



City of Covina/Covina Redevelopment  
Agency/Covina Public Finance Authority  
Mayor Peggy Delach – Mayor Pro Tem John King  
Council Members Walt Allen, III – Bob Low – Kevin Stapleton

***CORRECTED AGENDA***

SPECIAL MEETING AGENDA  
125 E. College Street, Covina, California  
Council Chambers of City Hall  
**Tuesday, January 25, 2011**  
6:30 p.m.

- As a courtesy to Council/Agency/Authority Members, staff and attendees, everyone is asked to silence all pagers, cellular telephones and any other communication devices.
- Any member of the public may address the City Council, Redevelopment Agency, and Public Finance Authority during both the public comment period and on any scheduled item on the agenda. Comments are limited to a maximum of five minutes per speaker unless, for good cause, the Mayor/Chairperson amends the time limit. Anyone wishing to speak is requested to submit a yellow Speaker Request Card to the City Clerk; cards are located near the agendas or at the City Clerk's desk.
- Please provide 10 copies of any information intended for use at the City Council/Covina Redevelopment Agency/Covina Public Finance Authority meeting to the City Clerk prior to the meeting.
- **MEETING ASSISTANCE INFORMATION:** In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk Department at (626) 384-5430. Services such as American Sign Language interpreters, a reader during the meeting, and/or large print copies of the agenda are available. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. Assisted listening devices are now available. Please see the City Clerk before the meeting or during a break for more information.
- **DOCUMENT AVAILABILITY:** Any writings or documents provided to a majority of the City Council/Redevelopment Agency/Public Finance Authority regarding any item on this agenda will be made available for public inspection at the City Clerk counter at City Hall located at 125 E. College Street and the Reference Desk at the Covina Library located at 234 N. Second Avenue during normal business hours. In addition, such writings and documents are available in the City Clerk's office and may be posted on the City's website at <http://www.covinaca.gov/clerk/agendas.htm>.
- Pursuant to Government Code Section 54954.2, no matter shall be acted upon by the City Council/Redevelopment Agency/Public Finance Authority unless listed on agenda, which has been posted not less than 72 hours prior to meeting.
- If you challenge in court any discussion or action taken concerning an item on this Agenda, you may be limited to raising only those issues you or someone else raised during the meeting or in written correspondence delivered to the City at or prior to the City's consideration of the item at the meeting.
- The Deputy City Clerk of the Covina City Council hereby declares that the agenda for the **January 25, 2011** Special City Council meeting was posted on **January 20, 2011** near the front entrance of the City Hall, 125 East College Street, Covina, in accordance with Section 54954.2(a) of the Government Code.

*January 25, 2011*

**SPECIAL CITY COUNCIL  
REDEVELOPMENT AGENCY/PUBLIC FINANCE AUTHORITY  
JOINT MEETING—OPEN SESSION  
6:30 p.m.**

**CALL TO ORDER**

**ROLL CALL**

Council/Agency/Authority Members Allen, Low, Stapleton, Mayor Pro Tem/Vice Chairperson King, and Mayor/Chairperson Delach

**PLEDGE OF ALLEGIANCE**

Led by Mayor Delach.

**INVOCATION**

Led by the Covina Police Chaplain.

**PUBLIC COMMENTS**

*To address the City Council/Redevelopment Agency/Public Finance Authority please complete a yellow Speaker Request card located at the entrance and give it to the City Clerk/Agency/Authority Secretary. Your name will be called when it is your turn to speak. Those wishing to speak on a LISTED AGENDA ITEM will be heard when that item is addressed. State Law prohibits the Council/Agency/Authority Members from taking action on any item not on the agenda. Individual speakers are limited to five minutes each.*

**COUNCIL/AGENCY/AUTHORITY COMMENTS**

*Council/Agency Members wishing to make any announcements of public interest or to request that specific items be added to future City Council/Redevelopment Agency/Public Finance Authority Agendas may do so at this time.*

**CITY MANAGER COMMENTS**

**NEW BUSINESS**

NB 1. City Council to create the Covina Housing Authority under the California Housing Authority Law to maintain local control over housing responsibilities and the financial resources that are related thereto.

**Staff Recommendation:**

- a) City Council to adopt **Resolution No. 11-6926**, declaring that there is a need for a Housing Authority to function in the City, declaring that the members of the City Council shall be the Commissioners of the Housing Authority and designating the first interim chairman of the Housing Authority.

NB 2. Redevelopment Agency to consider repayment of Housing Set Aside loan by the Debt Service fund to Low/Moderate Housing fund.

Staff Recommendation:

a) Adopt **Agency Resolution No. 11-651**, approving and authorizing the repayment of the loan to the Low/Moderate Housing fund.

NB 3. Redevelopment Agency to consider repayment of Supplemental Educational Revenue Augmentation Fund (SERAF) loan by the Debt Service fund to the Low/Moderate Housing fund.

Staff Recommendation:

a) Adopt **Agency Resolution No. 11-652**, approving and authorizing the repayment of the loan to the Low/Moderate Housing fund.

**JOINT NEW BUSINESS**

JNB1. City Council/Redevelopment Agency to approve the Agreement for Services between the City of Covina and the Covina Redevelopment Agency with the Covina Housing Authority; and authorize the City Manager/Executive Director to enter into an agreement to encumber funds in current and future redevelopment housing set-aside and related housing bond funds to support affordable housing activities through Fiscal Year 2027.

Staff Recommendation:

a) City Council/Redevelopment Agency to approve and authorize the City Manager/Executive Director to enter into an Agreement for Services between the City of Covina and the Covina Redevelopment Agency and the Covina Housing Authority; and

b) City Council to adopt **Resolution No. 11-6928**, approving the Financial Assistance and Cooperation Agreement by and between the City, the Agency and the Housing Authority and encumbering funds pursuant thereto; and

c) Agency to adopt **Resolution No. 11-656**, approving the Financial Assistance and Cooperation Agreement by and between the City, the Agency and the Housing Authority and encumbering funds pursuant thereto; and

d) City Council/Redevelopment Agency to approve and authorize the City Manager/Executive Director to execute all related documents to encumber funds in current and future redevelopment housing set-aside and related housing bond funds to support affordable housing activities through Fiscal Year 2027.

JNB2. City Council/Redevelopment Agency to consider the repayment of loans by the Agency for Project Nos. One and Two to the City.

Staff Recommendation:

a) City Council to adopt **Resolution No. 11-6927**, approving and authorizing the repayment of the loans to the City from the Covina Redevelopment Agency for Fiscal Year 2010-2011; and

b) Redevelopment Agency to adopt **Resolution No. 11-653**, approving and authorizing the repayment of the loans to the City from the Covina Redevelopment Agency for Fiscal Year 2010-2011.

JNB3. City Council/Redevelopment Agency to authorize City Manager/Executive Director to execute an Agreement for Services between the City of Covina and the Redevelopment Agency of the City of Covina to encumber current and future redevelopment tax increment proceeds through Fiscal Year 2027 and related public and private bond funds to support current revitalization of neighborhoods throughout Project Area One, Project Area Two, and Project Area Two Amended Area; and Adopt resolution making certain findings regarding the construction of certain public improvements in all Redevelopment Project Areas.

Staff Recommendation:

- a) City Council/Redevelopment Agency to authorize the City Manager/Executive Director to execute a Agreement for Services between the City of Covina and the Redevelopment Agency of the City of Covina to encumber current and future redevelopment tax increment proceeds through Fiscal Year 2027 and related public and private bond funds to support current revitalization of neighborhoods throughout the two project areas; and
- b) City Council to adopt **Resolution No. 11-6929**, making certain findings regarding the construction of certain public improvements in all Redevelopment Project Areas; and
- c) Redevelopment Agency to adopt **Resolution No. 11-654**, making certain findings regarding the construction of certain public improvements in all Redevelopment Project Areas.

JNB4. City Council/Redevelopment Agency to authorize City Manager/Executive Director to execute a Agreement for Services between the City of Covina and the Redevelopment Agency of the City of Covina to encumber current and future redevelopment tax increment proceeds through Fiscal Year 2027 and related public and private bond funds to support revitalization of neighborhoods throughout Project Area One, Project Area Two, and Project Area Two Amended Area; and Adopt resolution making certain findings regarding the construction of certain public improvements in all Redevelopment Project Areas.

Staff Recommendation:

- a) City Council/Redevelopment Agency to authorize the City Manager/Executive Director to execute a Agreement for Services between the City of Covina and the Redevelopment Agency of the City of Covina to encumber current and future redevelopment tax increment proceeds through Fiscal Year 2027 and related public and private bond funds to support revitalization of neighborhoods throughout the two project areas; and
- b) City Council to adopt **Resolution No. 11-6930**, making certain findings regarding the construction of certain public improvements in all Redevelopment Project Areas; and
- c) Redevelopment Agency to adopt **Resolution No. 11-655**, making certain findings regarding the construction of certain public improvements in all Redevelopment Project Areas.

JNB5. City Council/Redevelopment Agency to authorize the City Manager/Executive Director to execute an Agreement for Services between the City of Covina and the Redevelopment Agency of the City of Covina to provide Neighborhood Preservation services including Code Enforcement, Building, and Planning for 10 years.

