

SACRAMENTO METROPOLITAN AIR QUALITY MANAGEMENT DISTRICT

For the Agenda of: October 26, 2006

To: Board of Directors
Sacramento Metropolitan Air Quality Management District

From: Larry Greene
Air Pollution Control Officer

Subject: Agreement with the City of Sacramento regarding the use of mitigation fees received for Natomas Central Community Facilities District

Recommendation

Approve the attached Resolution and Agreement stating that the District will use the mitigation fees received for the Natomas Central Community Facilities District (Natomas Project) on projects that qualify for funding under the District's Heavy Duty Low Emission Vehicle Incentive Program (HDLEV Program), and authorize the Air Pollution Control Officer to execute the attached Agreement, and to make, in consultation with the District Counsel, such minor modifications to the Agreement as may become necessary.

Purpose

The City of Sacramento is conducting proceedings under the Mello-Roos Community Facilities Act of 1982 (the "Act") in which it is considering formation of a community facilities district, the "Natomas Central Community Facilities District No. 2006-02, City of Sacramento, County of Sacramento, State of California" (the "Community Facilities District"), to finance certain public fees and facilities under a bond issuance.

The City would like to use bond proceeds to pay the air quality mitigation fees assessed against the project in its Environmental Impact Report (EIR). The fees total approximately 1.3 million dollars. To use bond proceeds for the fees, the City must enter into an agreement with the District generally identifying the projects that will be funded and the approximate time period for allocation of the funds.

Discussion

The District uses air quality mitigation fees to fund emission reduction projects under the HDLEV or Carl Moyer Programs. This agreement makes this use of the funds explicit and requires that 20% of the funds be used for projects that will be publicly owned.

The agreement establishes a fixed-percentage-public-project requirement because, to qualify for bond financing, the City must insure that only 5% of the bond proceeds are used for non-public expenditures.

The agreement states that the District will use its best efforts to insure that the mitigation funds are used as outlined in the agreement. If the District is unable to identify adequate projects, despite its best efforts, there is no specific prohibition on the District's ability to use the funds to finance other projects. Such an action would have potentially significant ramifications for the City of Sacramento, however, including jeopardizing the tax exempt status of the bond issuance. Because of this, District staff carefully considered its ability to fulfill the agreement and is confident that it will be able to do so.

Fiscal Impact

None

Respectfully submitted,

Larry Greene
Air Pollution Control Officer

Reviewed By:

Kathrine Pittard
District Counsel

Attachments