



City Council Report

915 I Street, 1st Floor

Sacramento, CA 95814

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May 14, 2019

Consent Item 20

Title: Reimbursement of Engineering and Soft Costs for the Willowcreek Fee District

Location: District 4

Recommendation: Adopt a Resolution: 1) increasing the expenditure budget in the Willowcreek Fee Project (I22206000) by \$290,000 with a transfer from available fund balance in the Willowcreek Fee Fund (Fund 3008); and 2) authorizing the City Manager or City Manager's designee to reimburse the engineer and landowners as reflected on Exhibit A, or their verified successors in interest.

Contact: Eric Frederick, Program Specialist, (916) 808-5129; Sheri Smith, Special Districts Manager, (916) 808-7204, Department of Finance

Presenter: None.

Attachments:

1-Description/Analysis

2-Resolution

3-Exhibit A Reimbursement Amounts

Description/Analysis

Issue Detail: On May 13, 1997, the City Council adopted Resolutions No. 97-227 and 97-228 and Ordinance No. 97-027, thereby forming the Willowcreek Fee District, adopting the Willowcreek Financing Plan/Nexus Study (Original Finance Plan), and establishing the Willowcreek Fee (Fee). Subsequent to its adoption, several construction cost items were added to the facilities program and adjustments were made to certain land use assumptions used in the Original Finance Plan. To account for these revisions, the City Council adopted Resolution No. 97-576 on October 14, 1997, thereby adopting the Amended Final Willowcreek Financing Plan/Nexus Study (Amended Finance Plan) and establishing revised Fee amounts. The Amended Finance Plan added certain emergency access costs, roadway improvement costs, utility undergrounding costs, utility relocation tax costs, and developer project management costs that were not included in the Original Finance Plan.

Fee revenue that is collected by the City is to be distributed to various fund components based on cost percentages outlined in the Amended Finance Plan. Specifically, 6.9% of Willowcreek Fees collected are to be distributed for "Engineering Consultant Costs" (Engineering Costs) and 8.7% is to be distributed for "Property Owner Soft Cost Reimbursements" (Soft Costs). The Engineering Costs represent the cost of engineering services provided by the Spink Corporation, and the Soft Costs represent amounts advanced by landowners within the Willowcreek Fee district. These costs were used initially to facilitate the implementation of the Amended Finance Plan through the Fee.

On October 14, 1997, City Council adopted Resolution No. 97-577, thereby authorizing the execution of the *Reimbursement Agreement by and Between the City of Sacramento, the Spink Corporation and Landowners and Former Landowners in the Willowcreek Assessment District Relating to Private Funding of Certain Willowcreek Finance Plan and Developer Project Management Costs* (Agreement #97-167) to reimburse advance funded costs if sufficient Fee revenues are collected. Since the execution of Agreement #97-167, the Spink Corporation was acquired by Stantec Consulting. In addition, three landowners have been fully reimbursed and two other land owners have assigned portions of their remaining reimbursement amounts to various successors-in-interest. As a result of these actions, thirteen entities are due reimbursement for costs originally incurred.

As of July 1, 2018, a total of \$364,295 is still owed under Agreement #97-167. Of this, \$160,115 is reimbursable from the Engineering Cost component and \$204,180 is reimbursable from the Soft Cost component of Fees collected. With the recent increase in development activity, staff has verified that a total of \$290,000 is available for reimbursement: \$130,000 for Engineering Costs and \$160,000 for Soft Costs. To complete these reimbursements, the expenditure budget of the Willowcreek Fee Project (I22206000) must be increased by

\$290,000. Reimbursement of the remaining \$74,295 will be made when sufficient future Fee revenues are collected.

Policy Considerations: The recommendations in this report are consistent with the Amended Finance Plan adopted in 1997 and with Agreement #97-167.

Economic Impacts: Not applicable.

Environmental Considerations:

California Environmental Quality Act (CEQA): Under CEQA Guidelines, continuing administrative activities do not constitute a project and are therefore exempt from review (14 Cal. Code Regs. §15378(b)(5)).

Sustainability: Not applicable.

Commission/Committee Action: None.

Rationale for Recommendation: Increasing the expenditure budget of the Willowcreek Fee Project is required to reimburse the engineer and landowners pursuant to Agreement #97-167.

Financial Considerations: The Engineering Costs and Soft Costs components of the Fee revenue, and the associated interest, is accounted for in Fund 3008. These components of the Willowcreek Fee were established to provide funding for developer paid project management costs that facilitated the implementation of the Amended Finance Plan. The \$290,000 will be disbursed from available fund balance (Fund 3008) to twelve landowners/entities, as set forth in Exhibit A to the resolution. The recommended action will not affect the General Fund.

Local Business Enterprise (LBE): Not applicable.

RESOLUTION NO.

