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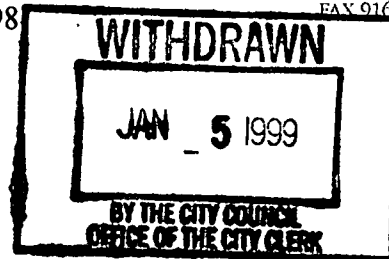
NEIGHBORHOOD SERVICES
DEPARTMENT

CITY OF SACRAMENTO
CALIFORNIA

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December 18, 1998



City Council
Sacramento, California

Honorable Members in Session:

**SUBJECT: ACCEPTANCE OF GRANT FUNDING AND RETIRE THE DEBT
OBLIGATION OF THE STATE OF CALIFORNIA FOR THE ACQUISITION
OF CHICORY BEND**

LOCATION AND COUNCIL DISTRICT: East Bank of the Sacramento River, three miles
south of downtown, District 4

RECOMMENDATION:

Staff recommends City Council authorize the City Manager to execute an agreement with U.S. Fish and Wildlife Service for grant funding in the amount of \$150,000 for the purpose of acquiring Chicory Bend.

CONTACT PERSON: Gary L. Little, Director, (916) 264-6524
Janelle Gray, Administrative Analyst, (926) 264-8234

FOR COUNCIL MEETING OF: January 5, 1999

SUMMARY:

On June 9, 1998, City Council authorized, in partnership with the State of California, the acquisition of 10.8 acres along the Sacramento River known as the Chicory Bend property. The purchase price was \$1.1 million. The State and City paid an initial escrow deposit of \$500,000. The remaining \$600,000 was paid by the Risk Management Fund through an intra-fund loan which is to be paid back over a 10 year period, including a \$150,000 debt obligation from the State.

Both City and State staff have continued to pursue alternate sources of funding and in October 1998 were notified of a grant award in the amount of \$150,000 by the U.S. Fish and Wildlife Service.

For ease of administration, staff is recommending that the City serve as the sole recipient of the grant award. The intra-fund loan will then have a remaining balance of \$450,000.

COMMITTEE/COMMISSION ACTION

Not applicable.

BACKGROUND:

On June 9, 1998, City Council authorized the City Manager to execute an agreement approving the City's participation in the acquisition by the State of California of the property known as Chicory Bend (10.8 acres) along the Sacramento River. This agreement also provided for the lease of the property to the City. The City financed the purchase of land jointly with the State of California as outlined.

- Total purchase price of \$1.1 million
- The City and State contributed equal amounts of \$550,000 towards the acquisition
- The State contributed \$400,000 and the City used \$100,000 of General Fund Contingency for the escrow deposit.
- The remaining \$600,000 was through an internal borrowing of \$600,000 from the Risk Management Fund. Repayment is to be over a ten-year period at an interest rate of 6.5% - 6.7% and is to begin in Fiscal Year 1999 with payments of approximately \$85,000.

Under this arrangement the State was to make a best effort to reimburse the City \$150,000 for their remaining contribution to the acquisition. Both City and State staff have continued to pursue grant funding opportunities to offset the \$600,000 debt obligation and in October 1998, were notified the U.S. Fish and Wildlife Service had approved \$150,000 for the acquisition of Chicory Bend.

FINANCIAL CONSIDERATIONS:

The application of \$150,000 of grant funding will exceed the first year repayment requirement of \$85,000, as well as, result in significant interest savings over the life of the loan. For administrative ease the City elected to be the recipient of the grant. Once the grant funding is received, staff will propose the funds be used to retire the State's best effort obligation of \$150,000. The remaining debt on the loan will then be approximately \$450,000 over a ten-year period. Staff will continue to seek alternative funding sources for repayment of the obligation.

ENVIRONMENTAL CONSIDERATIONS:

Not applicable.

POLICY CONSIDERATIONS:

The Central Valley Project Improvement Act (CVPIA: Title 34 of Public Law 102-575, Section 3406(b)(1)), authorizes and directs the Secretary of the Department of the Interior to develop and implement a program which makes all reasonable efforts to at least double natural production of anadromous fish in the Central Valley rivers and streams. Interior is approaching implementation of the directive through development of an Anadromous Fish Restoration Program (AFRP). The U.S. Fish and Wildlife Service (FWS) assumes lead responsibility for the AFRP. The objective of AFRP is to improve habitat for all life stages of anadromous fish through improved physical river habitat.

City Council
U.S. Fish and Wildlife Services
January 5, 1999

The acquisition and subsequent restoration and preservation of the Chicory Bend site are consistent with AFRP objectives. Additionally, the preservation of the site as a natural habitat is consistent with the Sacramento River Greenway Plan and the Sacramento River Parkway Plan. Acquisition of the Chicory Bend property emphasizes the City's effort and support that contribute to resource conservation and environmental quality of the community and region in balance with other City Council priorities.

MBE/WBE CONSIDERATIONS:

Not applicable.

Respectfully Submitted:


VICTOR L. EDMISTEN
Parks and Recreation Manager

RECOMMENDATION APPROVED:



WILLIAM H. EDGAR
City Manager

APPROVED:


GARY L. LITTLE
Director

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE AN AGREEMENT WITH U.S. FISH AND WILDLIFE SERVICE FOR \$150,000 OF GRANT FUNDING.

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

This resolution authorizes the City Manager to execute an agreement with the U.S Fish and Wildlife Services.

1. The City Manager is authorized to execute an agreement with the U.S. Fish and Wildlife Services for a \$150,000 grant from the Anadromous Fish Restoration Program for the acquisition of the property known as Chicory Bend (10.8 acres) along the Sacramento River.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

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