



Agenda Report

File #: 19-0843

**AGENDA REPORT
REQUEST FOR CITY COUNCIL ACTION**

DATE: 09/18/2019

TO: Honorable Mayor and City Council Members

FROM: Management Services Department

SUBJECT:

City Council consideration of options regarding forgiveness or repayment of a General Fund Loan to the Park Development Fund for the acquisition of parkland.

RECOMMENDED ACTION:

That the City Council take any of the following:

1. Adopt Resolution 2019-083 retroactively cancelling, forgoing and discharging, as of July 1, 2019, the previously authorized loan from the General Fund to the Park Development Fund for the acquisition of Parkland and repealing Resolution 2017-057.

Or

2. Adopt Resolution 2019-084 specifying terms of repayment for a previously authorized loan from the general fund to the Park Development fund for the acquisition of Parkland, directing the appropriation of the loan repayment amounts in a specified manner and repealing Resolution 2017-057.

Or

3. Provide further or different direction.

ANALYSIS:

In 1989 Public Improvement Revenue Bonds ("1989 Bonds") were issued by the Corona Public Financing Authority ("Authority") to finance the acquisition of approximately 98 acres of property throughout the City of Corona ("City") to be developed as park sites. The 1989 Bonds were refunded through the issuance of refunding bonds in 1993 ("1993 Bonds") and the 1993 Bonds were refunded through the issuance of refunding bonds in 2001 ("2001 Bonds").

The payment of principal and interest on the Bonds was secured by lease payments to be made by the City to the Authority; and the lease payments were intended to be paid from parkland dedication in-lieu fees ("Quimby Fees") imposed upon new development and collected by the City. The amount of Quimby Fees collected and deposited into the Park Development Fund were insufficient to make the lease payments in several years. Commencing in 1993, loans from the City's General Fund to the Park Development Fund were made in such amounts necessary for the City to make the annual lease payments to the Authority, which, in turn, paid the debt service on the Bonds, with the expectation that Quimby Fees to be collected in the future would be used to pay back the loan from the General Fund. The total cumulative amount of the loans from the City's General Fund to the Park Development Fund was \$15,200,221 and the balance owed as of July 1, 2019 was \$9,275,722 ("General Fund Loan").

On June 15, 2010, the City Council adopted Resolution No. 2010-058 to require that the General Fund Loan be repaid by Quimby Fees as a first priority until the loan is repaid in full.

On June 21, 2017, the City Council adopted Resolution No. 2017-057 to require that the General Fund Loan be repaid by all fees or charges collected by the City for the purpose of acquiring parkland, including, without limitation, Quimby Fees and parkland acquisition development impact fees and repealed Resolution No. 2010-058. This new resolution was adopted because Quimby Fees are only imposed upon certain subdivisions as permitted by Government Code Section 66477 and in order to pay off the General Fund Loan more quickly, the City determined that development impact fees for parkland acquisition that are imposed upon new developments not otherwise required to pay Quimby Fees should also be used to repay the General Fund Loan. It should be noted, however, that Resolution No. 2017-057 expressly provided that the following fees would not be used to repay the General Fund Loan: (1) funds that are voluntarily provided to the City for parkland acquisition or park improvement purposes as part of a negotiated agreement with the City; or (2) funds paid by a developer for which the developer will be entitled to reimbursement from the proceeds of tax exempt bonds.

As explained above, Resolution No. 2010-058 required that all Quimby Fees collected be used to repay the General Fund Loan and Resolution No. 2017-057 expanded that requirement to include development impact fees adopted and imposed for parkland acquisition (with some noted exceptions as discussed above).

Attached to this report are two alternative resolutions for the City Council's consideration concerning the continued use of Quimby Fees and parkland acquisition development impact fees to pay off the General Fund Loan:

1. Resolution 2019- 083: This resolution would cancel, forgive and discharge the General Fund Loan in its entirety effective July 1, 2019. Adoption of this resolution would result in the General Fund Loan being written off and such amount being deducted from the anticipated receivables for the General Fund. Additionally, adoption of this resolution would result in the Quimby Fees and parkland development impact fees remaining in the separate accounts created for those fees and those fees being subject to all the statutory restrictions imposed upon those accounts.

2. Resolution No. 2019-084: While this resolution maintains all of the requirements set forth in Resolution No. 2017-057, it also directs the City Manager to appropriate the fees that were transferred to the General Fund to a park maintenance and improvement account for potential future use or other appropriation within the discretion of the City Council. This resolution would result in the General Fund Loan being repaid, but, at the same time, indicating an intent that the repaid amounts be used for future park maintenance and improvement purposes while maintaining City Council discretion over those funds. For instance, they would not be subject to the statutory restrictions imposed on Quimby Fees and parkland development impact fees.

Finally, the third recommended action provides an opportunity for the City Council to provide staff with a different direction than the above two potential resolutions.

COMMITTEE ACTION:

Not applicable.

STRATEGIC PLAN:

Not Applicable.

FISCAL IMPACT:

Approval of option #1 would reduce the interfund advances receivable line item in the General Fund balance sheet. The General Fund forecast as presented to the City Council during the budget process, would remain the same, as the forecast does not consider long-term or interfund advances receivable.

Approval of option #2 would continue to pay down the interfund advances receivable in the General Fund, as funding is available, based on Quimby revenues and Resolution 2017-057. The loan payment funds would be designated in the General Fund to be used for park maintenance and improvements, and to be appropriated upon approval by the City Council.

ENVIRONMENTAL ANALYSIS:

No environmental review is required because the proposed actions are exempt under the California Environmental Quality Act.

PREPARED BY: NAOMI RAMIREZ, MANAGEMENT SERVICES ASSISTANT

REVIEWED BY: KERRY D. EDEN, ASSISTANT CITY MANAGER/ADMINISTRATIVE SERVICES DIRECTOR

REVIEWED BY: MICHELE NISSEN, ASSISTANT CITY MANAGER

SUBMITTED BY: MITCHELL LANSDELL, ACTING CITY MANAGER

Attachments:

1. Resolution No. 2019-083
2. Resolution No. 2019-084