

# City of Sacramento

## Legislation Details (With Text)

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**Title:** Appropriation of North Natomas Basin 6 Drainage Fee Revenues  
**Sponsors:**  
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Date	Ver.	Action By	Action	Result
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**Title:**  
**Appropriation of North Natomas Basin 6 Drainage Fee Revenues**

File ID: 2020-00081

**Location:** District 1

**Recommendation:**

Adopt a Resolution 1) authorizing the City Manager or City Manager's designee to increase the revenue and expenditure budgets by \$260,775 for the Basin 6 Drainage Project (I22200600) in the North Natomas Drainage Fee Fund (3205); and 2) authorizing the City Manager or City Manager's designee to distribute the appropriated funds in accordance with Exhibit A.

**Contact:** Mary Jean Rodriguez, Program Specialist, (916) 808-1980; Sheri Smith, Special Districts Manager, (916) 808-7204, Department of Finance

**Presenter:** None

**Attachments:**

- 1-Description/Analysis
- 2-Resolution
- 3-Exhibit A

**Description/Analysis**

**Issue Detail:** As required by City Code chapter 18.24 and the North Natomas Finance Plan, the City collects a drainage fee from each Basin 6 landowner for the purpose of reimbursing the developers that construct “common” drainage improvements. Alleghany Properties, LLC (“Alleghany”) has constructed common drainage improvements in Basin 6 in accordance with City Agreement No. 98-100 and City Manager Agreement No. 2002-712, and Beazer Homes, Inc. (“Beazer”) has constructed common drainage improvements in Basin 6 in accordance with City Manager Agreement Nos. 2006-0398 and 2005-1002. These four agreements (collectively, the “Drainage Agreements”) obligate the City to reimburse Alleghany’s and Beazer’s construction costs. The Drainage Agreements were superseded by the Basin 6 Settlement Agreement (the “Settlement Agreement”) designated as City Agreement No. 2019-0329 approved by City Council on March 26, 2019 to resolve disagreement on the amount of reimbursement and distribution of drainage fees.

The City will follow the procedure set forth in section 13 of the Settlement Agreement when disbursing fee revenues each calendar quarter. The City will disburse the fee revenue currently available as follows 81.83% to Alleghany, from which the City will retain a 3% administrative fee, and 18.17% to Beazer, from which the City will not retain a 3% administrative fee, as the City waived the administrative fee under Exhibit G of the Beazer Agreements.

Approximately \$260,775 in drainage-fee revenues have been collected and need to be appropriated for reimbursement. The recommended actions will authorize the reimbursement of Alleghany and Beazer in accordance with the Settlement Agreement. The City will disburse \$206,990 to Alleghany, from which the City will retain \$6,402 administrative fee, and \$47,383 to Beazer.

**Policy Considerations:** The recommendation is consistent with the Settlement Agreement and will provide for the distribution of drainage fees to reimburse Alleghany and Beazer for their approved costs of constructing drainage facilities in Basin 6 as required by the North Natomas Finance Plan. The drainage fees may not be used for the reimbursement unless appropriated by the City Council for that purpose (City Charter § 116).

**Economic Impacts:** Not applicable.

**Environmental Considerations:**

**California Environmental Quality Act (CEQA):** Under the CEQA Guidelines, continuing administrative activities do not constitute a project and are therefore exempt from review (14 Cal. Code Regs. §15378(b)(2)).

**Sustainability:** Not applicable.

**Commission/Committee Action:** Not applicable.

**Rationale for Recommendation:** Appropriating funds from Fund 3205 will allow Alleghany and Beazer to be reimbursed in accordance with the Settlement Agreement for a portion of the drainage-facility costs they incurred. The recommended actions are consistent with City Code chapter 18.24, article II.

**Financial Considerations:** The Basin 6 Drainage Project (I22200600) budget needs to be increased by \$260,775 in the North Natomas Drainage Fee Fund (Fund 3205) to provide for the reimbursements authorized under the Settlement Agreement. There are adequate deposits available to increase the revenue budget in the project by the same amount.

**Local Business Enterprise (LBE):** Not applicable.