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**DEPARTMENT OF PARKS  
AND COMMUNITY SERVICES**

**CITY OF SACRAMENTO**  
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SACRAMENTO ZOO  
PARKS AND RECREATION  
• NORTH  
• SOUTH  
• CITY-WIDE

WALTER S. UEDA  
DEPUTY DIRECTOR

February 26, 1991

Budget and Finance Committee  
Sacramento, California

Honorable Members in Session:

**SUBJECT: Financing of Phase II of the Sacramento Zoo Rare Feline Breeding  
Center (NA31)**

**SUMMARY**

This report recommends that the City Council: (1) approve a \$700,000 debt financing plan for construction of Phase II of the Rare Feline Breeding Center (NA31), to be backed by the City General Fund and repaid from the Zoo Special Account over five years at \$170,466 per year; (2) waive additional competitive bidding for construction of Phase II of the Rare Feline Breeding Center and award the contract to Sierra National Construction Company, the current contractor for the completed Phase I; (3) authorize the City Manager to execute Delivery Order No. 2 to Master Property Lease Agreement with Fiscal Funding Company; (4) amend the 1990/91 CIP Budget to appropriate the debt financing to the Rare Feline Breeding Center project; and (5) amend various capitol improvement projects as shown in Exhibit A, mid-year adjustments.

**BACKGROUND INFORMATION**

On November 21, 1989, the Rare Feline Center project was advertised for bid. Instructions were to bid on the entire project, which was defined as a base bid plus three bid alternatives. On January 16, 1990, City Council awarded the project to Sierra National Construction Company for the base bid plus alternate #1 and #2 (Phase I). Construction of this phase is now complete, and it is recommended that bid alternate #3 in the amount of \$472,000 (Phase II) be awarded to Sierra National Construction Company in order to complete the exhibit phase of this project. The benefit of this proposal is that the current contractor still remains at the zoo site and is in a position to continue working on this project without additional start-up costs. Sierra National Construction presented the lowest bid on the remaining alternate #3 (Phase II).

The Sacramento Zoo has not opened a new exhibit since 1986 when the Chimpanzee Exhibit was constructed. It is calculated within the zoo profession that in order to maintain and/or increase attendance to Zoological Gardens, new exhibits need to be opened approximately every three years. With the opening of the Rare Feline Exhibit, Sacramento Zoo has the potential of increasing attendance an additional 5%-10% in FY 1991/92, thus increasing admission fees directed to the general fund. The Rare Feline Center was designed to be the next major facility to go under construction in 1986. However, during the Zoo-2002 Master Plan process, construction of new facilities were halted.

Phase I, which is now completed, includes new indoor and outdoor off-exhibit holding areas for the existing lion and tiger exhibits, as well as indoor and outdoor off-exhibit holding for three additional species of South American cats, for which new exhibits are to be constructed in the Phase II portion of this project. Completion of this project has become critical in that original donors are expecting this construction to be completed very soon, and the general public is sensitive to the need for updated exhibits for cats at the Sacramento Zoo. Zoo attendance has not significantly increased in the last two years, due in part to the delay of new exhibits being opened.

#### FINANCIAL DATA

The current cost to complete Phase II of the Rare Feline Breeding Center project is \$700,000. Staff recommends financing the initial funds for this construction through a debt-financing program, in addition to making various other mid-year changes in capital projects as shown in Exhibit A. This debt would be backed by the General Fund and repaid in the form of lease payments from the Zoo Special Account beginning in FY 1991/92 and continue through FY 1995/96 at \$170,466 per year (note Exhibit A). The City would enter into a lease agreement, excluding the land, with the Fiscal Funding Company, Inc.

Fiscal Funding Company, Inc. has made a commitment to the City of \$700,000 at a 7.5% net borrowing rate as a master lease agreement with Fiscal Funding Company already exists. Delivery Order No. 2 represents the second amendment to this master agreement to include the purchase of Phase II site improvements to the Rare Feline Center. Issuance or incidental costs are not expected to be incurred in order to obtain the lease. As improvements are constructed, vendor billings will be paid by the leasing company. Lease payments will be based on the actual amount expended on improvements through the prior six months. A lease for \$700,000 of improvements will cost \$170,466 annually with the total financing amounting to \$852,329 over five years. Total interest expense will be approximately \$152,329. At the conclusion of the lease, the City will own the improvements upon payment to the lessor of one dollar.

#### POLICY CONSIDERATIONS

As funding for park and recreational facilities diminishes, alternative financing mechanisms are necessary. The City Council has supported debt financing for the purpose of enhanced public services and revenue generation.

#### MBE/WBE EFFORTS

All efforts were made to support the City's MBE/WBE goals and to encourage bidding by participating or qualifying businesses at the time the original bid

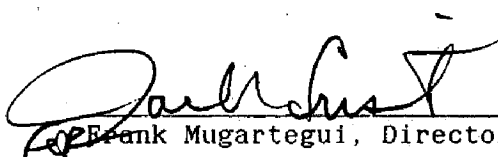
was awarded to Sierra National Construction Company. Further, Fiscal Funding Company, Inc. is a wholly-owned leasing affiliate of Grisby Brandford Powell, a 100% minority-owned and controlled investment banking firm.


