



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: E-Basin (Peterson Park Expansion) Reimbursement Agreement Amendment

MEETING DATE: December 17, 1997

PREPARED BY: Public Works Director

RECOMMENDED ACTION: That the City Council authorize the City Manager to execute an amendment to the E-Basin Reimbursement Agreement with Robert Batch to pay off the remaining balance at a 25% discount, and appropriate \$540,000.00 from the Storm Drain Impact Fee Fund.

BACKGROUND INFORMATION: In 1993, the City entered into an agreement with Robert Batch for the acquisition of 15.99 acres of land for the expansion of Peterson Park. The expansion was needed to serve Mr. Batch's Lodi West project along with other subdivisions north of the basin (Towne Ranch and Bridgetown). The purchase price of \$1,838,850.00 was paid with \$10,000.00 in cash and a reimbursement agreement. Briefly, the reimbursement agreement provided that storm drain and parks and recreation fees for Lodi West would be deducted from the balance due as the project developed. In addition, 40% of the Citywide storm drain fee revenue would also be paid twice a year to reduce the balance. Each year, the balance due would be increased by an amount equal to the change in the Engineering News Record Construction Cost Index to account for interest.

Since then, the City has credited \$424,000.00 in fees and paid \$396,000.00 from storm drain revenues. Interest in the amount of \$205,000.00 has been added to the amount due. An additional \$60,000.00 is also due for the second half of 1997, leaving a balance of just under \$720,000.00 (see Exhibit A for exact amounts).

Mr. Batch recently requested that the City pay off the entire balance to provide the cash necessary for him to purchase farm land under IRS exchange regulations. Mr. Batch has cooperated with the City and adjacent developers in dedicating easements and street right of way and, of course, in agreeing to the original basin expansion agreement. In addition, the index used to calculate interest has been very low, averaging under 3%.

Staff reviewed the request and analyzed the payoff in terms of the time value of money, assuming continuation of the index at 3% and the City's current earnings on reserves, which is about 6%. Staff feels that discounting the balance due by 25% is reasonable to both parties. This means that the remaining \$719,553.83 balance could be paid off with a lump sum payment of \$539,665.38.

The main "downside" is that the Storm Drain Fund will not have this amount of money immediately available for projects. However, no major storm drain projects are included in the current budget. Most development projects that receive storm drain credits for their construction of Master Storm facilities are also paying fees that offset these credits. In addition, net revenue to the Fund will increase since we will

APPROVED: _____

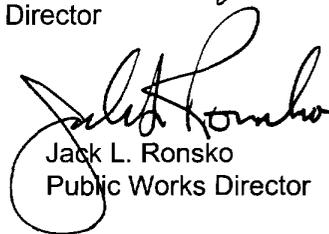
H. Dixon Flynn -- City Manager

no longer need to make payments to Mr. Batch. Also, the Lodi West project is constructed to the point where there are no Master Storm facilities to be built and paid for with fee credits. Finally, this will leave the Storm Drain Fund "debt free" as the only other reimbursement agreement (for the Park West project which built the original basin and pump station) was paid off earlier this year.

Due to the timing of the Council agenda deadlines and Mr. Batch's need to complete the transaction before the end of 1997, staff is requesting City Council authorize the City Attorney to prepare an agreement implementing the fee credits, discount and payoff described above and in Exhibit A, and authorize the City Manager to execute the agreement.

FUNDING: Storm Drain Impact Fee Fund - \$540,000.00

Funding Available: *Ruby R. Parite for*
Finance Director


Jack L. Ronsko
Public Works Director

Prepared by Richard C. Prima, Jr., City Engineer

JLR/RCP/lm

Attachment

cc: City Attorney
Associate Civil Engineer - Development Services
Mr. Robert Batch

EXHIBIT A

E-Basin / Westgate Park Expansion Master Storm Drain Reimbursement Agreement

Date/Year	Reimbursable Amount	Reimbursements		Interest	Notes
		paid during year	credited on subd.		
1/6/93	\$1,828,850.00				Beginning balance & index per agreement
1993	\$1,828,850.00	\$65,870.84	\$98,579.60	\$87,261.15	5.24% simple interest based on unpaid bal.
1994	\$1,751,660.71	\$146,099.07	\$188,704.60	\$28,500.13	2.01% simple interest based on unpaid bal.
1995	\$1,445,357.17	\$106,529.88	\$0.00	\$19,674.82	1.47% simple interest based on unpaid bal.
1996	\$1,358,502.11	\$59,267.56	\$55,601.00	\$51,401.41	4.13% simple interest based on unpaid bal.
1997	\$1,295,034.96	\$18,404.42	\$80,954.30	\$18,076.27	1.51% simple interest based on Jan-Nov ENR Index Amt. paid does not include amt. due for July thru Dec.
1998	\$1,213,752.51		\$433,531.00		balance of credits on subdivision (SD, 55.92 ac; P&R, 0.58 ac)
Reimb. Bal.	\$780,221.51	\$79,000			average annual payment based on history 2.87% average annual interest paid

CASH PAYOFF

Reimbursable Balance	\$780,221.51	
Fees Owed 7/1/97 through 12/3/97	<u>(\$60,667.68)</u>	\$60,667.68
Remaining Balance	\$719,553.84	
Less 25% Discount on Remaining Balance:	<u>(\$179,888.46)</u>	
	\$539,665.38	<u>\$539,665.38</u>
TOTAL		\$600,333.05

CITY COUNCIL

JACK A. SIEGLOCK, Mayor

KEITH LAND

Mayor Pro Tempore

STEPHEN J. MANN

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December 11, 1997

H. DIXON FLYNN

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ALICE M. REIMCHE

City Clerk

RANDALL A. HAYS

City Attorney

Mr. Robert Batch
2615 Parkwest Drive
Lodi, CA 95242-4641

SUBJECT: E-Basin (Peterson Park Expansion) Reimbursement Agreement Amendment

Enclosed is a copy of background information on an item on the City Council agenda of Wednesday, December 17, 1997. The meeting will be held at 7 p.m. in the City Council Chamber, Carnegie Forum, 305 West Pine Street.

This item is on the consent calendar and is usually not discussed unless a Council Member requests discussion. The public is given an opportunity to address items on the consent calendar at the appropriate time.

If you wish to write to the City Council, please address your letter to City Council, City of Lodi, P. O. Box 3006, Lodi, California, 95241-1910. Be sure to allow time for the mail. Or, you may hand-deliver the letter to City Hall, 221 West Pine Street.

If you wish to address the Council at the Council Meeting, be sure to fill out a speaker's card (available at the Carnegie Forum immediately prior to the start of the meeting) and give it to the City Clerk. If you have any questions about communicating with the Council, please contact Alice Reimche, City Clerk, at 333-6702.

If you have any questions about the item itself, please call Richard Prima at 333-6706.



Jack L. Ronsko
Public Works Director

JLR/im

Enclosure

cc: City Clerk