

RESOLUTION NO. XXXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIALTO, CALIFORNIA, AMENDING THE 2024-2025 FISCAL YEAR BUDGET.

WHEREAS, on May 1, 2001, the City of Rialto entered into a Joint Exercise of Powers Agreement creating the Rialto Utility Authority, in order to facilitate the recovery of a portion of the City equity in the water and wastewater systems and to comply with the provisions of Proposition 218 by fixing the transfer of monies between the utility enterprise and the City General Fund based upon allowable methodologies; and

WHEREAS, on March 27, 2012, the City Council and Rialto Utility Authority Board adopted Resolution 6094 and Resolution 6095, respectively, approving a Concession Agreement with Rialto Water Services; and

WHEREAS, the Concession Agreement included provisions for the sources and uses of financing, Catch-up Lease Payments to the City of Rialto's General Fund using funds secured by Rialto Water Services; and

WHEREAS, the Catch-up Lease Payments represented a partial catch-up of lease payments that the City General Fund was entitled to under the lease agreements entered into when the Rialto Utility Authority was created in 2001; and

WHEREAS, Of the \$30 million in Catch-up Lease Payments, \$5 million was taken from the Water Utility Enterprise and \$25 million was taken from the Wastewater Utility Enterprise; and

WHEREAS, on September 19, 2012, the City Council approved Resolution No. 6179, approving the second amended and restated contract of sale with Lewis-Hillwood Rialto Company, LLC, for the development of approximately 498 acres in the merged project area, which the agreement required that the City secured \$30 million from the Water/Wastewater Concession Agreement transaction and deposit those funds in a third-party escrow account. The City's obligation to proceed with Airport closing, among other things, was contingent upon the receipt of funding; and

WHEREAS, on November 29, 2012, the City Council and Rialto Utility Authority Board entered into a Trust Agreement with Rialto Water Services, LLC; and

WHEREAS, on January 22, 2013, the City Council authorized \$5 million in General Fund Lease Payments derived from the Concession Agreement financial closing to augment the General Fund Unrestricted Reserves for contingencies; and

WHEREAS, since 2013, approximately \$5 million from the Airport Escrow Account has been reallocated to water and wastewater capital improvements that were not identified as projects in the initial Airport Escrow water and wastewater capital improvement list, effectively balancing the \$5 million in Concession Agreement financial closing costs to zero; and

WHEREAS, the City of Rialto acknowledges that the Water and Wastewater Enterprises are challenged by increased inflation and operation costs during these economic conditions; and

WHEREAS, per Section 5.03, Rate Stabilization Accounts of the Trust Agreement, the City of Rialto and Rialto Utility Authority must maintain a balanced budget of incoming water and wastewater revenues against annual operating expenses and coverage requirements.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF RIALTO DOES HEREBY FIND, DETERMINE, AND RESOLVE AS FOLLOWS:

<u>Section 1</u>: The foregoing recitals are true and correct and incorporated herein by this reference.

<u>Section 2</u>: The City of Rialto City Manager is hereby authorized and directed to rebook the \$30 million in Catch-up Lease Payments from the Rialto Utility Authority Enterprise Fund to the City General Fund as an interest-free loan.

<u>Section 2.1</u>: Authorize the repayment of the loan with the transfer of \$30 Million from the City's Unrestricted General Fund Reserve to the Authority's Water Fund and Wastewater Fund, allocating \$5 Million to the Water Reserve Fund and \$25 Million to the Wastewater Reserve Fund.

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<u>Section 2.2</u>: The \$5 million transfer to the Water Fund will be treated as rate stabilization and available monies of the Rialto Utility Authority and used as needed by Rialto Utility Authority to comply with the Concession Agreement for operating costs, Capital Charges, and/or Capital Improvement Project (CIP) costs until potential annual Proposition 218 procedures are undertaken.

<u>Section 2.3</u>: The \$25 million transfer to the Wastewater Fund will be treated as rate stabilization and available monies of the Rialto Utility Authority and used as needed by Rialto Utility Authority to comply with the Concession Agreement for operating costs, Capital Charges, and/or Capital Improvement Project (CIP) costs until potential annual Proposition 218 procedures are undertaken.

1	WHEREFORE, this Resolution is	passed, approved, and adopted on this 23
2	day of July 2024.	
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;		DEBORAH ROBERTSON, Mayor
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	ATTEST:	
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	BARBARA A. McGEE, City Clerk	
	APPROVED AS TO FORM:	
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	ERIC VAIL, City Attorney	

$\begin{bmatrix} 1 \\ 2 \end{bmatrix}$	COUNTY OF SAN BERNARDINO) ss CITY OF RIALTO)		
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4 5 6 7	I, Barbara A. McGee, City Clerk of the City of Rialto, do hereby certify that the foregoing Resolution No. XXXX was duly passed and adopted at a regular meeting of the City Council of the City of Rialto held on the 23rd day of July 2024.		
8	Upon motion of Councilmember, seconded by Councilmember		
9	, the foregoing Resolution No. XXXX was duly passed and		
0	adopted.		
11	Vote on the motion:		
12	AYES:		
13	NOES:		
14	ABSENT:		
15	IN WITNESS WHEREOF, I have hereunto set my hand and the Official Seal of		
16	the City of Rialto this day of, 2024.		
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19	BARBARA A. MCGEE, City Clerk		
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