



City of Colusa California

STAFF REPORT

DATE: September 5th, 2023
TO: Mayor and Members of the City Council
FROM: Ishrat Aziz-Khan, through Jesse Cain, City Manager

AGENDA ITEM:

Consideration of a Resolution to approve the loan schedule from the Enterprise Fund to the General Fund.

Recommendation: Council to adopt the proposed Resolution to approve the loan schedule from Enterprise Funds Water and Sewer to General fund for the acquisition of the Pirelli building.

BACKGROUND ANALYSIS:

Located at the western edge of Colusa at 1480 Will S. Green Street, the Pirelli Cable Company established operation in 1966 in Colusa employing over 200 people full-time year-round.

The building encompasses 196,000 square feet under the roof, sitting on about 5 acres, about 33 acres of undeveloped space. The property was appraised by two separate companies in 2020 and the calculated value was 2.5 million to 4.7 million.

The City purchased this property on August 11th, 2023 for \$3,208,585 including the escrow fee, taxes, and past-due rent. The CDBG grant was submitted by the previous Economic Development Director and will cover \$1.5 million out of the total cost. The reimbursement request has been submitted and approved for payment.

The remaining \$1,708,586 is borrowed from the Water and Sewer fund, per the Council's approval on March 21st, 2023, stated in Resolution 23-11.

The City of Colusa invests in LAIF (Local Agency Investment Fund) treasury account according to the City's investment policy. The average rate of return for the last ten years equates to 1.04% on the investment. After consulting with the City auditor, staff recommends using 1.04% interest on money borrowed from the Enterprise funds. The money will be paid back in forty years or sooner.

BUDGET IMPACT:

The Enterprise funds combined will be short of cash by \$1,708,585 by lending to the General fund for the acquisition of the Pirelli building. The General fund will pay back \$2,097,283.14

including an interest amount of \$388,698.14 in forty years or sooner. The intent is to pay back sooner than forty years depending upon the source of revenue from the Pirelli building.

STAFF RECOMMENDATION:

Approve Resolution 23-