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CITY OF SACRAMENTO

CITY MANAGER'S OFFICE
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City Council
Sacramento, California

Honorable Members In Session:

SUBJECT: Report on Establishment of a Reserve Account For
1915 Bonds to be Issued to Cover Unpaid Assessments
in Assessment Districts

BACKGROUND INFORMATION

This report is a follow-up to the report submitted to Council on March 18, 1980, regarding assessment districts where the City is paying approximately 75% of the cost for installing public improvements in low and moderate income neighborhoods and the districts for the installation of public improvements in developed areas. There are five of these subsidized Districts ready to begin with the estimated costs shown on the attached Exhibit "A". The total cost of these projects is estimated to be \$3,293,746.66 with \$2,438,719.67 being contributed from CDBG Fund, \$54,462.71 from Water and Sewer Funds and \$792,564.28 assessed against the properties within the proposed Districts.

Stone and Youngberg has advised the City that to enable the 1915 bonds to be issued for these Districts a salable item, the City must create a Reserve Account in an amount that represents 4% of the bonds that are issued for these districts and adopt a fast foreclosure procedure for the recovery of any delinquency that may occur on the yearly installments due on the bonds.

The Reserve Account in the amount necessary to make the Bonds salable for these Districts would require \$31,702.57 be set aside. In addition to the five subsidized Districts, assessment proceedings are ready to begin on the Brentwood and Freeport Village Street Lighting Assessment District. This type of project was indicated in the previous staff report as one for which the City should use either 1911 or 1913 Improvement Act with the issuance of 1915 Bonds. To issue the 1915 Bonds will require an additional \$4,400.00 be added to the Reserve Account as this project is estimated to cost \$110,000.00. The addition of the \$4,400.00 to the \$31,702.57 totals \$36,102.57, or approximately \$40,000.00, to be set aside in a Reserve Account.

APPROVED
BY THE CITY COUNCIL

APR 8 1980

OFFICE OF THE
CITY CLERK

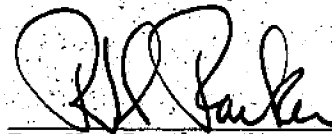
FINANCIAL DATA

The \$40,000.00 for the subject Reserve Account should be set aside from the additional interest income earned on the \$2,000,000.00 Supplemental Retirement System Contribution.

RECOMMENDATION

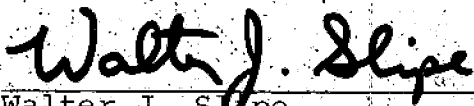
It is recommended that the attached Resolution be adopted which establishes a Special Assessment District Reserve Account in the amount of \$40,000.00 for the bonds issued under the 1915 Bond Act for these assessment districts. It is further recommended that the \$40,000.00 be set aside from the additional interest reserve now being accumulated on the \$2,000,000.00 Supplemental Retirement System Contribution.

Respectfully submitted,



R. H. Parker
City Engineer

Recommendation Approved



Walter J. Slupe
City Manager

RHP:IEM:bd
Attachments

April 8th, 1980
ALL DISTRICTS

EXHIBIT "A"

<u>DISTRICT NAME</u>	<u>ESTIMATED TOTAL COST</u>	<u>(Estimated City Contribution)</u>			<u>ASSESSED TO PROPERTY</u>	<u>ESTIMATED RES. ACCT.</u>
		<u>C.D.B.G.</u>	<u>WATER FUND</u>	<u>SEWER FUND</u>		
Del Rio Junction #2	\$ 753,291.09	\$ 546,549.78	\$14,603.71		\$192,137.60	\$ 7,685.50
Warwick and Mascot	597,007.52	443,186.29			145,821.23	5,832.85
Del Paso Heights #3	821,994.25	603,663.50		\$ 3,000.00	215,330.75	8,613.23
Del Paso Heights #4A	576,003.80	430,414.60	12,499.00	24,360.00	108,730.20	4,349.21
Southside St. Light.	545,450.00	414,905.00			130,544.50	5,221.78
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$3,293,746.66	\$2,438,719.67	\$27,102.71	\$27,360.00	\$792,564.28	\$31,702.57

RESOLUTION NO. 80-222

ESTABLISHING A SECURITY FUND
FOR IMPROVEMENT BONDS
ISSUED UNDER
IMPROVEMENT BOND ACT OF 1915
FOR DESIGNATED
IMPROVEMENT DISTRICTS
AND
DECLARING CERTAIN COVENANTS
FOR THE BENEFIT OF
HOLDERS OF BONDS
ISSUED IN DESIGNATED
ASSESSMENT DISTRICTS

WHEREAS, the City of Sacramento is about to do and construct certain improvement work on the public streets and easements at designated locations in the City of Sacramento, and

WHEREAS, the City of Sacramento will do and construct said improvement work at said designated areas under the terms and provisions of improvement act laws of the State of California, and

WHEREAS, the City of Sacramento will contribute designated portions of the cost and expense of said improvement work from cash funds that the City has available for that purpose, and

