



Item Number: 12

City Council / Board of Directors

Written Communications

Meeting of: September 19, 2023

Submitted By:

Keith C. Metzler, City Manager

Subject:

Loan Repayment Agreement and Promissory Note between the City as Housing Assets Successor Agency ("CHAS") and the City of Victorville General Fund

Recommendation:

That the Honorable City Council and Board of Directors adopt Resolution Nos. 23-067 and CHAS 23-004 approving an interfund Loan Repayment Agreement and Promissory Note by and between the CHAS ("Payor") and the City of Victorville General Fund ("Payee") in the amount of \$268,742.83 plus accrued interest for Groundwater and Soil Remediation Expenses for Fiscal Years 2021, 2022 and 2023 related to the former NuWay Dry Cleaners.

Fiscal Impact:

There is no fiscal impact on revenues or expenditures as this item is to acknowledge prior expenditures funded through the General Fund for costs which would normally have been funded by CHAS.

CHAS now has the funds to repay the General Fund and wishes to commemorate the borrowing through the Loan Repayment Agreement and Promissory Note and to receive approval of the City Council and Board of Directors to repay the loan out of existing fund balance during fiscal year 2023-2024.

Strategic Plan Goal:

This item aligns with Goal A, Financial Sustainability by maintaining adequate reserves in the General Fund.

Background:

On April 7, 2015, the City Council adopted Council Policy No. CP-15-02 relating to interfund loans or advances between City funds (the "Interfund and Interagency Loan

Policy”) for one or more fiscal years. Loans subject to the Interfund and Interagency Loan Policy must be evidenced by a Loan Repayment Agreement and Promissory Note.

Discussion:

In 2007, the former Victorville Redevelopment Agency began a land assembly project for properties in the Old Town Redevelopment Project Area to alleviate physical and economic blight and ultimately introduce new commercial and residential buildings where dilapidated structures existed. The former NuWay Dry Cleaners (the “Site”), located at 8th and C Street, was acquired through a property tax lien sale conducted by the County of San Bernardino for the purposes of redevelopment and in accordance with the Old Town/Mid Town Redevelopment Project Area.

The Site was determined to be contaminated given its prior use as a dry-cleaning facility, and since the acquisition, CHAS has been conducting site assessment and remediation efforts. To provide funding for the ongoing remediation, the City Council approved the acceptance of a Site Cleanup Subaccount Program (“SCAP”) grant from the State Water Resources Control Board for reimbursement of costs associated with soil and groundwater remediation at the Site.

The Lahontan Regional Water Quality Control Board (“Lahontan”) required additional groundwater remediation assessment for neighboring properties including property owned by the Victor Elementary School District, the High Desert Center for the Arts building, and other privately owned properties in proximity to the Site. The additional assessment work was not considered SCAP eligible as the work was not identified at the time of the grant award, and therefore, the costs would need to be funded by CHAS. As these costs exceeded the CHAS available fund balance at that time, the City’s General Fund was utilized for the purpose of addressing the budget shortfalls in the CHAS Fund during fiscal years 2021, 2022, and 2023 to pay for the additional work as required by Lahontan.

As CHAS now has the funds to repay the General Fund, staff recommends the approval of Resolution No. 23-067 and Resolution No. CHAS 23-004 approving the Interfund Loan Repayment Agreement and Promissory Note between the CHAS Fund (“Payor”) and the City of Victorville General Fund (“Payee”) in an amount of \$268,742.83 plus accrued interest for Groundwater and Soil Remediation Expenses for Fiscal Years 2021, 2022 and 2023 related to the former NuWay Dry Cleaners. The interest rate is the Local Agency Investment Fund (“LAIF”) rate with the repayment due by October 19, 2023.

Staff remains available for any questions or comments you might have.

Attachments:

- A. Resolution No. 23-067
B. Resolution No. CHAS 23-004