 for new construction than the Sterling law provided. At present the Council had authority to do this, but the new legislation would change that. Regarding the grandfathering provisions, the City would be prevented from adjusting those fees. What was on the books currently would stay on the books. Mr. Covert had advised the City Attorney's office that the school districts would not raise questions of the illegality based on this measure if the Council acted.

Mr. Kerth established that five school districts were in question, and that any one school board could change the action.

Mayor Serna questioned the amended resolution regarding the escrow account.

Mr. Moore stated it would impact the ability to pay. Builders would see that under SB-50 they would not have to pay over \$4.50; they could pay to the school board under protest. The City wanted them to pay the fee to the City and the City would immediately pay \$1.93 to the school board, holding the rest in escrow. That would keep pressure on the school district to work with the State to determine the level two fee that was actually due. The City would then release any left over funds back to the developer.

Council member Fargo felt that this was confusing. There would be \$180 million for building schools, yet if Prop 1-A passed, the City Council would not be able to help finance school building. Timing was critical. She believed a delay would be helpful. The issue regarding the homebuilder's perspective made a big difference. At \$4.57 per square foot, the cost would be \$9,000. If Prop 1-A passed, there could be potentially millions of dollars saved. Ms. Fargo added that homebuilders did not want to leave schools short of money, but if state funding became available they could save.

Mayor Serna observed that two things were being considered here: 1) the need for a policy concerning the limitations of SB-50, and 2) the fact that there could be a negative impact on schools in North Natomas. He wanted to allow schools to be built and homes to be sold. There was a need for North Natomas to be a move-up community, and to retain the marketability while protecting schools and kids.

Council member Steinberg focused on the basics: the City had an agreement with North Natomas builders at \$4.57 per square foot. He asked whether Council could change the amount if SB-50 passed. Mr. Moore responded that there was no flexibility built into the Financing Plan. As it was, we couldn't lower the fee.

Council member Yee asked whether we had an agreement from all school districts in North Natomas that they would not pursue the issue for 30 days. Mr. Moore responded that we did not, but had the word of their attorney that they would not pursue legal action for 30 days.

Mr. Carnazzo stated it should be put on the record that the districts would not assert for thirty day if the Council wanted to act on this.

Mr. Yee suggested that if Council waited to see whether Prop 1-A and SB-50 passed, they could made the decision then, within the thirty day window.

Mr. Carnazzo stated the City would attempt to reach an agreement. Mr. Yee questioned whether, if Prop 1-A passed, and the City Council would want to lower the amount or would State law prevent the Council from doing that. Mr. Carnazzo responded they could argue that State law did not apply, if the agreement was just between the parties.

Mayor Serna was concerned regarding the 30-day issue. If Mr. Covert didn't represent them, would other districts create problems? Mr. Carnazzo clarified that our Financing Plan only related to the five districts in North Natomas. Mayor Serna stressed that he did not want the marketability of homes affected by higher fees.

Council member Cohn discussed the impact of "no action" today, observing that the City could continue to charge \$4.57 per square foot until January, 2000. If Council did not adopt today, it gave the City flexibility to change the amount.

Mr. Moore reiterated the staff desire to collect the full amount, pay the \$1.93 for the Sterling Act, and place the remainder into escrow until the fees were set after the election. Mr. Cohn felt that staff was presenting this issue as an urgency measure. He was not sure that there was a compelling need until after the election.

Mr. Moore observed that if he were the developer, he would not wish to lock himself into a high-rate contract with the school district forever. The alternative of only collecting the Sterling fee of \$1.93 would surely not be enough.

Mayor Serna asked whether, if Council did not act today before the election, the fee was locked in at \$4.57? Mr. Carnazzo suggested there was a risk here. Before the election it would be \$4.57 and after January 2, 2000, the building permit would conceivably be \$1.93, the Sterling amount.

