



City of Colusa California

STAFF REPORT

DATE: March 21 2023
TO: Mayor Ponciano and member of the City Council
FROM: Jesse Cain, City Manager, and Ryan Jones, City Attorney,

AGENDA ITEM:

Subject A Resolution of the Colusa City Council to authorize the City Manager to sign the financing agreement with the City of Colusa Utilities Department to Transfer Funds to Purchase the Pirelli Building

Recommendation: Consider adoption of a Resolution of the Colusa of Colusa City Council to authorize the City Manager to sign the financing agreement with the City of Colusa's Utilities Department

BACKGROUND ANALYSIS:

Pirelli Cable company closed down in 2002. At that time they were the largest employer in the City limits. The City has tried to attract businesses in there for years now with no success. In 2020, and at the beginning of Covid 19, Mr. Cain went to Kentucky to meet with the Pirelli board asking them to sell or lease the Pirelli building property to the City of Colusa and allow us to apply for grants to purchase the property. After several meetings and two appraisals the City entered into a purchase and sale agreement hoping that the City would receive a 100% grant to fund the purchase of the property. Fast forward to 2023, the City has only received \$1.5 million in a grant to help purchase the property. The City's current purchase and sales agreement is for \$3,090,000.00. With this proposed action, the City will be creating a loan from the Utilities Department in the amount of \$1.7 million. This money will allow the City to complete the purchase of Pirelli and have the sprinkler system updated. The loan from the Utilities Department will be a forty-year loan with the State minimum interest rate. The loan will be to the City general fund and the payments back to the Utilities Department will be made back from lease payments form the tenants that occupy the building and land.

The City is currently working on a lease agreement with a tenant that would create 100 new jobs in the next three years and this one lease agreement would be enough revenue to cover more than twice the loan repayment.

BUDGET IMPACT:

The proposed transfer will increase the general fund to make the purchase of Pirelli and temporarily take funds from the Utilities Department until the loan is repaid. The purchase of the Building will create a new revenue stream to the general fund.

STAFF RECOMMENDATION:

Adopt Resolution 23-

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