



City of Colusa California

STAFF REPORT

DATE: August 23rd, 2023

TO: Planning Commission – Action Item

FROM: David Swartz, City Engineer, Planning Dept. Support

AGENDA ITEM: Colusa Town Center – Request to Amend Development Agreement by Amar Chema

Recommendation: Commission to consider approving amendment and forward said recommendations to City Council for approval. See attached Resolution and amendment.

BACKGROUND ANALYSIS: The Colusa Town Center is a development project located on both sides of Hwy, just west of Wescott Road intersection. It's a commercial development, whose primary anchor at this time is planned for an ARCO gas station and market. As part of this development requirements by the City, was to address the traffic issues at the intersection of Wescott Road and Hwy 20. The overall site plan is included herewith as Exhibit 1.

The developer, Amar Chema has been working towards project entitlement and construction improvements since 2017. Key elements that involved the City and Cal Trans interface was addressing traffic impacts. These impacts have been mitigated, designed, and are very near approval through the Cal Trans encroachment department, with anticipated final approval coming in October of this year.

The developer has an executed and binding development agreement with the City. See attached Exhibit 2.

Note: there is an estimate prepared in the DA which references a total estimated obligation of \$1,672,208, but this was subject to updates. We received an update (see attached), which now places the Cities reimbursement obligation at \$2,428,363 "estimated".

Realizing that the fund that pays Amar back is the Traffic Impact fee fund, which currently has \$446,173. Amar has made the following request for an amendment to the DA.

- 1.) Reduce the current estimated obligation from the Cities reimbursement to 50% of the most recent update. $\$2,428,363/2 = \$1,214,181$.
- 2.) This becomes fixed, and any overages, change orders, price increases etc.. become the sole burden of the developer.

- 3.) The amount of \$1,214,181 becomes available incrementally during construction. Meaning, that as construction progresses, and Amar pays construction invoices, he can be reimbursed (with supporting documentation i.e. cancelled checks, and city field verification of improvement installed), within 30 days of submitting an approved an acceptable reimbursement request.
- 4.) The benefit to Amar, is that he can start construction right away of the offsite improvements, which will allow him to proceed with his site development.
- 5.) The benefit to the City is that we get a traffic signal, Wescott Road realignment, and the associated infrastructure at a much lower cost that if we were to build it as a public project, and, getting the development underway helps to generate both sales tax and property tax from these vacant lots, sooner.

We have been working with Amar on this project since 2017 and he has expended considerable funds to make this project work, including purchasing the taco bell property on the south side of HWY 20. He has around \$1M in equity invested to date. This provides some level of comfort that this project could be successful.

Outside of the amendment, Jesse and Ish and I have considered the question; Where does the shortfall come from between the impact fee and the \$1.2M?

So far, the strategy we are considering is as follows:

- 1.) Provide the whole amount (not 80%) of traffic impact fee to the construction project. \$446,173
- 2.) Since we have a Regional Roadway Improvement Project which is “shovel ready”, use ½ of the shortfall from Measure B funds or \$384,004 – this was going to be presented at the July Measure B meeting, but it was cancelled. It will be presented at the next one, to see if the Measure B committee would support this.
- 3.) Utilize Cannabis funds for the other ½ of the shortfall \$384,004

BUDGET IMPACT: Yes, it reduces the city’s long-term obligation by \$1,214,181 and also reduces the city’s obligation should those costs rise, (they often do), due to change orders and price increases.

ATTACHMENT: See Attachments for additional information.