



**SACRAMENTO  
HOUSING AND REDEVELOPMENT  
AGENCY**



5

June 19, 1990

Budget and Finance Committee  
of the City Council  
Sacramento, CA

Honorable Members in Session:

SUBJECT: Loan for Planning Cost for Richards Boulevard  
Redevelopment Area

SUMMARY

The attached report is submitted to you for review and recommendation prior to consideration by the Redevelopment Agency and City Council of the City of Sacramento.

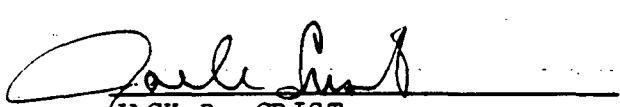
RECOMMENDATION

The staff recommends approval of the attached resolution approving the funding.

Respectfully submitted,

  
ROBERT E. SMITH  
Executive Director

TRANSMITTAL TO COMMITTEE:

  
JACK R. CRIST  
Deputy City Manager

Attachment



# **SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY**



June 26, 1990

City Council of the  
City of Sacramento  
and  
Redevelopment Agency of the  
City of Sacramento  
Sacramento, California

Honorable Members in Session:

**SUBJECT: Loan for Planning Cost for Richards Boulevard  
Redevelopment Area**

## **SUMMARY**

The staff is recommending approval of the attached resolution authorizing the Executive Director of the Agency to initiate action to borrow one million dollars from the Light Rail Reserve Account (currently on reserve with the City of Sacramento) to complete the planning and implementation phases for establishing Richards Boulevard as a redevelopment area.

## **BACKGROUND**

The Agency is currently in the implementation stage of establishing Richards Boulevard as a redevelopment project area. The estimated costs for staff time and consultants is \$1,000,000. (See Attachment 1 for details.) The planning costs for the proposed project area are currently partially funded by Downtown tax increments. It is typical for a new redevelopment area to be initially funded by the municipal government where the area exists. This is usually done by the municipal government loaning the money for the new redevelopment area to be repaid by future tax increments. This establishes outstanding debt for the new redevelopment area which allows for the County Auditor-Controller to release tax increments to the Agency to pay for the annual debt service on the loan. Without outstanding debt the redevelopment area is not entitled to receive any property tax funds.

In this instance, the proposed loan would come from the Light Rail Reserve "RAC's" account which is actually money eventually due the Agency but temporarily on reserve with the City. (By way of background, this fund was established by the Agency pre-paying to the City two annual debt service payments for the Light Rail Certificates of Participation issue of 1985. The payments were to

(1)

# **SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY**

Governing Bodies

June 26, 1990

Page 2

be used by the City as a reserve to cover Light Rail cost overruns, if any; ensure that annual debt payments can be made by the Agency and to fund any liabilities occurring from safe harbor lease transactions the City engaged in to fund the Light Rail start line.) Both the City and the Agency are confident, given the completion of Light Rail, that a loan of this nature from this account is now a safe risk.

It is interesting to note that interest earnings on the "RAC's" reserve is remitted to the Agency anyway and is included in the Agency's budget annually. Any interest payments made on the loan will go to the RAC's account and thus back to the Agency. In effect, we are making a loan to ourselves.

## **FINANCIAL**

The Agency proposes to borrow \$1 million from the RAC's account to be repaid from future tax increments generated in the Richards Boulevard Redevelopment Area. Terms of the loan have been agreed to by the City Finance Director and City Treasurer. The loan will be at 9%. This rate approximates the current earnings on the RAC's fund. The loan will accrue interest until December 31, 1995 at which time the first payment of \$220,000 is due. This allows for sufficient tax increment growth to make the payment and cover administration. The loan will be paid in full by December 31, 2005. The loan agreement and note are Attachments 2 and 3.

The loan has a provision to allow the Agency credit to reduce the outstanding liability for proposed projects in the redevelopment area if it is determined by the City Manager that the projects are of financial benefit to the City.

## **MBE/WBE EFFORTS**

This report has no impact on MBE/WBE policy.

## **ENVIRONMENTAL REVIEW**

CEQA: This action is exempt from environmental review per Section 15378(b)(3).

NEPA: Not applicable - no federal funding involved.

# **SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY**

Governing Bodies

June 26, 1990

Page 3

## **POLICY IMPLICATIONS**

This action is in accordance with existing Agency policy and conforms to the Health and Safety Code Sections pertaining to redevelopment activities.

