



City of Rialto

Legislation Details (With Text)

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Title: Request City Council to Receive and File the Statement of Income and Expenses related to the Miro Way, Alder Avenue, and Locust/Laurel/Walnut Escrow Accounts for September 2017.

Sponsors:

Indexes:

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Attachments: 1. Exhibit A Miro Way Escrow Statement of Income and Expense for September 2017.pdf, 2. Exhibit B CalTrust and FSB Statements for Miro Escrow Account September 2017.pdf, 3. Exhibit C Alder Avenue Escrow Statement of Income and Expense for September 2017.pdf, 4. Exhibit D CalTrust and FSB Statements for Alder Escrow Account September 2017.pdf, 5. Exhibit E Locust.Laurel.Walnut Escrow Statement of Income and Expense for September 2017.pdf, 6. Exhibit F CalTrust and FSB Statements for Alder Escrow Account September 2017.pdf

Date	Ver.	Action By	Action	Result
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For City Council Meeting [November 14, 2017]

TO: Honorable Mayor and City Council

APPROVAL: Michael Story, City Administrator

FROM: Robb R. Steel, Assistant CA/Development Services Director

Request City Council to Receive and File the Statement of Income and Expenses related to the Miro Way, Alder Avenue, and Locust/Laurel/Walnut Escrow Accounts for September 2017.

BACKGROUND:

On September 25, 2012, the City Council approved the Second Amended and Restated Contract of Sale for Areas B, C, and D (the "Airport Contract") with Lewis-Hillwood Rialto LLC (LHR). A key provision of the Airport Contract required the City to deposit \$30 million into escrow to fund pre-development obligations, including tenant relocation, demolition, remediation, and infrastructure (the "Article VI Work" as defined in the Airport Contract). The City initially allocated approximately \$9 million of the \$30 million for public infrastructure related to the Project.

On March 24, 2015, the City adopted Resolution No. 6694 approving a Construction Reimbursement Agreement with Lewis-Hillwood Rialto Company, LLC for construction of the Miro Way Improvement Project (MWI Project). On September 8, 2015, the City Council adopted Resolution No. 6822 approving the Amended and Restated Construction Administration Agreement for Miro Way. The total budget for the amended construction Project is \$13,755,053 funded from various sources, including development impact fees and Airport Escrow Account funds. The City paid a portion of the costs outside of escrow (\$83,273) for right-of-way acquisition, with the balance of funding

(\$13,671,780) deposited into escrow.

On May 12, 2015, the City adopted Resolution No. 6732 approving a Construction Reimbursement Agreement with Lewis-Hillwood Rialto Company, LLC for construction of the Alder Avenue Improvement Project (AAI Project). The total budget for the Phase I Project was \$5,414,108. The City’s contribution derives from various sources, including development impact fees and Airport Escrow Account funds.

On May 22, 2015, the City, LHR, and First Savings Bank (FSB) entered into separate Joint Escrow Instructions for the administration of funds related to the MWI Project and the AAI Project. FSB will hold the funding for both projects, subject to periodic releases by the City to pay for authorized project related expenses.

On October 13, 2015, the City Council approved a Construction Reimbursement Agreement for Laurel/Walnut/Locust Improvements by and between the City of Rialto and Lewis Hillwood Rialto LLC and reallocated funding within the Airport Escrow budget. On December 1, 2015, the City and LHR entered into Joint Escrow Instructions for the Laurel, Walnut, and Locust Improvements (the “PI Escrow Account”).

Since a third party trustee disburses these funds, expenditures do not enter the City’s normal financial reporting systems. Because of the substantial size of the expenditures, staff indicated that it would provide a monthly report to the City Council summarizing the income and expenditures related to the Airport Escrow Account.

ANALYSIS/DISCUSSION:

Expenditures from Miro Way Escrow Account (MWI Escrow Account)

On June 26, 2015, the City deposited the amount of \$8,120,000 in the MWI Escrow Account. The deposit represented contributions from the Drainage Development Impact Fee (\$5,724,000), Regional Traffic Development Impact Fee (\$524,000), and the Wastewater Collection Development Impact Fee (\$1,872,000). On October 28, 2015, the City deposited the balance of funding from the Airport Escrow Account (\$5,551,780). The total deposited funds equal \$13,671,780. Upon project completion, Panattoni will reimburse the Airport Escrow Account the sums of \$267,606 (for 210 Logistics Center), \$538,174 (for I-210 Logistics Center II), and \$415,408.22 for I-210 Logistics Center III. On March 13, 2017, Panattoni paid the City \$538,174.08 for I-210 II and on September 7, 2017, the City deposited \$415,408.22 for I-210 II.