Council member Fargo commented that if there was no action taken today, we could either have better schools, or no schools. Regarding the escrow account, to be decided later, she asked whether it would hurt the school's ability to buy land and build schools. Mr. Moore responded that this was a possibility, since they had been anticipating receiving \$4.57 per square foot. Ms. Fargo noted that the fees were currently designed to pay for 80% of school building costs. She asked if the aim could be for 100%?

Mr. Moore stated that after the mechanism had been approved it would be very difficult.

Ms. Fargo asked about an escrow account that already existed for the school district boundary issue.

Mr. Carnazzo asked Ms. Shearly to respond to this.

Carol Shearly, Associate Planner, advised that the appointed group had, after much work to reorganize the boundaries, still failed. She stated that the school districts had agreed to assist with the reorganization.

Mr. Kerth questioned Mr. Moore about permits pulled. Mr. Moore responded that only the ones for the model homes would be pulled soon, the rest would come in the spring.

Council member Steinberg established again with Mr. Moore that if the fee after Prop 1-A passed was \$1.93, then all the money from the escrow left from the \$4.57 would be returned to the developer.

PUBLIC TESTIMONY

Greg Thatch, representing Lennar Communities, commented that developer residential legislation was designed to deal with school facilities funding, and the State was obligated to fund some school costs. Mr. Thatch observed that homes with good schools equaled sales. Mr. Thatch sought equity for builders, saying if there were no assurance, it would slow the building process, since after January, 2000 the costs could be greatly reduced. He urged adoption of the revised resolution today.

Ms. Fargo established with Mr. Thatch that he had not spoken with the school district or other legal representatives, that it had happened too fast.

Addison Covert, Attorney, advised that he did not know about this until last Thursday evening. He represented five school districts and currently Del Paso was not involved. The premise was that SB-50 was a package deal designed to happen over time. The status quo would exist until December 31, 1999. City Council action to establish a financing fee would be in effect until December 31, 1999. On January 2, 2000, a fee determined by \$2.9 billion of State funds for new school construction would be available. Of that about 50% would go to Los Angeles area schools, with the rest spread to other growing school districts. Mr. Covert advised that the criteria to establish fees had not yet been decided. It might not be a "slam-dunk" as to competing for the remaining 50%.

Mr. Covert advised that approval of this resolution today could not be guaranteed by school districts. Regarding SB-50, there was no legal basis that a party could object to lowering the fee after November 4, 1998. Mr. Covert said he believed that representatives for the school district would not object to delaying the decision.

Mayor Serna asked who controlled the \$4.57 prior to the election, the school or the City. The Mayor again stressed that he did not want to stop the development in North Natomas. He asked if the school districts were willing to accept the recommendation of staff and the escrow compromise.

Mr. Covert advised that the City controlled the money except for the \$1.93. Under SB-50, the schools would be moving aggressively. The State had a 120-day period to determine who would get funding. There were no grounds existing in SB-50, in Mr. Covert's opinion, to challenge modification of fees. Mr. Carnazzo commented that the 30-day discussion had been founded on differing legal interpretations, that there were possible risks.

Mayor Serna felt Council should move with staff's recommendation today, while keeping options open.

Mr. Thatch felt that there would be a chilling effect on building, since the savings could be substantial.

Mr. Kerth asked whether new construction bond money was available in the past. Mr. Covert suggested a new program would have new criteria.

Mr. Kerth asked if they fell short and didn't get bond money, would the school districts raise fees? Mr. Covert replied that if the State ran out of money, and if the schools qualified for 50% funding, they could implement a 100% fee.

Mr. Kerth asked whether, during the environmental process, if the schools were not available during the process, would CEQA have to be redone. What would happen if there were not enough money to build the schools at the same time the houses were built?

Mr. Carnazzo replied that a developer who applied for a building permit was subject to whatever was on the books at the time of application. He suggested the City face problems as they existed. Assuming the measure passed the City would not be able to establish school fees of any sort.

Mr. Kerth feared that the legislation would create a major impact, with not enough money to fund schools.