Staff Recommendation:

- a) City Council/Redevelopment Agency to authorize the City Manager/Executive Director to execute an Agreement for Services between the City of Covina and the Redevelopment Agency of the City of Covina to provide Neighborhood Preservation services including Code Enforcement, Building, and Planning for 10 years; and
- b) City Council to adopt **Resolution No. 11-6931**, authorizing an Agreement for services between the City of Covina and Redevelopment Agency for the City's provision of Neighborhood Preservation Services, including Code Enforcement, Building, and Planning for 10 years; and
- c) Redevelopment Agency to adopt **Resolution No. 11-657**, authorizing an Agreement for services between the City of Covina and Redevelopment Agency for the City's provision of Neighborhood Preservation Services, including Code Enforcement, Building, and Planning, for ten years and authorizing the use of set aside funds for such purposes.

**ADJOURNMENT**

The Covina City Council/Redevelopment Agency/Covina Public Finance Authority will adjourn to the next Regular Meeting to be held on **Tuesday, February 1, 2011** at 6:30 p.m. for closed session and at 7:30 p.m. for open session in the Council Chambers of City Hall, 125 E. College Street, Covina, California 91723.

**CITY OF COVINA**  
**AGENDA ITEM COMMENTARY**

**MEETING DATE:** January 25, 2011

**ITEM NO.:** NB 1.

**STAFF SOURCE:** Daryl Parrish, City Manager   
Robert Neiuber, Director of Community Development  
Dilu De Alwis, Director of Finance 

**ITEM TITLE:** City Council to create the Covina Housing Authority under the California Housing Authority Law to maintain local control over housing responsibilities and the financial resources that are related thereto.

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**STAFF RECOMMENDATION**

City Council to adopt **Resolution No. 11-6926** declaring that there is a need for a Housing Authority to function in the City, declaring that the members of the City Council shall be the Commissioners of the Housing Authority and designating the first interim chairman of the Housing Authority.

**FISCAL IMPACT**

It is anticipated that in the event that a budget measure is adopted as substantially proposed by the Governor, initial funding for the housing authority would be provided from any fund balance in the Low and Moderate Income Housing Fund. However, the recommended action does not have a fiscal impact by itself.

**BACKGROUND**

As part of his January budget proposal for FY 2011-12, Governor Brown has proposed the elimination of redevelopment agencies and the redirection of the property tax increment currently directed to these agencies. It is anticipated that the Governor's proposal will not affect any projects that are already under contract with redevelopment agencies; however, there would be no dedicated State-level funding for new redevelopment projects. The budget proposal also calls for the creation of a successor agency that will fulfill the current debt obligations of redevelopment agencies. The budget proposal estimates that the successor agency will operate for approximately 20 years in order to meet all of the current obligations. Information regarding the budget is fragmentary and developing over time. The current budget proposal is not fully articulated and there are many unanswered questions, which will be dealt with in a legislative process and will unfold over time. Therefore, the following comments relative to our understanding of the proposed budget should be considered in that light.

Under the Governor's proposal to phase out redevelopment agencies, the Governor estimates the State would receive \$1.7 billion in relief for the General Fund FY 2011-12. As proposed, tax increment would be provided to local entities to cover existing bond and contractual obligations of the Agency. The remaining funds would be used to close the State's budget gap. Beginning in FY 2012-13 and beyond, the local entity would receive sufficient funds to cover the Agency's bond and contract obligations, then fifty percent (50%) of the remaining tax increment would be distributed to schools and the other fifty percent (50%) of the remaining tax increment funds

would be distributed to local governments according to existing property tax allocations. These redirected tax increment funds would be intended to pay for additional services that are realigned to local governments, as well as for other functions of local governments such as police and fire protection.

The Governor's proposal to end redevelopment as we know it will have a devastating effect on the City of Covina in general and the Covina Redevelopment Agency in particular. Every possible effort needs to be made to avoid that outcome. However, at the same time it is prudent to take any available steps to retain local control over local resources. This report is consistent with that approach.

It should be noted that the Governor's proposal primarily affects non-housing redevelopment funds. With respect to housing funds, the Governor has proposed that Low- and Moderate-Income ("LMI") Housing Fund responsibilities be transferred to "a local housing authority." The current proposal by the Governor has no implementing legislation at this time. The "local housing authority" is undefined.

Given the foregoing and in an effort to continue to achieve the goals established the City's redevelopment agency and other housing policies established by the Housing Element of the general plan, it is recommended that the City Council consider the establishment of a housing authority (pursuant to Health and Safety Code § 34240, *et seq.*, the "Housing Authority Law"). Exhibit "A" describes the purpose and governance, activation procedure, powers and duties of a housing authority. The intent of the recommendation to create a housing authority is to maintain, to the extent feasible, local control over what are now Agency housing responsibilities and the financial resources that are related thereto.

Once established, the Agency could enter into a contract with the Housing Authority wherein all or a portion of the Agency's LMI Housing Funds could be transferred to the Housing Authority to manage the Agency's existing and proposed affordable housing programs. If the Agency decides to transfer all or a portion of its LMI Housing Funds to the Housing Authority, then the transferred money, if any, would no longer be an asset of the Agency and instead would become an asset of the Housing Authority.

As mentioned in Exhibit "A", a housing authority already exists in every county and city in California. In order to activate the City's Housing Authority, the City Council needs to adopt a resolution containing findings required by the Housing Authority Law. The attached resolution (Exhibit "B") contains all of the necessary findings and actions needed to form a housing authority.

### ***Conclusion***

In consideration of the Governor's proposal to end redevelopment in California and to transfer the LMI Housing Fund responsibilities of redevelopment agencies to a local housing authority, it is recommended that the City Council create a housing authority under the California Housing Authority Law. The purpose of creating a housing authority is to maintain, to the extent feasible, local control over what are now Agency housing responsibilities and the financial resources that are related thereto.

**RELEVANCE TO THE STRATEGIC PLAN**

By activating the Housing Authority, local control will be maintained over funds to meet current obligations and to provide needed housing services in the community. This step contributes to the City strategic plan objective of enhancing financial stability.

**EXHIBITS**

- A. Powers and Duties of a Housing Authority
- B. Resolution No. 11-6926

<b>REVIEW TEAM ONLY</b>		
City Attorney: _____	<i>MS</i>	Finance Director: _____
City Manager: _____	<i>SP</i>	Other: _____

## **Exhibit "A"**

### **Purpose and Governance; Activation Procedure; Powers and Duties of a Housing Authority.**

#### **I. Purpose and Governance**

The California "Housing Authority Law" (California Health & Safety Code § 34200 *et seq.*) automatically creates a dormant Housing Authority in every city and county. In order for the City Housing Authority to transact business and exercise its powers, a city ("City") must activate its Housing Authority through certain procedures explained herein. A Housing Authority collaborates with public, private and non-profit entities agencies for the purpose of providing sanitary and safe housing for people of very low, low or moderate income within a city or county's territorial jurisdiction. The core activities of many Housing Authorities are primarily to build, acquire, own, manage and maintain residential rental units and to provide financial assistance for rentals or ownership in the private real estate market. A Housing Authority is governed by the state Housing Authority Law, and for purposes of major federal funding, if any is received, regulations of the U.S. Department of Housing and Urban Development ("HUD"). Further, a Housing Authority is not required under the Housing Authority Law to seek HUD or any other type of outside funding.

Once activated, a Housing Authority consists of at least five (5) commissioners and shares functions similar to other governmental entities: it can sue and be sued; make and execute contracts; partner with other Housing Authorities or other governmental agencies; and make, amend, and repeal by-laws and regulations to carry into effect its powers and purposes. A housing commission may also be formed to review and provide recommendations on all matters to come before the Housing Authority.

#### **II. Activation Procedure**

As mentioned above, a Housing Authority already exists in every county and city. In order to activate the City's Housing Authority, the City Council first needs to adopt a resolution containing certain findings. Second, commissioners must be appointed to serve on the Housing Authority.

##### **A. Adoption of Resolution**

In order for the City Housing Authority to beginning conducting transactions and exercising its powers, the City Council must first adopt a resolution declaring a need for the Housing Authority. The resolution must also contain at least one of the following findings:

- (1) that unsanitary or unsafe inhabited dwelling accommodations exist in the City; and/or

- (2) there is a shortage of safe or sanitary dwelling accommodations in the City available to persons of low income at rentals they can afford.

In determining whether dwelling accommodations are "unsafe or unsanitary," the City Council may consider:

- a. the degree of overcrowding;
- b. the percentage of land coverage;
- c. the light, air, space and access available to the inhabitants of such dwelling accommodations;
- d. the size and arrangement of the rooms;
- e. the sanitary facilities; and
- f. the extent to which conditions exist in such buildings which endanger life or property by fire or other causes.

Adopting the resolution with the finding(s) is a relatively easy process which can be completed in one or two City Council meetings.

#### **B. Appointment of a Board of Commissioners**

Once the City Council adopts the resolution including the finding(s), commissioners must be chosen to serve on the City Housing Authority. Since the City does not have an independently elected Mayor, the City Council may declare itself to be the commissioners of the Housing Authority at the time the above-referenced resolution is adopted or anytime thereafter. Under this approach, all rights, powers, duties, privileges and immunities of the commissioners are vested in the City Council.

