



CITY OF POMONA COUNCIL REPORT

November 19, 2018

To: Honorable Mayor and Members of the City Council

From: Linda Lowry, City Manager

Submitted by: Meg McWade, Public Works Director

Subject: **To Ensure Timely Expenditures of the Garey Village Foreclosure Sale Proceeds, Adopt a Resolution Retroactively Amending the FY 2017-18 Capital Improvement Program (CIP) Budget Retroactively by Reappropriating \$1,125,749 of Prop C Funds, Measure R Funds, and Series "AX" Bond Funds (Garey Village Foreclosure Sale Proceeds) Among "Holt Avenue (West) Reconstruction," Project No. 71047, "Major Street Rehabilitation Citywide (FY 13-14 to FY 15-16), Project No. 68548, "Street Preservation - Citywide (FY 16-17)," Project No. 67920, "Traffic Signal - Village Loop Road and Santa Clara Drive," Project No. 50405, and "Traffic Signal Improvements -Towne Avenue and Riverside Drive," Project No. 68553**

OVERVIEW

Recommendation – That the City Council adopt a Resolution (Attachment) amending the FY 2017-18 Capital Improvement Program (CIP) budget by unappropriating \$1,125,749 and appropriating \$1,125,749 to and from various CIP project funds, as itemized in Table 1 and 2 in the Discussion section below.

Fiscal Impact – There is no fiscal impact to the reappropriation of bond proceeds as the various projects will redirect the funds to one another. The action does not increase or decrease the total budget for the projects. The reappropriation of Series "AX" Bond Funds (formerly Series "AI" Garey Village Foreclosure Sale Proceeds) is necessary to meet the January 17, 2019 deadline for spending the proceeds as set by the Internal Revenue Service (IRS).

Previous Related Action – On December 7, 2015, City Council approved various Resolutions: 1) unappropriating funding from existing CIP projects funded with former Redevelopment Agency excess bond proceeds and appropriating for required/current commitments, and 2) appropriating additional former Redevelopment Agency excess bond proceeds for City Manager-recommended projects. On March 6, 2017, City Council approved the creation of "Holt Avenue Reconstruction," Project No. 428-2590-xxxxx-71047 and appropriated Excess RDA Bond Proceeds, Series "AX" Bond Funds (Garey Village Sale Proceeds) in the amount of

\$7,517,970. On May 1, 2017, the City Council adopted a Resolution amending the FY 2016-17 Capital Improvement Program (CIP) budget by updating the “Holt Avenue Reconstruction,” Project No. 428-2590-xxxxx-71047 name and description to “Holt Avenue (West) Reconstruction,” Project No. 428-2590-xxxxx-71047, and reappropriating Excess RDA Bond Proceeds in the amount of \$1,740,285. On March 5, 2018, City Council approved awarding a construction contract to Hardy and Harper, Inc. in the sum of \$3,839,000 and authorized construction change order capacity up to \$300,000 for Phase 1 of the “Major Street Rehabilitation – 2015 Metro Call,” Project No. 428-2590-xxxxx-67918. On May 21, 2018, City Council adopted a resolution amending the FY 2017-18 CIP Budget by reappropriating funds between two existing CIP projects: “Major Street Rehabilitation - 2015 Metro Call,” Project No. 428-2590-xxxxx-67918 and “Holt Avenue (West) Reconstruction,” Project No. 428-2590-xxxxx-71047.

EXECUTIVE SUMMARY

This City Council action will allow for the reappropriation of funds among five existing CIP projects: “Holt Avenue (West) Reconstruction,” Project No. 428-2590-xxxxx-71047; “Major Street Rehabilitation Citywide (FY 13-14 to FY 15-16),” Project No. 428-2590-xxxxx-68548; “Street Preservation - Citywide (FY 16-17),” Project No. 428-2590-xxxxx-67920, “Traffic Signal-Village Loop Road and Santa Clara Drive,” Project No. 419-2590-xxxxx-50405, and “Traffic Signal Improvements-Towne Avenue and Riverside Drive,” Project No. 428-2590-xxxxx-68553. Measure R Funds and Proposition C (Prop C) Funds will be unappropriated from four of the five CIP projects as reflected on Table 1 and Table 2 of this Staff Report. This reappropriation will allow for Series “AX” Bond Funds (Garey Village Sale Proceeds - formerly known as “AI” Bonds) to be retroactively expended within FY 17-18 and ensure that the City expends the Series “AX” Bond Funds within the time frame set forth by the IRS.

