

**MOORPARK CITY COUNCIL
AGENDA REPORT**

TO: Honorable City Council

FROM: David C. Moe II, Redevelopment Manager *DCM*

DATE: January 5, 2011 (CC Meeting of 01/19/11)

SUBJECT: Consider Resolution Amending the Fiscal Year 2010/11 Budget Allocating \$2,700,000 for the Construction of a 10,000 Square Foot Non-Emergency Medical Building as Part of the Ruben Castro Human Services Center and Making the Appropriate Findings that the Ruben Castro Human Services Center will Benefit the Moorpark Redevelopment Project Area

BACKGROUND & DISCUSSION

The Ruben Castro Human Services Center (RCHSC) project consists of two buildings totaling approximately 25,000 square feet (Facility). Building A is 10,000 square feet and is designed to house non-emergency medical services. Building B is approximately 15,000 square feet and has been planned as an "Under-One-Roof" facility for various social services, educational uses, and charitable services.

The City of Moorpark (City) shall construct Building A and B simultaneously and pay all development fees. The total cost to construct the Facility is estimated to be \$14,078,896. Of this total, the construction cost for Building B, 60% of the site improvements and 60% of the development fees will be financed with bond proceeds from the Redevelopment Agency of the City of Moorpark (Agency) issued 2006 Tax Allocation Bond (2905). The cost to construct Building A is estimated to be \$5,340,895, which includes 40% of the site improvements and 40% of the development fees. There are not enough funds in the MRA 2006 TAB Proceeds Fund (2905) to fund the entire construction of the Facility. Staff originally anticipated securing an additional \$5,000,000 in outside financing and allocated this amount in the FY 2010/11 adopted Agency budget for the RCHSC. Staff has determined that the Agency will not be able to secure the \$5,000,000 in outside financing as anticipated and has requested the Agency Board to reduce the MRA Operating Fund (2902) revenue by \$5,000,000 and the expenditure budget by \$5,041,715.

An appropriation from the Special Projects Fund (4004) is needed to cover the gap of approximately \$2,700,000 until the County pays the City for Building A at the completion of construction. This amount includes an additional \$183,000 in contingency money for unforeseen costs of construction that would be outside the 10% contingency allocated

for the project. These funds would be returned to the Special Projects Fund (4004) if not used or paid back with either County or MRA 2006 TAB Proceeds Fund (2905) monies, as appropriate.

The County of Ventura (County) will purchase Building A from the City upon its completion for \$5,600,000 or the actual cost of the construction, whichever is lower. The purchase price may exceed \$5,600,000 if any County requested modifications are included in the construction and are funded by the County. Neither the Agency or City will be required to pay for any of the final costs of the County to change, install additional improvements or modify Building A for occupancy or operations. The City will utilize the sale proceeds to reimburse the MRA 2006 TAB Proceeds Fund (2905) and the Special Projects Fund (4004) for the construction cost of Building A and loss of potential interest earnings from the Special Projects Fund used to complete Building A, which is estimated at \$3,100.

Prior to the City issuing a notice to proceed for the construction of the Facility, the County shall deposit the \$5,600,000 into an agreed upon escrow account under the terms that the funds, including interest, cannot be withdrawn without consent of the City and County. The escrow account is being utilized to insure the City that sufficient funds are available to the County to purchase Building A upon its completion.

An amendment to the 2010/11 Budget is needed to allocate the needed financing for the construction of Building A.

To comply with Section 33445 of the Community Redevelopment Law, when considering the use of redevelopment funds to assist with the construction of the RCHSC, the City will need to make the following findings:

1. That the RCHSC will be a benefit to the Project Area and the immediate neighborhood in which the project is located.
2. That no other reasonable means of financing the RCHSC are available to the community.
3. That the payment of funds for the cost of constructing the RCHSC will assist in the elimination of one or more blighting conditions inside the Project Area by providing food, child care and development services, free medical services and other needed human services to a low income neighborhood, and is consistent with the Adopted 09/10-13/14 Implementation Plan.

FISCAL IMPACT

The Special Projects Fund currently has a fund balance of \$25,108,945. An allocation of \$2,700,000 will need to be established within the Special Projects Fund for the construction of Building A. Upon completion, the County will purchase Building A from

the City for \$5,600,000 and the funds plus interest will be returned to the Special Projects Fund.

