

CITY OF YUBA CITY
STAFF REPORT

Date: May 19, 2009
To: Honorable Mayor & Members of the City Council
From: Finance Department
Presentation By: Robin Bertagna, CPA, Finance Director

Summary

Subject: Approve Loan Agreement with Sutter-Butte Flood Control Agency
Recommendation: Adopt a resolution authorizing the City of Yuba City to advance funds to the Sutter-Butte Flood Control Agency (SBFCA) for their FY 2009-2010 Operating Budget including approval of related Loan Agreement
Fiscal Impact: \$586,775 to be funded with a loan from the unallocated balance available in Library Developer Impact Fees (\$1.2 million).

Analysis:

The SBFCA JPA presented the FY 2009-10 Budget to the Agency's Board on March 25, 2009. The requested loan amount of \$586,775 represents one-half of the local cash requirement necessary to support the Agency's activities contained in the FY 2009-10 budget. Sutter County approved contribution of an equal amount at their meeting on May 5th. It is expected that this amount would be reimbursed to the City and Sutter County from future proceeds of an assessment for levee and flood control purposes. To date the City has previously loaned SBFCA \$591,428 (\$258,150 for FY 2007-08 and \$333,278 for FY 2008-09).

Fiscal Impact:

\$586,775 to be funded with a loan from the unallocated balance available in Library Developer Impact Fees. There is a total balance available in Library Developer Impact Fees of \$1.2 million. After funding this loan, there would still remain a balance of just over \$600,000. As a component of it's Developer Impact Fees, the City collects Levee Impact Fees. For single family dwelling units, the Levee Fee component is \$2,874 per unit. There have not been sufficient Levee Impact Fees collected to date to fund the requested operating loan from the Agency for it's FY 2009-10 Budget needs. This loan would be repaid either through the proceeds of an assessment for levee and flood control purposes, or through the collection of future Levee Impact Fees. The loan will be repaid with interest based on standard pooled investment treasury rates. It is anticipated that the loan will be repaid within a five year period from whichever source generates funds for repayment.

Alternatives:

Do not approve the Loan Agreement for SBFCA. If this occurs, the JPA will be unable to pay for operating expenditures.

Recommendation:

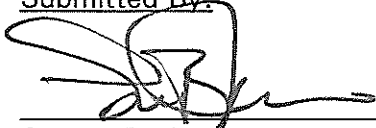
Staff recommends that the City Council adopt a resolution authorizing advance funding for one half of the Proposed Operating Budget for SBFCA for FY 09-10 including approval of the related Loan Agreement.

Prepared By:



Robin Bertagna, C.P.A.
Finance Director

Submitted By:



Steven R. Jepsen
City Manager

Reviewed By:

City Attorney
Assistant City Manager

OK via email

LOAN AGREEMENT

This Loan Agreement ("Agreement") is between the City of Yuba City, a political subdivision of the State of California ("City") and the Sutter-Butte Flood Control Agency, a joint powers authority ("Agency") and is effective on the date last signed below.

RECITALS

A. The Agency was formed by the Sutter-Butte Joint Exercise of Powers Agreement ("JPA Agreement") for the purpose of jointly exercising the powers of its members to provide flood control and protection within the boundaries of the Agency.

B. The Agency is in need of funding for its 2009-2010 budget and City desires to lend money to the Agency.

THE PARTIES AGREE AS FOLLOWS:

1. **Loan of Funds by City.** The City agrees to lend to the Agency the sum of Five Hundred Eighty-Six Thousand Seven Hundred Seventy Five Dollars (\$586,775) (the "Loan") to be used to further the purpose of the Agency. Interest on the Loan shall be paid at the Sutter County pooled treasury rate.

2. **Repayment of the Loan.** The City agrees that repayment of the Loan is contingent on the Agency receiving sufficient funds to repay the Loan through a benefit assessment, tax or other source of funding to the Agency. The Agency agrees to repay the Loan if and when the Agency has sufficient funds available. The Agency may make partial payments of the Loan or pay the Loan in one lump sum. Loan payments shall be made payable to the City of Yuba City and sent to:

City of Yuba City
Attn: Finance Director
1201 Civic Center Blvd.
Yuba City, CA 95993

The Agency agrees that any repayment of the Loan will be in equal proportions to repayment of any loan made to it by Sutter County and the City of Yuba City for the same purpose.

3. **Dissolution of Agency.** If the Agency dissolves, the Agency shall no longer be responsible for repayment of the loan but agrees to refund to the City any unused portion of the Loan, to the extent allowed by law and the JPA Agreement.

4. **Amendments.** This Agreement may be amended only in writing signed by both parties.

5. **Entire Agreement.** This Agreement is the entire agreement between the parties regarding the Loan and supercedes any other prior oral or written agreement.

CITY OF YUBA CITY

SUTTER-BUTTE FLOOD
FLOOD CONTROL AGENCY

By: _____
Leslie McBride
Mayor

By: _____
John Miller
Chairman

Dated: _____

Dated: _____

ATTEST:

APPROVED AS TO FORM

TERREL LOCKE
CITY CLERK

By: _____
Janet Bender
Deputy County Counsel
Interim Counsel for Sutter-Butte
Flood Control Agency

By: _____

APPROVED AS TO FORM

By: _____
Tim Hayes
City Attorney

RESOLUTION NO. _____

***Resolution of The City Council of The City of Yuba City
Authorizing Advance of Loan for Yuba City's Share of the
FY 2009-2010 Proposed Operating Budget for Sutter-
Butte Flood Control Agency***

Whereas, the Sutter-Butte Flood Control Agency (SBFCA) was formed and held its first Board meeting on December 12, 2007; and

Whereas, the City of Yuba City is a member of the Sutter-Butte Flood Control (SBFCA) JPA; and

Whereas, the SBFCA received the proposed Operating Budget for FY 2009-2010 on March 25, 2009; and

Whereas, the City Council for the City of Yuba City approved advancing funds for one half of the FY 2009-2010 operating budget on May 19, 2009; and

Whereas, the City of Yuba City and Sutter County are preparing separate Loan Agreements to reimburse both Yuba City and Sutter County from any future assessments approved for levee and/or flood control purposes.

Now, therefore, be it resolved that the City Council of the City of Yuba City authorizes City staff advance funds to the SBFCA in the amount of \$586,775.

Passed and Adopted by the City Council of the City of Yuba City this 19th day of May, 2009 by the following vote:

Ayes:

Noes:

Absent:

Mayor

Attest:

City Clerk