## **VOTE AND RECOMMENDATION OF COMMISSION**

At its regular meeting of June 18, 1990, the Sacramento Housing and Redevelopment Commission adopted a motion recommending adoption of the attached resolution. The votes were as follows:

AYES:

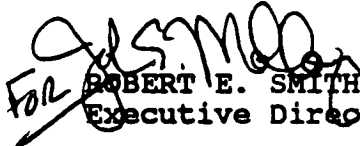
NOES:

ABSENT:

## **RECOMMENDATION**

The staff recommends adoption of the attached resolution authorizing the Executive Director to execute the Loan Agreement and Promissory Note with the City of Sacramento for \$1 million to fund planning costs for the Richards Boulevard Redevelopment Area. The loan to be repaid with future tax increments from the redevelopment area.

Respectfully submitted,

  
For **ROBERT E. SMITH**  
Executive Director

TRANSMITTAL TO COUNCIL:

WALTER J. SLIPE, City Manager

SHRA Contact Person: Mary Pat Frick, 440-1340  
CITY Contact Person: Betty Masuoka, 449-5736

# RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF \_\_\_\_\_

## LOAN FROM CITY OF SACRAMENTO FOR RICHARDS BOULEVARD PLANNING AND FORMATION COSTS

BE IT RESOLVED BY THE SACRAMENTO CITY COUNCIL:

**Section 1:** The City Manager of the City of Sacramento is hereby authorized to enter into a loan agreement with the Redevelopment Agency of the City of Sacramento to lend necessary funds to pay for planning formation costs for the Richards Boulevard Redevelopment Area.

**Section 2:** Said loan agreement shall provide that the loan funds shall come from the City's "RAC's accounts" repayment of the loan shall be made only from future tax increments in the Richards Boulevard Redevelopment Area; the interest rate on the loan shall be nine percent (9%); the term of the loan shall not exceed fifteen and one half years (186 months) and loan payments shall be deferred until December 31, 1995. In addition, the City may grant credit to reduce the outstanding loan liability for proposed projects in the redevelopment area if it is determined by the City Manager that the projects are of financial benefit to the City.

**Section 3:** The City Manager is authorized to execute such ancillary instruments, documents and agreements, in a form approved by Agency General Counsel, as are reasonably necessary to implement the authorizations and directions of this Resolution.

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

SHARE\RESO\RBVLOAN.MF

FOR CITY CLERK USE ONLY

RESOLUTION NO.: \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_

# RESOLUTION NO.

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF \_\_\_\_\_

## LOAN FROM CITY OF SACRAMENTO FOR RICHARDS BOULEVARD PLANNING AND FORMATION COSTS

BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO:

**Section 1:** The Executive Director of the Redevelopment Agency of the City of Sacramento is hereby authorized to enter into a loan agreement with the City of Sacramento to borrow necessary funds to pay for planning formation costs for the Richards Boulevard Redevelopment Area.

**Section 2:** Said loan agreement shall provide that the loan funds shall come from the City's "RAC's accounts" repayment of the loan shall be made only from future tax increments in the Richards Boulevard Redevelopment Area; the interest rate on the loan shall be nine percent (9%); the term of the loan shall not exceed fifteen and one half years (186 months) and loan payments shall be deferred until December 31, 1995. In addition, the City may grant credit to reduce the outstanding loan liability for proposed projects in the redevelopment area if it is determined by the City Manager that the projects are of financial benefit to the City.

**Section 3:** The Executive Director is authorized to execute such ancillary instruments, documents and agreements, in a form approved by Agency General Counsel, as are reasonably necessary to implement the authorizations and directions of this Resolution.

ATTEST:

\_\_\_\_\_  
CHAIR

\_\_\_\_\_  
SECRETARY

SHARE\RESOL\RRVLOAN.MPF

FOR CITY CLERK USE ONLY

RESOLUTION NO.: \_\_\_\_\_

DATE ADOPTED: \_\_\_\_\_

# SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

January 11, 1990

Attachment 1

## M E M O R A N D U M

TO: Betty Masuoka, Finance Director, City of Sacramento  
FROM: Terry L. Wolford, Director of Administration  
SUBJECT: Richards Boulevard Project Area Cost Projections as of 1/1/90

The anticipated Richards Boulevard Project Area cost projections as of 1/1/90 are as follows:

### I. 1989 Budget

#### A. A00200 -- Downtown Administration

##### 4200 -- Materials, services and supplies "estimated"

\$ 300	Postage
500	Reproduction
200	Photos
240	Temporary services
300	Maps
180	Meeting expenses
<u>150</u>	Office supplies
\$1,870	Total Materials, services and supplies

#### B. A00302 -- Richards Boulevard

##### 4222 -- Consultants Contracts

\$ 85,000	Mundie & Associates (Implementation Strategy)
56,400	Nichols-Berman (EIR)
(A00200) <u>25,000</u>	Katz Hollis (RB Plan adoption)
\$166,400	Total Consultants

# SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY

Betty Masuoka  
January 11, 1990  
Page Two

## C. A00802 -- Richards Boulevard Property Acquisition

4830 -- Property Acquisition  
1221 and 1223 North A Street

\$245,000	Purchase Price
<u>2,000</u>	Escrow Fees and Title Insurance
\$247,000	Total Property Acquisition
\$415,270	TOTAL 1989 BUDGET

## II. 1990 Budget

### A. A00800 -- Richards Boulevard Administration

4200 -- Materials, Services and Supplies

\$15,000	Materials, services and supplies
----------	----------------------------------

4222 -- Consultant

\$300,000	Specific Plan and Urban Design Guidelines (as recommended in Implementation Strategy)
-----------	--

4000 -- Salaries and Fringe Benefits

\$ 54,355	9/10 Program Manager
<u>\$ 31,871</u>	3/4 Assistant Planner
\$ 86,226	Total Salaries and Fringe Benefits

5900 -- Overhead

\$153,118	Overhead or Salaries
-----------	----------------------

---

\$554,344 Total Richards Boulevard Administration



# **SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY**

Betty Masuoka  
January 11, 1990  
Page Three

**B. A00820 -- Richards Boulevard PAC**

**4200 -- Materials, Services and Supplies**

**\$13,000 -- Materials, services and supplies**

**C. A00302 - Richards Boulevard**


**4222 -- Consultant Contracts**

\$ 35,000	Appraisals
75,000	Financial analysis
50,000	Environmental analysis
<u>40,000</u>	Plan adoption services/Redevelopment law
<b>\$200,000</b>	<b>Total Consultants</b>

**\$767,344 TOTAL 1990 BUDGET**

**\$1,182,614 TOTAL 1989 AND 1990 BUDGET**

Please feel free to contact us if additional information is necessary.

  
TERRY L. WOLFORD  
Director of Administration

  
THOMAS V. LEE  
Director of Community Development

TLF/TVL:jann

cc: Betty Kosman  
Evelyn Williams

## LOAN AGREEMENT

This Loan Agreement (the "Agreement") is executed as of \_\_\_\_\_, 1990 by and between the CITY OF SACRAMENTO, a municipal corporation, 915 "I" Street, Sacramento, CA 95814 ("Lender"), and the REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO, a public body corporate and politic, 630 "I" Street, Sacramento, CA 95814 ("Borrower"). Lender agrees to lend to Borrower, for the purpose of planning formation costs for the Richards Boulevard Redevelopment Area ("the Project Area"), in increments as set forth on Exhibit "A" attached hereto, with the total of amounts so lent not to exceed ONE MILLION DOLLARS (\$1,000,000), upon the following terms and conditions:

1. Term of the Loan: The term of this loan shall begin on June 30, 1990 and continue until December 31, 2005.

2. Interest: Interest shall accrue upon the unpaid principal amounts from the date such amounts are actually paid to Borrower, at the rate of nine percent (9%) per annum, computed on the basis of a 360-day year and actual days elapsed, until paid. Outstanding interest for each calendar year shall be added to the outstanding principal balance on the last day of each calendar year commencing with December 31, 1990.

3. Payment: Annual payments in the amount of TWO HUNDRED TWENTY THOUSAND DOLLARS (\$220,000) shall be made on the last day of each calendar year beginning on December 31, 1995. The outstanding balance of all principal and interest then owing shall be paid on December 31, 2005. Payments shall be applied first to accrued but unpaid interest, if any, and then to principal.

4. Credits to Borrower. The parties contemplate that certain projects within the Project Area may provide financial benefit to Lender. In the event that Lender's City Manager determines that such projects are of financial benefit to Lender, Lender will determine the amount of the credit and may credit such amount against the outstanding balance due as of the date of the credit.

### 5. General Provisions.

(a) Any notice, demand, request, consent or approval that either party desires or is required to give the other party pursuant to this Agreement shall be in writing and either served personally or sent by prepaid, first-class, certified mail. Such matters shall be addressed to the other party at the address first above stated.

(b) In the event of a default hereunder and the necessity of litigation to enforce any provision of this Agreement, the nonprevailing party in any litigation shall pay, in addition to any other damages awarded to the prevailing party therein, a reasonable sum as attorney's fees and costs as shall be established by the court.

(c) This Agreement constitutes the full Agreement by and between the parties that no other representations have been made regarding the contents of this Agreement.

(d) This Agreement shall not be amended, modified, or altered in any respect without such amendment, modification or alteration being reduced to writing and executed by the parties.