Mr. Moore commented that this was a six-year program, until 2006. If Prop 1-A and SB-50 sunset in 2006, then the City would be back in the fee business.

Mayor Serna established with Mr. Moore that there would be no incentive for the school board to not want the City to pass this resolution, since they wanted the fee set for at least their \$1.93 per square foot. It was desired that North Natomas schools get built, and that they get built along with the housing. Mayor Serna supported the staff recommendation, believing it to provide maximum flexibility to ensure the district's progress.

Council member Cohn stated that he was unconvinced regarding the need for action today. He asked Mr. Covert for his opinion concerning the Mayor's position. Mr. Covert responded that he believed there would be an equal amount of flexibility, whether action was taken now, or modified in 30

days. Mr. Cohn asked what other school district or jurisdiction was doing a fee adjustment in the Sacramento area?

Mr. Covert advised that this was the only community he was aware of that was trying to modify the fee prior to the election. Mr. Thatch agreed and said he believed the North Natomas area was unique in nature.

Mr. Cohn established with Mr. Thatch that Sacramento's fees were higher than Roseville or Folsom. Mr. Thatch felt that the staff recommendation maintained maximum flexibility.

Council member Steinberg restated the dilemma as a window with possible competitive disadvantage. He asked if there were any way to make sure the school district could be made whole in 1999 and avoid the disadvantage that would hurt and stall development.

Mayor Serna and Mr. Steinberg discussed the need for a reimbursement agreement that would ensure the earlier developers didn't pay more than later developers. Mayor Serna commented that there were no comparisons with other communities as North Natomas was the only major site being developed. He stressed that during the 30-day delay period, the focus should be on how the amendment would impact the Natomas district and what expectations would be for qualifying for State money.

Ms. Fargo established with Mr. Covert that after the year 2000, the school district could set its own fees, and that the fees could be higher. When the State ran out of money the district could charge 100%. Ms. Fargo asked how a potential disadvantage could be turned into a marketing tool incentive? Could a rebate be given if someone lived in Natomas for at least a year? Mr. Moore replied that this could be considered. Ms. Fargo noted that the City was competing with Roseville, Folsom, and Davis for residents in new developments.

Mayor Serna observed that no other region appeared to have as much difficulty as Sacramento in getting things built. Ms. Fargo suggested that North Natomas was bigger than any others, and this had a huge impact on the City.

Council member Yee commented to Mr. Covert that he was unclear as to the reason for a 30-day extension. Mr. Covert explained that this would allow the school district to examine the resolution and arrive at concurrence. Mr. Yee observed that the schools would lose revenue under the new State program. He was concerned that after the election the City Council would not have the option of changing the numbers.

Mayor Serna suggested that this discussion was about just one building season. The fee collected would not be \$4.27, but perhaps 50% of that.

Mr. Thatch commented that large homes were being planned in Natomas and fees could be as much as \$17,000 per home. This would be a substantial difference in costs. Pricing needed to be competitive on a regional basis.

Mr. Thatch added that the school boards had not endorsed a delay and he urged adoption of the amended resolution.

Mr. Covert commented on the Mayor's request for assurance that the school district would be aggressive in seeking funds. He stated that the language in SB-50 made that happen by 1) establishing a 50% fee at the qualification level; and 2) application could then be made to the State for the remaining 50%.

Ms. Fargo indicated Natomas would seek every available source. She stated that without schools, property values would decrease.

David Tooker, new Superintendent of Natomas Unified School District (USD), commented that it was helpful to hear the issues clarified. He noted that years of discussion went into arriving at the original agreement and he urged discussions between the school district and developers. Mr. Tooker stated that Natomas USD had traditionally positioned itself for State funding. Natomas High School had not been eligible, but got an exception.

Mr. Tooker indicated that eligibility would be established based on maps rather than building permits. Twelve million dollars, already spent, would flow back to Natomas schools from taxpayers bonds. Mr. Tooker stated that the district had been aggressive in seeking other funding. Mayor Serna asked what Mr. Tooker's position was on this issue, to which he responded that he wanted 30 days to confer.

