

Report pins loan woes on restaurant owner

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By Tom Lochner

A "Pear Street Bistro Chronology" by outgoing Pinole City Manager Belinda Espinosa puts the blame for the restaurant's loan debacle squarely on owner Gary Wong.

Wong stopped making payments 19 months ago on several hundred thousand dollars in Pinole Redevelopment Agency loans and has asked the city for financial concessions.

In the introduction to the timeline, Espinosa says Wong failed to comply with about 20 agency requests for financial information in a period of about 11/2 years, making it "almost impossible" to send a loan restructuring proposal to the agency board.

Some 200 pages of e-mails, letters, agendas and minutes show numerous requests for financial documentation; Wong's frustration with the staff's response to some of his requests for additional grants and financing; restructuring proposals by the staff; and the involvement of other Pinole officials, past and present, in negotiations.

Highlights include:

- September 2005: Wong writes to then-assistant city manager Jim Schutz asking for a three-year deferral on his Bistro loans; Wong' Swish Wine Room, since closed, needs cash, he says.
- Sept. 26, 2005: Wong e-mails Schutz, with a copy to Councilman David Cole, describing plans to move Swish to the back of Pear Street Bistro.
- Jan. 27, 2006: Wong meets with Schutz and former City Manager Marc Grisham at Pear Street Bistro.
- Feb., 21, 2006: Schutz, in an e-mail to Cole, discusses the design at Swish.
- June 19, 2006: Wong tells staff he has not made loan payments since Oct. 1, 2005, and asks the agency to pay off a \$300,000 bank loan of his and grant him \$100,000 to retrofit Swish for food service.
- Aug. 23, 2006: In an e-mail, Espinosa balks at a request that the agency pay seven months' rent at Swish.
- Aug. 28, 2006: Espinosa, in an e-mail copied to the council, balks at paying some invoices for construction drawings at Swish; she refers to an earlier \$400,000 grant request by Wong for alterations at Swish.
- Oct. 10, 2006: Espinosa, in a letter to Wong, proposes loan concessions, a \$15,000 grant for subdividing the Swish space and other concessions.
- Jan. 22, 2007: Mayor Maria Alegria, in an e-mail, expresses confidentiality concerns and tells Espinosa, "I do not want any report produced by staff unless we have directed it."
- Jan. 22, 2007: Wong's accountant, Percy Yang, e-mails Alegria. "Dear Maria," Yang writes, "As you know, the Wong family have made a significant investment into the operations of the Pear Street Bistro and Swish." Yang says that to pay the Pear Street loans, Wong wants to sell the building to the city at fair-market value, which he pegs at \$3 million.
- Feb. 27, 2007: Wong, in an e-mail to City Attorney Ben Reyes and Espinosa, with copies to Alegria and Yang, writes, "This means of negotiating has come to the

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infamous YO-YO game, with no direction." Reyes replies, "I can assure you that none of this is a game to us."

• April 6, 2007: Wong, in an e-mail to Yang complaining about how Espinosa and Reyes are valuing the building, writes, "Do you remember Marc Grisham, he was the former city manager you met at one of our meetings, I spoke to him last night about this and he said to call him if we need guidance."

The council has since given the OK to buy the building for \$1.55 million, pending another appraisal from Wong.

Alegria, in a voice mail late Wednesday, said she had not reviewed Espinosa's chronology but added that she has "fundamental questions."

"Who knew what when?" Alegria said. "That, to me, is the essence of this whole controversy."

Calls to Wong and Grisham seeking comment were not returned Wednesday.

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