

TO: James L. App, City Manager
FROM: Mike Compton, Director of Administrative Services
SUBJECT: Promissory Note For Airport Road Project Study Report
DATE: January 16, 2007

Needs: For the City Council to consider approval of promissory note for funds advanced to prepare the Airport Road Project Study Report (ARPSR).

Facts:

1. The Council previously approved a contract with Omin-Means in the amount of \$280,000 to prepare the ARPSR.
2. The staff report accompanying the contract approval referenced a “promissory note” but no promissory note was ever prepared.
3. Preparation and approval of promissory note is desirable and appropriate for General Fund monies advanced to prepare the ARPSR.

Analysis

and

Conclusion:

The Council at their meeting of August 3, 2004, adopted Resolution No. 04-172 approving a contract with Omni-Means to prepare the ARPSR. The contract was a “not to exceed” \$280,000. Through 12/31/06, \$122,878 has been expended.

While the resolution was silent as to the source of funds and budget resolution, the staff report proposed that funds be loaned from the General Fund via a promissory note. The promissory note was never prepared and presented for Council consideration. Thus, this request.

Repayment of the promissory note will be made as projects develop within the ARPSR area in a similar fashion as specific plans.

Fiscal

Impact:

It is proposed that the promissory note bear quarterly compounded interest at a rate to be re-set quarterly based upon the “apportionment rate” for the Local Agency Investment Fund plus 2%.

For example, the apportionment rate for the quarter ending December 2006 was 4.93%. Thus, the accrued balance of the promissory note at quarter’s end would be assessed an interest charge at the rate of 6.93% for the quarter.

Options:

- a. Adopt Resolution No. 07-xxx approving promissory note for amounts advanced from the General Fund for preparation of the Airport Road Project Study Report; or
- b. Amend, modify, or reject the above option.

RESOLUTION NO. 07-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
APPROVING A PROMISSORY NOTE FOR PREPARATION OF THE
AIRPORT ROAD PROJECT STUDY REPORT

WHEREAS, the Council has authorized the preparation of the Airport Road Project Study Report; and

WHEREAS, funds for the cost of their preparation must be advanced from the City's General Fund; and

WHEREAS, it is the Council's desire to "hold harmless" the loss of interest income to the General Fund resulting from the advance of funds to the Airport Road Project Study Report project; and

WHEREAS, the establishment of formal promissory notes bearing reasonable interest cost would mitigate the loss of interest income to the General Fund.

THEREFORE BE IT HEREBY RESOLVED by the City Council of the City of El Paso de Robles that the promissory note attached as Exhibit "A" for the preparation of the Airport Road Project Study Report is approved.

PASSED AND ADOPTED by the City Council of the City of Paso Robles this 16th day of January 2007 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Frank Mecham, Mayor

ATTEST:

Deborah, Deputy City Clerk

PROMISSORY NOTE
AIRPORT ROAD PROJECT STUDY REPORT

January 16, 2007

For value received, the Airport Road Project Study Report (PSR) Fund shall repay the City's General Fund all sums advanced for preparation of the PSR, past, current and future. Repayment shall be made from fees to be collected from all development benefiting from the project.

Amounts advanced shall accrue quarterly compounded interest at the Local Agency Investment, State of California quarterly apportionment rate plus two percent (2%).

Frank Mecham, Mayor
City of El Paso de Robles