**LENDER:**

**CITY OF SACRAMENTO,**  
a Municipal Corporation

**BORROWER:**

**REDEVELOPMENT AGENCY OF THE  
CITY OF SACRAMENTO, a Public  
Body Corporate and Politic**

By: \_\_\_\_\_  
**WALTER J. SLIPE**  
City Manager

By: \_\_\_\_\_  
**ROBERT E. SMITH**  
Executive Director

Approved as to Legal Form:

By: \_\_\_\_\_  
**WILLIAM P. CARNAZZO**  
Senior Deputy City Attorney

**PROMISSORY NOTE**

June 30, 1990

Sacramento, California

On or before December 31, 2005, for value received, the undersigned Agency promises to pay to the order of the City of Sacramento at 615 "I" Street, Sacramento, California, or such other place designated in writing by Lender, the sum of **ONE MILLION DOLLARS (\$1,000,000)** in lawful money of the United States of America, together with interest accruing thereon in like lawful money, pursuant to the schedule attached hereto as Exhibit "A", and the terms and conditions of the Loan Agreement of even date herewith, at the rate of nine percent (9%) per annum, computed on the basis of a 360-day year and actual days elapsed, until paid. The principal sum of \$1,000,000 shall be drawn down as set forth in Exhibit "A".

Whether or not suit is filed, Borrower agrees to pay all reasonable attorneys' fees, costs of collection, costs, and expenses incurred by Lender in connection with the enforcement or collection of this Note. Borrower further agrees to pay all costs of suit and the sum adjudged as attorneys' fees in any action to enforce payment of this Note or any part of it.

This Note shall be binding upon Borrower's successors and assigns.

**REDEVELOPMENT AGENCY OF  
THE CITY OF SACRAMENTO**

By: \_\_\_\_\_

**ROBERT E. SMITH**  
Executive Director

mpf  
3/28/90  
richloan

Richards Boulevard Loan Ammortization Schedule AT 9%

DATE	TRANSACTION	PRINCIPAL	INTEREST	TOTAL	PRIN. BAL.
6/30/90	DRAW	\$400,000.00		\$400,000.00	\$400,000.00
8/31/90	DRAW	\$200,000.00		\$200,000.00	\$600,000.00
10/31/90	DRAW	\$200,000.00		\$200,000.00	\$800,000.00
12/31/90	DRAW	\$200,000.00		\$200,000.00	\$1,000,000.00
12/31/90	ACCRUE INTEREST		\$27,000.00	\$27,000.00	\$1,027,000.00
12/31/91	ACCRUE INTEREST		\$92,430.00	\$92,430.00	\$1,119,430.00
12/31/92	ACCRUE INTEREST		\$100,748.70	\$100,748.70	\$1,220,178.70
12/31/93	ACCRUE INTEREST		\$109,816.08	\$109,816.08	\$1,329,994.78
12/31/94	ACCRUE INTEREST		\$119,699.53	\$119,699.53	\$1,449,694.31
12/31/95	ACCRUE INTEREST		\$130,472.49	\$130,472.49	\$1,580,166.80
12/31/95	PAYMENT	\$-220,000.00		\$-220,000.00	\$1,360,166.80
12/31/96	ACCRUE INTEREST		\$122,415.01	\$122,415.01	\$1,482,581.81
12/31/96	PAYMENT	\$-220,000.00		\$-220,000.00	\$1,262,581.81
12/31/97	ACCRUE INTEREST		\$113,632.36	\$113,632.36	\$1,376,214.18
12/31/97	PAYMENT	\$-220,000.00		\$-220,000.00	\$1,156,214.18
12/31/98	ACCRUE INTEREST		\$104,059.28	\$104,059.28	\$1,260,273.45
12/31/98	PAYMENT	\$-220,000.00		\$-220,000.00	\$1,040,273.45
12/31/99	ACCRUE INTEREST		\$93,624.61	\$93,624.61	\$1,133,898.06
12/31/99	PAYMENT	\$-220,000.00		\$-220,000.00	\$913,898.06
12/31/00	ACCRUE INTEREST		\$82,250.83	\$82,250.83	\$996,148.89
12/31/00	PAYMENT	\$-220,000.00		\$-220,000.00	\$776,148.89
12/31/01	ACCRUE INTEREST		\$69,853.40	\$69,853.40	\$846,002.29
12/31/01	PAYMENT	\$-220,000.00		\$-220,000.00	\$626,002.29
12/31/02	ACCRUE INTEREST		\$56,340.21	\$56,340.21	\$682,342.50
12/31/02	PAYMENT	\$-220,000.00		\$-220,000.00	\$462,342.50
12/31/03	ACCRUE INTEREST		\$41,610.82	\$41,610.82	\$503,953.32
12/31/03	PAYMENT	\$-200,000.00		\$-200,000.00	\$303,953.32
12/31/04	ACCRUE INTEREST		\$27,355.80	\$27,355.80	\$331,309.12
12/31/04	PAYMENT	\$-200,000.00		\$-200,000.00	\$131,309.12
12/31/05	ACCRUE INTEREST		\$11,817.82	\$11,817.82	\$143,126.94
12/31/05	PAYMENT	\$-143,126.94		\$-143,126.94	\$ .00