### **III. Powers and Duties**

#### **A. Powers**

Housing Authority Law grants a Housing Authority several powers in carrying out its goal. Specifically, a Housing Authority has the power to:

- a. prepare, carry out, acquire, lease and operate low-income housing projects and housing developments;
- b. provide for the construction, reconstruction, improvement, alteration or repair of any housing project;
- c. provide leased housing to persons of low income;
- d. provide financing for the acquisition, construction, rehabilitation, refinancing or development of dwelling accommodations for persons of low income;
- e. provide counseling, referral, and advisory services to low or moderate income persons and families in connection with the purchase, rental, occupancy, maintenance or repair of housing;
- f. provide security for the protection of a project and its inhabitants;

- g. provide financial assistance for housing projects pursuant to Health and Safety Code Section 34312.3 (which permits a Housing Authority to issue revenue bonds, construction loans, mortgage loans etc. for specific purposes and subject to certain requirements);
- h. acquire, plan, undertake, construct, improve, develop, maintain and operate land with mobile homes, so long as no less than twenty (20) percent of the mobile homes are designated for or are occupied by persons of low income; and
- i. lease, rent, own, improve, sell, exchange, transfer and acquire real or personal property.

The broad definition of "housing project" permits these powers to encompass many types of work in the community. For example, a Housing Authority can participate in projects to demolish, clear, or remove buildings from any slum area, which may embrace the adaptation of the area to public purposes, including parks or other recreational or community purposes. A Housing Authority's effort to provide decent, safe and sanitary living accommodations may also include work on buildings, land, equipment, facilities, and other real or personal property for necessary, convenient, or desirable appurtenances, streets, sewers, water service, parks, site preparation, gardening, administrative, community, health, recreational, educational, welfare or other purposes. Consequently, a City Housing Authority is empowered to engage in a variety of activities to assist in the development of affordable rental and ownership housing. Depending on the facts, a City Housing Authority may be able to use its powers to assist traditional housing projects, including mixed use projects, and to provide infrastructure improvements necessary to support housing projects.

## **B. Duties**

Although the duties of a Housing Authority are not all necessarily prescribed by statute, ongoing functions of a Housing Authority often include:

- a. assuring compliance with leases
- b. setting charges (e.g., security deposit, excess utility consumption, and damages to unit);
- c. performing periodic reexaminations of the family's income at least once every twelve (12) months;
- d. transferring families from one unit to another, in order to correct over/under crowding, repair or renovate a dwelling, or because of a resident's request to be transferred;
- e. terminating leases when necessary; and
- f. maintaining housing developments in a decent, safe, and sanitary condition.

Additionally, affirmative duties are often triggered by agreements where the Housing Authority receives loans or grants from local, state or federal agencies. However, Housing Authorities are not required to seek such funding.

**EXHIBIT B**

**RESOLUTION NO. 11-6926**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COVINA, CALIFORNIA, DECLARING THAT THERE IS A NEED FOR A HOUSING AUTHORITY TO FUNCTION IN THE CITY, DECLARING THAT THE MEMBERS OF THE CITY COUNCIL SHALL BE THE COMMISSIONERS OF THE HOUSING AUTHORITY AND DESIGNATING THE FIRST INTERIM CHAIRMAN OF THE HOUSING AUTHORITY.**

**WHEREAS**, the Housing Authority Law is codified in Health and Safety Code Sections 34200 *et seq.* (the "Law"); and

**WHEREAS**, Section 34240 of the Law provides that in every City there is a public body corporate and politic known as the Housing Authority of the City; and

**WHEREAS**, Section 34240 of the Law additionally provides that the Housing Authority shall not transact business or exercise its power unless the City Council of the City declares by Resolution that there is a need for a Housing Authority to function in the City; and

**WHEREAS**, Section 34242 of the Law provides for the adoption of a Resolution declaring that there is a need for a Housing Authority to function in the City if the City Council finds either: (i) that unsanitary or unsafe inhabited dwelling accommodations exist in the City; or (ii) that there is a shortage of safe or sanitary dwelling accommodations in the City available to persons of low income at rentals they can afford; and

**WHEREAS**, Section 34290 of the Law provides that the City Council may declare by Resolution that the City Council shall be the Commissioners of the Housing Authority; and

**WHEREAS**, Section 34277 of the Law provides that the Mayor of the City shall designate the interim Chairman of the Housing Authority from among the Housing Authority Commissioners, and thereafter the Housing Authority shall select his/her successor among its commissioners; and

**WHEREAS**, all of the prerequisites with respect to the approval of this Resolution have been met.

**NOW, THEREFORE**, the City Council of the City of Covina, California does hereby resolve as follows:

**Section 1.** The foregoing recitals are true and correct and are a substantive part of this Resolution.

**Section 2.** Findings: The City Council finds that there exist in the City both unsanitary and unsafe inhabited dwelling accommodations and a shortage of decent, safe,

sanitary and affordable dwelling accommodations in the City which are available to persons of low income.

According to the U. S. Census for 2000, there were a total of 1,484 households in Covina that were identified as having extremely low incomes (30% or lower than the County annual median income). Of this total, 1,069 households were renter households and 415 households were owner-occupied households. A total of 421 extremely low income households were occupied by seniors and 137 households were classified as large family households (5 or more persons per household). The Regional Housing Needs Assessment (RHNA) has projected a need for 168 units for extremely low income households for the current planning period (2006-2014).

The planning period governed by the Current RHNA extends from 2006 to 2014. The City's remaining unmet need for the planning period is 991 units. There is a remaining unmet need for above moderate income units (220 units are still needed), moderate income units (226 units are still needed), low income units (210 units are still needed), very low income units (167 units are still needed), and extremely low income units (168 units are still needed).

The Housing Element contains policies that the formation of a Covina Housing Authority could support including:

### **3.3.2 OBJECTIVE NO. 2 – COMPREHENSIVE LAND USE PLANNING**

2.5. The City of Covina shall ensure the adequacy of future low income housing sites, particularly for seniors, in terms of accessibility to services, shopping, transportation, and needed facilities.

### **OBJECTIVE NO. 6 – AFFORDABLE HOUSING**

The City shall continue to promote the development of affordable housing for community residents. The following policies address this objective.

*Policy 6.1.* The City of Covina shall utilize and attempt to expand on existing, and, where warranted and possible, develop appropriate, viable new City housing programs as described in the Programs/Implementation Measures section to address the following needs:

- lower, particularly very low, income senior households overpaying for housing or rent.
- lower, particularly very low, income nonsenior households overpaying for housing or rent. Small households are a greater need than large households.
- lower, especially very low, income handicapped persons, particular seniors, overpaying for housing.
- lower and moderate income potential first time home buyers.
- lower, particularly very low, income homeowner households of all ages seeking property rehabilitation assistance.

**Section 3.** Need for Housing Authority: There is a need for a Housing Authority to function in the City, and the Housing Authority hereby is permitted to transact any business and exercise any power inferred thereon by the provisions of the Housing Authority Law,

commencing with Section 34200 of the Health and Safety Code.

**Section 4.** City Council Members to Serve as Housing Authority Commissioners: Pursuant to Section 34290 of the Health and Safety Code, the City Council of the City of Covina finds that the appointment of the members of the City Council, as the Commissioners of the Housing Authority will serve the public interest and promote the public safety and welfare in an effective manner and, therefore, the City Council Members of the City of Covina are hereby declared to be Commissioners of the Housing Authority and all the rights, powers, duties, privileges and immunities which are adjusted by the Housing Authority Law and such a Housing Authority shall be vested in such Commissioners, except as otherwise provided by the Housing Authority Law.

**Section 5.** Designation of Interim Chairman: The Mayor of the City of Covina shall serve as the interim Chairman of the Housing Authority, until a permanent Chairman is selected.

**Section 6.** The City Clerk shall certify to the passage and adoption of this Resolution and it shall thereupon take immediate effect and be in force.

PASSED, APPROVED AND ADOPTED this 25th day of January, 2011.

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Mayor                      Peggy Delach

ATTEST:

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Deputy City Clerk

APPROVED AS TO FORM;

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City Attorney

I, Catherine LaCroix, Covina City Clerk, hereby CERTIFY that Resolution No. 11-6926 was adopted by the Covina City Council at a special meeting held January 25, 2011, and was approved and passed by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

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Catherine LaCroix  
Deputy City Clerk

**COVINA REDEVELOPMENT AGENCY**  
**AGENDA ITEM COMMENTARY**

**MEETING DATE:** January 25, 2011

**ITEM NO.: NB 2.**

**STAFF SOURCE:** Daryl Parrish, City Manager   
Robert Neiuber, Deputy Executive Director Redevelopment  
Dilu De Alwis, Director of Finance 

**ITEM TITLE:** Redevelopment Agency to consider repayment of Housing Set Aside loan by the Debt Service fund to the Low/Moderate Housing fund.

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**STAFF RECOMMENDATION:**

Adopt **Resolution No. 11-651**, approving and authorizing the repayment of the loan to the Low/Moderate Housing fund.

**FISCAL IMPACT:**

\$327,458 would be transferred from the Project fund (5011-4400-00-59130) to the Debt Service fund (3501-0000-00-49140) to repay the Low/Moderate Housing fund (3501-0000-00-25200 and 2051-0000-00-16300) within the Redevelopment Agency.

