CITY OF COVINA
AGENDA REPORT
ITEM NO. CB 1

MEETING DATE: August 15, 2017

TITLE: Resolution CC 17-86 Making Findings for the use of $3,500,000 in Combined 2002 Series A Revenue Bonds and 2004 Series B Tax Allocation Bonds for Partial Funding of the Proposed Covina Senior Citizen and Community Center Project and to Amend the Fiscal Year 2017-2018 City of Covina Operating Budget to Appropriate $704,789.52 into Account No. 2053-3400-55100-P1601 and $2,795,201.48 into Account No. 2055-3400-55100-P1601

PRESENTED BY: Brian K. Lee, Director of Community Development

RECOMMENDATION: Adopt Resolution CC 17-86 making findings for the use of $3,500,000 in combined 2002 Series A Revenue Bonds and 2004 Series B Tax Allocation Bonds for partial funding of the proposed Covina Senior Citizen and Community Center project and to amend the Fiscal Year 2017-2018 City of Covina Operating Budget to Appropriate $704,789.52 into Account No. 2053-3400-55100-P1601 and $2,795,201.48 into Account No. 2055-3400-55100-P1601.

EXECUTIVE SUMMARY/BACKGROUND:
Resolution CC 17-86 makes findings that would allow the use of $3,500,000 in combined 2002 Series A Revenue Bonds and 2004 Series B Tax Allocation Bonds (old Covina Redevelopment bond proceeds) for the proposed Covina Senior Citizen and Community Center project. In addition, Resolution CC 17-86 includes a budget amendment to appropriate those funds into the Covina Senior Citizen and Community Center project account.

DISCUSSION:
The total project cost for the new Covina Senior Citizen and Community Center is estimated to be $8,250,000. Partial project funding has been secured from a variety of sources such as Los Angeles County Proposition A Excess Grant Funds and Section 108 Community Development Block Grant loan funds. However, in order to fully fund the project, approximately $3,500,000 in funding needs to be identified and formally budgeted.

Pursuant to the Dissolution Law that eliminated redevelopment agencies in California in 2012, the City of Covina and the Successor Agency entered into an agreement whereby the balances of the 2004 Bonds proceeds ($5,156,000) and the 2002 Bonds proceeds ($1,003,000) were transferred to the City to be used for the purposes for which the bonds were sold (being projects of benefit to Project Area No. 1) consistent with the bond covenants.
The use of the aforementioned old redevelopment agency bond proceeds still must be used consistent with the provisions of the eliminated redevelopment provisions. Thus, the use of the old bond funds need to demonstrate there is a legitimate benefit to what were the boundaries of Covina Redevelopment Project Area No. 1. Therefore, findings of fact need to articulate the proposed use of those funds are presented in Resolution CC 17-86, as well as a budget amendment to appropriate $3,500,000 in those bond funds to the Covina Senior Citizen and Community Center project account.

**FISCAL IMPACT:**
Appropriate $704,789.52 into Account No. 2053-3400-55100-P1601 and $2,795,201.48 into Account No. 2055-3400-55100-P1601, for a combined total of $3,500,000 for the partial funding of the Covina Senior Citizens and Community Center project.

**CEQA (CALIFORNIA ENVIRONMENTAL QUALITY ACT):**
This item is not subject to the provisions of the California Environmental Quality Act (CEQA).

Respectfully submitted,

[Signature]

Brian K. Lee
Director of Community Development

**ATTACHMENT:**
A: Resolution CC 17-86
RESOLUTION CC 17-86


WHEREAS, the Covina Public Financing Authority previously issued its 2002 Revenue Bonds, Series A (Covina Revitalization – Redevelopment Project No. One) (the “2002 Bonds”) and loaned the proceeds to the former Covina Redevelopment Agency (“Former Agency”) to finance redevelopment activities within or of benefit to Covina Revitalization Project Area No. One (“Project Area No. 1’’); and

WHEREAS, the Former Agency previously issued its Covina Redevelopment Agency 2004 Taxable Tax Allocation Bonds, Series B (the “2004 Bonds”) to finance redevelopment activities within or of benefit to Project Area No. 1; and

WHEREAS, pursuant to AB XI 26 (which became effective in June 2011) (the “Dissolution Law”) and the California Supreme Court’s decision in California Redevelopment Association, et al. v. Ana Matosantos, et al., 53 Cal. 4th 231 (2011), the Former Agency was dissolved as of February 1, 2012, and the Successor Agency was constituted; and

WHEREAS, pursuant to the Dissolution Law, the unencumbered proceeds of the 2002 Bonds and the 2004 Bonds transferred to the control of the Successor Agency by operation of law upon the dissolution of the Former Agency; and

WHEREAS, pursuant to the Dissolution Law, the City and the Successor Agency entered into an agreement whereby the balances of the 2004 Bonds proceeds ($5,156,000) and the 2002 Bonds proceeds ($1,003,000) transferred to the City to be used for the purposes for which the bonds were sold (being projects of benefit to Project Area No. 1) consistent with the bond covenants; and

WHEREAS, the City Council has identified the development of a new Covina Senior Citizen and Community Center as a top priority project for the community; and

