



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www. CityofSacramento.org

Consent
March 25, 2008

**Honorable Mayor and
Members of the City Council**

Title: Agreements: Basin 31 Detention Basin Project, WK06 (W14000900)

Location/Council District: Near the intersection of 65th Street and Broadway, adjacent to Redding Avenue / Council District 6

Recommendation:

Adopt a **Resolution:** 1) authorizing the City Manager to sign agreements with Bryte Ranch Conservation Bank, Wetland Resources LLC, and Conservation Resources LLC, in a total amount of \$570,810, to purchase vernal pool mitigation units for the Basin 31 Detention Basin Project at 65th & Broadway; 2) increasing the amount of the Workforce Housing Reward Program Grant assigned to the Project budget by \$200,000; and 3) recognizing the project budget of \$575,000 in existence prior to the adoption of Resolution 2007-921, which along with the \$200,000 increased allocation from the Workforce Housing Reward Program Grant makes the total authorized budget amount \$4,875,000.00.

Contact: Gary A. Reents, Director of Utilities (916) 808-1433; David L. Brent, Engineering Manager (916) 808-1420; Andy Hunt, Supervising Engineer (916) 808-1408.

Presenters: Not Applicable

Department: Utilities

Division: Engineering

Organization No: 3332

Description/Analysis

Issue: The Basin 31 Detention Basin is a planned joint use park-drainage facility that will be constructed on two vacant parcels east of the 65th Street and Broadway intersection. There are vernal pool wetlands in the middle of these two parcels that will be disturbed by construction.

Subsequent to Council action on December 18, 2007 (Resolution 2007-921), Utilities Department staff learned that the U.S. Fish and Wildlife Service

(USFWS) require vernal pool preservation credits for mitigation be obtained in the same county as the original wetland. As a consequence, staff has negotiated agreements for the purchase of preservation credits from two mitigation banks in Sacramento County, and a revised offer for purchase of vernal pool creation credits at Elsie Gridley in Solano County. This split of preservation and creation credit purchases, valued at \$570,810, is the least expensive option available that complies with the USFWS requirements, but it represents \$170,000 more for mitigation than anticipated when Resolution 2007-921 was approved.

Increasing the allocation of the Work Force Housing Grant (WFH) to the project by \$200,000 (from \$600,000 now to a revised \$800,000 total) is requested to cover the increased mitigation costs and interim design costs.

Policy Considerations: This Project is consistent with the 65th Street Redevelopment Plan to improve the storm drainage infrastructure, and the goals and objectives outlined in the 65th Street Implementation Plan (2004 – 08) to remediate inadequate facilities. It is also consistent with the South 65th Street Area Plan; the 65th Street/University Transit Village Plan; the City Parks and Recreation Programming Guide; and the City's Strategic Plan goals of improving and expanding public safety.

Environmental Considerations: City Council adopted the Mitigated Negative Declaration and Mitigation Reporting Plan for the Project on December 13, 2005, by Resolution No. 2005-915. The Project site contains 0.904 acres of seasonal wetlands, and the impact of constructing the Project in this area will be mitigated through the purchase of mitigation credits in approved mitigation banks.

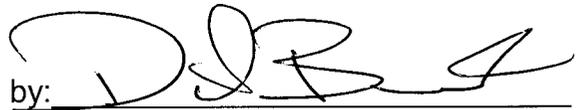
Rationale for Recommendation: The project will provide public health and safety benefits to the area by reducing street and structure flooding. Approving the split acquisition of mitigation credits is considered the least expensive option available. Increasing the allocation from the WFH Grant to the project will cover increased mitigation credit costs, continuing project costs, and initial construction costs until they can be reimbursed from the I-Bank loan.

Financial Considerations: The estimated project costs for property, environmental mitigation, and basin construction authorized in Resolution 2007-921 is approximately \$4.1 million. This amount has increased approximately \$170,000 due to the increased cost for wetland mitigation. The additional funding from the WFH Grant in the amount of \$200,000 is requested to cover the increased wetland mitigation project costs, and additional costs of \$30,000 for interim design costs. This will increase the allocation of the WFH Grant to the project from the \$600,000 previously authorized to a revised total of \$800,000. Sufficient funds remain in the WFH Grant to fund the other projects authorized for funding under the grant.

Emerging Small Business Development (ESBD): No labor services or supplies for direct use by the City are being purchased, thus there are no ESBD issues. ESBD requirements will be included in the project construction contract.

Financial Considerations: The estimated project costs for property, environmental mitigation, and basin construction authorized in Resolution 2007-921 is approximately \$4.1 million. This amount has increased approximately \$170,000 due to the increased cost for wetland mitigation. The additional funding from the WFH Grant in the amount of \$200,000 is requested to cover the increased wetland mitigation project costs, and additional costs of \$30,000 for interim design costs. This will increase the allocation of the WFH Grant to the project from the \$600,000 previously authorized to a revised total of \$800,000. Sufficient funds remain in the WFH Grant to fund the other projects authorized for funding under the grant.

