

CITY OF YUBA CITY
STAFF REPORT

Date: June 1, 2010
To: Honorable Mayor & Members of the City Council
From: Department of Public Works
Presentation by: George L. Musallam, Public Works Director

Summary

Subject: Approval of amendment to Loan Agreement between the Sutter Butte Flood Control Agency and Yuba City for funding of lower Feather River set back levee at Star Bend.

Recommendation: Authorize the Mayor to execute an amendment to Loan Agreement between the Sutter Butte Flood Control Agency and Yuba City for funding of lower Feather River set back levee at Star Bend.

Fiscal Impact: City funds have been allocated previously as a loan to the Sutter Butte Flood Control Agency to partially fund the re-construction of the Starr Bend levee in Sutter County. This amendment to the loan Agreement will allow the use of \$500,000 of unused City loaned funds to support the operational and capital cost needs of SBFCA.

Background:

The Sutter-Butte Flood Control Agency (SBFCA) entered into agreements with Sutter County and Yuba City on April 16, 2008 and April 17, 2008 respectively for a loan to fund the local cost share of the Star Bend levee setback project which was managed by Levee District 1. The project is completed and currently Levee District 1 is going through closeout process of the project with the State.

Analysis:

Levee District 1 informed SBFCA, that there is \$1 M in excess funds in the current appropriations for the project because of the favorable construction bids they received, and that these funds could be released for other purposes. Please see the letter from Bill Hampton dated March 10, 2010, which is attached to this staff report.

Since Levee District 1 is releasing funds from the appropriation for their project, SBFCA is asking the use \$500,000 of City funds allocated to Starr Bend to support agency operational and capital cost needs. These funds will also be provided as a loan to the Agency until the funds from the assessments are received assuming the property owners approve the assessment which is currently being voted on. The Board of Directors of SBFCA approved the attached Amendment to the Agreement at their last meeting this month.

Fiscal Impact:

City funds have been allocated previously as a loan to the Sutter Butte Flood Control Agency to partially fund the re-construction of the Starr Bend levee in Sutter County. This amendment to the loan Agreement will allow the use of \$500,000 of unused City loaned funds to support the operational and capital costs of the Agency.

Alternatives:

Do not approve the amendment

Recommendation:

Authorize the Mayor to execute an amendment to Loan Agreement between the Sutter Butte Flood Control Agency and Yuba City for funding of lower Feather River set back levee at Star Bend.

Prepared by:



George L. Musallam
Public Works Director

Submitted by:



Steven R. Jepsen
City Manager

Reviewed by:

Department Head

Finance



FIRST AMENDMENT
TO LOAN AGREEMENT BETWEEN
SUTTER-BUTTE FLOOD CONTROL AGENCY
AND CITY OF YUBA CITY

This First Amendment to the Loan Agreement between Sutter-Butte Flood Control Agency and the City of Yuba City ("Amendment") is made and entered into this ____ day of _____, 2010, by and between Sutter-Butte Flood Control Agency ("Agency") and the City of Yuba City ("City").

RECITALS:

WHEREAS, Agency and City entered into a loan agreement dated April 17, 2008 ("Loan Agreement") under which the City loaned the Agency \$1.6 million to be used the fund the local cost share of the Star Bend project;

WHEREAS, Article 5 of the Loan Agreement states that amendments to the terms of the Loan Agreement shall be in writing and signed by both parties;

WHEREAS, Agency and City desire to amend the Agreement;

NOW, THEREFORE, Agency and City agree as follows:

1. Article 1 of the Loan Agreement is hereby replaced in its entirety by the following: "The City agrees to lend to the Agency the sum of One Million Six Hundred Thousand Dollars (\$1,600,000)(the "Loan") to be used to fund the local cost share of the Project and to further the purposes of the Agency. Specifically, the Agency may utilize up to \$500,000 of the Loan for Agency purposes. Interest on the Loan shall be paid at the County pooled treasury rate."
2. Article 2 is hereby amended as follows:
 - a. By re-titling the Article as follows: "Disbursement of Loan Funds for the Project"; and
 - b. By adding the following to the beginning of the first sentence: "For Loan funds being used to fund the local cost share of the Project,"; and
 - c. By replacing the final sentence in its entirety with the following: "The Agency shall not disburse such Loan funds for activities not included in the Project scope approved by DWR."

All other terms and conditions contained in the Agreement shall remain in full force and effect.

This Amendment is hereby executed on the _____ day of _____, 2010.

SUTTER-BUTTE FLOOD
CONTROL AGENCY

CITY OF YUBA CITY

By: _____
William H. Edgar
Interim Executive Director

By: _____
Kash Gill
Mayor

Dated: _____

Dated: _____

APPROVED AS TO FORM:

ATTEST:

Scott Shapiro
Agency Counsel

By: _____
City Clerk

APPROVED AS TO FORM

By: _____
Timothy Hayes
City Attorney

Date: March 10, 2010

Memorandum for Record

Subject: Left-Over Local Share Funds for the Star Bend Set-Back Levee Project

TO: Board of Directors, Levee District One

Mr. Bill Edgar has inquired about the left-over local share funds from the Star Bend Set-back Levee Project. We cannot release all of the funds back to the County and City until a full audit is performed by the State. The State could reject some claims that we have submitted. In this case, we would have to use local share funds.

Of the \$4,500,000.00 dollars that the City, County, and Calpine put in, we have only drawn \$1,620,000.00. This is not counting the \$750,000.00 that Levee District One spent of our own funds.

It is my suggestion we use all the \$1,300,000.00 Calpine funds. This would mean the County and City only has given us \$320,000.00. This would leave \$2,880,000.00 on deposit with Sutter Buttes.

I would suggest we could give back \$1,000,000 to the County and City at this time and hold the remaining \$1,880,000.00 until after the audit.

Respectfully submitted,

Bill Hampton