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Title: Staff Report for a Loan to the San Leandro Improvement Association in the Amount of \$285,000 for the Purpose of Funding Public Improvements in the Downtown

Sponsors: David Baum
Finance Director

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Staff Report for a Loan to the San Leandro Improvement Association in the Amount of \$285,000 for the Purpose of Funding Public Improvements in the Downtown

SUMMARY AND RECOMMENDATION

Staff recommends that the City Council authorize the City Manager to negotiate and execute a loan agreement with the San Leandro Improvement Association in the Amount of \$285,000 at an interest rate of 3% for the Purpose of Funding Public Improvements in the Downtown from the City's General Fund Unrestricted Reserves

Background

The San Leandro Improvement Association (SLIA) is a public benefit corporation whose primary function is to administer the Downtown San Leandro Community Benefit District (CBD). The Downtown San Leandro Community Benefit District was approved by an overwhelming vote of the affected property owners in July 2013, and authorized by City Council action on July 15, 2013. The SLIA has a contract with the City of San Leandro to administer the revenues for this assessment district. Fiscal Year 2016 revenues for the CBD are anticipated to not exceed \$375,000. The District's first year of operation commenced on December 20, 2013.

The special benefit services funded by this CBD include maintaining security, cleanliness and order in the public rights of way, improving district identity, marketing the district, serving the corporations' administrative needs and advocating on behalf of the area's property owners, business owners and residents. The CBD is a mandatory assessment district that funds special benefits or services over and above those currently provided by the City of San Leandro. The function of the CBD is also one of an advocacy organization that seeks to improve the overall appearance, building/commercial mix and public space improvements within the district.

The District Board of Directors has identified capital projects that it believes would significantly benefit

Downtown San Leandro. The most significant of these improvements are a landmark sign near the intersection of East 14th St. and Davis St. and a bocce ball court at Root Park. Because the District is still relatively new, the SLIA has not amassed sufficient capital reserves to fund these improvements in the near term without an advance from the City. The remaining funds from the loan would be use to enhance the District's ongoing placemaking efforts, with tables and chairs, planters, and enhanced cleaning equipment.

Discussion

The projected allocation of funds from the City loan would be as follows:

Landmark sign - \$170,000 (design/build plus plans and permits). The sign would be located near the intersection of East 14th St. and Davis St.

Bocce Ball court - \$ 90,000. The bocce ball court would be located in Root Park.

Small capital improvements and equipment for use in the Downtown: \$25,000

- a. Pressure Washer Trailer and Equipment - \$10,000
- c. Additional public amenities (Tables, chairs, umbrellas, concrete planters) - \$15,000

Total: \$285,000

Terms: Paid back over 10 years commencing December 1, 2017

Annual payments are due on December 1 in the amount of \$33,411. The final payment is due December 1, 2026;

The source of repayment is the mandated assessments paid annually into the SLIA Community Benefit District by property owners, including the City. Annual revenues would be set-aside, on a priority basis, to make the debt service payment; the coverage would be 10 times the annual debt service (\$375,000 available to pay \$33,411 annual debt service).

Legal Analysis

The City Attorney drafted the Loan Agreement and Promissory Note in compliance with all generally and specifically applicable laws and regulations.

Fiscal Impact

\$285,000 is available from the General Fund unrestricted assets. Currently, these assets, if invested in the Local Agency Investment Fund (LAIF), yield 0.68%. The 3% interest rate for the Loan would provide a favorable rate of return for the City's investment.

ATTACHMENTS

Attachments to Resolution

- Promissory Note
- Loan Agreement

PREPARED BY: David Baum, Finance Director