



City of Rialto

Legislation Text

File #: CC-19-849, **Version:** 1

For City Council Meeting [September 24, 2019]

TO: Honorable Mayor and City Council

APPROVAL: Rod Foster, City Administrator

FROM: Sean Grayson, Acting Public Works Director

Request City Council to Receive and File the Statement of Income and Expense for July 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 to the City on June 26, 2018, \$143,733.08 on August 29, 2018, \$2,164,435.71 on June 27, 2019 -- collectively \$3,391,724.71. The Treasurer's Office proposes to release the remaining balance to the City once the Developer completes the On-Site Improvements. 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 July 2019, the City received \$18.44 of net investment income and no reimbursements. As of July 31, 2019, the Banner Bank balance is \$310,177.47. The latest monthly statement from Banner Bank is attached hereto as **Exhibit A**. The table below summarizes the Banner Account activity through July 31, 2019:

Original Deposit in Banner Bank	\$ 3,700,000.00
Interest Earned	\$ 2,001.85
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 7-31-19	\$ 310,177.47

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 \$0.00 for project expenses during July 2019. The total amount expended to date is \$3,689,936.74. An unexpended balance of \$310,063.26 remains from the Approved Budget of \$4,000,000. **Exhibit B** provides the detailed expenditures.

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 supports this 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 July 31, 2019.