WHEREAS, the City of Sacramento, acting under said improvement act laws, will assess the cost and expense of said improvement work that remains after said cash contributions have been made on the lands that benefit from said improvement work, and the City of Sacramento will designate said lands that benefit from said improvement work to be assessment districts, and

WHEREAS, the general description of the improvement work that will be done and assessed on lands in said assessment districts, and the names of said assessment districts, and the proceeding numbers of said improvement proceedings, are as follows:

IMPROVEMENT PROCEEDING NO. 4856
street lighting work for
SOUTHSIDE STREET LIGHTING
ASSESSMENT DISTRICT;

IMPROVEMENT PROCEEDING NO. 4913
street improvement work for
DEL PASO HEIGHTS ASSESSMENT
DISTRICT NO. 3;

IMPROVEMENT PROCEEDING NO. 4922
street improvement work for
WARRICK AVENUE AND MASCOT AVENUE
ASSESSMENT DISTRICT;

IMPROVEMENT PROCEEDING NO. 5013
street improvement work for
DEL PASO HEIGHTS ASSESSMENT
DISTRICT NO. 4A;

IMPROVEMENT PROCEEDING NO. 5018
street lighting work for
BRENTWOOD VILLAGE AND FREEPORT
VILLAGE STREET LIGHTING
ASSESSMENT DISTRICT;

IMPROVEMENT PROCEEDING NO. 5065
street improvement work for
DEL RIO JUNCTION ASSESSMENT
DISTRICT NO. 2,

and

WHEREAS, the City of Sacramento will cause Improvement Bonds to be issued to represent unpaid assessments levied on the lands in said Assessment Districts, and will cause said bonds to be issued under the IMPROVEMENT BOND ACT OF 1915, and

WHEREAS, the City of Sacramento deems that it is desirable and in the public interest to do certain acts and to make certain covenants and commitments with a view to assuring the holders and owners of said bonds of punctual and timely payment of interest coupons falling due on said bonds, and assuring punctual and timely payment of principal sums due on said bonds, and deems that by said acts and covenants that the said bonds will be made saleable at prices advantageous to the property owners and to the City of Sacramento, and

WHEREAS, one of said acts is to establish a fund of \$40,000.00 to be set aside for the benefit of the bonds to be issued to represent unpaid assessments to be levied in the Assessment Districts above designated. The actual amount to be established for each District designated above shall be appropriated by a Resolution after the amount of bonds to be issued on a particular District is ascertained. The amount set aside for each District designated above shall not be less than four (4%) per cent of the total amount of the bonds issued for a particular District. The City of Sacramento agrees that the moneys in said Fund will not be used for any purpose during all the time when any of said bonds are outstanding and unpaid, except for transferring money therefrom into the funds that the City of Sacramento uses to pay interest coupons falling due on said bonds, and to pay principal sums maturing on account of said bonds, and to further covenant that the City of Sacramento will transfer money from said Fund into the redemption funds for said bonds at each time when property owners are delinquent in paying the installments due on their assessments on their lands, and at each time when the bond redemption fund does not contain enough money to pay such maturing interest coupons and such maturing principal sums on said bonds, and

WHEREAS, another of said acts is to covenant for the benefit of said bondholders to promptly commence a legal action against each owner of lands to foreclose the assessment lien on said owner's land who fails and neglects to pay the installment payment on his assessment at the time such assessment installment falls due, and to vigorously prosecute

said legal action, and thereby cause the land of such an owner to be sold as by law provided, and to cause all sale proceeds to be deposited in said Fund, and

WHEREAS, another of said acts is to covenant for the benefit of said bondholders to deposit in said Fund all penalties that the City of Sacramento may collect on account of delinquent assessments levied on lands in said Assessment Districts.

NOW, THEREFORE, RESOLVED BY THE CITY COUNCIL OF THE CITY OF SACRAMENTO, STATE OF CALIFORNIA, as follows:

1. That this Council finds that each of the recitals to this Resolution are true;

2. That the City of Sacramento hereby establishes the \$40,000.00 Fund described in this Resolution, and covenants for the benefit of the holders of improvement bonds to be issued for the Assessment Districts named in the recitals to this Resolution to use and hold said \$40,000.00 Fund for the benefit of said bondholders in the manner and at the time set out in the recitals to this Resolution;

3. That the City of Sacramento hereby covenants for the benefit of the holders of the Improvement Bonds to be issued for the Assessment Districts named in the recitals to this Resolution to commence legal action to foreclose the lien of delinquent assessments, and to cause the lands subject to said assessments to be sold and the proceeds of sale to be deposited in said Fund, all as described in the recitals to this Resolution, and likewise covenants for the benefit of said bondholders to deposit all penalties collected on account of delinquent assessments to be deposited in said Fund.

4. That the City of Sacramento hereby authorizes the transfer of \$40,000.00 from the Supplemental Retirement System Contribution (Budget No. 2-25-0000-0000-2720) to Special Assessment Fund (Budget No. 6-38-0000-0000-2630).

PASSED AND ADOPTED THIS _____ DAY OF _____, 1980, by the following vote:

AYES:

NOES:

ABSENT:

MAYOR

ATTEST:

CITY CLERK