**BACKGROUND:**

In the late 1980's and early 1990's, the required twenty percent (20%) of housing set aside for low/moderate housing was deferred for Project Area No. 1.

In 1995, the amount of the deferral, \$1,142,218 began to be repaid to the Low/Moderate Housing Fund. This is a zero percent (0%) loan. An annual amount has been repaid up to this current year, for a total amount repaid of \$814,760, leaving a remaining balance of \$327,458. The full loan was scheduled to be fully repaid in December, 2019.

Staff requests that the City Council consider early repayment of the loan from Project Area 1 Project funds in order to increase the amount available for housing projects.

The Agency's repayment of this loan will remove funds from the Agency's general accounts and supplement the monies held in the Low and Moderate Income Housing Fund. If the Governor's proposal is adopted as proposed these funds would be transferred to a "local housing authority." In theory, provided the City has activated its Housing Authority, these funds will remain in Covina and available for low and moderate income housing projects. If the Governor's budget proposal is modified or fails to be adopted, it is unclear how the Agency funds will be treated. Additionally, these funds could not be reloaned from the Low and Moderate Income Housing Fund to a general Agency fund in the future.

**RELEVANCE TO THE STRATEGIC PLAN**

Providing low-moderate income housing opportunities allows the City to enhance the quality of life for our community.

**EXHIBITS:**

A. Resolution No. 11-651

<b>REVIEW TEAM ONLY</b>		
City Attorney: _____	<i>MJ</i>	Finance Director: _____
City Manager: _____	<i>[Signature]</i>	Other: _____

RESOLUTION NO. 11-651

A RESOLUTION OF THE COVINA REDEVELOPMENT AGENCY APPROVING AND AUTHORIZING REPAYMENT OF HOUSING SET ASIDE DEFERRAL LOAN BY THE DEBT SERVICE FUND TO THE LOW/MODERATE HOUSING FUND

WHEREAS, the Covina Redevelopment Agency ("Agency") Low/Moderate Housing Fund has previously authorized a loan to the Debt Service Fund to pay the housing set aside deferral; and

WHEREAS, the Agency desires to repay the loan of \$327,458 to the Low/Moderate Housing Fund.

NOW, THEREFORE, BE IT RESOLVED BY THE COVINA REDEVELOPMENT AGENCY AS FOLLOWS:

SECTION 1. The Debt Service Fund loan is hereby approved and authorized for repayment (3501-0000-00-25200 and 2051-0000-00-16300).

SECTION 2. Funds may be required to be transferred from the Project No. 1 Project Fund to make this repayment (5011-4400-00-59130 and 3501-0000-00-49140).

SECTION 3. Budget will be increased by transfer amount of \$327,458 for 5011-4400-00-59130 and 3501-0000-00-49140.

SECTION 4. Pursuant to Title 14, California Code of Regulations 15378, implementing the California Environmental Quality Act, this action is not a Project as it is merely the creation of a government funding mechanism or other governmental fiscal activity which does not involve the commitment to a specific project which may result in a potentially significant physical impact on the environment.

SECTION 5. The Secretary shall certify to the passage and adoption of this resolution and the same shall thereupon take effect and be in force.

**PASSED, APPROVED AND ADOPTED** this 25 day of January, 2011.

\_\_\_\_\_  
Chairperson, Covina Redevelopment Agency

ATTEST:

\_\_\_\_\_  
Secretary, Covina Redevelopment Agency

APPROVED AS TO FORM;

---

City Attorney

**CERTIFICATION**

I, Catherine M. LaCroix, Secretary of the Redevelopment Agency of the City of Covina, does hereby CERTIFY that Resolution No. 11-651 was adopted by the Covina Redevelopment Agency at a special meeting of the Agency held this 25 day of January, 2011, and was approved and passed by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

---

Catherine M. LaCroix  
Secretary of the Covina Redevelopment Agency

**COVINA REDEVELOPMENT AGENCY**  
**AGENDA ITEM COMMENTARY**

**MEETING DATE:** January 25, 2011

**ITEM NO.: NB 3.**

**STAFF SOURCE:** Daryl Parrish, City Manager  $\Phi$   
Robert Neiuber, Deputy Executive Director Redevelopment  
Dilu De Alwis, Director of Finance  $\Phi$

**ITEM TITLE:** Redevelopment Agency to consider repayment of Supplemental Educational Revenue Augmentation Fund (SERAF) loan by the Debt Service fund to the Low/Moderate Housing fund.

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**STAFF RECOMMENDATION:**

Adopt **Resolution No. 11-652**, approving and authorizing the repayment of the loan to the Low/Moderate Housing fund.

**FISCAL IMPACT:**

\$2,540,091 would be transferred from the Project fund (5011-4400-00-59130) to the Debt Service fund (3501-0000-00-49140) to repay the Low/Moderate Housing fund (3501-0000-00-25200 and 2051-0000-00-16300) within the Redevelopment Agency.

**BACKGROUND:**

On February 16, 2010, the Redevelopment Agency adopted a resolution approving a loan from the Housing Fund to pay for the Supplemental Educational Revenue Augmentation Fund (SERAF) payments that were due in May, 2010 and May, 2011.

These loans are zero percent (0%) loans with a three (3) year term, beginning on the date of the payment of the SERAF obligation.

Staff requests that the Agency Board consider early repayment of the loan from Project Area One Project funds in order to increase the amount available for housing projects.

The Agency's repayment of this loan will remove funds from the Agency's general accounts and supplement the monies held in the Low and Moderate Income Housing Fund. If the Governor's proposal is adopted as proposed these funds would be transferred to a "local housing authority." In theory, provided the City has activated its Housing Authority, these funds will remain in Covina and available for low and moderate income housing projects. If the Governor's budget proposal is modified or fails to be adopted, it is unclear how the Agency funds will be treated. Additionally, these funds could not be reloaned from the Low and Moderate Income Housing Fund to a general Agency fund in the future. There is no information currently available on how the proposed elimination of redevelopment or the transfer of funds to a "local housing authority" will impact the Agency's obligation to repay these funds to the Low and Moderate Income Housing Fund.

**RELEVANCE TO THE STRATEGIC PLAN**

Providing low-moderate income housing opportunities allows the City to enhance the quality of life for our community.

**EXHIBITS:**

A. Resolution No. 11-652

<b>REVIEW TEAM ONLY</b>		
City Attorney: _____	<i>MS</i>	Finance Director: _____
City Manager: _____	<i>Φ</i>	Other: _____

RESOLUTION NO. 11-652

A RESOLUTION OF THE COVINA REDEVELOPMENT AGENCY APPROVING AND AUTHORIZING REPAYMENT OF SERAF LOAN BY THE DEBT SERVICE FUND TO THE LOW/MODERATE HOUSING FUND

WHEREAS, the Covina Redevelopment Agency ("Agency") Low/Moderate Housing Fund has previously authorized a loan to the Debt Service Fund to pay the SERAF obligation; and

WHEREAS, the Agency desires to repay the loan of \$2,540,091 to the Low/Moderate Housing Fund.

NOW, THEREFORE, BE IT RESOLVED BY THE COVINA REDEVELOPMENT AGENCY AS FOLLOWS:

SECTION 1. The Debt Service Fund loan is hereby approved and authorized for repayment (3501-0000-00-25200 and 2051-0000-00-16300).

SECTION 2. Funds may be required to be transferred from the Project No. 1 Project Fund to make this repayment (5011-4400-00-59130 and 3501-0000-00-49140)

SECTION 3. Budget will be increased by transfer amount of \$2,540,091 for 5011-4400-00-59130 and 3501-0000-00-49140.

SECTION 4. Pursuant to Title 14, California Code of Regulations 15378, implementing the California Environmental Quality Act, this action is not a Project as it is merely the creation of a government funding mechanism or other governmental fiscal activity which does not involve the commitment to a specific project which may result in a potentially significant physical impact on the environment.

SECTION 5. The Secretary shall certify to the passage and adoption of this resolution and the same shall thereupon take effect and be in force.

**PASSED, APPROVED AND ADOPTED** this 25 day of January, 2011.

\_\_\_\_\_  
Chairperson, Covina Redevelopment Agency

ATTEST:

\_\_\_\_\_  
Secretary, Covina Redevelopment Agency

APPROVED AS TO FORM;

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City Attorney

**CERTIFICATION**

I, Catherine M. LaCroix, Secretary of the Redevelopment Agency of the City of Covina, does hereby CERTIFY that Resolution No. 11-652 was adopted by the Covina Redevelopment Agency at a special meeting of the Agency held this 25<sup>th</sup> day of January, 2011, and was approved and passed by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

---

Catherine M. LaCroix  
Secretary of the Covina Redevelopment Agency

**CITY OF COVINA**  
**AGENDA ITEM COMMENTARY**

**MEETING DATE:** January 25, 2011

**ITEM NO. JNB 1.**

**STAFF SOURCE:** Daryl Parrish, City Manager <sup>DP</sup>  
Robert Neiuber, Director of Community Development  
Dilu De Alwis, Director of Finance <sup>DA</sup>

**ITEM TITLE:** City Council/Redevelopment Agency to approve the Agreement for Services between the City of Covina and the Covina Redevelopment Agency with the Covina Housing Authority, and authorize the City Manager/Executive Director to enter into an agreement to encumber funds in current and future redevelopment housing set-aside and related housing bond funds to support affordable housing activities through Fiscal Year 2027.