RECOMMENDATION

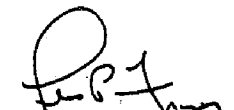
This report recommends that the Budget and Finance Committee approve this report and refer it to the full City Council for action. Further, it is recommended that the City Council, by resolution:

1. Approve a \$700,000 debt financing plan for construction of Phase II of the Rare Feline Breeding Center (NA31) to be backed by the General Fund and repaid from the Zoo Special Account (586-450-4621) at \$170,466 per year for five years;
2. Waive additional competitive bidding by a two-thirds vote by Council for the construction of Phase II of the Rare Feline Breeding Center in accordance with Section 57.401 of the City Code and award the contract to Sierra National Construction Company;
3. Approve the Debt Financing Plan and authorize the City Manager to execute Delivery Order No. 2 to the Master Property Lease Agreement and any other related documents with Fiscal Funding Company, Inc.;
4. Amend the FY 1990-91 CIP Budget to include debt financing in the amount of \$700,000 for the Rare Feline Breeding Center; and
5. Amend the FY 1990-91 CIP budget to make various mid-year changes to capital improvement projects as shown in Exhibit A.

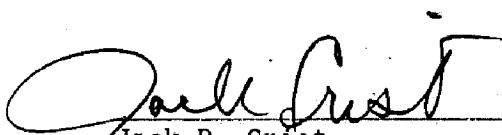
Respectfully submitted,

  
 Frank Mugartegui, Director  
 General Services Department

  
 Robert P. Thomas, Director  
 Parks and Community Services

  
 Thomas P. Friery  
 City Treasurer

Recommendation Approved:

  
 Jack R. Crist  
 Deputy City Manager

RPT:ja

MGRZCat1

February 26, 1991  
District 4

# RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

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

RESOLUTION APPROVING A \$700,000 DEBT FINANCING PLAN FOR CONSTRUCTION OF PHASE II OF THE RARE FELINE BREEDING CENTER (NA31) AND AUTHORIZING DELIVERY ORDER NO. 2 TO THE MASTER PROPERTY LEASE AGREEMENT WITH FISCAL FUNDING COMPANY, INC. FOR IMPROVEMENTS TO THE SACRAMENTO ZOO RARE FELINE CENTER AND WAIVING ADDITIONAL COMPETITIVE BIDDING AND AWARDED THE CONSTRUCTION CONTRACT TO SIERRA NATIONAL AND AMENDING THE FY 1990-91 CIP BUDGET

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

1. That the Rare Feline Center, Phase II (Exhibits), be constructed through a debt-finance plan from the Zoo Special Account (586-450-4621), to be backed by the City General Fund at \$170,466 per year for five years;
2. That additional competitive bidding be waived by a 2/3 vote by Council for construction of Phase II of the Rare Feline Center in accordance with Section 57.401 of the City Code and award the contract to Sierra National Construction Company;
3. That the City Manager be authorized to execute Delivery Order No. 2 to Master Property Lease Agreement and any other related documents with Fiscal Funding Company, Inc.;
4. The FY 1990-91 CIP Budget is amended to recognize revenue from debt-service as follows:

|                   |              |
|-------------------|--------------|
| Other sources     | \$ [700,000] |
| 586-500-NA31-4820 | 700,000      |

5. The FY 1990-91 CIP is amended as shown in Exhibit A, mid-year adjustments.

\_\_\_\_\_  
MAYOR

ATTEST:

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

FOR CITY CLERK USE ONLY

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

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

EXHIBIT A

SACRAMENTO ZOO TRUST FUND\*  
(Dollars in 000's)

|                                 | 1990-91<br>Approved | 1990-91<br>Midyear | 1991-92<br>Projected | 1992-93<br>Projected | 1993-94<br>Projected | 1994-95<br>Projected | 1995-96<br>Projected |
|---------------------------------|---------------------|--------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Beginning Fund Balance          | \$135               | \$97 **            | \$112                | \$72                 | \$65                 | \$76                 | \$81                 |
| Revenues                        | 365                 | 315 **             | 331                  | 364                  | 382                  | 401                  | 421                  |
| Expenditures                    |                     |                    |                      |                      |                      |                      |                      |
| Capital Improvement Projects    |                     |                    |                      |                      |                      |                      |                      |
| Rare Feline Phase II-Cash       | 300                 | 50                 |                      |                      |                      |                      |                      |
| Rare Feline Phase II-Debt       | 0                   | 700                |                      |                      |                      |                      |                      |
| Group Picnic Area               | 50                  | 50                 |                      |                      |                      |                      |                      |
| Educational Interpretive Center | 150                 | 175                |                      |                      |                      |                      |                      |
| Gift Shop                       | 0                   | 25                 |                      |                      |                      |                      |                      |
| Capital Projects/Replacement    |                     |                    | 200                  | 200                  | 200                  | 225                  | 250                  |
| Debt Service                    |                     |                    |                      |                      |                      |                      |                      |
| Rare Feline Phase II            |                     |                    | 171                  | 171                  | 171                  | 171                  | 171                  |
| Subtotal Expenditures           | 500                 | 1,000              | 371                  | 371                  | 371                  | 396                  | 421                  |
| Use of Funds                    |                     |                    |                      |                      |                      |                      |                      |
| Debt Proceeds                   | 0                   | 700                |                      |                      |                      |                      |                      |
| Ending Fund Balance             | \$0                 | \$112              | \$72                 | \$65                 | \$76                 | \$81                 | \$81                 |

\* The Zoo Trust Fund receives revenues from concessions at the ZOO and a portion of the admissions from weekends

\*\* These amendments have already been adopted as part of the Midyear Review