



City of Rialto

Legislation Text

File #: CC-19-809, **Version:** 1

For City Council Meeting [August 13, 2019]

TO: Honorable Mayor and City Council

APPROVAL: Rod Foster, City Administrator

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

Request City Council to Receive and File the Statement of Income and Expense for June 2019 related to the Construction Loan Agreement with Ayala@210LLC for On-Site Improvements for the Renaissance Plaza Retail Center on Renaissance Parkway.

BACKGROUND:

On March 14, 2017, the City Council approved an Option to Purchase and Develop Site Agreement ("PDS Agreement") by and between the City of Rialto and Ayala@210LLC ("Developer") for a commercial development known as the Renaissance Plaza on an 8-acre site situated east of Ayala Avenue and north of Renaissance Parkway/Easton Avenue for the proposed Cracker Barrel, Sonic, and hotel ("Project").

On April 24, 2018, the City Council approved a Purchase and Sale Agreement that replaced the PDS Agreement and a Construction Loan Agreement (CLA) by and between the City of Rialto and Developer for a maximum loan amount of \$3,700,000 ("Approved Budget"). The CLA funds the on-site improvements in the Project that includes contractor and consultant costs for grading, asphalt, curb, gutter, and landscaping using City's General Fund non-operation reserves ("On-Site Improvements").

On April 30, 2018, staff appropriated \$3,700,000 to Account Number 010-500-2158-3001 to pay the authorized Developer expenses per the CLA ("City Account"). On June 25, 2018, the City also deposited \$3,700,000 with Banner Bank pursuant to Sections 3.2 and 3.3 of the CLA ("Banner Account") as a fund guarantee for the benefit of the general contractor. The appropriations and deposits required represented contributions from the General Fund's non-operational reserve.

On June 14, 2019, the City Council approved CLA Amendment #1 increasing the Approved Budget by \$300,000 to a maximum loan amount of \$4,000,000.

Banner Bank holds the guarantee amount for the project, subject to periodic releases by the City Treasurer to acknowledge authorized Project related expenses from the City Account. Banner Bank released \$1,083,555.59 (on June 26, 2018) and \$143,733.08 (on August 29, 2018) to the City -- collectively \$1,227,288.67. The Treasurer's Office proposes to release the remaining balance to the City once the On-Site Improvements are completed. Consequently, the Banner Bank statements do not necessarily match the actual project expenditures at any given point and time. This report

documents actual expenditures from Account Number 010-500-2158-3001.

ANALYSIS/DISCUSSION:

During June 2019, the City received \$125.77 of net investment income and \$2,164,435.71 as reimbursement of payments issued. As of June 30, 2019, the Banner Bank balance is \$310,159.03. The latest monthly statement from Banner Bank is attached hereto as **Exhibit A**. The table below summarizes the Banner Account activity through June 30, 2019:

Original Deposit in Banner Bank	\$ 3,700,000.00
Interest Earned	\$ 1,983.41
6-26-18 Wire To City	\$ (1,083,555.59)
8-29-18 Wire To City	\$ (143,733.08)
6-27-19 Wire to City	\$ (2,164,435.71)
Wire Fees	\$ (100.00)
Ending Balance on 6-30-19	\$ 310,159.03

The City Treasurer's office reconciled the Banner Bank Account with actual project expenditures, which will be reflected in the July, 2019 report.

The City expended \$324,097.65 for project expenses during June 2019. The total amount expended to date is \$3,689,936.74. A balance of \$310,063.26 remains from the Approved Budget of \$4,000,000. The detailed expenditures are included as **Exhibit B**. The expenses for June 2019 include:

Green Mountain for construction services:	\$152,911.95
Black Coffee for sign	\$167,537.44
NBC for construction draw escrow	\$ 3,200.00
CDPC for landscape plans:	\$ 448.26
TOTAL	\$324,097.65

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 October 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:

There is no financial impact associated with the approval of this item. The report summarizes various financial transactions of the Construction Loan Agreement with Ayala@210LLC for on-site improvements in the Renaissance Plaza retail center on Renaissance Parkway, each of Ayala Drives (Project # 180706).

RECOMMENDATION:

Staff recommends that the City Council Receive and File the Statement of Income and Expense related to the Construction Loan Agreement with Ayala@210LLC for on-site improvements for the Renaissance Plaza retail center on Renaissance Parkway for the month ending June 30, 2019.