DISCUSSION

The bond proceeds specific to Series “AX” Bond Funds, used to fund existing CIP project “Holt Avenue (West) Reconstruction,” Project No. 428-2590-xxxxx-71047, must meet criteria set forth by the IRS and the approved Master Agreement between the Successor Agency and the City dated October 2, 2015. The Master Agreement provided for the transfer of the excess bond proceeds to the City and obligated the City to expend and maintain the proceeds in accordance with the bond covenants. The City has met the requirement and will be providing infrastructure improvements that are designed to improve and expand the commercial and industrial segments of the Project Area economy.

The City is aware that per the IRS guidelines, the bond proceeds from the sale of Garey Village are to be expended by January 17, 2019. To meet the terms set forth by the IRS and expend the bond funds, the reappropriation from one project to various CIP projects is required.

This action will retroactively reappropriate FY 17-18 funding as shown in Table 1 and Table 2 below. The reappropriation of these funds does not increase or decrease the total project budgets of the listed

CIP projects.

Table 1

| Project | Action | Amount | Fiscal Year | Type of Fund |
|--|---------------|------------------|--------------------|---|
| "Holt Avenue (West) Reconstruction," Project No. 428-2590-XXXXX-71047 | Unappropriate | (\$1,125,749.30) | 2017-18 | Series "AX" Bond Funds (Garey Village Foreclosure Sale Proceeds) |
| "Major Street Rehabilitation Citywide (FY 13-14 to FY 15-16)," Project No. 428-2590-XXXXX-68548 | Appropriate | \$664,645.64 | 2017-18 | |
| "Street Preservation - Citywide (FY 16-17)," Project No. 428-2590-XXXXX-67920 | Appropriate | \$172,603.79 | 2017-18 | |
| "Traffic Signal - Village Loop Road and Santa Clara Drive," Project No. 419-2590-XXXXX-50405 | Appropriate | \$144,593.66 | 2017-18 | |
| "Traffic Signal Improvements - Towne Avenue and Riverside Drive," Project No. 428-2590-XXXXX-68553 | Appropriate | \$143,906.21 | 2017-18 | |
| Total | | \$0.00 | | |

Table 2

| Project | Action | Amount | Fiscal Year | Type of Fund |
|--|---------------|----------------|--------------------|---------------------|
| "Major Street Rehabilitation Citywide (FY 13-14 to FY 15-16)," Project No. 428-2590-XXXXX-68548 | Unappropriate | (\$664,645.64) | 2017-18 | Measure R |
| "Street Preservation - Citywide (FY 16-17)," Project No. 428-2590-XXXXX-67920 | Unappropriate | (\$172,603.79) | 2017-18 | Prop C |
| "Traffic Signal - Village Loop Road and Santa Clara Drive," Project No. 419-2590-XXXXX-50405 | Unappropriate | (\$144,593.66) | 2017-18 | Measure R |
| "Traffic Signal Improvements - Towne Avenue and Riverside Drive," Project No. 428-2590-XXXXX-68553 | Unappropriate | (\$143,906.21) | 2017-18 | Prop C |
| "Holt Avenue (West) Reconstruction," Project No. 428-2590-XXXXX-71047 | Appropriate | \$809,239.30 | 2017-18 | Measure R |
| | | \$316,510.00 | | Prop C |
| Total | | \$0.00 | | |

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Attachment: Resolution

Prepared by: Dennice Raygoza, Sr. Management Analyst 17-882