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**STAFF RECOMMENDATION**

- a) City Council/Redevelopment Agency to approve and authorize the City Manager/Executive Director to enter into an Agreement for Services between the City of Covina, the Covina Redevelopment Agency and the Covina Housing Authority; and
- b) City Council approve **Resolution 11-6928** approving the Financial Assistance and Cooperation Agreement by and between the City, the Agency and the Housing Authority and encumbering funds pursuant thereto; and
- c) Agency to approve **Resolution 11-656** approving the Financial Assistance and Cooperation Agreement by and between the City, the Agency and the Housing Authority and encumbering funds pursuant thereto; and
- d) City Council/Redevelopment Agency to approve and authorize the City Manager/Executive Director to execute all related documents to encumber funds in current and future redevelopment housing set-aside and related housing bond funds to support affordable housing activities through Fiscal Year 2027.

**FISCAL IMPACT**

The funds to be encumbered are from redevelopment housing set-aside to be deposited by the Redevelopment Agency into the City's Housing Authority fund during the Agreement period. These funds, approximately Thirty Five Million Dollars (\$35,000,000), will support affordable housing activities.

**BACKGROUND**

The Covina Housing Authority (CHA) has been established by the City Council in order to plan, perform and assist in meeting the housing needs of the low- and moderate-income residents and to meet the specialized housing needs of senior citizens and disabled persons in the City of Covina. The CHA will implement the affordable housing goals, policies and objectives of the City's Housing Element. The City is the only member of the CHA.

Staff recommends that the City Council/Agency Board consider authorizing the City Manager/Executive Director to enter into an Agreement for Services (Agreement) with the CHA to provide services and funding to the CHA in order for the CHA to carry out its mission, including employees, facilities and other services of the City that the CHA needs. The funding request will come to the City as part of the annual budget process.

Redevelopment housing set-aside will be the main source of revenue in the City's CHA fund, which funds the CHA's projects and required City support services. As such, the CHA is the entity that will accomplish the Covina Redevelopment Agency's (Agency) affordable housing production goals laid out in the State-mandated Affordable Housing Compliance Plan Five-Year Implementation Plan, the most recent of which is for the period FY July 1, 2009 through June 30, 2014. To date, the Agency has been active in negotiating and partnering with affordable housing developers in the construction of new units or rehabilitation of existing units, a process that could take from three to five years from conception to completion. Due to the nature of the development process, the Agency has several projects in various stages of development, as shown in Exhibit A.

If Governor Jerry Brown's recently proposed budget is passed, the City's ability to receive housing set-aside from the Redevelopment Agency may be severely limited or eliminated. Because there is no draft legislation to review or respond to, it is impossible to determine if the Agency's funds will remain with the Agency for future housing developments. Unless the City has a contractual obligation for the use of housing set-aside, its ability to fund the CHA's activities and support services will be in jeopardy. In an effort to best position the Agency for retaining existing and future Housing Set Aside funds, the Agency, HA and City could enter into the proposed agreement. Even with contractual obligations in place, based upon the lack of information from the State, the funds may still be in jeopardy. In an effort to safeguard the City's ability to receive housing set-aside and allow the CHA to complete its projects, staff recommends that the City encumber approximately Thirty Five Million Dollars (\$35,000,000) in redevelopment housing set-aside to support affordable housing activities through Fiscal Year 2026-2027 and pledge this amount to the CHA.

**RELEVANCE TO THE STRATEGIC PLAN**

Execution of an Agreement for Services to meet financial obligations and to provide needed housing services in the community contributes to the City strategic plan objective of enhancing financial stability.

**EXHIBITS**

- A. Covina Housing Projects
- B. Resolution No. 11-6928
- C. Resolution No. 11-656

<b>REVIEW TEAM ONLY</b>		
City Attorney: _____	<i>MS</i>	Finance Director: _____
City Manager: _____	<i>P</i>	Other: _____

**EXHIBIT A**

**COVINA HOUSING PROJECTS**

<b>Projects (January 21, 2011-June 30, 2027)</b>	<b>Total Costs</b>
McGill Transitional House	\$500,000
Wings Transitional Housing	\$250,000
Rental Subsidy Program	\$900,000
Rehabilitation and Preservation Programs	\$2,000,000
200 W. Rowland Rehabilitation	\$2,500,000
YWCA Transitional Housing Improvements	\$350,000
Vintage Walk Phase 2	\$120,000
135 E. Badillo	\$50,000
Citrus Walk Project	\$932,000
New Housing Initiatives	
Downtown Sites	\$12,000,000
Scattered Multi-Family Rehab sites	\$4,298,000
Scattered SF affordable sites	\$4,000,000
436 E. Cypress	\$100,000
Program Administration	\$7,000,000
<b>Total</b>	<b>\$35,000,000</b>

**RESOLUTION NO. 11-6928**

**A RESOLUTION OF THE COVINA CITY COUNCIL  
APPROVING THE FINANCIAL ASSISTANCE AND  
COOPERATION AGREEMENT BY AND BETWEEN THE  
CITY, THE AGENCY AND THE HOUSING AUTHORITY  
AND ENCUMBERING FUNDS PURSUANT THERETO**

WHEREAS, pursuant to Housing Authority Law (Health and Safety Code Section 34200 et seq.), the City of Covina ("City") has activated the Covina Housing Authority ("CHA"); and

WHEREAS, pursuant to the Community Redevelopment Law (Health and Safety Code Section 33000 et seq.) the Redevelopment Agency of the City of Covina ("Agency") receives its Low and Moderate Income Housing Funds ("LMIHF") for the preserving, producing, and rehabilitation of Low and Moderate Income Housing; and

WHEREAS, pursuant to the CRL, the Agency is authorized to enter into cooperative agreements for the purpose of increasing, providing and preserving the supply of low and moderate income housing; and

WHEREAS, the City is required to provide affordable housing within its boundaries in accordance with its Regional Housing Needs Assessment ("RHNA") obligation imposed by the California Department of Housing and Community Development.

WHEREAS, the Agency, City and HA desire to enter into the Financial Assistance and Cooperation Agreement to provide the Agency's LMIHF to the HA for the development of affordable housing consistent with the CHA's mission, the Agency's requirements under the CRL and the City's requirements under the RHNA obligation.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COVINA AND THE REDEVELOPMENT AGENCY OF THE CITY OF COVINA DO HEREBY RESOLVE, DETERMINE, FIND AND ORDER AS FOLLOWS:

Section 1. The City Council and Agency Board approve the Financial Assistance and Cooperation Agreement by and between the City, Agency and HA and direct the City Manager/Executive Director to execute the Agreement and take all necessary actions to implement the purpose and intent of this resolution.

Section 2. The Agency Board does hereby encumber and appropriate all funds necessary and available for the implementation of the Financial Assistance and Cooperation Agreement.

Section 3. Pursuant to Title 14, California Code of Regulations Section 15378, this action is not a Project under California Environmental Quality Act as it is merely the creation of a government funding mechanism or other government fiscal activity which does not involve the

commitment to a specific project which may result in a potentially significant physical impact on the environment.

PASSED, APPROVED AND ADOPTED this 25th day of January 2011, by the following vote, to wit:

\_\_\_\_\_  
PEGGY DELACH  
MAYOR

ATTEST:

\_\_\_\_\_  
CATHERINE LACROIX  
DEPUTY CITY CLERK

APPROVED AS TO FORM:

\_\_\_\_\_  
MARCO MARTINEZ  
CITY ATTORNEY

STATE OF CALIFORNIA            )  
COUNTY OF LOS ANGELES       ) SS  
CITY OF COVINA                    )

I, Catherine LaCroix, Secretary to the Covina Redevelopment Agency, do hereby certify that the foregoing Resolution No. 11-6928/11-656 was duly passed and adopted at a special meeting of the Covina Redevelopment Agency on the 25th day of January, 2011 by the following vote, to wit:

AYES:            AGENCY MEMBERS:  
NOES:            AGENCY MEMBERS:  
ABSENT:          AGENCY MEMBERS:  
ABSTAIN:        AGENCY MEMBERS:

\_\_\_\_\_  
CATHERINE LACROIX  
AGENCY SECRETARY

**RESOLUTION NO. 11-656**

**A RESOLUTION OF THE COVINA REDEVELOPMENT AGENCY APPROVING THE FINANCIAL ASSISTANCE AND COOPERATION AGREEMENT BY AND BETWEEN THE CITY, THE AGENCY AND THE HOUSING AUTHORITY AND ENCUMBERING FUNDS PURSUANT THERETO**

WHEREAS, pursuant to Housing Authority Law (Health and Safety Code Section 34200 et seq.), the City of Covina ("City") has activated the Covina Housing Authority ("CHA"); and

WHEREAS, pursuant to the Community Redevelopment Law (Health and Safety Code Section 33000 et seq.) the Redevelopment Agency of the City of Covina ("Agency") receives its Low and Moderate Income Housing Funds ("LMIHF") for the preserving, producing, and rehabilitation of Low and Moderate Income Housing; and

WHEREAS, pursuant to the CRL, the Agency is authorized to enter into cooperative agreements for the purpose of increasing, providing and preserving the supply of low and moderate income housing; and

WHEREAS, the City is required to provide affordable housing within its boundaries in accordance with its Regional Housing Needs Assessment ("RHNA") obligation imposed by the California Department of Housing and Community Development.

