



**SACRAMENTO
HOUSING AND REDEVELOPMENT
AGENCY**



9

March 20, 1991

Transportation/Community Development
and Budget and Finance Committees
Sacramento, CA

Honorable Members in Session:

SUBJECT: Amendment of Owner Participation Agreement with the Good Neighbors Club of Del Paso Heights and Authorization to Allocate Additional Del Paso Heights Tax Increment Funds in an Amount not to Exceed \$135,000 for Construction of the Good Neighbors Child Care Center

SUMMARY

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


RECOMMENDATION

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

Respectfully submitted,


JOHN E. MOLLOY
Deputy Executive Director

TRANSMITTAL TO COMMITTEE:


JACK R. CRIST
Deputy City Manager

Attachment



SACRAMENTO HOUSING AND REDEVELOPMENT AGENCY



April 2, 1991

Redevelopment Agency of the
City of Sacramento
Sacramento, California

Honorable Members in Session:

SUBJECT: Amendment of Owner Participation Agreement with the Good Neighbors Club of Del Paso Heights, and Authorization to Allocate Additional Del Paso Heights Tax Increment Funds, in an Amount Not To Exceed \$135,000, for Construction of the Good Neighbors Child Care Center

SUMMARY

This report authorizes additional funds for construction of the Good Neighbors Child Care Center in the Del Paso Heights Redevelopment Project Area. The staff recommends adoption of the attached resolution authorizing the Executive Director to: 1) amend the Owner Participation Agreement (OPA); and 2) approve a budget allocation for additional tax increment funds, not to exceed \$135,000, to complete this project.

BACKGROUND

In April 1988, a resolution was passed authorizing the Executive Director to enter into an Owner Participation Agreement (OPA) with the Good Neighbors Club of Del Paso Heights for construction of a 3,000 square foot child care center to serve at least 40 children (Attachment A). The executed OPA provided \$266,000 to the Good Neighbors Club for construction of a facility at 701 Morey Avenue. The OPA stipulated that Good Neighbors would use the services of Faulkner Architectural Company to provide preliminary design plans, construction drawings, obtain necessary building permits, oversee project bidding, and serve as project manager during construction. The Agency is to approve all contracts and plans and perform inspections prior to each contractor disbursement to ensure that tax increment funds are spent on eligible construction activities. A deferred payment promissory note, secured by a deed of trust, was executed to secure the Agency's funding commitment. The note was secured by the Good Neighbors Club property. In the event the property is sold, refinanced, or no longer used for child care, the note becomes due and payable with interest.

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Bid packages were prepared by Mr. Faulkner with assistance from the Agency's Construction Management Division. The project went out to bid in November 1990. Eleven contractors submitted bids. The low bid was \$387,063, leaving a construction funding deficit of \$141,063 (refer to Attachment B).

Since receiving the bid information, staff has worked closely with the project architect, Good Neighbors, and the Del Paso Heights Redevelopment Advisory Committee to determine a course of action which will best suit the community's needs.

Staff has reviewed the design of the project with the City's Child Care Coordinator. She raised concerns about the amount of space devoted to non-activity use, i.e., offices, kitchen/pantry, and storage space.

In response to her questions staff met with the project architect. Staff agrees that the office space requirements identified by the Good Neighbors Board and reflected in the plans are justified. One office will house the Program Director, one will be used by bookkeeping personnel, and the third will be available for teacher's classroom aides for activities including individual child counseling. Regarding the sizes of the kitchen and pantry, it is important to note that the center provides three full meals daily. The space designed for food preparation and storage appears appropriate to the requirements of this expanded meal service. Further review of all other activity and storage areas explained the need for each to the satisfaction of staff.

As a result of these meetings, staff recommends the following course of action:

1. Construction costs can be reduced without adversely affecting the integrity of the project by modifying some of the materials used in the building and re-bidding the modified project. The modifications include replacing exterior wood siding with fiberboard siding, utilizing plastic laminate cabinets in lieu of stainless steel, reducing the exterior overhangs, and laying extruded curbing instead of constructing formed concrete curbs. Staff estimates these changes will result in savings of \$10,000 or more. Allowing for a small contingency of \$5,000, this leaves funding shortfall of no more than \$135,000.

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2. The Good Neighbors Club and the RAC has initiated a campaign to solicit private contributions of cash, materials, and/or labor to assist in closing the funding deficit. (It should be noted that the RAC was enthusiastic about seeking private contributions to help complete this neighborhood-serving project). The RAC and Good Neighbors have initiated fundraising efforts which will continue until March 31, 1991.
3. Funding from Del Paso Heights unallocated tax increment monies in an amount not to exceed \$135,000 will be allocated to cover any fund shortfalls not addressed by #1 and #2 above.