Emerging Small Business Development (ESBD): No labor services or supplies for direct use by the City are being purchased, thus there are no ESBD issues. ESBD requirements will be included in the project construction contract.

Respectfully Submitted by: 
David L. Brent
Engineering Manager

Approved by: 
for Gary A. Reents
Director of Utilities

Recommendation Approved:


Ray Kerridge
City Manager

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Attachment 1**BACKGROUND INFORMATION:**

On December 18, 2007, the City Council adopted resolutions:

1) approving an Installment Payment Agreement between the City and the I Bank to provide loan financing for the Basin 31 Detention Basin at 65th and Broadway Project (the "Project") in the amount of \$3.5 million; 2) approving an Individual Project Agreement with the Redevelopment Agency ("Agency") to obtain interim funding for the City to purchase two parcels for construction of the Project, to provide for repayment of one-half the Project's I Bank loan costs from 65th Street Redevelopment Area tax increment revenue, and to provide the Agency with future drainage impact fee credits to offset this repayment; 3) approving purchase of these parcels for the amount of \$1,925,000; 4) approving an Individual Project Agreement with the Agency relating to the acquisition and improvement of property adjacent to the Project for park purposes; 5) approving an agreement with Wetland Resources LLC to purchase wetland mitigation units to mitigate wetland impacts at the Project site; and 6) establishing a \$4.1 million Project budget with (a) \$3.5 million from the Storm Drainage Fund upon acceptance of the I Bank loan, and (b) \$600,000 from a Workforce Housing Reward Program Grant issued to the City by the State Department of Housing and Community Development.

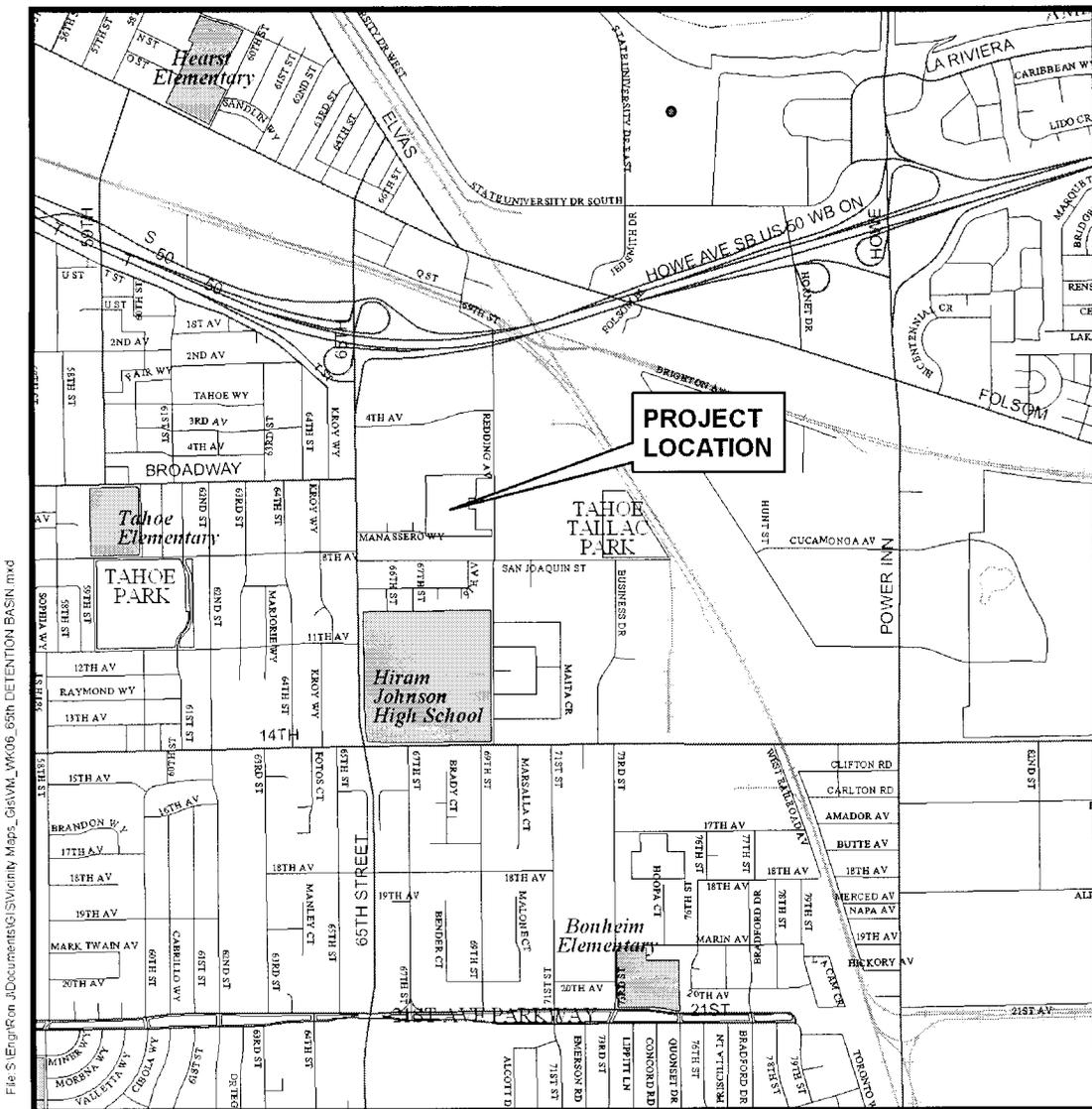
A Clean Water Act Section 404 Army Corps of Engineers permit is required for the Project, due to the presence of 0.904 acres of vernal pool wetlands on the property. The mitigation required under the permit calls for obtaining preservation credits at an approved offsite Mitigation Bank at a ratio of 2:1, and creation credits at a ratio of 1:1, for each acre of vernal pool disturbed. When the above items were approved by the City Council on December 18, 2007, staff believed that all of these requirements could be satisfied by purchasing mitigation credits in the Elsie Gridley Mitigation Bank operated by Wetland Resources LLC in Solano County, at a cost of approximately \$400,000. Since that time, U.S. Fish and Wildlife Service (USFWS) staff have required that the vernal pool preservation credits be obtained in Sacramento County.