The City expended (\$863,311.28) from this Account during September 2017 for Payment Request #4 to Lewis Hillwood Rialto LLC.

Miro Way Improvement Escrow Account Expenditures

First American Trust, FSB (Miro Way Escrow)

Submitted Date	Paid Date	Payee	Description	Draw No.	Expense
September 2017 Claims					\$ (863,311.28)
9/13/2017	9/18/2017	LHR	Payment Request #4	MW 2017-003	\$ (863,311.28)

A detailed income and expense report showing all activity through the month ending September 30, 2017, is included as **Exhibit A**. The table below summarizes the MWI Escrow Account activity from inception through September 30, 2017:

Summary of Account Status
Miro Way Improvement Escrow Account

Summary	Date	Fund	Budget	Actuals	Total Amounts
Total Required Expenditures					\$ 13,671,780.00
Total Deposits	9/30/2017				\$ 14,625,362.30
Total Expenditures to Date	9/30/2017				\$ (11,447,204.33)
Storm Drain		230	\$5,724,000	(\$5,688,302.59)	
Regional Traffic		250	\$524,000	(\$99,932.39)	
Wastewater Collection		660	\$1,872,000	(\$1,333,478.10)	
Miro Street Improvements		300	\$5,551,780	(\$4,325,491.24)	
			\$13,671,780	(\$11,447,204.33)	
Remaining Required Expenditures	9/30/2017				\$ 2,224,575.67
Available Funds in Escrow Account (NAV)					
Cash with First American Trust	9/30/2017			\$279.41	
Cal Trust Portfolio	9/30/2017			\$3,190,606.21	
					\$3,190,885.62
Investments					
Cumulative Investment Income	9/30/2017				\$ 54,028.37
Cumulative Realized Investment Gains/(Losses)	9/30/2017				\$ 937.64
Cumulative Unrealized Investment Gains/(Losses)	9/30/2017				\$ -
Net Portfolio Returns	9/30/2017				\$ 54,966.01
Transfer to City General Fund Reserves	9/30/2017				\$ (42,238.37)
Balance of Investment Earnings in Escrow Account	9/30/2017				\$ 12,727.64

Source: Reconciliation of September, 2017 Statements from FSB and CalTrust

Total authorized expenditures (as adjusted by the Amended and Restated Construction Reimbursement Agreement) are \$13,671,780. To date, the City has expended \$11,447,204.33 with remaining required expenditures of \$2,224,575.67.

The City Treasurer invests the fund balances in the Cal Trust Short Term Fund. The latest reported average annual total return for the Fund was approximately 0.94%. The latest monthly statements from Cal Trust and First Savings Bank are attached hereto as **Exhibit B**. Through September 30, 2017, the cumulative investment income was \$54,966.01. During August 2017, the City received a release of surplus interest income accumulated through June 30, 2017 (\$42,238.37), and the current balance of investment earnings on deposit is \$12,727.64.

Expenditures from the Alder Avenue Escrow Account (AAI Escrow Account)

On June 26, 2015, the City deposited the amount of \$3,544,180 in the AAI Escrow Account. The deposit represented contributions from the Drainage DIF (\$1,065,558) and Regional Traffic DIF (\$2,478,622). The balance of funding derives from the Airport Escrow Account (\$1,869,928), which transferred on June 12, 2015.

The City had a single expenditure from this Account during September 2017 for the release of accumulated interest earnings (\$30,811.77). A detailed income and expense report showing all activity through the month ending September 30, 2017, is included as **Exhibit C**. The table below summarizes the AAI Escrow Account activity from inception through September 30, 2017:

Summary of Account Status
Alder Avenue Improvement Escrow Account

Summary	Date	Fund	Budget	Actuals	Total Amounts
Total Required Expenditures					\$ 5,414,108.00
Total Deposits	9/30/2017				\$ 5,414,108.00
Total Expenditures to Date	9/30/2017				\$ (2,289,223.11)
Storm Drain		230	\$1,065,558.00	(\$1,153,635.93)	
Regional Traffic		250	\$2,478,622.00	(\$798,641.53)	
Other Improvements		300	\$1,869,928.00	(\$336,945.65)	
			\$5,414,108.00	(\$2,289,223.11)	
Remaining Required Expenditures	9/30/2017				\$ 3,124,884.89
Available Funds in Escrow Account (NAV)					
Cash with First American Trust	9/30/2017			\$178.08	
Cal Trust Portfolio	9/30/2017			\$3,135,999.00	
					\$3,136,177.08
Investments					
Cumulative Investment Income					\$ 41,158.58
Cumulative Realized Investment Gains/(Losses)	9/30/2017				\$ 945.38
Cumulative Unrealized Investment Gains/(Losses)	9/30/2017				\$ -
Net Portfolio Returns	9/30/2017				\$ 42,103.96
Transfer to City General Fund Reserves	9/30/2017				\$ (30,811.77)
Balance of Investment Earnings in Escrow Account	9/30/2017				\$ 11,292.19

