

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



FROM: Supervisor Kevin Jeffries

SUBMITTAL DATE: August 5, 2013

SUBJECT: First Amendment to the Loan Agreement between the County of Riverside and the City of Canyon Lake for the Improvements to Railroad Canyon Road

RECOMMENDED MOTION: That the Board of Supervisors:

- 1) Approve the First Amendment to the Loan Agreement between the County of Riverside and the City of Canyon Lake for improvements to Railroad Canyon Road; and
- 2) Approve the Loan Repayment Schedule as described in Attachment A; and
- 3) Direct the Executive Office to administer the loan agreement.

BACKGROUND: On April 29, 2003 (Minute Order 3.39), the Board of Supervisors approved a cash loan in the amount of \$1,000,000 in development agreement funds to the City of Canyon Lake for the improvements to Railroad Canyon Road to be repaid over ten years.

Since the 2003 loan, \$607,983 has been repaid to the County in the form of cash and the transfer of the City's State Park and Community Development Block Grant allocations for the construction of public facilities. The balance of the loan, in the amount of \$392,016.54 was due June 30, 2013. The Board extended this loan due date to August 30, 2013 (Item 3-1 of 6/25/13) to allow the City and County to work out an amendment to the loan agreement.

The City and the County have negotiated an amendment to the loan agreement which will extend the loan term seven (7) years to October 15, 2019. Starting on October 15, 2013, the City will repay the County from its Riverside County Transportation Commission (RCTC) Measure A annual allocation to be used for transportation projects. In addition, a one-time deposit of the City's accumulated K-Rat fee collection will be paid in Year 1.

The loan agreement will ensure that the County is repaid in full within the loan terms. The Executive Office will administer the loan agreement and track the loan payments.

Supervisor Kevin Jeffries,
1st Supervisorial District

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

012 010 13 04 5:38
COUNTY OF RIVERSIDE
CLERK OF THE BOARD

1 **WHEREAS**, the County and City have mutually negotiated the loan terms for the unpaid loan
2 balance and the County and City wish to amend the Loan Agreement for repayment of the remaining
3 loan balance;

4 **NOW, THEREFORE**, the County and City hereto do mutually agree as follows:

5 1. Section 1 of the Agreement is deleted in its entirety and replaced with the following:

6 "Purpose:

7 The purpose of the First Amendment to the Loan Agreement is to outline the terms and
8 conditions by which the City will provide repayment of the balance of the Loan Agreement so that
9 the City can fulfill its financial obligation to the County within the loan terms agreed herein.

10 City's Agreement:

11 In consideration of the execution of this First Amendment by the County and City, the City
12 agrees:

- 13 (a) The City shall repay the remaining loan balance of \$392,017 to the County interest-
14 free within seven (7) years of the date of this First Amendment and no later than
15 October 15, 2019, as described in the Loan Repayment Schedule, herein attached
16 as Attachment A.
- 17 (b) The City shall not be subject to any penalty for early payment of any portion or all of
18 the debt due to the County by the City as identified by this Amendment.
- 19 (c) In Year One, the City shall transfer the balance of accumulated K-Rat funds to the
20 County, as listed in the Loan Repayment Schedule per Attachment A.
- 21 (d) In Years One through Five of the Loan Repayment Schedule, as per Attachment A,
22 commencing October 15, 2013, the City shall annually transfer to the County of
23 Riverside the portion of the Measure A funds allocated from the Riverside County
24 Transportation Commission (RCTC) as listed in the Five Year Capital Improvement
25 Plan and executed Maintenance of Effort (MOE) Certification Statement (Attachment
26 B) by and between the City and RCTC.
- 27 (e) In Year Six of the Loan Repayment Schedule, as per Attachment A, commencing
28 October 15, 2018, the City shall transfer to the County of Riverside the portion of the

1 estimated Measure A funds allocated from the RCTC from the future Five Year
2 Capital Improvement Plan and MOE.