WHEREAS, the Agency, City and HA desire to enter into the Financial Assistance and Cooperation Agreement to provide the Agency's LMIHF to the HA for the development of affordable housing consistent with the CHA's mission, the Agency's requirements under the CRL and the City's requirements under the RHNA obligation.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COVINA AND THE REDEVELOPMENT AGENCY OF THE CITY OF COVINA DO HEREBY RESOLVE, DETERMINE, FIND AND ORDER AS FOLLOWS:

Section 1. The City Council and Agency Board approve the Financial Assistance and Cooperation Agreement by and between the City, Agency and HA and direct the City Manager/Executive Director to execute the Agreement and take all necessary actions to implement the purpose and intent of this resolution.

Section 2. The Agency Board does hereby encumber and appropriate all funds necessary and available for the implementation of the Financial Assistance and Cooperation Agreement.

Section 3. Pursuant to Title 14, California Code of Regulations Section 15378, this action is not a Project under California Environmental Quality Act as it is merely the creation of a government funding mechanism or other government fiscal activity which does not involve the

commitment to a specific project which may result in a potentially significant physical impact on the environment.

PASSED, APPROVED AND ADOPTED this 25th day of January 2011, by the following vote, to wit:

---

PEGGY DELACH  
CHAIR

ATTEST:

---

CATHERINE LACROIX  
AGENCY SECRETARY

APPROVED AS TO FORM:

---

MARCO MARTINEZ  
AGENCY COUNSEL

STATE OF CALIFORNIA            )  
COUNTY OF LOS ANGELES       ) SS  
CITY OF COVINA                 )

I, Catherine LaCroix, Secretary to the Covina Redevelopment Agency, do hereby certify that the foregoing Resolution No. 11-6928/11-656 was duly passed and adopted at a special meeting of the Covina Redevelopment Agency on the 25th day of January, 2011 by the following vote, to wit:

AYES:            AGENCY MEMBERS:  
NOES:           AGENCY MEMBERS:  
ABSENT:         AGENCY MEMBERS:  
ABSTAIN:        AGENCY MEMBERS:

---

CATHERINE LACROIX  
AGENCY SECRETARY

**CITY OF COVINA/COVINA REDEVELOPMENT AGENCY**  
**AGENDA ITEM COMMENTARY**

**MEETING DATE:** January 25, 2011

**ITEM NO.:** JNB2

**STAFF SOURCE:** Daryl Parrish, City Manager *DP*  
Robert Neiuber, Deputy Executive Director Redevelopment  
Dilu De Alwis, Director of Finance *DA*

**ITEM TITLE:** Consideration of repayment of loans by the Agency for Project Nos. One and Two to the City.

---

**STAFF RECOMMENDATION:**

- a. City Council to adopt **Resolution No. 11-6927**, approving and authorizing the repayment of the loans to the City from the Covina Redevelopment Agency for Fiscal Year 2010-2011.
- b. Redevelopment Agency to adopt **Resolution No. 11-653**, approving and authorizing the repayment of the loans to the City from the Covina Redevelopment Agency for Fiscal Year 2010-2011

**FISCAL IMPACT:**

Principal amount of \$1,192,570 (\$1,061,600 from 3501-0000-00-20510, \$130,970 from 3502-0000-00-20510) would be repaid to the City (1010-0000-00-12500). City will earn interest income of \$119,831 (1010-0000-00-47300). The remaining principal amount of \$1,297,430 will be secured by a tax increment agreement.

**BACKGROUND:**

In prior years, the Agency has borrowed money from the City for both Project Areas One and Two in order to provide operating funds for ongoing project expenses, as well as to establish sufficient debt to secure the Agency's tax increment. Consequently, the City has received interest income for these loans at rates equal to or higher than what would have been earned via the Local Agency Investment Fund (LAIF). Staff is concerned that the State may not honor this debt if the State is successful in eliminating local redevelopment agencies. Staff is requesting that the City Council/Agency Board consider an early repayment of this loan. If the State is not successful in eliminating local redevelopment agencies, a similar loan will be proposed as part of the upcoming budget process.

The amount to be repaid (\$1,061,600 for Project Area One and \$130,970 for Project Area Two) represents the total amount of the original loan spent as of December 31, 2010. The remaining amount of the loan (\$1,153,400 for Project Area One and \$144,030 for Project Area Two) will be secured by tax increment financing as outlined in Agenda JNB3.



RESOLUTION NO. 11-6927

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COVINA, CALIFORNIA APPROVING AND AUTHORIZING REPAYMENT OF LOANS FROM THE COVINA REDEVELOPMENT AGENCY FOR FISCAL YEAR 2010-2011

WHEREAS, the CITY OF COVINA ("City") has assisted the Covina Redevelopment Agency ("Agency") in carrying out the Revitalization Redevelopment Project No. 1 ("Project No. 1") and the Revitalization Redevelopment Project No. 2 ("Project No. 2") and has made loans to the Agency; and

WHEREAS, the Promissory Note for Project No. 1 ("Project No. 1 Note") from the Agency to the City, of the total note amount of \$2,215,000, \$1,061,600 is being repaid. The remaining amount, \$1,153,400, will be secured by tax increment financing.

WHEREAS, the Promissory Note for Project No. 2 ("Project No. 2 Note") from the Agency to the City, of the total note amount of \$275,000, \$130,970 is being repaid. The remaining amount, \$144,030, will be secured by tax increment financing.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF COVINA AS FOLLOWS:

SECTION 1. The Project No. 1 Note for said amount is authorized to be repaid to the City.

SECTION 2. The Project No. 2 Note for said amount is authorized to be repaid to the City.

SECTION 3. The City Clerk shall certify to the passage and adoption of this resolution and the same shall thereupon take effect and be in force.

**PASSED, APPROVED AND ADOPTED** this 25 day of January, 2011.

\_\_\_\_\_  
Mayor, City of Covina

ATTEST:

\_\_\_\_\_  
Deputy City Clerk, City of Covina

APPROVED AS TO FORM;

---

City Attorney

**CERTIFICATION**

I, Catherine M. LaCroix, Deputy City Clerk, City of Covina, does hereby CERTIFY that Resolution No. 11-6927 was adopted by the Covina City Council at a special meeting of the City Council held this 25<sup>th</sup> day of January, 2011, and was approved and passed by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

---

Catherine M. LaCroix  
Deputy City Clerk, City of Covina

RESOLUTION NO. 11-653

A RESOLUTION OF THE COVINA REDEVELOPMENT  
AGENCY APPROVING AND AUTHORIZING REPAYMENT  
OF LOANS TO THE CITY OF COVINA FOR FISCAL YEAR  
2010-2011

WHEREAS, the CITY OF COVINA ("City") has assisted the Covina Redevelopment Agency ("Agency") in carrying out the Revitalization Redevelopment Project No. 1 ("Project No. 1") and the Revitalization Redevelopment Project No. 2 ("Project No. 2") and has previously authorized a loan to the Agency; and

WHEREAS, the Agency desires to repay a portion of the loan to the City.

WHEREAS, the Promissory Note for Project No. 1 ("Project No. 1 Note") from the Agency to the City, of the total note amount of \$2,215,000, \$1,061,600 is being repaid. The remaining amount, \$1,153,400, will be secured by tax increment financing.

WHEREAS, the Promissory Note for Project No. 2 ("Project No. 2 Note") from the Agency to the City, of the total note amount of \$275,000, \$130,970 is being repaid. The remaining amount, \$144,030, will be secured by tax increment financing.

NOW, THEREFORE, BE IT RESOLVED BY THE COVINA  
REDEVELOPMENT AGENCY AS FOLLOWS:

SECTION 1. The Project No. 1 Note for said amount is authorized to be repaid to the City.

SECTION 2. The Project No. 2 Note for said amount is authorized to be repaid to the City.

SECTION 3. The Secretary shall certify to the passage and adoption of this resolution and the same shall thereupon take effect and be in force.

**PASSED, APPROVED AND ADOPTED** this 25<sup>th</sup> day of January, 2011.

\_\_\_\_\_  
Chairperson, Covina Redevelopment Agency

ATTEST:

\_\_\_\_\_  
Secretary, Covina Redevelopment Agency

APPROVED AS TO FORM;

---

City Attorney

**CERTIFICATION**

I, Catherine M. LaCroix, Secretary of the Redevelopment Agency of the City of Covina, does hereby CERTIFY that Resolution No. 11-653 was adopted by the Covina Redevelopment Agency at a special meeting of the Agency held this 25<sup>th</sup> day of January, 2011, and was approved and passed by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

---

Catherine M. LaCroix  
Secretary of the Covina Redevelopment Agency

**CITY OF COVINA/COVINA REDEVELOPMENT AGENCY**  
**AGENDA ITEM COMMENTARY**

**MEETING DATE:** January 25, 2011

**ITEM NO.:** JNB 3.

**STAFF SOURCE:** Daryl Parrish, City Manager *DP*  
Robert Neiuber, Deputy Executive Director Redevelopment  
Dilu De Alwis, Director of Finance *DA*

**ITEM TITLE:** City Council/Redevelopment Agency to authorize City Manager/Executive Director to execute an Agreement for Services between the City of Covina and the Redevelopment Agency of the City of Covina to encumber current and future redevelopment tax increment proceeds through Fiscal Year 2027 and related public and private bond funds to support current revitalization of neighborhoods throughout Project Area One, Project Area Two, and Project Area Two Amended Area; and Adopt resolution making certain findings regarding the construction of certain public improvements in all Redevelopment Project Areas.

