



# City of Chula Vista

## Legislation Details (With Text)

<b>File #:</b>	16-0177	<b>Name:</b>	
<b>Type:</b>	Consent Item	<b>Status:</b>	Passed
		<b>In control:</b>	City Council
<b>On agenda:</b>	4/12/2016	<b>Final action:</b>	4/12/2016
<b>Title:</b>	A. RESOLUTION NO. 2016-005 OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF CHULA VISTA APPROVING A BOND PROCEEDS EXPENDITURE AGREEMENT BETWEEN THE CITY OF CHULA VISTA AND THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF CHULA VISTA PROVIDING FOR THE TRANSFER OF EXCESS BOND PROCEEDS TO THE CITY FOR BOND-ELIGIBLE PURPOSES, DIRECTING THE TRANSFER OF SUCH FUNDS TO THE CITY, AND MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH		
	B. RESOLUTION NO. 2016-060 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROVING A BOND PROCEEDS EXPENDITURE AGREEMENT BETWEEN THE CITY OF CHULA VISTA AND THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF CHULA VISTA PROVIDING FOR THE TRANSFER OF EXCESS BOND PROCEEDS BY THE SUCCESSOR AGENCY TO THE CITY FOR BOND-ELIGIBLE PURPOSES, ACCEPTING SUCH FUNDS FROM THE SUCCESSOR AGENCY, AND MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH		

### Sponsors:

### Indexes:

### Code sections:

**Attachments:** 1. Item 3 - Attachment 1 - Bond Proceeds Expenditure Agreement, 2. Item 3 - Resolution A - SA Resolution Approving Bond Proceeds Expenditure Agreement, 3. Item 3 - Resolution B - City Resolution Approving Bond Proceeds Expenditure Agreement

Date	Ver.	Action By	Action	Result
4/12/2016	1	City Council	approve	Pass

A. RESOLUTION NO. 2016-005 OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF CHULA VISTA APPROVING A BOND PROCEEDS EXPENDITURE AGREEMENT BETWEEN THE CITY OF CHULA VISTA AND THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF CHULA VISTA PROVIDING FOR THE TRANSFER OF EXCESS BOND PROCEEDS TO THE CITY FOR BOND-ELIGIBLE PURPOSES, DIRECTING THE TRANSFER OF SUCH FUNDS TO THE CITY, AND MAKING CERTAIN FINDINGS IN CONNECTION THEREWITH

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## RECOMMENDED ACTION

Agency adopt Resolution A and Council adopt resolution B.

## **SUMMARY**

The former Redevelopment Agency of the City of Chula Vista issued tax allocation bonds to fund a variety of projects. Approximately \$1.3 million in bond proceeds were unexpended as of the date of dissolution. Under the Dissolution Act, the Successor Agency may spend such funds for the purpose for which the bonds were issued.

The City and the former Agency intended those funds to be spent on the Third Avenue Streetscape Improvements Project - Phase 2. In order to draw down the remaining bond funds and allocate them to such expenditures, the City and the Successor Agency intend to enter into a Bond Proceeds Expenditure Agreement.

## **ENVIRONMENTAL REVIEW**

### **Environmental Notice**

The activity is not a “Project” as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

### **Environmental Determination**

The Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a “Project” as defined under Section 15378 of the State CEQA Guidelines because it will not result in a physical change in the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no environmental review is required.

## **BOARD/COMMISSION RECOMMENDATION**

Not Applicable

## **DISCUSSION**

The former Redevelopment Agency issued tax allocation bonds to fund a variety of projects. Approximately \$1.3 million of such funds were unexpended as of the date of dissolution of the Redevelopment Agency. Pursuant to the Dissolution Act, the Successor Agency may spend such funds for the purpose for which the bonds were issued.

This action approves the Successor Agency’s approval to enter into an agreement with the City to administer the expenditure of the remaining 2000 Bond proceeds on Third Avenue Streetscape improvements.

The Dissolution Act provides that after the Successor Agency has received a Finding of Completion from the state Department of Finance (“DOF”), the Successor Agency may enter into an agreement to list obligations to expend excess bond proceeds, so long as the expenditures are consistent with the bond covenants and used within the boundaries of the former Redevelopment Agency Project Area. The Successor Agency received its Finding of Completion from DOF on May 7, 2013.

The proposed Bond Proceeds Expenditure Agreement would authorize the Successor Agency to transfer excess bond proceeds to the City, to be used in accordance with the bond covenants. DOF has approved similar agreements transferring bond proceeds from a Successor Agency to its city.

If the Agreement is approved by the Oversight Board and the DOF, the Successor Agency may list the Agreement as an enforceable obligation on its Recognized Obligation Payment Schedule.

The proposed Bond Proceeds Expenditure Agreement with the City would permit all excess bond proceeds to be transferred from the Successor Agency to the City, which in turn must use the proceeds in accordance with the bond covenants. The current balance of the unexpended proceeds, including interest calculated through December 31, 2015, is \$1,330,388. A transfer of this amount would occur (together with any additional accrued interest from December 31, 2015), with the funds then eligible to be used, pursuant to the original tax allocation bonds, to reimburse the City for the cost of the Third Avenue Streetscape Improvements Project - Phase 2 or other improvements consistent with the bond covenants.

### **DECISION-MAKER CONFLICT**

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the 500-foot rule found in California Code of Regulations Title 2, section 18702.2(a)(11), is not applicable to this decision for purposes of determining a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

Staff is not independently aware, and has not been informed by any City Council Member or Board Member of the Successor Agency to the Redevelopment Agency of the City of Chula Vista, of any other fact that may constitute a basis for a decision maker conflict of interest in this matter.

### **LINK TO STRATEGIC GOALS**

The City's Strategic Plan has five major goals: Operational Excellence, Economic Vitality, Healthy Community, Strong and Secure Neighborhoods and a Connected Community. Approval of this agreement provides funding to complete the Third Avenue Streetscape Improvements, which upon completion will promote Economic Vitality in the area that fronts the improvements.

### **CURRENT YEAR FISCAL IMPACT**

There is no current year fiscal impact. All funds recommended to be transferred have been included previously in the City's Capital Improvement Plan Budget. All proceeds are expected to be expended within FY 2015-16.

### **ONGOING FISCAL IMPACT**

There is no ongoing fiscal impact as a result of the approval of this item.

### **ATTACHMENTS**

Bond Proceeds Expenditure Agreement

*Staff Contact: Mike Sylvia, Finance & Purchasing Manager*