



City of Colusa California

STAFF REPORT

DATE: November 18, 2025
TO: City of Colusa Mayor and Council Members
FROM: Jesse Cain, City Manager

AGENDA ITEM:

Consideration of City Loan to Amar Cheema

Recommendation: Staff recommends the City Council approve a \$2.5 million loan from the General Fund Reserves to Colusa Town and Country at 10% interest for a term of four (4) years. The loan is to be used solely for the construction and improvement of City-owned streets and public infrastructure within the Wescot road realignment project area. The City of Colusa will be first on title until the project is completed and accepted by the city and the loan is fully repaid

BACKGROUND ANALYSIS:

The Wescot road realignment project is a development project with the potential to deliver significant economic benefits to the City of Colusa. The project includes residential and commercial components, and once completed, it is expected to create both temporary construction jobs and long-term employment opportunities, along with increased property and sales tax revenues for the City.

The project requires certain critical infrastructure improvements, including streets, curbs, gutters, storm drains, and other City-owned assets. To ensure these improvements are completed to City standards and on schedule, Colusa Town and Country has requested financial assistance from the City in the form of a loan from the General Fund Reserves

The proposed loan of \$2.5 million will be structured as follows:

- **Loan Amount:** \$2,500,000
- **Interest Rate:** 10%
- **Term:** 4 years
- **Repayment Structure:** Interest-only payments due quarterly, beginning January 31, 2026, with a balloon payment of the principal due at the end of the 4-year term
- **Use of Funds:** Restricted to costs directly related to the construction and improvement of City-owned streets and infrastructure within the project

- **Security:** The City of Colusa will be recorded as first on title until the project is completed, accepted by the City, and the loan is paid in full

The City will execute attached promissory note and deed of trust to secure the loan. All construction activities funded by this loan will be subject to City inspection and acceptance to ensure quality and compliance with municipal standards

ECONOMIC BENEFITS TO THE CITY:

This loan will enable the timely completion of critical infrastructure, thereby accelerating the overall development of the project. Economic benefits include:

- **Job Creation:** Construction and related trades will benefit from the immediate creation of jobs during the infrastructure phase
- **Increased Property Values:** New development will raise surrounding property values, enhancing the City's tax base
- **Sales and Property Tax Revenues:** Upon completion, the project will generate ongoing revenues from sales taxes (from commercial tenants) and property taxes (from new residential and commercial assessments)
- **Local Economic Stimulus:** The development will drive consumer traffic, potentially attracting additional businesses to the area

This loan represents a fiscally responsible way to support a strategic development project that aligns with the City's long-term economic goals. The investment will yield both direct financial returns through interest and broader community benefits through job creation, infrastructure improvements, and enhanced tax revenues.

Fiscal Impact

The loan will be drawn from the City's General Fund Reserves, which currently have sufficient capacity to fund the loan without compromising existing obligations or operations.

The City's priority lien on the project ensures that the public investment is well protected until the loan is satisfied in full

BUDGET IMPACT:

STAFF RECOMMENDATION: Staff recommends the adoption of the resolution as presented.

ATTACHMENTS:

Resolution 25
 Cheema Infrastructure Loan Agreement
 Cheema Infrastructure Deed of Trust
 Cheema Promissory note
 1601 State HWY 20 Preliminary report