- 3 (f) At the commencement of Year Six and until the repayment of the loan is made in full,
4 the City has the option of repayment from any other special funds in the event of
5 shortfalls in the Measure A allocation provided that the loan repayment is made in
6 full on or before October 15, 2019.

7 County's Agreement:

8 In consideration of the execution of this Amendment by the County and City, the County agrees:

- 9 (a) The County shall accept the portion of the Measure A funds allocated from the
10 RCTC as listed in the Five Year Capital Improvement Plan and executed
11 Maintenance of Effort Certification as repayment for the remaining loan balance of
12 \$392,017, interest-free, within seven (7) years of the date of this amendment,
13 commencing on October 15, 2013.
- 14 (b) The loan repayment amounts shall be deposited into the First District Development
15 Agreement Public Facilities Trust Fund. Measure A funds shall be used by the
16 County for Transportation purposes in the First Supervisorial District.”

17 **2. Section 2 of the Agreement is deleted in its entirety**

18 **3. Section 3 of the Agreement is deleted in its entirety and replaced with the following:**

19 “Defaults:

20 The County may accelerate and demand in full, complete and immediate repayment of the
21 complete debt due to the County by the City if:

- 22 (a) the City commits any material breach of this First Amendment and has not cured
23 such material breach within thirty (30) days after the date of receipt of written
24 demand by the County; or
- 25 (b) the City ceases participation in the Riverside County Transportation Commission
26 Five Year Capital Improvement Plan; or
- 27 (c) the City becomes ineligible to receive Measure A funds.
- 28

1 Remedies:

2 If the City does not cure default within the time specified in Section 2.2 (a) the County shall apply
3 an interest penalty of five percent (5%) annually on the outstanding balance."

4 **4. A new subsection 4.5 is added to Section 4 of the Agreement to read as follows:**

5 "Communication by and between County and City:

6 County:

City:

7 Riverside County Executive Office

City of Canyon Lake

8 4080 Lemon Street, 4th Floor

31516 Railroad Canyon Road

9 Riverside, CA 92501

Canyon Lake, CA 92587

10 (951) 955-1110 FAX (951) 955-1034

(951) 244-2955

11 Attn: County Finance Officer

Attn: City Manager"

12 5. Except as amended herein, all other provisions of the Loan Agreement remain in full force and
13 effect.

14 6. This First Amendment shall be effective upon the last date that both County and City have fully
15 executed the First Amendment of the Loan Agreement.

16 IN WITNESS WHEREOF, County and City have caused this First Amendment to be executed as of
17 the date the last duly authorized representative executes it.

18 CITY OF CANYON LAKE

COUNTY OF RIVERSIDE

19 By: Mary Craton
20 MARY CRATON, Mayor
City of Canyon Lake

By: _____
JOHN J. BENOIT, Chairman
Board of Supervisors, County of Riverside
Fourth District

21 Date: 8/8/2013

Date: _____

22 Attest:

Attest:

23 By: Kathie Mendoza
24 City Clerk
25 assistant

KECIA HARPER-IHEM
Clerk to the Board

By: _____
Deputy

(SEAL)

26 APPROVED AS TO FORM:

27 Dale A. Gardner
28 County Counsel

ATTACHMENT A

LOAN REPAYMENT SCHEDULE

**Loan
Balance \$ 392,017 as of June 30, 2013**

	DUE DATE	K-Rat	Measure A*	
Year 1	10/15/13	\$ 30,833	\$ 49,000	\$ 79,833
Year 2	10/15/14	-	\$ 48,000	\$ 48,000
Year 3	10/15/15	-	\$ 53,000	\$ 53,000
Year 4	10/15/16	-	\$ 58,000	\$ 58,000
Year 5	10/15/17	-	\$ 63,000	\$ 63,000
Year 6**	10/15/18	-	\$ 63,000	\$ 63,000
Year 7	10/15/19	-	\$ 27,184	\$ 27,184
		\$ 30,833	\$ 361,184	
				\$ 392,017

**Projected annual amounts based on the 5-Year CIP Agreement between City and RCTC.*

(First disbursement of FY 13/14 Measure A funds is September 2013.)