Ms. Fargo commented that, given the amount of time allotted to the school boards to react, she did not feel anyone was in a position to decide immediately. Regarding the attorneys' differing viewpoints, based on interpretation of the law, Ms. Fargo felt that to delay would be best. Mayor Serna stated that he was looking for a comfort level to do the right thing for everyone.

C. Baranoff, Elk Grove School District Superintendent, urged time for discussion. He stated he had been involved in the formation of SB 50, and that the clear intent was to have a fourteen month transition period. The school districts had the incentive to pursue this.

Mayor Serna asked what impact SB-50 would have. Mr. Baranoff replied that in Elk Grove, 19% had been local bonds, with the remainder split between State and Developer Fees. There was a comprehensive plan to allow joint activity.

Council member Waters asked whether Elk Grove set its own fees. Mr. Baranoff advised that the fee per square foot was \$3.27 today, including the \$1.93 for the Sterling Fund.

Frank Harding, Acting Director, Facilities and Risk Management, Grant High School District, did not feel he could commit the board today, until he could get a better idea of what the State program would do. Mr. Harding observed that this was an exercise in deficit funding, since a significant amount had already been allocated. Mr. Harding noted that when he left OPSD, the amount had been between \$1.4 and \$1.5 million. When SB-50 was passed, there would not be that amount available, since there would be more districts competing for a smaller amount of money. The bond would not meet the needs.

A motion was made by Council member Fargo, seconded by Council member Cohn, to continue this item for 30 days, to December 1, 1998, and to direct staff to continue to work with all interested parties to develop the resolution and consider revisions to the schedule of finance fees. The motion carried with a 9-0 roll call vote.

* * * * *

5.0 SHRA

Public Hearing

- 5.1 1999 One-Year Action Plan updating the consolidated plan for the Community Development Block Grant (CDBG), Home Investment Partnership (HOME), Housing Opportunities for Persons with Aids (HOPWA), and Emergency Shelter Grant (ESG) programs and related actions. (D-All)
-

John Dangberg, Director of Community Development, SHRA, presented the report, together with Vicki Cook, Program Manager, Community Development, SHRA.

Mr. Dangberg stated that staff had many more requests than there was funding. There had been a reduction in entitlement. Staff did their best to recommend projects that assisted low income neighborhoods with improvements.

Ms. Cook continued the report. She advised that the 1999 Annual Plan addressed 1) Such areas as CDBG, HOME, ESG, and HOPWA; 2) Amendments to the Consolidated Plan; 3) Funding Issues; 4) Fund Allocation by category; 5) CDBG Usage by category; 6) Section 108 Loan Repayment; 7) Infrastructure and Public Facilities; 8) Neighborhood Stabilization and Preservation; 9) Public Services; 10) Commercial Revitalization; and 11) Planning and Administration.

Council member Fargo requested that the Gardenland neighborhood be added to the paint program in the north area. Council member Kerth concurred.

Council member Kerth inquired as to the nature of the CDBG program this spring? Mr. Dangberg responded that the expectation was to see a proposal to create Year 2000 Block Grant funding about six months earlier. This would allow for cooperative work with Public Works, Utilities, and Parks to provide an impact quickly for the neighborhoods.

Anne Moore, Acting Executive Director, SHRA, commented that there would be a longer planning horizon, and that staff would be looking at overlays between various sources.

Mr. Kerth commented that there was never enough money to go around and this was the first year that the City used poverty-based uniform distribution. He commented that he would look at dealing with intensification issues in another way, in a wider CIP scope, including utilities, and other services.

Mr. Kerth remarked that Parker Homes was a shocking area where a lot of CDBG funds were spent previously, but not now. He suggested the issues were not going away. Staff was now working with Utilities to fix some long-standing problems there.

