



REPORT TO COUNCIL City of Sacramento

915 I Street, Sacramento, CA 95814-2604
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Staff Report
October 11, 2005

Honorable Mayor and
Members of the City Council

Subject: Debt Financing: Community Reinvestment Capital Improvement Program (CIP)

Location/Council District: Citywide

Recommendation:

It is recommended that the City Council by resolution:

- Authorize the City Manager and City Treasurer to begin work on a \$70 million General Fund borrowing to be used for a Community Reinvestment Capital Improvement program;
- Adopt a funding plan to allocate one-half the proceeds (approximately \$35 million) to citywide projects and the other half (approximately \$35 million) to neighborhood projects; and
- Adopt ranking criteria to be used in evaluating citywide and neighborhood capital projects; and
- Direct staff to bring back to the City Council a project list for consideration.

Contact: Cassandra Jennings, Assistant City Manager, 808-5704; Russ Fehr, Budget Manager, 808-5832

Presenters: Russ Fehr, Budget Manager

Department: Finance

Division: Finance Administration

Organization No: 1112

Summary:

This report addresses a \$70 million debt issue as a part of an overall financing strategy for an estimated \$170 million debt financing for capital investment in the City of Sacramento. The planning for this debt financing is being done in conjunction with the \$100 million downtown redevelopment debt issue. This is a joint planning process, and

the individual projects being brought back to the Mayor and Council from the two debt issues will reflect the integrated planning process.

This report recommends that the City proceed with a Community Reinvestment Capital Improvement Program by moving forward with a \$70 million General Fund borrowing and the selection of projects to be funded. The allocation of funds would be based upon a 50/50 split between citywide and neighborhood projects. Criteria for project recommendation are identified.

Committee/Commission Action: None.

Background Information:

On October 26, 1999 the City Council adopted a General Fund Capital Improvement Program (CIP)(Resolution 99-619). This improvement program included funding for forty one (41) projects. The majority of these projects have been completed and are in operation or are nearing completion.

Through the leadership of the Mayor and City Council, the City is well positioned to move forward with a Community Reinvestment Capital Improvement Program at this time. Since the 1999 General Fund CIP the City has been prudent in maintaining a sustainable budget, establishing needed reserves and addressing fiscal uncertainty due to State budget impacts. Since budget issues were recognized and dealt with on a timely basis, the City the capacity to plan and implement this debt issue for much needed projects.

In an effort to address a variety of capital needs staff is recommending that the proposed \$70 million general fund CIP be split 50/50 between citywide and neighborhood projects:

- Citywide projects consist of community wide facilities from which the entire City and region would benefit. Examples include the 311 Call Center, police sub-stations, regional parks, a new financial and human resources operating system, the Community Center, Memorial Auditorium and non-profit partner projects [i.e., Crocker, Fairytale Town, History Center, Science Center, Zoo], etc.; and
- Neighborhood projects consist of facilities that reside within a specific neighborhood that provide services to that neighborhood (fire stations, community centers, neighborhood parks, streetlights, library, etc.).

Staff has prepared preliminary project recommendation criteria that will be used to evaluate projects for the Community Reinvestment Capital Improvement Program (see Exhibit A and B). Upon approval of the funding split between citywide and neighborhood projects and ranking criteria staff will move forward with identifying specific projects that will benefit the community. Once a project list has been established staff will rank the projects based on the project recommendation criteria; complete preliminary scoping to identify project components and costs; and return to the City Council with a list of recommended projects.

The planning and project recommendations are being done in conjunction with the \$100 million redevelopment debt issue being conducted by the Sacramento Housing and Redevelopment Agency to make most efficient use of available resources.

Financial Considerations:

The source of funding for these projects will be a debt issue. The City has the capacity to make the debt service payments due to the Mayor and City Council's sustainable budget policies and planning in a multi-year context. The source of debt service will be the \$6 million in property taxes taken by the State in FY05 and FY06 and due to be returned to the City in Fiscal Year 2006/07. The \$6 million has, in effect, been written out of the operating budget, and use of the returned property taxes has not been included in the five year forecast of the General Fund. This makes the returned revenue available to support the debt issue without impacting programs in FY07.

