

**REPORT TO THE CITY COUNCIL**

Meeting of November 23, 2009

**Agenda Section:** New Business

**SUBJECT:** Consideration of Resolution # -09 Amending Reimbursement Agreement entered into via Resolution 43-09 with Cornerstone Community Church

**Prepared By:** Jay A. Varney, Acting City Administrator

**Authorized By:** City Council

**RECOMMENDATION:**

Staff recommends that Council approve the resolution authorizing the amendment of the reimbursement agreement entered into on June 8, 2009 between the City of Chowchilla and Cornerstone Community Church to allow for an 8 year repayment time frame.

**HISTORY / BACKGROUND:**

The City of Chowchilla entered into a reimbursement agreement on June 8, 2009 with Cornerstone Community Church related to improvements on the East Robertson Blvd and the Fig Tree Road side of the Cornerstone Community Church property (see attachment). Terms of the agreement required reimbursement to begin January 2010 and to run for a term of 5 years.

**SITUATION / ANALYSIS:**

Cornerstone Community Church as requested to amend their agreement to a repayment term of 8 years, with the option to repay the loan within the original 5 year timeframe if finances allow.

Cornerstone Community Church forwarded their first payment due January 2010 on November 10, 2009.

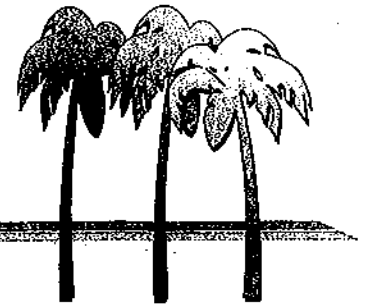
This proposed amendment would allow for the final payment to be forwarded to the City of Chowchilla on January 2018, as opposed to current final allowed payment date of January 2015.

**FINANCIAL IMPACT:**

This reimbursement agreement relates to previous street and storm drain improvements constructed. Staff does not believe that extending the potential pay off horizon by 3 years will have a significant impact on these fund areas.

**SPECIAL INSTRUCTIONS:**

Council to approve staff drafting an amendment allowing for an 8 year repayment time frame. City Attorney to review the amendment prior to staff and Cornerstone Church entering into agreement. Administrative staff to complete execution of amendment if approved.



130 S. Second Street  
Civic Center Plaza  
Chowchilla, CA 93610  
(559) 665-8615 - (559) 665-7418 fax  
www.ci.chowchilla.ca.us

June 4, 2009

Cornerstone Community Church  
Attn. Pastor Mike Scott  
208 Fig Tree Road  
Chowchilla, CA 93610

City of Chowchilla  
Attn. Nancy Red, City Administrator  
130 S. Second Street  
Chowchilla, CA 93610

- Re: Letter of Settlement Reimbursement Agreement
- 1) Street Improvements South Side Robertson Blvd  
Benefit Area: Cornerstone Church
  - 2) Construction Share of Stormwater Piping and Stormwater Basin  
Benefit Area: Cornerstone Church

The entities listed above consented to an agreement approximately May 2008. This proposed agreement, in regards to the reimbursements, would be as follows \$215,193.07 for the Cornerstone Church East Robertson Blvd frontage and \$283,229.65 for the Cornerstone Church's share of the Fig Tree Road storm drain trunk line to the basin and the fair share cost of the basin. The Church's share of the trunk line was determined by calculations provided by the City Engineer and HMH Engineering.

Subsequent to the signing of the agreement circumstances have led to further discussion and new term of agreements. This Letter of Settlement Reimbursement Agreement has been prepared for signature by both parties.

The agreements are as follows:

- 1) The Church shall pay the cost of street improvements on South side of East Robertson Blvd. as follows:
  - a. Church frontage / In the amount of \$215,193.07
  - b. Payments to the City will be amortized over a five year period beginning January 2010. Interest will be charged on the unpaid commencing with the signing of the agreement at the rate the City is paid for its investments in Local Agency Investment Fund with the State of California. Principal payment annually shall be \$43,038.61 plus interest. Payment shall be due the fifteenth day of January each year commencing with the year 2010. The Church has the option to renegotiate the payment structure in the case of financial hardship. The Church must file the request to renegotiate the payment structure terms and conditions a minimum of sixty (60) days prior to the due date of the payment. There will be no prepayment penalties.

1 Amendment to amortization period

- c. City policy requires security in the form of the following options:
  - i. Option 1 - Upon completion of this agreement a **Lien** in the amount of \$215,193.07 shall be recorded with the Madera County Recorders office to secure the amount owed to the City of Chowchilla for the property located at 208 Fig Tree Road also know as Assessor's Parcel Number 014-020-018.
  - ii. Option 2 - Upon completion of this agreement a **Letter of Credit** secured by a lien in the amount of \$215,193.07 shall be recorded with the Madera County Recorders office to secure the amount owed to the City of Chowchilla for the property located at 208 Fig Tree Road also know as Assessor's Parcel Number 014-020-018.

