

City of Sacramento

Legislation Text

File #: 2018-01532, **Version:** 1

Title:

Agreement: Silverleaf Development Project Acquisition Agreement for Statewide Community Infrastructure Program Facilities (Two-Thirds Vote Required)

File ID: 2018-01532

Location: District 8

Recommendation:

Pass a Motion: 1) suspending the competitive-bidding requirement in an agreement with Elk Grove - Silverleaf, LLC for the City's acquisition of public improvements financed through the Statewide Community Infrastructure Program; and 2) authorizing the City Manager or the City Manager's designee to execute that agreement on the City's behalf.

Contact: Sheri Smith, Special Districts Manager, (916) 808-7204, Department of Finance

Presenter: None

Attachments:

- 1-Description/Analysis
- 2-Background
- 3-Acquisition Agreement

Description/Analysis

Issue Detail: On April 18, 2017, the City Council passed Resolution No. 2017-0136 authorizing the City of Sacramento (the City) to join the Statewide Community Infrastructure Program (SCIP) and approving a form acquisition agreement for use as part of the SCIP process. SCIP is a pooled tax-exempt bond-financing program used for development impact fees and public infrastructure. It is administered by the California Statewide Communities Development Authority (CSCDA), which issues bonds secured by property assessments in participating jurisdictions. By pooling the projects, SCIP provides the ability for smaller development projects to take advantage of tax-exempt financing for a portion of the fee and infrastructure requirements.

The Silverleaf project is a small 4.4-acre, 31-unit single-family infill development on Shasta Avenue, south of Cosumnes River Boulevard. Silverleaf will be the first project within the City to utilize SCIP to construct public facilities the City will acquire. In connection with the acquisition of facilities, the City and the Elk Grove - Silverleaf, LLC (the Developer) will enter into a form acquisition agreement that prescribes how the Developer is to construct the facilities and specifies how the City will authorize reimbursement to the Developer from SCIP bond proceeds (the Agreement). The Agreement requires, among other things, that the Developer use competitive bidding when awarding contracts; it also provides, however, that compliance with competitive bidding may be excused if the City Council determines, by a two-thirds vote, that excusing compliance is in the City's best interests. (See §§ 2.8, 3.7, and 4.9 in Exhibit C to the Agreement.)

Policy Considerations: For reasons detailed below, excusing the Developer from the requirement of competitive bidding is in the City's best interests for the following reasons:

- (1) The Developer is the first to utilize SCIP financing to construct public facilities within the City. The form acquisition agreement approved by the City requires public bidding for facilities to be acquired, which is not a standard requirement of CSCDA. As such, CSCDA did not make the Developer aware of the requirement, and construction commenced on improvements without public bidding. Excusing the Developer from complying with the competitive-bidding requirement enables the Developer to use SCIP financing and assists in the Developer's successful completion of the Silverleaf project.
- (2) Excusing the Developer from compliance with the competitive-bidding requirement does not expose the City or the public to excessive costs. The Agreement limits reimbursements from the City to the amount that the SCIP can support, which is far less than the actual cost of the public facilities. Furthermore, the Developer is responsible for all costs in excess of the amount available from the SCIP. As such, the Developer has ample incentive to control costs.
- (3) Finally, to ensure the integrity of the City's bidding requirements, CSCDA was informed of the City's requirement and has agreed to educate future SCIP applicants early in the process. So the circumstances that justify excusing the Developer from compliance with competitive bidding are unlikely to reoccur.

Economic Impacts: None.

Environmental Considerations:

California Environmental Quality Act (CEQA): This report concerns government activities that do not constitute a "project" as defined by section 15378(b)(4) of the CEQA Guidelines and are not subject to the provisions of CEQA (CEQA Guidelines, §15060(c)(3)).

Sustainability: Not applicable.

Commission/Committee Action: None.

Rationale for Recommendation: Excusing compliance with competitive bidding will allow the Developer to participate in SCIP and finance public infrastructure with competitive interest rates, lower financing costs, and minimal City staff costs. The Silverleaf project will add 31 new single-family residential units to the City's housing stock.

Financial Considerations: The Developer will initially use its own funds to finance construction of the public improvements. Later, if and when sufficient bond proceeds are available, the City will authorize reimbursement to the Developer from SCIP bond proceeds consistent with the Agreement. There are no obligations placed on other funds of the City.

Local Business Enterprise (LBE): Not applicable.