Mayor Serna recommended coordination of CIP and CDBG program efforts, in order to stretch the funds. He recommended adoption of this resolution today.

Ms. Fargo wished to inform the Housing staff that there was a lot of money included in Prop 1-A for housing-related issues, relative to North Natomas School Financing.

Mr. Cohn agreed with the Mayor that coordination with the CIP budget in the spring and looking five years ahead was a good idea. Mr. Cohn asked whether it was staff's intent to formally adopt the CDBG budget in the

spring or in October? Ms. Moore replied that this was a pro-forma action and staff would follow through in the spring, with both CDBG and Tax Increment funds.

Mr. Cohn advised that some CDBG was eligible for infrastructure purposes. He urged the making of a conscious choice. Mayor Serna added that the Master Plan of CIP and CDBG helped pull everything together, increasing results.

Council member Pannell asked whether matching funds from the CIP would be used? Mayor Serna affirmed that.

PUBLIC TESTIMONY

Stacie Clary, Director of Sacramento Housing Alliance, commented that she appreciated the increase in available housing funds this year. Ms. Clary stated she felt that the paint program was being used for homeowners, rather than rentals, and funds were being used for code enforcement, rather than rehabilitation. Ms. Clary also noted that under Economic Development the return toward funding less to micro enterprise for the low income families wanting to start a small business.

Mr. Kerth questioned whether there was a shortage of affordable apartments in town, to which Ms. Clary advised that Sacramento ranked 41st, with a gap in affordability. Mr. Kerth asked how she defined affordability. Ms. Clary responded that for those who expend 30% of income toward housing, only one unit was available for every 3 families seeking affordable living space.

Mr. Kerth advised that there was abundant apartment space available in his district, and that while people may not want to rent there, plenty of apartments existed. Ms. Clary commented that when a low-income family went over a 30% limit, it increased their risk.

Gary Collier, East Del Paso Heights TAC, and Parker Homes resident, addressed quality-of-life issues in his area. Mr. Collier brought photographs to show Council ongoing sewage spills which had not been dealt with, because there was no money to fix the infrastructure. His neighborhood needed such things as curbs, sidewalks, and gutters, but had been neglected and left out of the loop. Mr. Collier requested more information regarding an urban fraud initiative, concerned with HUD funding. Mr. Collier urged the Council to deal with this quality-of-life issue. He stated that the State government also needed to address this.

Don Clark, SBAC, stated that the question was not whether SHRA spent CDBG funds to improve, but whether the law was being followed. He urged linking resources together with the Sacramento Black Alcoholics Group. Mr. Clark observed that social issues such as alcoholism and drug use caused crime and homelessness. He noted that SHRA increased its housing stock, but HUD wanted 70%-80% of the money to go to low or very low income groups.

Mayor Serna suggested that Mr. Clark approach the County for funding for his type of program. The question would be whether this program struck a balance.

Council member Hammond expressed the hope that money would be available throughout the City. Mayor Serna noted that CDBG money was for low-income folks.

A motion was made by Council member Kerth, seconded by Council member Fargo, to continue this item to November 5, 1998 for further discussion. The motion carried with a 9-0 roll call vote.

* * * * *

6.0 COUNCIL IDEAS AND QUESTIONS

6.1 Mayor Serna requested a report back on the skateboard park at 19th and R Streets. Councilmen Cohn and Yee stated that they had received no complaints about the park. Mr. Waters stated that the youth had done an excellent job of cleaning up the site.

6.2 Council member Kerth said a skateboard facility was being planned for Robla Park in his district.

* * * * *

7.0 CITIZENS ADDRESSING COUNCIL (MATTERS NOT ON AGENDA)

None

* * * * *

8.0 CLOSED SESSION

None

* * * * *

ADJOURNMENT

There being no further business to come before the City Council, the meeting was adjourned at 5:36 p.m.

Submitted


Valerie A. Burrowes, City Clerk

Approved


Jimmie R. Yee, Mayor