



Legislation Text

File #: 18-639, **Version:** 1

Staff Report for a First Amendment to the Loan with 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 an amended loan agreement with the San Leandro Improvement Association that would defer principal payments until 2022.

Background

On December 19, 2016, the City Council approved a loan agreement with San Leandro Improvement Association (SLIA) in the amount of \$285,000 to be paid in equal annual payments over a ten year period. The loan proceeds will pay for capital improvements in the Downtown, including a bocce ball court at Root Park and a landmark sign near the intersection of East 14th Street and Davis Street.

The SLIA is a public benefit corporation that was formed to administer the Downtown San Leandro Community Benefit District (CBD). The Downtown San Leandro Community Benefit District was approved in July 2013 by a vote of the affected property owners, 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 CBD. The Fiscal Year 2016 revenues for the CBD were 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, running the web site and all District events, serving the corporations' administrative needs and advocating on behalf of the area's property owners, business owners, and residents. The CBD is an assessment district that funds special benefits or services over and above those currently provided by the City of San Leandro. The District includes all property owners within the boundaries of the attached map. 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.

Discussion

The cost of projects has increased requiring SLIA to seek grants necessary to complete the landmark sign and the bocce ball court. Accordingly, SLIA staff approached the City with a request to amend the loan term while the fundraising efforts take place. The proposed amendment would include three years of interest only payments before the initiation of principal and interest payments in 2022.

The projected allocation of funds from the City loan follows:
Landmark sign - \$170,000 (design/build plus plans and permits). The sign would be located in the

Downtown and would span East 14th Street. (not yet underway)

Bocce Ball courts - \$ 90,000. The bocce ball courts would be located in Root Park. (not yet underway)

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

- a. Pressure washer trailer and equipment - \$10,000
- c. Public Amenities -- Tables, chairs umbrellas, concrete planters - \$15,000

Total: \$285,000

Adjusted Loan Terms: Current balance of \$260,139 will be paid back over five years commencing January 31, 2022. Semi-annual payments are due on January 31 and July 31. The first payment commences January 31, 2019 and the final payment is due July 31, 2026. Additional detail is provided in the loan amortization schedule attached at the end of this report.

The source of repayment is the City mandated assessments paid annually into the SLIA Community Benefit District. Annual revenues would be set-aside, on a priority basis, to make the debt service payment; the coverage would be more than six times the annual debt service (\$375,000 available to pay annual debt service, which is approximately \$57,000/year during years 2022 to 2026).

Legal Analysis

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

Fiscal Impact

Under the terms of the existing loan, the remaining loan payments due to the City are \$267,288. The proposed amendment will increase the remaining loan payments to the City to \$309,838.

Attachments

City of San Leandro/SLIA Loan payment schedule

Attachments to Resolution

First Amendment

PREPARED BY: David Baum, Finance Director