WHEREAS, the total project cost for the new Covina Senior Citizen and Community Center is estimated to be $8,250,000 and partial project funding has been secured from a variety of sources such as Los Angeles County Proposition A Excess Grant Funds and Section 108 Community Development Block Grant loan funds; and

WHEREAS, because of the spatial and infrastructure needs for the construction of the new Covina Senior Citizen and Community Center, as well as the overall project funding available, the Council has been determined that the new Covina Senior Citizen and Community Center must be built on City-owned property and that Kelby Park (located at 815 N. Barranca
Avenue) is the most feasible development site available and has the most flexibility in regards to available space for the location of the facility; and

WHEREAS, the City conducted an exhaustive series of public workshops over an approximate 18 month period of time to select the most feasible location for the new Covina Senior Citizen and Community Center and public input overwhelmingly identified Kelby Park as the superior location; and

WHEREAS, Kelby Park is located in the geographic center of the City in close proximity to contiguous portions of Project Area No. 1 and Project Area No. 2, which includes downtown Covina, the cultural, historical and emotional hub of the City; and

WHEREAS, persons who live and work within the City and within the boundaries of Project Area No. 1 will have access to all the programs and activities available within the new Covina Senior Citizen and Community Center; and

WHEREAS, the new Covina Senior Citizen and Community Center will be a City-owned facility that will be open to the public and will provide a wide range of activities and programs, including dedicated programs and activities for Covina senior citizens; and

WHEREAS, the budget for the City for the fiscal year commencing July 1, 2017 and ending June 30, 2018 was approved on June 6, 2017; and

WHEREAS, the City Council adopted Resolution CC 17-52 approving the FY 2018-2022 CIP and the FY 2018 CIP Budget on June 6, 2017; and

WHEREAS, the approved budget is in accordance with all applicable ordinances of the City and all applicable statutes of the State; and

WHEREAS, the reallocation of the appropriations between departmental activities may be made by the City Manager, and amendments (increases/decreases) to the Budget shall be by approval and Resolution of the City Council; and

WHEREAS, the City Council wishes to allocate proceeds of the 2002 Bonds and the 2004 Bonds for the purpose of financing a portion of the cost of constructing the new Covina Senior Citizens and Community Center and the project budget requires the transfer of $3,331,503 in combined 2002 Bonds proceeds and 2004 Bonds proceeds for partial funding of the new Covina Senior Citizens and Community Center; and

WHEREAS, the current amount of unencumbered 2002 Bonds proceeds is $704,789.52 and the current amount of unencumbered 2004 Bonds proceeds is $5,156,072.26 for a combined total of $5,860,861.78;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COVINA, CALIFORNIA DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The facts set forth in the recitals are true and correct, and have been considered by the City Council with reference to this Resolution.

Resolution CC 17-86
SECTION 2. Based on the facts set forth in the recitals and other information presented to the City Council, the City Council hereby finds that the proposed new Covina Senior Citizen and Community Center will be of benefit to Project Area No. 1 and will help eliminate conditions of blight in Project Area No. 1. The new Covina Senior Citizen and Community Center will remedy the lack of adequate community facilities to serve Project Area No. 1 by creating a community gathering and meeting facility within very close proximity to a portion of Project Area No. 1 and downtown Covina where no such facility currently exists, and will serve residents and employees of the entire Project Area No. 1. The development of the Center will meet the City’s need for a modern facility which will allow the City to provide much needed public education, recreational and social programs which will promote physical and mental health and counter conditions conducive to crime and juvenile delinquency. In addition, the Center will increase the pedestrian and vehicular exposure of downtown Covina merchants and service providers and further increase the regional profile of downtown Covina, and in turn, the increased viability of downtown Covina will have a multiplier effect on other businesses and services throughout the City and Project Area No. 1. Private sector investment and stakeholder participation in Project Area No. 1 will be encouraged by the development of the Center, contributing to the revitalization of Project Area No. 1 through the retention and attraction of businesses within Project Area No. 1.

SECTION 3. The City Council hereby finds that there are no other reasonable means of financing the total estimated cost of the proposed new Covina Senior Citizens and Community Center available to the community.

SECTION 4. Appropriate $704,789.52 into Account No. 2053-3400-55100-P1601 and $2,795,201.48 into Account No. 2055-3400-55100-P1601 for a combined total of $3,500,000 for the partial funding of the Covina Senior Citizens and Community Center project is hereby approved.

SECTION 5. The City Clerk shall certify to the passage and adoption of this resolution and shall enter the same in the Book of Original Resolutions.

APPROVED and PASSED this 15th day of August 2017.

City of Covina, California

JORGE A. MARQUEZ, Mayor

ATTEST:

SHARON F. CLARK, Chief Deputy City Clerk

Resolution CC 17-86
CERTIFICATION

I, Sharon F. Clark, Chief Deputy City Clerk of the City of Covina, hereby certify that Resolution CC 17-86 was duly adopted by the City Council of the City of Covina at a Regular meeting held on the 15th day of August, 2017, by the following vote:

AYES: \hspace{1cm} COUNCIL MEMBERS:
NOES: \hspace{1cm} COUNCIL MEMBERS:
ABSENT: \hspace{1cm} COUNCIL MEMBERS:
ABSTAIN: \hspace{1cm} COUNCIL MEMBERS:

Dated:

\hspace{3cm} SHARON F. CLARK, Chief Deputy City Clerk