*If Option 1 or 2 is not agreeable an alternative security can be considered, however it must be reviewed per the City Attorney.*

- 2) The Church shall pay the cost of construction of its share of Stormwater Piping and Stormwater Basin on Fig Tree Street as follows:

- a. Stormdrainage Infrastructure / In the amount of \$283,229.65
- b. Payments to the City will be amortized over a five year period beginning January 2009. Interest will be charged on the unpaid commencing with the signing of the agreement at the rate the City is paid for its investments in Local Agency Investment Fund with the State of California. Principal payment annually shall be \$56,645.93 plus interest. Payment shall be due the fifteenth day of January each year commencing with the year 2010. The Church has the option to renegotiate the payment structure in the case of financial hardship. The Church must file the request to renegotiate the payment structure terms and conditions a minimum of sixty (60) days prior to the due date of the payment. There will be no prepayment penalties.

25  
per year  
28,322.96  
+ interest,  
last payment

- c. City policy requires security in the form of the following options:
  - i. Option 1 - Upon completion of this agreement a **Lien** in the amount of \$283,229.65 shall be recorded with the Madera County Recorders office to secure the amount owed to the City of Chowchilla for the property located at 208 Fig Tree Road also know as Assessor's Parcel Number 014-020-018.
  - ii. Option 2 - Upon completion of this agreement a **Letter of Credit** secured by a lien in the amount of \$283,229.65 shall be recorded with the Madera County Recorders office to secure the amount owed to the City of Chowchilla for the property located at 208 Fig Tree Road also know as Assessor's Parcel Number 014-020-018.

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- d. Funds shall be transferred by the City at the earliest possible date to WPD Homes, Inc. who incurred the cost of construction. The Church shall be reimbursed for any future connection to the pipeline and share of the basin capacity in an amount collected by the City as a development impact fee for drainage charged to the project or person connecting to the storm drainage pipeline basin.

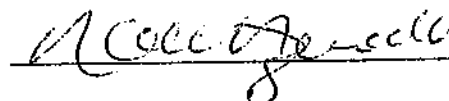
- 3) Church shall complete street improvements at its sole cost on Fig Tree Street (unpaved portion adjacent to Church property) and may install a driveway access and sidewalk to City standards. Work to be completed by October 1, 2009. Church may also make a storm water connection to the existing stormwater pipeline to City standards.
- 4) Church shall install landscaping and irrigation at its sole cost along its unimproved frontage of East Robertson Blvd. consistent with City Standard and East Robertson Blvd. Landscape Master Plan by October 1, 2009. The Church shall be exempt from payment of that portion of annual tax collected by the City for landscape maintenance activities, exclusive of landscape capital reserve administrative and street lighting charges so long as the Church performs landscape maintenance in the public right-of-way meeting City standards for landscape maintenance on that portion of East Robertson Blvd.
- 5) Landscaping along Fig Tree Road as required by the Conditional Use Permit issued to the Church by the City shall be deferred until the next Building Permit for a major structure is issued to the Church on Church property; or until the residential subdivision to the South of Church property completes its required landscaping of Fig Tree Road, which ever comes first.
- 6) The signing of this agreement will extend Temporary Use Permit No. 08-0034 for a 24 month period from the date of signing. The TUP allowed for temporary overflow parking for special events at the Church. The conditions of that TUP include among others a stipulation that the overflow parking area be paved and landscaped based on a plan(s) that will be submitted to the City for approval prior to installation.

Please review and confirm the proposed agreement as listed in this letter. Respond to the City of Chowchilla regarding your acceptance of the agreement and/or any revisions you may have.

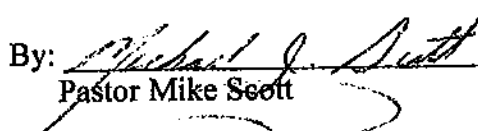
The proposed agreement as listed in this letter is now agreed to by the signature of both parties below and will become effective on the date of signature.

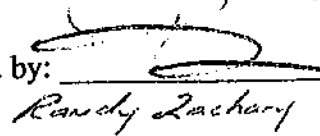
**City of Chowchilla:**

By:  Date: 6/4/09  
 Nancy Red, City Administrator

Witnessed by: 

**Cornerstone Community Church:**

By:  Date: 6/8/09  
 Pastor Mike Seett

Witnessed by:   
 Randy Zachary 3

Dear Chowchilla City Council

Please find enclosed our first payment of five in the amount of \$100,000 payable to the City of Chowchilla due in January of 2010. Due to the economic situation we are asking the City of Chowchilla to consider reducing the remaining four payments of \$100,000.00 per year to eight payments of \$50,000.00 per year. We would also like to have no penalties or interest applied for the additional payments.

Respectfully Submitted



Kurtis Upton