



Agenda Report

File #: 20-0247

**AGENDA REPORT
REQUEST FOR CITY COUNCIL AND
CORONA UTILITY AUTHORITY ACTION**

DATE: 04/01/2020

TO: Honorable Mayor and City Council Members
Honorable President and Board Members

FROM: Administrative Services Department

SUBJECT:

City Council consideration of Resolution No. 2020-014, declaring its intent to reimburse expenditures relating to the construction of public facilities from the proceeds of the sale of tax-exempt bonds.

RECOMMENDED ACTION:

That the:

- a. City Council adopt Resolution No. 2020-014, declaring its intent to reimburse expenditures relating to the construction of public facilities from the proceeds of the sale of tax-exempt bonds.
- b. Corona Utility Authority (CUA), review, ratify and to the extent necessary direct that the City Council take the above action.

ANALYSIS:

The City of Corona Department of Water and Power started construction on the master planned Keith Tank 1220-Zone Potable Water Tank (the "Project") on February 18, 2020. Total Project cost is estimated to be \$10,140,000.

Funding for construction of the Project including construction management, inspection, and all other necessary costs, will be partially provided by The New Home Company ("Developer"), the developer of the Bedford Community, also known as Arantine Hills. Under the terms of the Arantine Hills Development Agreement, the Developer is responsible to pay its fair-share contribution equal to 43.2

percent of the total cost of the Project. The City is responsible for the remaining 56.8 percent.

The City intends to use \$2,486,779 of bond proceeds from Community Facilities District No. 2016-2 Terrassa ("CFD No. 2016-2") and Community Facilities District No. 2017-2 Valencia/Seville ("CFD No. 2017-2"), which have already been issued, as well as approximately \$1.4 million in water capacity fees that have been collected to date for the Sierra Bella development to pay part of the City's portion for the Project.

The City's remaining portion for the Project will be funded from water capacity fees, including approximately \$1.4 million in fees that have been collected to date for the Sierra Bella development. The City would like to be able to reimburse the Water Capacity Fund 507 from tax-exempt bonds to be issued in the future from Community Facilities District 2018-2 Sierra Bella ("CFD No. 2018-2").

Section 1.150-2(d) of the Regulations of the United States Department of the Treasury ("Regulations"), permits reimbursement from the proceeds of tax-exempt bonds of the amounts advanced and expended for the Project if not later than 60 days after the date of the first expenditure, the City Council adopts an official intent to reimburse itself for the expenditure of such advanced amounts and such reimbursement occurs not later than 18 months after the later of the date of payment of such expenditures or the date the Project is placed in service, but in no event more than three (3) years after the date of such expenditures.

The attached resolution will express the City Council's official intent pursuant to Section 1.150-2(d) of the Regulations to reimburse the City for amounts advanced and expended on the Project from the proceeds of any tax-exempt bonds that may be issued and sold for CFD No. 2018-2.

COMMITTEE ACTION:

Not applicable.

STRATEGIC PLAN:

Not applicable.

FISCAL IMPACT:

There is no fiscal impact associated with the adoption of this resolution. The current estimated cost for the Project is \$10,140,000 and the corresponding funding sources are broken down below:

1. \$4.38 million or 43.2% funded by the Developer.
2. \$2.49 million funded by CFD No. 2016-2 and CFD No. 2017-2.
3. \$3.23 million funded by CFD No. 2018-2 future bond issuance and water capacity fees collection from new developments.

ENVIRONMENTAL ANALYSIS:

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the general rule that CEQA applies only to projects that have the potential for causing a

significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This action merely authorizes the City to use proceeds of the sale of a future series of bonds to reimburse the City for amounts advanced and expended prior to the issuance of the bonds, and there is no possibility that adopting this resolution will have a significant effect on the environment. Therefore, no environmental analysis is required.

PREPARED BY: LIEN-CHI CANTUBA, FINANCIAL ANALYST III

REVIEWED BY: JENNIFER SCHAEFER, FINANCE MANAGER III

REVIEWED BY: KIM SITTON, ACTING ADMINISTRATIVE SERVICES DIRECTOR

SUBMITTED BY: JACOB ELLIS, CITY MANAGER & EXECUTIVE DIRECTOR

Attachments:

1. Resolution No. 2020-014