STAFF RECOMMENDATION: (ROLL CALL VOTE)

1. Adopt Resolution 2011 - _____ in the amount of \$2,700,000; and
2. Determine that the proposed use of redevelopment funds is consistent with Section 33445 of Redevelopment Law and make the three findings as contained in this report.

Attachment "A": Resolution 2011 - _____

ATTACHMENT "A"

RESOLUTION 2011-_____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MOORPARK, CALIFORNIA, AMENDING FISCAL YEAR 2010/11 BUDGET TO ALLOCATE \$2,700,000.00 FROM THE SPECIAL PROJECTS FUND (4004) FOR THE CONSTRUCTION OF A 10,000 SQUARE FOOT NON-EMERGENCY MEDICAL BUILDING AS PART OF THE RUBEN CASTRO HUMAN SERVICES CENTER

WHEREAS, on June 16, 2010, the City Council adopted the Operating and Capital Improvement Projects Budget for Fiscal Year 2010/2011; and

WHEREAS, the City Council of the City of Moorpark desires to construct a 10,000 square foot non-emergency medical building as part of the Ruben Castro Human Services Center; and

WHEREAS, the adopted budget includes expenditure appropriations totaling \$14,410,287 for the Ruben Castro Human Services Complex Capital Improvement Project (5020) from CDBG Entitlement Fund (2701) - \$170,446; MRA Operating Fund (2902) - \$5,041,715 and MRA 2006 TAB Proceeds Fund (2905) - \$9,198,126; and

WHEREAS, in order to balance the Agency's adopted budget, staff included revenue of \$5,000,000 from other financing sources in the MRA Operating Fund (2902) to pay for the Ruben Castro Human Services Complex Capital Improvement Project (5020); and

WHEREAS, staff has determined that the Agency will not be able to secure the \$5,000,000 outside financing as anticipated to complete the project and staff has requested the Agency Board to reduce the MRA Operating Fund (2902) revenue budget by \$5,000,000 and decrease expenditure budget by \$5,041,715; and

WHEREAS, on January 19, 2011 a separate staff report was presented to the Agency Board summarizing the remaining project cost at \$11,872,515, of which \$9,355,000 will be paid from the MRA 2006 TAB Proceeds Fund (2905) and the remaining \$2,700,000 project cost will be paid by the City; and

WHEREAS, a budget amendment increase of \$2,700,000 from the Special Projects Fund (4004) is required to complete the Ruben Castro Human Services Complex Capital Improvement Project (5020); and

WHEREAS, a staff report has been presented to the City Council requesting a budget adjustment in the aggregate amount of \$2,700,000 in the Special Projects Fund; and

WHEREAS, Exhibit "A", attached hereto and made a part hereof, describes said budget amendment and the resultant impacts to the budget line item.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MOORPARK DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. A budget amendment in the amount of \$2,700,000 from the Special Projects Fund (4004), as more particularly described in Exhibit "A", attached hereto, is hereby approved for the construction of a 10,000 square foot non-emergency medical building.

SECTION 2. The City Clerk shall certify to the adoption of this resolution and shall cause a certified resolution to be filed in the book of original Resolutions.

PASSED AND ADOPTED this 19th day of January, 2011.

Janice S. Parvin, Mayor

ATTEST:

Maureen Benson, City Clerk

Attachment: Exhibit A – Budget Amendment

EXHIBIT A

**BUDGET AMENDMENT FOR
SPECIAL PROJECTS FUND (4004) FOR THE CONSTRUCTION OF A NON-EMERGENCY MEDICAL BUILDING
FY 2010/11**

FUND ALLOCATION FROM:

Fund	Account Number	Amount
Special Projects Fund	4004-5500	\$ 2,700,000.00
Total		\$ 2,700,000.00

DISTRIBUTION OF APPROPRIATION TO EXPENSE ACCOUNTS:

Account Number	Current Budget	Revision	Amended Budget
4004.2410.5020.9620	\$ -	\$ 2,700,000.00	\$ 2,700,000.00
			\$ -
Total	\$ -	\$ 2,700,000.00	\$ 2,700,000.00

Approved as to Form: 