***Assumed level Measure A in Year 6.*

ATTACHMENT B

**FY 2013/14 MAINTENANCE OF EFFORT
CERTIFICATION STATEMENT**

The undersigned agrees and certifies for the city of Canyon Lake (the "Agency") that sales tax transportation funds received pursuant to Ordinance No. 02-001 of the Riverside County Transportation Commission ("Measure A") shall be used in compliance with the Commission's Maintenance of Effort Guidelines and a base year amount of \$28,873, approved by the Commission at its July 13, 2011 meeting, and that the Agency shall not use such funds to replace discretionary local funds previously expended by the Agency for local transportation purposes. The Agency hereby acknowledges that the failure of the Agency to continue such local expenditure shall result in a reduction or loss of Measure A funds. Additionally, the Agency commits to expending Measure A Local Streets and Roads funds for projects listed in the Five Year Capital Improvement Plan as approved by Riverside County Transportation Commission.

Dated: 5/7/13, 2013


CITY MANAGER

ATTEST:

SECRETARY

FY 2013/14 MOE Certification Statement

The Measure A Ordinance requires annual certification that discretionary General Fund expenditures for transportation-related construction and maintenance activities for Fiscal Year 2013/2014 will meet or exceed the MOE Base Year amount and commitment to expending Measure A Local Street and Roads funds to projects identified in the agency's Five-Year CIP. Funds withheld from a local agency for failure to meet its MOE Base Year requirement will be redistributed in accordance with Ordinance No. 02-01 within the Measure A area in which the agency is located (Western County, Coachella Valley, or Palo Verde Valley). The MOE Certification Statement (Attachment C) is only required from agencies that were incorporated before July 1, 2009, and have an approved MOE base-year amount.

The MOE Certification Statement is one part of the MOE process. The Commission's auditor will perform agreed-upon procedures related to Measure A following the end of the fiscal year. At that time, the fiscal year's actual MOE expenditures will be compared to the MOE base year and the local agency will be required to provide a summary of that fiscal year's MOE expenditures in a format consistent with the MOE base year format.

Project Status Report

The Commission must also receive a Project Status Report (sample format included as Attachment D) on the FY 2012/2013 CIP projects. The purpose of this report is to document progress to date on engineering, right-of-way acquisition, and construction; problems encountered; and expected completion date.

Submittal Deadlines

The timeline for approval of the Five-Year CIP is as follows:

- **Monday, May 13, 2013** - Submit the Five-Year CIP, MOE Certification Statement, and Project Status Report, Attention: Shirley Medina
- **June/July 2013** – Commission review and approval of Five-Year CIP
- **September 2013** – First disbursement of FY 2013/14 Measure A funds

No Measure A disbursements can be made for the fiscal year until the Commission has received and approved a Five-Year CIP and MOE certification. Note that local agencies that incorporate after July 1, 2009, will use the third year after incorporation to determine the MOE base year amount and will submit their first MOE certification statement for the fourth fiscal year after incorporation.

If you need assistance or have any questions, please feel free to contact Theresia Trevino (Measure A revenue projections) or Shirley Medina (MOE/CIP) at (951) 787-7141.

Attachment A

RIVERSIDE COUNTY TRANSPORTATION COMMISSION
MEASURE A PROGRAM ALLOCATION (PROJECTION)

