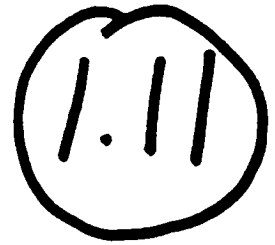




APPROVED
BY THE CITY COUNCIL

JAN 12 1999



OFFICE OF THE
CITY CLERK

DEPARTMENT OF
FIRE

GARY COSTAMAGNA
FIRE CHIEF

CITY OF SACRAMENTO
CALIFORNIA

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December 28, 1998

City Council
Sacramento, California

Honorable Members in Session:

**SUBJECT: McCLELLAN REGIONAL FIRE AND RESCUE TRAINING AUTHORITY
FACILITY FUNDING AGREEMENT**

LOCATION/COUNCIL DISTRICT: Citywide

RECOMMENDATION:

This report recommends that the City Council authorize the City Manager to execute various agreements relating to the McClellan Regional Fire and Rescue Training Authority Joint Powers Agreement and Lease-Purchase financing of training facilities.

CONTACT PERSON: Dennis Smith, Acting Fire Chief 264-5268

FOR CITY COUNCIL MEETING OF: January 12, 1999

SUMMARY:

The McClellan Regional Fire and Rescue Training Authority is seeking a financing package to purchase and install modular buildings at the Authority's site. Because the Joint Powers Agreement provides that the debts, liabilities and obligations of the Authority shall not be the liabilities and obligations of the member agencies, Pitney Bowes (the "Lessor") is requesting that member agencies provide security for the lease in the form of a Facility Funding Agreement to be executed by the Authority and its four member agencies. To facilitate this lease purchase, two other documents also need to be executed: first, an agreement defining the member agencies' obligations in the lease purchase transaction and second, an amendment to the original McClellan Regional Fire and Rescue Training Authority Joint Powers Agreement.

BACKGROUND:

The McClellan Regional Fire and Rescue Training Authority is moving toward the purchase and installation of modular buildings at the Authority's site at McClellan Air Force Base. A contractor has been selected. On November 13, 1998, the Governing Council of the Authority approved a financing package facilitated by the Treasurer of the City of Sacramento. The purchase price of \$1,351,000 will be financed via a seven-year lease, with an interest rate of 5.05% and semi-annual payments of \$115,802.22 each.

The Joint Powers Agreement provides that the contributions of the four members of the Authority are as follows: California Office of Emergency Services (OES) 40%, American River Fire Protection District (FPD) 20%, City of Sacramento 20%, and Sacramento County FPD 20%. American River FPD, City of Sacramento, and Sacramento County FPD provide most of their contributions in the form of staff. OES provides mainly a cash contribution. The annual cash contributions from the parties are: California OES \$450,000, American River FPD \$30,000, City of Sacramento \$30,000, and Sacramento County FPD \$30,000. The lease payments will be made from these contributions. As of December 1998, the Authority's fund balance was \$852,587. Lease payments will be made from this fund.

To facilitate the financing of the buildings for the Authority, each member agency needs to execute three documents.

- The first document is a Facility Funding Agreement (on file in City Clerk's Office). Since the Joint Powers Agreement provides that the debts, liabilities and obligations of the Authority shall not be the liabilities and obligations of the member agencies, Pitney Bowes (the "Lessor") is requesting that member agencies provide security for the lease in the form of a Facility Funding Agreement to be executed by the Authority and its four member agencies.
- The second document is a Members' Agreement Re: McClellan Regional Fire and Rescue Training Authority Joint Powers Authority Financing. The City Attorney's office has prepared a brief agreement to be executed by the four member agencies defining each agencies obligations to one another in this financing transaction (on file in City Clerk's Office).
- The third document is an amendment to the original McClellan Regional Fire and Rescue Training Authority Joint Powers Agreement (on file in City Clerk's Office). OES has requested an amendment that adds a contract procurement goal of a three (3) percent overall participation rate for disabled veteran business enterprises for the Authority.

FINANCIAL CONSIDERATIONS:

The Authority is requesting to borrow \$1,351,000 to pay for the purchase of modular buildings at the training facility to be located at McClellan Air Force Base. The lease finance agreement is at a rate 5.05% for seven (7) years with semi-annual lease payments of \$115,802.88 each. The fund

balance of the Authority is currently \$852,587. Annually, the member agency cash contributions total \$540,000. Additionally, once the buildings are completed, the Authority will be generating revenues by offering training to other entities.

The signing of this contract is a seven (7) year obligation. By signing the Facility Funding Agreement, each member agency is ultimately responsible for the lease payments should the other agencies in the Authority deobligate their designated funds. Should this happen, any remaining member agency would be responsible for the semi-annual payments. Member agencies that have deobligated funds will not be entitled to possession or use of the asset (buildings) and would be subject to suit by the other member agencies.

ENVIRONMENTAL CONSIDERATIONS:

This report concerns the provision of financial assurances, which is not a project within the meaning of CEQA. The installation of the training facilities is the responsibility of the McClellan Regional Fire and Training Rescue Authority, a separate public entity.

POLICY CONSIDERATIONS:

This proposal is consistent with City Council priorities in that it builds a partnership with other public agencies. It is also consistent with the revitalization of neighborhoods, placing a public safety facility at a closed air force facility.

MBE/WBE:

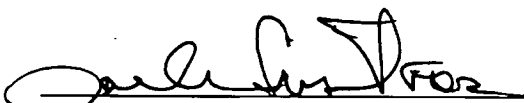
The McClellan Regional Fire and Rescue Training Authority follows Sacramento County Purchasing MBE/WBE guidelines.

Respectfully Submitted,



Dennis Smith
Acting Fire Chief

RECOMMENDATION APPROVED:



WILLIAM H. EDGAR
City Manager

APPROVED
BY THE CITY COUNCIL

JAN 12 1999

OFFICE OF THE
CITY CLERK

RESOLUTION NO. 99-019

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

A RESOLUTION AUTHORIZING THE CITY MANAGER AND CITY CLERK TO EXECUTE VARIOUS AGREEMENTS RELATING TO THE McCLELLAN REGIONAL FIRE AND RESCUE TRAINING AUTHORITY JOINT POWERS AGREEMENT AND LEASE-PURCHASE FINANCING OF TRAINING FACILITIES

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

1. The City Manager and City Clerk are hereby authorized to execute the First Amendment to the McClellan Regional Fire and Rescue Training Authority Joint Powers Agreement.
2. The City Manager and City Clerk are hereby authorized to execute the following agreements relating to a Lease-Purchase Financing of Training Facilities by the McClellan Regional Fire and Rescue Training Authority:
 - a. The Facility Funding Agreement.
 - b. The Members' Agreement re McClellan Regional Fire and Rescue Training Authority Joint Lease-Purchase Financing.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO. _____

DATE ADOPTED: _____