



City of Colusa California

STAFF REPORT

DATE: October 3rd , 2023

TO: City Council – Action Item – Public Hearing

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

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

Recommendation: Council to consider approving the amendment and authorize the City Manager to sign and execute it. See attached Resolution and amendment and supporting documentation.

BACKGROUND ANALYSIS: The Colusa Town Center is a development project located on both sides of Hwy, just west of the Wescott Road intersection. It's a commercial development, whose primary anchor at this time is planned for an ARCO gas station and market. Part of this development requirement 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 were addressing traffic impacts. These impacts have been mitigated, and 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.

Note: there is an estimate prepared in the current executed 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 city's 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 city's 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 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 than 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 stated that 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, Ish and I have considered the question; Where does the shortfall come from between the impact fee we currently have on hand, and the \$1.2M?

So far one strategy we are suggesting is as follows:

- 1.) Provide the whole amount (not 80%) of the 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 presented at the September Measure B meeting.
- 3.) Utilize Cannabis funds for the other ½ of the shortfall \$384,004

This amendment was considered by the Planning Commission at their last meeting and it was voted to adopt a resolution to support this amendment and recommend that the City Council adopt a supporting recommendation. However, the PC did not make any recommendations on funding sources or strategies. Their support was specifically only for the development agreement amendment.

This request was discussed and presented at the Measure B citizens oversight committee meeting and discussed at length. The final recommendation from the Measure B oversight committee was not to support the use of Measure B funds for this project.

The council **may or may not choose to utilize Measure B funds**, regardless of if they support the amendment. Staff felt an obligation to at least make some suggestions for funding, as experience has shown that this would be discussed concurrently therewith.

BUDGET IMPACT: 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.