---

**STAFF RECOMMENDATION**

- a) City Council/Redevelopment Agency to authorize the City Manager/Executive Director to execute an Agreement for Services between the City of Covina and the Redevelopment Agency of the City of Covina to encumber current and future redevelopment tax increment proceeds through Fiscal Year 2027 and related public and private bond funds to support current revitalization of neighborhoods throughout the two project areas; and
- b) Redevelopment Agency to adopt **Resolution No. 11-654**, making certain findings regarding the construction of certain public improvements in all Redevelopment Project Areas; and
- c) City Council to adopt **Resolution No. 11-6929**, making certain findings regarding the construction of certain public improvements in all Redevelopment Project Areas.

**FISCAL IMPACT**

Entering into this Agreement will result in approximately Sixty Two Million Four Hundred Fifty Six Thousand, Six Hundred Five Dollars (\$62,456,605) in Agency transfers to the General Fund during the Agreement period.

**BACKGROUND**

Staff recommends that the City Council/Agency consider authorizing the City Manager/Executive Director to enter into an Agreement for Current Services (Agreement) between the City and Agency to provide short-term loans for services, programs and projects in the redevelopment project areas.

California Community Redevelopment Law specifies that a redevelopment agency may not spend tax increment directly on staff salaries, consultants or other services; as a general rule, its use is limited to the payment of principal and interest on bonds, loans, and other forms of

indebtedness. Agencies then borrow from cities the funds required for operating expenses on an annual basis, which provide for staff and project expenses. Tax increment is used to repay the City loan, debt service on bonds, and other long-term obligations. The Agency and the City have agreed to fund the Agency's activities based on an annual request; in the past, the funding request would come to the City Council as part of the annual budget process.

Due to the nature of the development process, the Agency currently has numerous projects in various stages of development, from pre-conception to actual construction. These projects range from public infrastructure such as Heritage Plaza and the Shoppers Lane Parking Lot Improvements to participation in public-private development projects such as Citrus Walk. All these projects are part of the current Five Year Implementation Plan or outlined as goals of that plan.

These projects will accelerate the economic recovery of the City; construct, rehabilitate or replace publicly owned capital improvements and public improvements; provide housing; and ensure the creation of locally-based, quality jobs.

In addition to these improvement projects, the Agency funds numerous activities and programs in the various redevelopment project areas such as facade improvement, and neighborhood revitalization initiatives.

Given the current budget environment in the State, the Agency's ability to carry out these activities may be limited. Therefore, staff recommends entering into an Agreement in an effort to maintain its revitalization efforts.

The Agreement would establish that the City shall provide services in order that the Agency may accomplish the purposes of the redevelopment plans for each project area. The Agreement would specify that the City shall provide services in order that the Agency may complete the work plan outlined in Exhibit A. This work plan will be completed at the staffing levels outlined below, with a three percent increase annually.

<b>Staffing, Programs and Services Required for Work Plan Completion</b>			
Department	Description	FTE Positions	Estimated Costs over 17 years
Redevelopment and Housing	Redevelopment Staff	5.9	\$14,136,064
Various	City Services and Overhead	N/A	\$15,981,697
Redevelopment and Housing	RDA Programs: Capital Project/Leases Business Assistance Economic Development Marketing Professional Fees	N/A	\$19,763,844
Total			\$49,881,605

The Agreement will call for the delivery of programs and projects in the City's redevelopment projects through Fiscal Year 2027. The programs and projects are identified above and in Exhibit A. The total anticipated cost is \$62,456,605. The programs and projects list may change as opportunities present themselves that are within the goals and objectives of the current Five Year Implementation Plan.

The Agreement will provide for termination on written notice by either party or the expiration of the redevelopment plans, whichever occurs first.

California Redevelopment Law provides that a redevelopment agency may, with the consent of the City Council, pay for public improvements that are publicly owned either within or outside of a Redevelopment Project Area, if the City Council determines that:

- The construction of such public improvements is of benefit to the redevelopment project area by eliminating blight within the Project Area or providing housing for low and moderate income persons.
- No other reasonable means of financing the public improvements are available to the community.
- The payment of Redevelopment Agency funds for the construction of the public improvements is consistent with the Implementation Plan
- Typical improvements can include library, park, police, fire and other public safety improvements and facilities; additional open space and open space improvements; public art; neighborhood, street and alley improvements; streetscape enhancements; and public parking. Since the Agency's work plan may include the construction of public improvements, these findings must be made for Project Area One, Project Area Two, and Project Area Two Amended Area.

Pursuant to Health and Safety Code Section 33445(c)(1), when the cost of the public improvements has been or will be borne by another public corporation, the Agency may enter into a contract to make period payments over a period of years. That contract, pursuant to 33445(c)(2), will be an indebtedness of the Agency.

Additionally, pursuant to Health and Safety Code Section 33421, the Agency may cause, provide or undertake, or make provision with other agencies for the installation or construction of public improvements. The Agreement proposed by staff tonight is intended to comply with the authorizations and create the indebtedness as described in Sections 33421 and 33445.

In the case of the projects set forth in Exhibit A, there is no other resources available to the City to provide for the timely delivery of these public improvements. Like so many cities, Covina has suffered a reduction in sales tax and property tax revenues, leaving a shortage of funds for these vital public improvements. All of the projects are located in the Project Areas (Project Area I,

Project Area II, and Project Area II amended area) and will assist in the elimination of physical and economic blight by providing needed public improvements, stimulating economic development, and addressing the problems presented by inadequate public infrastructure which plagues our blighted areas.

**RELEVANCE TO THE STRATEGIC PLAN**

Funding agreements between the Agency and the City will help to enhance the financial stability of the City, retain the services provided by the City, improve the infrastructure of the City and eliminate blight.

**EXHIBITS**

- A. Current Programs and Projects
- B. Resolution No. 11-654
- C. Resolution No. 11-6929

<b>REVIEW TEAM ONLY</b>		
City Attorney: _____		Finance Director: _____
City Manager: _____		Other: _____

## EXHIBIT A

### Current Programs and Projects

Hospital Project - CVHP Intercommunity Campus	\$ 2,000,000.00
Corners of Citrus & Rowland	\$ 1,000,000.00
Radisson Freeway Sign	\$ 1,000,000.00
South Citrus Auto Corridor	\$ 500,000.00
Shoppers Lane Improvement Project	\$ 250,000.00
Public Infrastructure and Facilities	\$ 1,500,000.00
CVUSD/Agency Joint Use Vocational Training Facility	\$ 1,300,000.00
<b>Total Project Area No. 1 Projects</b>	<b>\$ 7,550,000.00</b>

135 E. Badillo	\$ 50,000.00
Citrus Walk - Parking Lot Property Acquisition & Demo.	\$ 675,000.00
Heritage Plaza Development	\$ 1,300,000.00
Potential Mixed Use Projects (TCSP implementation)	\$ 1,000,000.00
Public Infrastructure and Facilities	\$ 1,000,000.00
Continued Revitalization of Downtown	\$ 1,000,000.00
<b>Total Project Area No. 2 Projects</b>	<b>\$ 5,025,000.00</b>

**RESOLUTION NO. 11-654**

**A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF COVINA, CALIFORNIA, MAKING CERTAIN FINDINGS PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 33445 IN CONNECTION WITH THE COVINA REDEVELOPMENT AGENCY'S FINANCING OF CERTAIN PUBLIC IMPROVEMENTS WITHIN THE REDEVELOPMENT PROJECT AREAS AND AUTHORIZING AN AGREEMENT FOR SERVICES BETWEEN THE CITY OF COVINA AND REDEVELOPMENT AGENCY TO ENCUMBER CURRENT AND FUTURE REDEVELOPMENT TAX INCREMENT PROCEEDS THROUGH FISCAL YEAR 2027 AND RELATED PUBLIC AND PRIVATE BOND FUNDS TO SUPPORT CURRENT NEIGHBORHOOD REVITALIZATION PROJECTS**

**WHEREAS**, the City Council of the City of Covina ("City") approved and adopted redevelopment plans ("Redevelopment Plan") for a redevelopment project area known as Project Area No. 1 on July 15, 1974 and a redevelopment project area known as Project Area No. 2 on September 19, 1983, and amended on July 13, 1987 to add territory (collectively, the "Project Areas" and individually the "Project Area"); and

**WHEREAS**, the Covina Redevelopment Agency ("Agency") is engaged in activities to execute and implement the Redevelopment Plans for the Project Areas pursuant to the provisions of the California Community Redevelopment Law (Health and Safety Code § 33000, et seq.) ("CRL"); and