Source: Reconciliation of September, 2017 Statements from FSB and CalTrust

Total authorized expenditures are \$5,414,108. To date, the City has expended \$2,289,223.11 with remaining required expenditures of \$3,124,884.89.

The City Treasurer invests the fund balances in the CalTrust Short Term Fund. The latest reported average annual total return for the GMMF was approximately 0.94%. The latest monthly statements from Cal Trust and First Savings Bank are attached hereto as **Exhibit D**. Through September 30, 2017, the cumulative investment income is \$42,103.96. During September 2017, the City received a release of the surplus interest income to the General Fund accumulated through June 30, 2017 of \$30,811.77, and the current balance of investment earnings is \$11,292.19.

Expenditures from the Laurel/Walnut/Locust Escrow Account (PI Escrow Account)

On January 19, 2016, the City deposited the amount of \$4,616,534 in the PI Escrow Account (Laurel/Walnut/Locust), transferring funds from the Airport Escrow Account.

The City had no expenditures from this Account during September 2017. A detailed income and expense report showing all activity through the month ending September 30, 2017, is included as **Exhibit E**. The table below summarizes the PI Escrow Account activity from inception through September 30, 2017:

Summary of Account Status
Locust/Laurel/Walnut Improvement Escrow Account

Summary	Date	Fund	Total Amounts
Total Required Expenditures			\$ 4,616,534.00
Total Deposits	9/30/2017	300	\$ 4,616,534.00
Total Expenditures to Date	9/30/2017	300	\$ (105,961.47)
Remaining Required Expenditures	9/30/2017		\$ 4,510,572.53
Available Funds in Escrow Account (NAV)			
Cash with First American Trust	9/30/2017		\$211.64
Cal Trust Portfolio	9/30/2017		\$4,526,556.51
			<u>\$4,526,768.15</u>
Investments			
Cumulative Investment Income	9/30/2017		\$ 45,398.03
Cumulative Realized Investment Gains/(Losses)	9/30/2017		\$ 1,366.59
Cumulative Unrealized Investment Gains/(Losses)	9/30/2017		\$ -
Net Portfolio Returns	9/30/2017		\$ 46,764.62
Transfer to City General Fund Reserves	9/30/2017		\$ (30,569.00)
Balance of Investment Earnings in Escrow Account	9/30/2017		\$ 16,195.62

Source: Reconciliation of September, 2017 Statements from FSB and CalTrust

Total authorized expenditures are \$4,616,534.00. To date, the City has expended \$105,961.47 with remaining required expenditures of \$4,510,572.53.

The City Treasurer invests the fund balances in the Cal Trust Short Term Fund. The latest reported average annual total return was approximately 0.94%. The latest monthly statements from Cal Trust and First Savings Bank are attached hereto as **Exhibit F**. Through September 30, 2017, the cumulative investment income is \$46,764.62. During August 2017, the City received a release of the surplus interest income to the General Fund accumulated through June 30, 2017 (\$30,569.00), with current retained investment income of \$16,195.62.

ENVIRONMENTAL IMPACT:

Pursuant to Section 15378 of the California Environmental Quality Act, a "Project" means the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. A Project does not include the creation of government funding mechanisms or other government fiscal activities, which do not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment.

GENERAL PLAN CONSISTENCY:

The proposed action is consistent with the following Guiding Principle of the General Plan:

"Our City government will lead by example, and will operate in an open, transparent, and responsive manner that meets the needs of the citizens and is a good place to do business."

LEGAL REVIEW:

The City Attorney has reviewed and approved the staff report.

FINANCIAL IMPACT:

The report summarizes various financial transactions of the Miro Way, Alder Avenue, and Laurel/Locust/Walnut Escrow Accounts.

RECOMMENDATION:

Staff recommends that the City Council Receive and File the Statement of Income and Expenditures related to the Miro Way Improvement Escrow Account, the Alder Avenue Improvement Escrow Account, and the Laurel/Walnut/Locust Improvement Escrow Account for the month ending September 30, 2017.