ITEM NO. 5

*STAFF REPORT*

*SUCCESSOR AGENCY*
*CITY OF OCEANSIDE*

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DATE: January 21, 2014

TO: The Oversight Board of the City of Oceanside Successor Agency

FROM: George Buell, Development Services Director

SUBJECT: **ADOPTION OF A RESOLUTION AUTHORIZING THE EXPENDITURE OF TAX-EXEMPT BOND PROCEEDS FOR QUALIFIED PUBLIC IMPROVEMENTS**

## SYNOPSIS

Staff is recommending that the Oversight Board of the Oceanside Successor Agency adopt a resolution authorizing the expenditure of $1,725,000 of Tax-Exempt Bond Proceeds to the City of Oceanside for qualified public improvements and capital expenditures as part of the Former Redevelopment Agency's share of public projects benefiting the Former Agency.

## BACKGROUND

The State of California Assembly Bill X126, the "Dissolution Act", dissolved all redevelopment agencies in California, including the Oceanside Redevelopment Agency ("Former Agency"). As part of the dissolution of the Former Agency, the City Council adopted a resolution electing to have the City of Oceanside serve as the Successor Agency to the Oceanside Redevelopment Agency.

Prior to the Dissolution Act, the Former Agency issued tax-exempt bonds in order to advance projects to implement the Redevelopment Plan. As a result of the Dissolution Act and the process to gain State approval to spend those bond proceeds, several projects that were to be funded with bond funds have progressed with alternate funding. Those projects were anticipated to be partially funded through the Former Agency bond proceeds but due to delays associated with the overall redevelopment issues, the projects advanced without those funds.

## ANALYSIS

The Oceanside Successor Agency has received a Finding of Completion from the State Department of Finance which allows the Successor Agency to move forward with spending the remaining bond funds. The bond funds were intended to fund certain projects that benefit the Former Agency. The following is a list of the projects and the amount of cost sharing proposed for each.

| | | | |
|---|---|---|---|
| a. | Downtown Fire Apparatus Replacement | 915783100581 | $402,000 |
| b. | Coast Highway Traffic Signal Improvements | 903130800508 | 76,000 |
| c. | Coast Highway Vision EIR | 902131200212 | 308,000 |
| d. | Desalter Water Facility Expansion | 908247000715 | 685,000 |
| e. | Myers/Tait Street Sewer Upgrade | 909831500726 | 254,000 |
| | **TOTAL BOND PROCEEDS** | | **$1,725,000** |

## FISCAL IMPACT

The Former Agency is retaining approximately $12.5 million in bond proceeds. Approximately $8 million is allocated to an additional parking structure to serve the Downtown Area and $2.8 million for Mission Avenue Phase II improvements. Payment of the proposed cost sharing would allocate the remaining bond proceeds. The payment of the bond proceeds will be included in the ROPS effective July-December 2014.

## CITY ATTORNEY'S ANALYSIS

The resolution has been approved as to form by the City Attorney, acting as Counsel to the Successor Agency.

## RECOMMENDATION

Staff is recommending that the Oversight Board of the Oceanside Successor Agency adopt a resolution authorizing the expenditure of $1,725,000 of Tax-Exempt Bond Proceeds to the City of Oceanside for qualified public improvements and capital expenditures as part of the Former Redevelopment Agency's share of public projects benefiting the Former Agency.

PREPARED BY:

George Buell
Development Services Director

SUBMITTED BY:

Steven R. Jepsen
City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager

Michele Lund, Treasury Manager

James R. Riley, Financial Services Director

RESOLUTION NO.

A RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY OF THE CITY OF OCEANSIDE AUTHORIZING THE EXPENDITURE OF TAX-EXEMPT BOND PROCEEDS FOR QUALIFIED PUBLIC IMPROVEMENTS

WHEREAS, on February 1, 2012, in accordance with the provisions of California Health and Safety Code Section 34179(a)(1) the Oceanside Redevelopment Agency was dissolved; and

WHEREAS, the Oversight Board to the Successor Agency of the former Oceanside Redevelopment Agency (Successor Agency) has been appointed pursuant to the provisions of Health and Safety Code Section 34179; and

WHEREAS, on May 10, 2013 and May 15, 2013, the California Department of Finance (DOF) issued to the Successor Agency a Finding of Completion pursuant to Health and Safety Code Section 34179.7; and

WHEREAS, Health and Safety Code section 34191.4 provides, in relevant part, "[t]he following provisions shall apply to any successor agency that has been issued a finding of completion by the Department of Finance: . . . (c)(1) Bond Proceeds derived from bonds issued on or before December 31, 2010, shall be used for the purposes for which the bonds were sold"; and

WHEREAS, the former Oceanside Redevelopment Agency issued tax allocation bonds prior to December 31, 2010 to fund certain public improvements, and during the time period following adoption of AB 26 and AB 1484 and prior to the issuance of a the Finding of Completion by the DOF, the Successor Agency was legally prevented from entering into contracts for the expenditure of these funds; and

WHEREAS, the purpose of this Resolution is to authorize the expenditure of portions of the remaining bond proceeds issued by the former Oceanside Redevelopment Agency prior to December 31, 2010; and

NOW, THEREFORE, the Oversight Board to the Successor Agency of the City Oceanside does resolve as follows:

1. The foregoing Oversight Board recitals are true and correct and are a substantive part of this Resolution.

2. The Oversight Board hereby approves the expenditure of $1,725,000 from the remaining tax-exempt bond proceeds (00972.3100.0001) for the following projects:

| | | |
|---|---|---|
| a. Downtown Fire Apparatus Replacement | 915783100581 | $402,000 |
| b. Coast Highway Traffic Signal improvements | 903130800508 | $76,000 |
| c. Coast Highway Vision EIR | 902131200212 | $308,000 |
| d. Desalter Water Facility Expansion | 908247000715 | $685,000 |
| e. Myers/Tait Street Sewer upgrade | 909831500726 | $254,000 |
| Total Bond Proceeds | | $1,725,000. |

3. No distributions from the RPTTF shall be requested for any of the projects identified in section 2 above. These projects shall be funded exclusively through use of City of Oceanside funding sources and the bond proceeds identified above.

4. Staff is authorized to take all actions necessary to implement this Resolution.

5. This Resolution shall be effective five business days after notice in the manner specified by the Department of Finance is provided unless the DOF requests review in which case the resolution shall become effective as provided by Health and Safety Code section 34179(h).

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6. The payments of the authorized in this Resolution shall be included in the Recognized Obligation Payment Schedule covering the period of July 2014 through December 2014 (ROPS 14-15A).

PASSED AND ADOPTED by the Oversight Board to the Successor Agency of the City of Oceanside, California, this _____day of _____, 2014, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

_____
CHAIRMAN

ATTEST:

_____
SECRETARY