Adopted by the Sacramento City Council

Appropriating Willowcreek Fee Revenue and Associated Interest to Reimburse Engineering and Soft Costs

BACKGROUND

- A. On May 13, 1997, the City Council adopted Resolution No. 97-227 and Ordinance No. 97-027, which formed the Willowcreek fee district and adopted the Willowcreek Financing Plan/Nexus Study (the "**Finance Plan**") to provide for the orderly development of the Willowcreek project area located in the South Natomas Community Plan. This area is bounded by Garden Highway on the South, the Natomas Main Drainage Canal on the East, and Interstate 80 on the West and the North, except for certain residential developments that were previously constructed in the southeast corner of the described area.
- B. Also, on May 13, 1997, the City Council adopted Resolution No. 97-228, which established the amount of the Willowcreek Fee (the "**Fee**") in accordance with the Mitigation Fee Act to fund drainage, sewer, water, and transportation improvements.
- C. Subsequent to adoption of the Finance Plan, several construction cost items were added to the facilities program and adjustments were made to certain land use assumptions. On October 14, 1997, the City Council adopted Resolution No. 97-576, which adopted the Amended Final Willowcreek Financing Plan/Nexus Study (the "**Amended Finance Plan**") that accounted for these changes and the resulting impact on the Fee amount.
- D. Fee revenue that is collected by the City is to be distributed to various fund components based on cost percentages outlined in the Amended Finance Plan. Specifically, 6.9% of Fees collected is to be distributed for "Engineering Consultant Costs" ("**Engineering Costs**") and 8.7% is to be distributed for "Property Owner Soft Cost Reimbursement" ("**Soft Costs**").
- E. The Spink Corporation provided engineering services to design the plans and specifications for the Willowcreek project area. The Amended Finance Plan specifies that the cost of these services is to be reimbursed from the Engineering

Costs portion of the Fee. In 2001, the Spink Corporation was acquired by Stantec Consulting.

- F. Certain landowners in the Willowcreek project area provided advance funding of costs for the purposes of facilitating the implementation of the Amended Finance Plan, which then specifies that these advanced costs are to be reimbursed from the Soft Costs portion of the Fee.
- G. On October 14, 1997, the City Council adopted Resolution No. 97-577, authorizing the execution of the *Reimbursement Agreement by and Between the City of Sacramento, the Spink Corporation and Landowners and Former Landowners in the Willowcreek Assessment District Relating to Private Funding of Certain Willowcreek Finance Plan and Developer Project Management Costs (“Agreement #97-167”)*. The City entered into Agreement #97-167 with the Spink Corporation and ten landowners to reimburse them for engineering services and advance funded costs, respectively, if sufficient amounts of the Fee are collected.
- H. Two original landowners that entered into Agreement #97-167 have assigned their reimbursement rights to other entities in specific percentages provided to the City. On March 31, 2000, Willowcreek Associates assigned portions of their future reimbursements to two other entities (Christ Unity Church and Metropolitan Life), and on October 31, 2001, John V. Diepenbrock also assigned portions of their future reimbursements to two other entities (Nelson Family Trust and Kathleen B. Diepenbrock).
- I. Pursuant to the Amended Finance Plan and Agreement #97-167, the Engineering Costs to be reimbursed to the Spink Corporation total \$494,664. As of July 1, 2018, \$160,115 is still owed the Spink Corporation after reductions based on amounts previously reimbursed. In addition, the total Soft Costs amount outlined in the Amended Finance Plan and Agreement #97-167 total \$663,702. As of July 1, 2018, \$204,180 is still owed landowners based on amounts previously reimbursed and Fee credits issued. In addition, three of the original landowners have been fully reimbursed.
- J. With the recent increase in development activity in the Willowcreek project area, staff has verified that sufficient Fee revenue has been collected to reimburse \$130,000 in Engineering Costs and \$160,000 in Soft Costs pursuant to Agreement #99-167, for a total reimbursement amount of \$290,000. The remaining \$30,115 in Engineering Costs and \$44,180 in Soft Costs will be reimbursed when future Fee revenues are sufficient to carry out such reimbursements.

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

- Section 1. The City Council finds and determines that the background statements A through J are true and correct.
- Section 2. The Willowcreek Project (I22206000) expenditure budget shall be increased by \$290,000 with a transfer from the Willowcreek Fee Fund (Fund 3008).
- Section 3. The City Manager is hereby authorized to distribute the appropriated funds in accordance with, and to the landowners/entities identified in, Exhibit A, or their verified successors in interest as determined by the City Manager or City Manager's designee.
- Section 4. Exhibit A is part of this resolution.

Table of Contents:

Exhibit A – Reimbursement Amounts

Exhibit A

Reimbursement Amounts

Landowner/Entity	Current Reimbursement Remaining	Amounts to be Reimbursed	Reimbursement Amount Remaining
Engineering Costs			
Stantec Corporation (formerly Spink)	\$160,114.86	\$130,000.00	\$30,114.86
Subtotal Engineering Costs	\$160,114.86	\$130,000.00	\$30,114.86
Soft Costs			
Barandas, Manuel	\$4,736.07	\$3,711.29	\$1,024.78
Camino Station	\$21,888.87	\$17,152.61	\$4,736.26
Christ Unity Church	\$40,686.94	\$31,883.20	\$8,803.74
Citation Northern	\$5,860.09	\$4,592.10	\$1,267.99
Diepenbrock, Kathleen B.	\$9,109.64	\$7,138.52	\$1,971.12
Diepenbrock, John V.	\$9,109.64	\$7,138.52	\$1,971.12
Giannoni, John & Kerry	\$2,222.05	\$1,741.25	\$480.80
Metropolitan Life	\$25,779.83	\$20,201.65	\$5,578.17
Nelson Family Trust	\$18,219.28	\$14,277.04	\$3,942.25
Sanwa Bank	\$23,601.18	\$18,494.41	\$5,106.77
Willowcreek Associates	\$42,966.38	\$33,669.42	\$9,296.96
Subtotal Soft Costs	\$204,179.96	\$160,000.00	\$44,179.96
Totals	\$364,294.82	\$290,000.00	\$74,294.82