	FY 2012/13 (revised)	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18
Western County						
BANNING	\$ 454,000	\$ 470,000	\$ 484,000	\$ 499,000	\$ 514,000	\$ 528,000
BEAUMONT						
CALIMESA	129,000	132,000	136,000	140,000	144,000	148,000
CANYON LAKE	145,000	148,000	152,000	157,000	162,000	167,000
CORONA	3,141,000	3,279,000	3,377,000	3,478,000	3,582,000	3,689,000
EASTVALE	729,000	882,000	908,000	935,000	963,000	992,000
HEMET	1,387,000	1,422,000	1,465,000	1,509,000	1,554,000	1,601,000
JURUPA VALLEY	1,523,000	1,487,000	1,532,000	1,578,000	1,625,000	1,674,000
LAKE ELSINORE	957,000	993,000	1,023,000	1,054,000	1,088,000	1,119,000
MENIFEE	1,202,000	1,261,000	1,299,000	1,338,000	1,378,000	1,419,000
MORENO VALLEY	3,027,000	3,136,000	3,230,000	3,327,000	3,427,000	3,530,000
MURRIETA	1,775,000	1,836,000	1,891,000	1,948,000	2,008,000	2,066,000
NORCO	516,000	533,000	549,000	565,000	582,000	599,000
PERRIS	1,144,000	1,194,000	1,230,000	1,267,000	1,305,000	1,344,000
RIVERSIDE	5,711,000	5,918,000	6,096,000	6,279,000	6,467,000	6,661,000
SAN JACINTO	662,000	684,000	705,000	726,000	748,000	770,000
TEMECULA	2,350,000	2,429,000	2,502,000	2,577,000	2,654,000	2,734,000
WILDOMAR	471,000	487,000	502,000	517,000	533,000	549,000
RIVERSIDE COUNTY	4,342,000	4,344,000	4,474,000	4,808,000	4,746,000	4,888,000
RCTC Regional Arterial	632,000	659,000	679,000	699,000	720,000	742,000
SUBTOTAL-Western County	30,297,000	31,294,000	32,234,000	33,201,000	34,196,000	35,221,000
Coachella Valley						
CATHEDRAL CITY	1,206,000	1,274,000	1,312,000	1,351,000	1,392,000	1,434,000
COACHELLA	544,000	578,000	595,000	613,000	631,000	650,000
DESERT HOT SPRINGS	395,000	437,000	450,000	464,000	478,000	492,000
INDIAN WELLS	211,000	231,000	238,000	245,000	252,000	260,000
INDIO	1,422,000	1,515,000	1,560,000	1,607,000	1,655,000	1,705,000
LA QUINTA	110,000	693,500	714,000	735,000	757,000	780,000
PALM DESERT	2,337,000	2,478,000	2,552,000	2,629,000	2,708,000	2,789,000
PALM SPRINGS	1,762,000	1,854,000	1,910,000	1,987,000	2,028,000	2,087,000
RANCHO MIRAGE	785,000	814,000	838,000	863,000	889,000	916,000
RIVERSIDE COUNTY	1,361,000	1,605,000	1,653,000	1,703,000	1,754,000	1,807,000
CVAG	1,210,000	693,500	714,000	735,000	757,000	780,000
SUBTOTAL-Coachella Valley	11,343,000	12,173,000	12,538,000	12,912,000	13,299,000	13,700,000
Palo Verde Valley						
BLYTHE	764,000	810,000	834,000	859,000	885,000	912,000
RIVERSIDE COUNTY	180,000	208,000	214,000	220,000	227,000	234,000
SUBTOTAL-Palo Verde Valley	944,000	1,018,000	1,048,000	1,079,000	1,112,000	1,146,000
TOTAL	\$ 42,584,000	\$ 44,485,000	\$ 45,818,000	\$ 47,192,000	\$ 48,607,000	\$ 50,067,000

Note: Estimate for Planning Purposes, subject to change and rounding differences.

**RIVERSIDE COUNTY TRANSPORTATION COMMISSION
MEASURE A LOCAL FUNDS PROGRAM
FY 2014 - 2018**

Agency: City of Canyon Lake

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Prepared by: Habib Motlagh

Phone #: (951) 943-6504

Date: March 28, 2013

Estimated Prior Year Measure A Balance: \$0
Estimated FY 2013-2014 Measure A Allocation: 148,000.00
Estimated Measure A Available for FY 2013-2014 Projects: 148,000.00

Item No.	Project Name / Limits	Project Type	Total Cost (\$000's)	Measure A Funds (\$000's)
2013-2014				
1	Debt Service for Measure A Loan		84	84
2	Debt Service to County		49	49
TOTALS			133	133

Notes: 1 - Canyon Lake received an advance of \$557,000 on Measure A funds for Railroad Canyon Road Widening. This balance is being paid down starting with the 2013-14 allocation.
2 - Canyon Lake received a loan from Riverside County in 2003 to pay for 2003 pavement rehabilitation project. The balance of said loan is being paid down starting with 2014-18 allocation.