FINANCIAL DATA

The current allocation for the Good Neighbors Child Care Center is \$291,000. The amount of additional tax increment to be allocated to the project will be the difference in the bid awarded, less the committed amount of private contributions and existing construction funds. The additional amount, which will not exceed \$135,000, is available from Del Paso Heights tax increment funds.

ENVIRONMENTAL REVIEW

Action funded by the Agency are exempt per CEQA Section 15301 Class 1.

MBE/WBE

The OPA contains requirements that the Good Neighbors Club comply with SHRA MBE/WBE policy in contracting for construction discussed in this report.

POLICY IMPLICATION

The actions proposed in this staff report and the attached Resolution are consistent with previously approved policy.

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VOTE AND RECOMMENDATION OF THE DEL PASO HEIGHTS REDEVELOPMENT ADVISORY COMMITTEE (RAC)

The RAC studied project alternatives presented by the staff and the project architect and heard public testimony regarding the child care centers at two of their regular meetings. Staff conducted a special workstudy session on February 5, 1991 at the RAC's request to investigate funding option in the Del Paso Heights budget. At its meeting of February 28, 1991, the Del Paso Heights Redevelopment Advisory Committee (RAC) adopted a motion recommending approval of the allocation of an amount not to exceed \$150,000. The votes were recorded as follows:

AYES: Dinkel, Driever, Moore, Murrell, Perez, Spyles,
Sullivan, Turner

NOES: None

ABSENT: Avad, Cunningham, Pardieck, Rockwell

Staff believes that by modifying materials and with the possibility of a substantially lower new bid, the shortfall should not exceed \$135,000.

VOTE AND RECOMMENDATION OF THE COMMISSION

At its meeting of March 20, 1991, the Sacramento Housing and Redevelopment Commission adopted a motion recommending approval of the attached resolution. The votes were as follows:

AYES: Amundson, Cespedes, Moose, Pernell, Simon, Simpson, Wooley,
Yew, Strong .

NOES: None

ABSENT: Diepenbrock, Williams

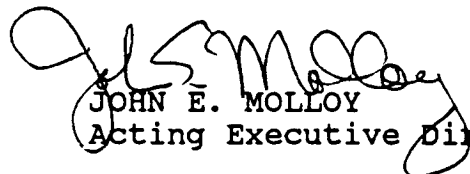
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RECOMMENDATION

Staff recommends adoption of the attached Resolution amending the Owner Participation Agreement with the Good Neighbors Club of Del Paso Heights, California and authorizing an additional allocation of Del Paso Heights tax increment funds, not to exceed \$135,000, for construction of the Good Neighbors Child Care facility.

Respectfully submitted,


JOHN E. MOLLOY
Acting Executive Director

TRANSMITTAL TO COUNCIL

WALTER J. SLIPE
City Manager

Contact Person: Leslie Fritzsche
440-1315

F:\JR\STAFFRPT\GOODNEIG.DM

RESOLUTION NO.

ADOPTED BY THE REDEVELOPMENT AGENCY OF THE CITY OF SACRAMENTO

ON DATE OF _____

**AMENDMENT TO THE OWNER PARTICIPATION AGREEMENT WITH THE
GOOD NEIGHBORS CLUB OF DEL PASO HEIGHTS, CALIFORNIA AND
AUTHORIZATION TO ALLOCATE DEL PASO HEIGHTS TAX INCREMENT
FUNDS FOR CONSTRUCTION OF THE GOOD NEIGHBORS
CHILD CARE CENTER**

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

Section 1: The Executive Director is hereby authorized to amend the Owner Participation Agreement with the Good Neighbors Club of Del Paso Heights, California dated April 25, 1988, and to allocate additional Del Paso Heights tax increment funds, in an amount not to exceed \$135,000, for construction of the Good Neighbors Child Care Center.

