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DEPARTMENT OF
FINANCE

BUDGET DIVISION

CITY OF SACRAMENTO
CALIFORNIA

March 7, 1989
FA:89018:CB:KMF

CITY HALL
ROOM 14
915 I STREET
SACRAMENTO, CA
95814-2696

916-449-5845

Budget and Finance Committee
Sacramento, California

Honorable Members in Session:

SUBJECT: North Natomas Planning and Development Expenditures

SUMMARY

The Department of Finance, as a part of its ongoing monitoring of City expenditures in North Natomas, provides the following status report to the Council. This report presents information on City appropriations and expenditures that have been made related to the planning and development of North Natomas. This report is for information only. It is meant to be read as a companion report to the North Natomas Acquisition Assessment District (AD) report. That report appropriates funds for the Acquisition Assessment District. The District will be the reimbursement mechanism for City expenditures in North Natomas.

Since 1984, the City has appropriated \$3,895,300 on the planning and development of North Natomas. Of these expenditures, \$816,686 or 21% has been reimbursed by developers owning land in North Natomas. This means that the City presently has outstanding appropriations of \$3,078,614 in North Natomas. These appropriations represent contract obligations and projected staff costs for budgeted North Natomas projects. The North Natomas Acquisition Assessment District will reimburse the City in the amount of \$3,195,226. This reimbursement will cover all City expenses and provide a reserve of \$116,612 for future costs. The Department of Public Works is currently working on the formation of a Mello Roos District to provide an additional reimbursement mechanism for various future costs associated with the planning and the development of North Natomas.

BACKGROUND

See attached City Council report.

FINANCIAL DATA

See attached City Council report.

POLICY CONSIDERATIONS

See attached City Council report.

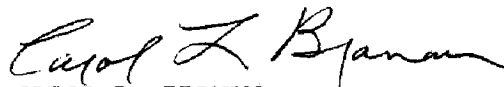
MBE/WBE

See Attached City Council report.

RECOMMENDATION

This report is presented for information only. There are no actions recommended.

Respectfully submitted,



CAROL L. BRANAN
Senior Management Analyst

APPROVED FOR COMMITTEE INFORMATION

March 7, 1989
All Districts



JACK R. CRIST
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The Department of Finance, as a part of its ongoing monitoring of City expenditures in North Natomas, provides the following status report to the Council. This report presents information on City appropriations and expenditures that have been made related to the planning and development of North Natomas. This report is for information only. It is meant to be read as a companion report to the North Natomas Acquisition Assessment District (AD) report. That report contains an Engineer's Report which identifies all costs related to the AD.

Since 1984, the City has appropriated \$3,895,300 on the planning and development of North Natomas. Of these expenditures, \$816,686 or 21% has been reimbursed by developers owning land in North Natomas. This means that the City presently has outstanding appropriations of \$3,078,614 in North Natomas. These appropriations represent contract obligations and projected staff costs for budgeted North Natomas projects. The North Natomas Acquisition Assessment District will reimburse the City in the amount of \$3,195,226. This reimbursement will cover all City expenses and provide a reserve of \$116,612 for future costs. The Department of Public Works is currently working on the formation of a Mello Roos District to provide an additional reimbursement mechanism for various future costs associated with the planning and the development of North Natomas.

BACKGROUND

The Department of Finance, as a part of its ongoing monitoring of City expenditures in North Natomas has compiled the following report on the appropriations/expenditures and reimbursements related to the development of North Natomas. The report is organized as a companion report to another report on your agenda concerning the public hearing on the North Natomas Acquisition Assessment District Engineer's Report and Assessment. The costs and associated reimbursements in the Engineer's Report correlate with those presented below.

Planning & Development Expenditures Related to North Natomas

The City began incurring costs in North Natomas in late 1983. In general, these costs have been associated with the North Natomas Community Plan which was adopted in 1986 by Resolution No. 86-348. Following adoption of the Plan, staff began work on the implementation of the Plan. This implementation has consisted of the review of development applications, a public works infrastructure report, a financing study, and transportation, drainage, sewer, and water studies and associated environmental reviews. The appropriations and costs incurred are outlined below.

City Planning Costs (NNCP)

The North Natomas Community Plan (NNCP) stipulates that the City shall be reimbursed for all planning expenses. Total planning appropriations/expense to-date related to the North Natomas Community Plan are \$1,530,594. These cost include the expenses of the Planning Department as well as expenses of the Department of Public Works to complete studies for the NNCP.

The Acquisition Assessment District approved by Council on January 31, 1989 will reimburse the City for all planning appropriations/expenditures listed above.

Water CIP

As a result of the North Natomas Community Plan, specific North Natomas water projects were identified. These projects have been incorporated into the Capital Improvement Program (CIP) and appear in the CIP beginning in the 1986-87 fiscal year. The appropriations and expenditures are not included in this report since the City policy is that water infrastructure costs are to be offset by Water Development Fees collected at the time an area begins to develop. The mechanism for collecting these fees is through the building permit application.