Staff has negotiated agreements for the purchase of preservation credits from two mitigation banks in Sacramento County, and a revised offer for purchase of vernal pool creation credits at Elsie Gridley. This split of preservation and creation credit purchases, valued at \$570,810, is the least expensive option available that complies with the USFWS requirements. This wetland mitigation purchase plan, however, increases project costs by approximately \$170,000, for which additional WFH Grant funding is sought. Copies of the agreements are on file and available for public review in the Office of the City Clerk. Execution of the mitigation permits will satisfy the mitigation requirements of the Corps 404 permit, which is necessary to start construction. Execution of the I-Bank loan agreement also is conditional on meeting these requirements.

The total amount of the WFH Grant issued to the City (Agreement No. 07-WFH-229) is \$2,239,134. Council Resolution 2007-921 approved allocating \$600,000 of the loan amount to the project budget. After the additional allocation of WFH Grant funds requested in this report, sufficient funds remain in the WFH Grant to fund the other projects authorized for funding under the grant (Pedestrian Improvements to Intersection of Martin Luther King, Jr Boulevard and Broadway, and the Development of Steve Jones Park).

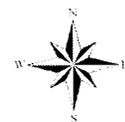
ATTACHMENT 2

BASIN 31 DETENTION
AT 65th AND BROADWAY
(PN:WK06)



File S:\Engr\GIS\Documents\GIS\City\Maps_Gis\WK06_65m Detention Basin.mxd

Map Prepared By
City of Sacramento
Department of Utilities



Attachment 3

RESOLUTION NO.

Adopted by the Sacramento City Council

**APPROVING MITIGATION BANK AGREEMENTS FOR THE BASIN 31 DETENTION
BASIN PROJECT AND INCREASING THE ALLOCATION OF WORKFORCE
HOUSING REWARD PROGRAM GRANT FUNDS TO THE BASIN 31 DETENTION
BASIN PROJECT (WK06, W14000900)**

BACKGROUND:

- A. The Basin 31 Detention Basin Project (the "Project") is proposed to be constructed on 2 adjacent parcels located east of the intersection of 65th Street and Broadway.
- B. Acquisition of these parcels and construction of the Project will be financed by a low interest loan from the California Infrastructure and Economic Development Bank, and by using monies from a Workforce Housing Reward Program Grant issued to the City by the State Department of Housing and Community Development. The City Council previously authorized the allocation of \$600,000 from the Workforce Housing Reward Program Grant to fund Project costs.
- C. The Project site contains seasonal wetlands, and in order to meet requirements established in the Project's Clean Water Act Section 404 permit for mitigation of the impact of constructing the Project in this area, it is necessary to purchase mitigation credits in mitigation banks approved by the U.S. Army Corps of Engineers and the U.S. Fish and Wildlife Service.
- D. City staff has negotiated agreements with 3 mitigation banks to meet the 404 permit requirements, at a total cost of \$570,810. This is more than the mitigation bank costs anticipated when the Project financing was approved, so additional funding is needed from the Workforce Housing Reward Program Grant.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL
RESOLVES AS FOLLOWS:**

- Section 1. The City Manager is authorized to sign the agreements with Wetland Resources LLC in the amount of \$112,500, Bryte Ranch Conservation Bank in the amount of \$300,810, and Conservation Resources LLC in the amount of \$157,500, to purchase wetland mitigation units as required for construction of the Project.
- Section 2. The City Manager is authorized to increase the allocation of the Workforce

Housing Reward Program Grant (Agreement No. 07-WFH-229) assigned to the Project budget from the current amount of \$600,000 to the revised amount of \$800,000.

Section 3. The City Manager is authorized to establish a total Project budget in the amount of \$4,875,000, which recognizes the initial \$575,000 project budget plus \$800,000 from the Workforce Housing Reward Program Grant plus a \$3.5 million loan to the City from the California Infrastructure and Economic Development Bank.