CHAIR

ATTEST:

SECRETARY

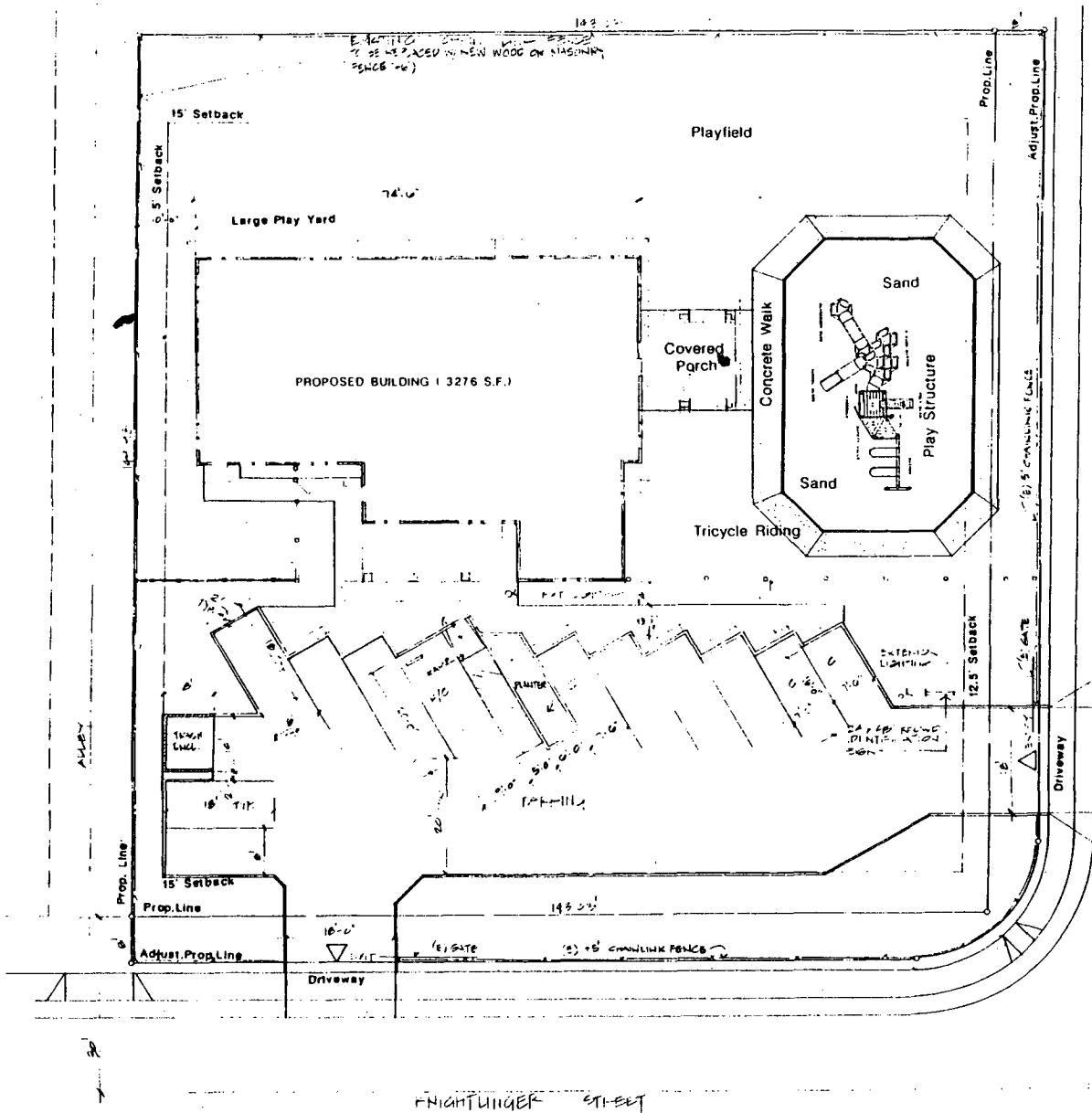
FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

ATTACHMENT A (1)

(7)