City Engineering and Environmental Review

o Drainage

The North Natomas Community Plan identified the need for the additional drainage studies and related environmental review presently being conducted by the City's Flood Control Division. The appropriations for these added studies total \$416,612 and the costs incurred to-date are \$356,133. The appropriation of \$416,612 will be reimbursed through the Acquisition Assessment District.

o Interchanges

The small amount of development which has occurred in North Natomas, as well as projected development associated with the North Natomas Community Plan, generated the need for a series of transportation studies. These studies and the associated environmental reviews began after the 1986 adoption of the North Natomas Community Plan and are known as the North Natomas Interchange Studies & Environmental Review. A number of individual, site-specific studies fit under this one umbrella. Total City appropriations for the North Natomas Interchange Studies is \$265,340 of which \$173,232 has been expended. The Acquisition Assessment District will reimburse the City the \$265,340 that has been appropriated.

o Total Costs

The City Engineering and Environmental Review appropriations listed above total \$681,952. This number is slightly higher than the figure represented in the Public Works Engineering Report (\$621,473). This difference of \$60,479 reflects two contract amendments for drainage environmental review that are not reflected in the Public Works Engineering report.

o City Financing and Related Studies

The North Natomas Community Plan identified the Financing Plan as a necessary precursor to the development of North Natomas. Public Works is presently compiling this Plan. The intent of the Financing Plan is to identify both the costs and the mechanism to fund a twenty year build-out of North Natomas. Since May 1988, consultants and staff have begun work on the North Natomas Mello Roos District which will be the key element of the financing plan. To date, the City has appropriated \$378,568 and has spent \$92,627 on the Mello Roos. The Acquisition Assessment District will reimburse the City \$378,568.

The appropriations listed above differ from the Acquisition Assessment District Engineer's Report (\$555,659). This difference of \$177,091 represents a planning number for future studies that Public Works has determined will be required before the Mello Roos is completed.

Assessment District

o Engineers and Administration

A contract amendment to the Mello Roos contract in the amount of \$18,000 has been made by the City to cover expenses associated with the implementation of an Acquisition Assessment District in North Natomas. Expenditures of \$18,000 have been made against this amendment. The City has incurred an additional \$10,000 in engineering costs to cover administrative work on the Acquisition Assessment District bringing the total Engineering costs for the District to \$28,000. The Acquisition Assessment District will reimburse the City \$28,000, the total of the above expenses.

o Appraisals

A contract amendment to the Mello Roos contract in the amount of \$24,500 was made to cover expenses associated with the appraisal for the Acquisition Assessment District. These costs have been fully expended. The Acquisition Assessment District will reimburse the City \$24,500.

o Feasibility Study

The City Treasurer has expended \$35,000 associated with the feasibility analysis of the Acquisition Assessment District. These costs are to be reimbursed to the City through the Acquisition Assessment District.

o Developer Fees to City

There are a number of construction projects which are presently underway in North Natomas and City costs are being incurred for staff time spent on various activities such as plan check and site inspection. These construction projects are primarily related to the development of Arco Arena and the Sports Stadium Complex, known as the Capital Gateway Project, and are being carried out by the Sacramento Sports Association. The City bills the Sports Association monthly for these expenses. To date, the costs incurred by the City are \$1,216,686 of which the developer has paid \$816,686, or 67% of the bill. The outstanding balance of \$400,000 will be reimbursed through the Acquisition Assessment District.

FINANCIAL DATA

As outlined above the City has appropriated \$3,895,300 and has been reimbursed \$816,686 from landowners, leaving a balance of \$3,078,614. A total of \$3,195,226 will be reimbursed by the Acquisition Assessment District approved by Council on January 31, 1989. This will pay off all expenditures incurred to date and will leave a reserve balance of \$116,612 to cover future City costs.

POLICY CONSIDERATIONS

The North Natomas Community Plan stipulates:

- o All property owners in North Natomas will be required to reimburse the City in an equitable manner for all planning expenses incurred in developing this Community Plan and related documents.
- o All property owners in the Plan area will be required to participate equitably in financing mechanisms necessary to finance the design, engineering, and construction of all library, fire, police, street, traffic, water, sewer and drainage improvements and all monitoring programs provided for in this Plan. Guarantees for this shall be via development agreements or other means acceptable to the staff. The construction of the stadium and arena, however, may commence prior to these guarantees being given with the provision that these fees will be applied retroactively.

Based upon these policies, as outlined in the North Natomas Community Plan, the use of the Acquisition Assessment District as a reimbursement mechanism for City appropriations/expenditures is consistent with the adopted policy of the Community Plan.

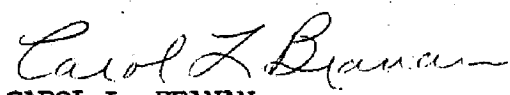
MBE/WBE

Although there have been goods and services purchased as a part of the expenditures in North Natomas, this report does not authorize any of those expenditures and does not, therefore, deal with MBE/WBE goals.

RECOMMENDATION

This report is presented for information only. There are no actions recommended.

Respectfully submitted,



CAROL L. BRANAN
Senior Management Analyst

APPROVED FOR COUNCIL INFORMATION:

WALTER J. SLIPE
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Contact Persons to Answer Questions:

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All Districts