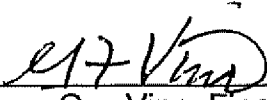
Environmental Considerations:

The requested action is not subject to the provisions of the California Environmental Quality Act (CEQA) under the general rule (Section 15061(b)(3)) that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Environmental review for any project, which utilizes funds allocated by the proposed bond issue, will be performed in conjunction with planning, design and approval of each specific project as appropriate.

Policy Considerations:

The proposed bond issue is consistent with both the City's Strategic Plan as well as the sustainable budget philosophy that the City Council has implemented.

Emerging Small Business Development (ESBD): None

Respectfully Submitted by: 
Gus Vina, Finance Director

Approved by: _____
Cassandra Jennings,
Assistant City Manager

Recommendation Approved:



ROBERT P. THOMAS
City Manager

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RESOLUTION NO.

Adopted by the Sacramento City Council

October 11, 2005

COMMUNITY REINVESTMENT CAPITAL IMPROVEMENT PROGRAM

BACKGROUND

- A. As a result of the Mayor and City Council's commitment to maintaining a sustainable budget and planning in a multi-year context the City of Sacramento is in a unique position to leverage existing funding allowing a Community Reinvestment Capital Improvement Program.
- B. The source of funding for the proposed community reinvestment program will be a debt issue. The source of debt service will be the \$6 million in property taxes taken by the State in Fiscal Year 2004/05 and Fiscal Year 2005/0606 and due to be returned to the City in Fiscal Year 2006/07.
- C. The proposed funding plan will benefit our communities by allowing for needed facility improvements, replacements and additions that are only possible when one-time funding is identified.

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

- Section 1. The City Manager and City Treasurer are authorized to begin work on a General Fund borrowing of approximately \$70 million to be used for community reinvestment capital improvements;
- Section 2. The \$70 million Community Reinvestment Program allocation will be split equally between citywide projects and neighborhood projects;
- Section 3. The project recommendation criteria as identified in Exhibit A and B shall be used by staff in evaluating citywide and neighborhood capital projects; and
- Section 4. Upon completion of project identification, ranking and preliminary scoping staff will bring forward to the City Council a project list for consideration.

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Exhibit A – Citywide Project Ranking Criteria

Exhibit B- Neighborhood Project Ranking Criteria

Citywide Project Ranking Criteria

- Capital Project
 - Construction/Development of a Capital Improvement, not for operations
- Funding/Financing
 - No other funding sources available
 - General Fund commitment will leverage other private/public resources
 - Proposed funding will allow the completion of an existing project
- Readiness
 - Prior community input on the proposed project
 - Project can be implemented in 2-5 years
 - Staff has the capacity to deliver the project
 - Project is achievable and sustainable
- Impact
 - Project will be a catalyst activity
 - Project meets multiple goals of the City
 - There is a significant benefit to the community
 - Creates significant efficiencies (consolidation of services, energy efficiency, operational)
- Critical Need
 - Ability to maintain City services
 - Ability to support City Operations

Neighborhood Project Ranking Criteria

- Capital Project
 - Construction/Development of a Capital Improvement, not for operations
- Funding/Financing
 - General Fund commitment will leverage other private/public resources
 - Proposed funding will allow the completion of an existing project
- Readiness
 - Prior community input on the proposed project
 - Project can be implemented in 2-5 years
 - Staff has the capacity to deliver the project
 - Project is achievable and sustainable
- Impact
 - Project will be a catalyst activity
 - There is a significant benefit to neighborhood
 - Project provides needed infrastructure
 - Project addresses existing blighted conditions
- Critical Need
 - Ability to maintain City services
 - Ability to support City Operations