

**CITY OF ALBANY
CITY COUNCIL AGENDA
STAFF REPORT**

Agenda Date: 7/07/08

Reviewed by: BP

SUBJECT: Approval of the execution of a lease to finance storm drain and sanitary sewer improvements.

RESOLUTION: **Resolution 08-43** A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A MASTER LEASE AGREEMENT WHICH SHALL FUND EQUIPMENT SCHEDULE NO. 01, AN ESCROW AGREEMENT, AND RELATED INSTRUMENTS, AND DETERMINING OTHER MATTERS IN CONNECTION THEREWITH.

REPORT BY: Charlie Adams, Finance and Administrative Services Director

STAFF RECOMMENDATION

That Council approve the Resolution #08-43 to authorize execution of a financing lease, and authorize the City Treasurer, City Administrator, and Finance and Administrative Services Director to complete documents required for execution of such lease, in accordance with the resolution referenced above.

BACKGROUND

In June 2006, Albany voters approved Measure F - 2006, which identified funding for the Neilson-Curtis Storm Drain project. The City's 1998 Watershed Management Plan (WMP) identified this project as *the number one priority storm drain project in the City*. This project is intended to resolve chronic drainage problems experienced by residents in the 1000 block of Curtis and Neilson Streets during wet weather months. On September 18, 2006 the City Council authorized URS Corporation of Oakland to proceed with a study of alternatives and technical approaches for the construction of storm drain improvements in this area.

In April of 2007 Council directed staff to proceed with the plans and specifications for the project, with the method of construction to be determined as the project was defined. Council further directed that the rehabilitation of the sanitary sewer system on Neilson Street also be included in the project design.

In February 4, 2008, Council received a report from the City Engineer indicating that due to a number of variables he was unable to determine whether pilot tube or remote controlled micro-tunneling would be the most cost effective. Accordingly Council

authorized plans, specifications and estimates to be prepared for each method. Council also authorized the preparation of an environmental document for this project.

On March 17 and on April 7, 2008, the Council conducted a public hearing on the Negative Declaration that was noticed and circulated. Following the conclusion of the hearing, Council approved the plans and directed staff to advertise the project for public bids. On April 7 the Council also approved the negative declaration, approved a finance plan whereby the Finance Director and the City Administrator were authorized to secure financing (loans) for the project, and a scope of services for URS for construction review services for this project.

DISCUSSION/ANALYSIS

City of Albany staff has negotiated a lease agreement with Eltekon Capital, Inc. to finance the construction of storm drain and sanitary sewer facility improvements in an amount not to exceed \$2,587,000, with repayment over a period of 10 years, at an effective annual interest rate of 4.89%, with provision for prepayment of the outstanding principal on the second anniversary date of the lease agreement and each subsequent anniversary date, without prepayment penalty.

FINANCIAL IMPACT

Lease payments will be made from revenue currently received from the Albany Street Paving and Storm Drain Facility Improvement Tax, and the City of Albany Sewer Service Charges. No new or additional taxes will be required, and no General Fund revenues will be utilized for the lease payments.

Attachment

1. Resolution 08-43