Site / Floor Plan
 SCALE: 1" = 10'
 REVISED 1:15:90

Good Neighbors
Child Care & Learning Center
 701 Morry, Sacramento

Sheet

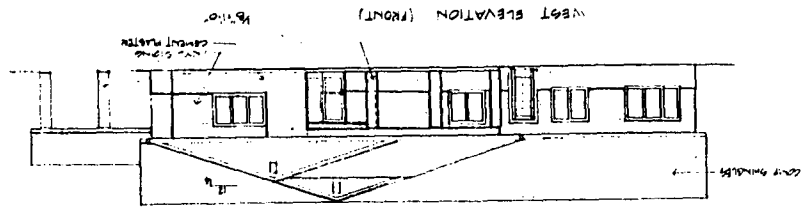
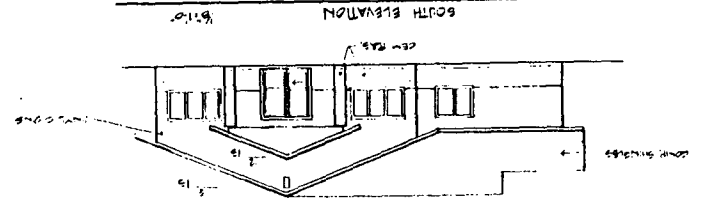
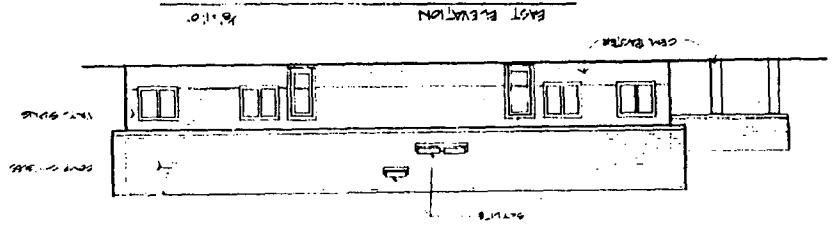
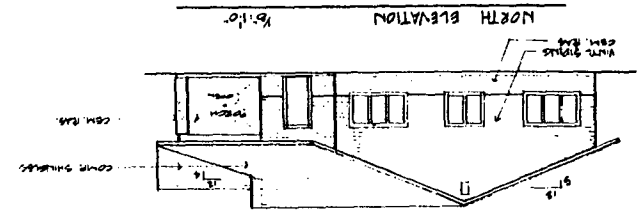
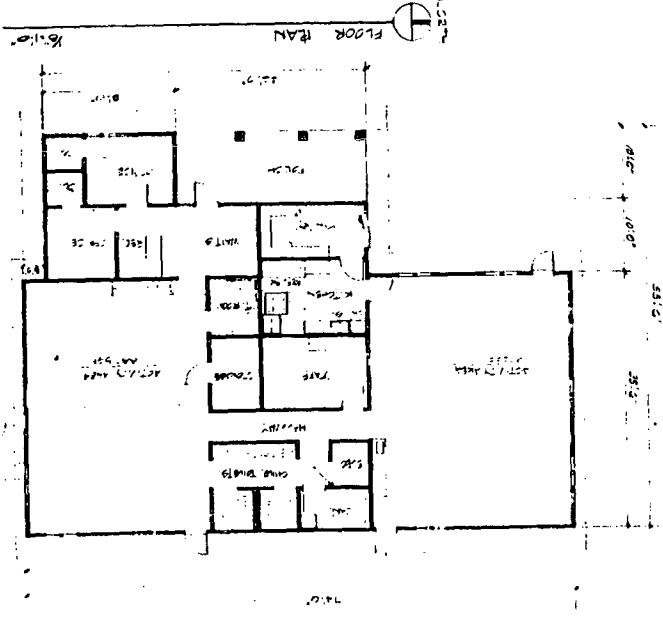
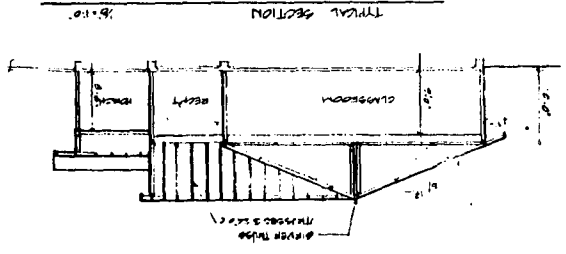
Title

Issues

Good Neighbors
Child Care & Learning Center
701 Harvey, Sacramento

Project

FAULKNER
[1916] 454-2041



ATTACHMENT B

ORIGINAL PROJECT BUDGET

o	Building/Site Construction		\$196,000
o	Building Fees/Permits		5,000
o	Design and Engineering		35,000
o	Soils and Surveying		5,000
o	Contingency @ 10%		25,000
			<hr/>
	SUBTOTAL		\$266,000
o	Allocation for Landscape/Play Equipment	+	25,000
o	Current Budget Less Pre-Construction	-	45,000
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	TOTAL CONSTRUCTION FUNDS		\$246,000
o	Minus Existing Low Bid	-	\$387,063
			<hr/>
	CURRENT BUDGET SHORTFALL		\$141,063*

REVISED PROJECT BUDGET

o	Construction Funds (See Above*)		\$246,000
o	Allocation - Not to Exceed		+\$135,000
			<hr/>
	TOTAL REVISED CONSTRUCTION FUNDS		\$381,000

NOTE: Donations of materials, cash, or labor will affect the amount of TAB funding required to complete the project.

* It is expected that modifications to materials and the possibility of a substantially lower bid will decrease this shortfall.

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