**RIVERSIDE COUNTY TRANSPORTATION COMMISSION
MEASURE A LOCAL FUNDS PROGRAM
FY 2014 - 2018**

Agency: City of Canyon Lake

Page 1 of 1

Prepared by: Habib Motlagh

Phone #: (951) 943-6504

Date: March 28, 2013

Estimated Prior Year Measure A Balance: 15,000.00
Estimated FY 2014-2015 Measure A Allocation: 152,000.00
Estimated Measure A Available for FY 2014-2015 Projects: 167,000.00

Item No.	Project Name / Limits	Project Type	Total Cost (\$000's)	Measure A Funds (\$000's)
2014-2015				
1	Debt Service for Measure A Loan		84	84
2	Debt Service to County		48	48
3	Railroad Canyon Road (City Limits)	Pavement rehabilitation and miscellaneous improvements, signal maintenance.	35	35
TOTALS			167	167

**RIVERSIDE COUNTY TRANSPORTATION COMMISSION
MEASURE A LOCAL FUNDS PROGRAM
FY 2014 - 2018**

Agency: City of Canyon Lake

Page 1 of 1

Prepared by: Habib Mollagh

Phone #: (951) 943-6504

Date: March 28, 2013

Estimated Prior Year Measure A Balance: -
Estimated FY 2015-2016 Measure A Allocation: 157,000.00
Estimated Measure A Available for FY 2015-2016 Projects: 157,000.00

Item No.	Project Name / Limits	Project Type	Total Cost (\$000's)	Measure A Funds (\$000's)
2015-2016				
1	Debt Service for Measure A Loan		84	84
2	Debt Service to County		53	53
3	Railroad Canyon Road (City Limits)	Pavement rehabilitation and miscellaneous improvements, signal maintenance.	20	20
TOTALS			157	157

**RIVERSIDE COUNTY TRANSPORTATION COMMISSION
MEASURE A LOCAL FUNDS PROGRAM
FY 2014 - 2018**

Agency: City of Canyon Lake

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Prepared by: Habib Motlagh

Phone #: (951) 943-6504

Date: March 28, 2013

Estimated Prior Year Measure A Balance: -
Estimated FY 2016-2017 Measure A Allocation: 162,000.00
Estimated Measure A Available for FY 2016-2017 Projects: 162,000.00

Item No.	Project Name / Limits	Project Type	Total Cost (\$000's)	Measure A Funds (\$000's)
<u>2016-2017</u>				
1	Debt Service for Measure A Loan		84	84
2	Debt Service to County		58	58
3	Railroad Canyon Road (City Limits)	Pavement rehabilitation and miscellaneous improvements, signal maintenance.	20	20
TOTALS			162	162

**RIVERSIDE COUNTY TRANSPORTATION COMMISSION
MEASURE A LOCAL FUNDS PROGRAM
FY 2014 - 2018**

Agency: City of Canyon Lake

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Prepared by: Habib Motlagh

Phone #: (951) 943-6504

Date: March 28, 2013

Estimated Prior Year Measure A Balance: -
Estimated FY 2017-2018 Measure A Allocation: 167,000.00
Estimated Measure A Available for FY 2017-2018 Projects: 167,000.00

Item No.	Project Name / Limits	Project Type	Total Cost (\$000's)	Measure A Funds (\$000's)
2017-2018				
1	Debt Service for Measure A Loan		84	84
2	Debt Service to County		63	63
3	Railroad Canyon Road (City Limits)	Pavement rehabilitation and miscellaneous improvements, signal maintenance.	20	20
TOTALS			167	167