**WHEREAS**, in furtherance of the Project Areas and the immediate neighborhood in which the Project Areas are located, the Agency has recognized the need for certain public improvements, which improvements will be located within the boundaries of, and contiguous to, the Project Areas, and proposes to use redevelopment funds to finance the improvements; and

**WHEREAS**, the Agency currently has numerous projects in various stages of development, from pre-conception to actual construction, including public infrastructure such as Heritage Plaza and the Shoppers Lane Parking Lot Improvements to participation in public-private development projects such as Citrus Walk. All these projects are part of the current Five Year Implementation Plan, or outlined as goals of that plan, and will accelerate the economic recovery of the City; construct, rehabilitate or replace publicly owned capital improvements and public improvements; provide housing; and ensure the creation of locally-based, quality jobs; and

**WHEREAS**, the City and Agency desire and intend to pay for the land for and the cost of the installation and construction of buildings, facilities, structures, and other improvements in and contiguous to the Project Areas, including but not limited to the Heritage Plaza infrastructure, the Shoppers Lane Parking Lot Improvements and other improvements as set forth on Exhibit A, attached hereto and incorporated herein by reference, ("Public Improvements") and cannot fully

assume the costs of the needed improvements without assistance of property tax increment funding, or other available funds including public and private bond funds, from the Project Areas; and

**WHEREAS**, the installation and construction of the Public Improvements will assist in the elimination of blight within the Project Areas by minimizing physical and economic conditions that cause blight such as depreciated or stagnant property values and abnormally high business vacancies by providing needed public improvements, stimulating economic development, and addressing the problems presented by inadequate public infrastructure; and

**WHEREAS**, the completion of the Public Improvements is consistent with the Five Year Implementation Plan adopted pursuant to CRL Section 33490; and

**WHEREAS**, with the City Council's consent, the Agency is authorized under CRL Section 33445 to use the Agency's property tax increment funds, which it receives pursuant to CRL Section 33670, or any other available funds, to pay all or part of the cost of the design, relocation, installation and construction of the Public Improvements; and

**WHEREAS**, in accordance with CRL Section 33445, the Agency proposes to contribute property tax increment funds, or any other available funds, for the purpose of assisting the City with design, installation and construction of the Public Improvements; and

**WHEREAS**, the City Council and Agency are required to make certain findings set forth in CRL Section 33445 with respect to the Agency's use of property tax increment funds to pay for the costs of the Public Improvements; and

**WHEREAS**, pursuant to provisions of CRL Section 33445, the City Council and the Agency's Governing Board held a meeting regarding the Public Improvements, and the City Council made the required findings pursuant to CRL Section 33445; and

**WHEREAS**, the City and Agency are interested in entering into an Agreement for Services to encumber current and future redevelopment tax increment proceeds through Fiscal Year 2027 and related public and private bond funds to support current neighborhood revitalization projects ("Agreement"). The Agreement would establish that the City shall provide services in order that the Agency may accomplish the purposes of the Redevelopment Plans for the Project Areas, including the Public Improvements; and

**WHEREAS**, pursuant to CRL Section 33445(c)(1), when the cost of the public improvements has been or will be borne by another public corporation, the Agency may enter into a contract to make period payments over a period of years. That contract, pursuant to 33445(c)(2), will be an indebtedness of the Agency; and

**WHEREAS**, additionally, the Agency may cause, provide or undertake, or make provision with other agencies for the installation or construction of public improvements pursuant to CRL Sections 33421; and

**WHEREAS**, the City is the lead agency pursuant to the California Environmental Quality Act (codified as Public Resources Code Sections 21000 *et seq*) (“CEQA”) and the State CEQA Guidelines; and

**WHEREAS**, staff has determined that the Agency’s authorization of the Agreement and 33445 findings are exempt from CEQA, pursuant to CEQA Guidelines Section 15378 (b)(4), because such authorizations are not considered a project subject to CEQA review. The payment is a government funding mechanism and fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant environmental impact; and

**WHEREAS**, all other legal prerequisites to the adoption of this Resolution have occurred.

**NOW, THEREFORE, BE IT RESOLVED** by the Governing Board of the City of Covina as follows:

**Section 1.**     **Recitals.** The Recitals set forth above are true and correct and incorporated herein.

**Section 2.**     **33445 Findings.** The Governing Board consents to the Agency’s use of property tax increment funds and other funds available, including private and public bond funds, to finance the Public Improvements and, therefore, finds and determines, based on the information made available in the staff report accompanying this Resolution, the oral presentation of Agency staff, and all other written and oral evidence presented to the Governing Board at or prior to the public hearing, that:

- (i) That the Agency’s financing of the Public Improvements is of benefit to the Project Areas because the installation and construction of the Public Improvements will: (1) improve the quality of life in the Project Areas and is in the best interest of the City and the health, safety, morals and welfare of its residents, businesses, tenants, and property owners and (2) provide needed public improvements, stimulate economic development and minimize depreciated or stagnant property values and high business vacancies, while improving aesthetics and visibility in the Project Areas.
- (ii) That the City has determined that there are no other reasonable means of financing the Public Improvements available to the City. The City cannot fully assume the costs of needed capital improvements within the City without the assistance of property tax increment funding or other funding from the Project Areas. Capital public improvements in other parts of the City would have to be deferred or eliminated in order to fund these certain Public Improvements. The Redevelopment Agency desires to pay for the costs of the Public Improvements from the property tax increment revenue generated from the Project Areas, from bond proceeds, or from any other funds of the Agency legally available for such purpose.

- (iii) That the financing of the Public Improvements will benefit the Project Areas by assisting in the elimination of one or more blighting conditions in the Project Areas. The financing will reduce depreciated or stagnant property values and abnormally high business vacancies by promoting private investment in the Project Areas. The financing will assist the City and Agency in providing needed public improvements and stimulating economic development. By updating and modernizing the City's infrastructure, the Project Areas becomes more attractive to those investors who wish to relocate and/or establish businesses in areas that can physically support their enterprise. Financing of the Public Improvements will eliminate blight by making the Project Areas attractive to private investment, which subsequently will contribute to an appreciation of the value of both businesses and property within the Project Areas.
- (iv) The financing of the Public Improvements is consistent with the implementation plan adopted pursuant to Section 33490 in that the implementation plan contemplates the financing of public improvements that will stimulate private investment on private property in the Project Areas and elimination of one or more blighting conditions within the Project Areas.
- (v) The Public Improvements are provided for in the Redevelopment Plans which authorize the installation, construction or reconstruction of streets, utilities and other public improvements (including, but not limited to gutters, sidewalks, sewers and appurtenant work thereto) in areas which benefit the Project Areas.

**Section 3. Agreement Authorization.** The Governing Board authorizes the Executive Director/City Manager to enter into the Agreement together with any non-substantive changes and amendments as may be approved by both the City Manager/Executive Director and the City Attorney/Redevelopment Counsel.

**Section 4. Implementation.** The Governing Board hereby authorizes and directs the City Manager/Executive Director of the Agency to take any action and execute any documents necessary to implement the Agreement and this Resolution.

**Section 5. CEQA.** The Governing Board directs and authorizes that a Notice of Exemption shall be filed with the Clerk of the Board of Supervisors of the County of Los Angeles, California, within five (5) working days following the date of adoption of this Resolution.

**Section 6. Effective Date.** This Resolution shall take effect immediately upon its adoption.

**Section 7. Certification.** The Agency Secretary shall certify to the passage and adoption of this Resolution and the same shall thereupon take effect and be in force immediately upon its adoption.

**PASSED, APPROVED AND ADOPTED** this 25<sup>th</sup> day of January, 2011.

\_\_\_\_\_  
Chairperson, Covina Redevelopment Agency

ATTEST:

\_\_\_\_\_  
Secretary, Covina Redevelopment Agency

APPROVED AS TO FORM;

\_\_\_\_\_  
City Attorney

**CERTIFICATION**

I, Catherine M. LaCroix, Secretary of the Redevelopment Agency of the City of Covina, does hereby CERTIFY that Resolution No. 11-654 was adopted by the Covina Redevelopment Agency at a special meeting of the Agency held this 25<sup>th</sup> day of January, 2011, and was approved and passed by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

\_\_\_\_\_  
Catherine M. LaCroix  
Secretary of the Covina Redevelopment Agency

## EXHIBIT A

### Current Programs and Projects

Hospital Project - CVHP Intercommunity Campus	\$ 2,000,000.00
Corners of Citrus & Rowland	\$ 1,000,000.00
Radisson Freeway Sign	\$ 1,000,000.00
South Citrus Auto Corridor	\$ 500,000.00
Shoppers Lane Improvement Project	\$ 250,000.00
Public Infrastructure and Facilities	\$ 1,500,000.00
CVUSD/Agency Joint Use Vocational Training Facility	\$ 1,300,000.00
<b>Total Project Area No. 1 Projects</b>	<b>\$ 7,550,000.00</b>

135 E. Badillo	\$ 50,000.00
Citrus Walk - Parking Lot Property Acquisition & Demo.	\$ 675,000.00
Heritage Plaza Development	\$ 1,300,000.00
Potential Mixed Use Projects (TCSP implementation)	\$ 1,000,000.00
Public Infrastructure and Facilities	\$ 1,000,000.00
Continued Revitalization of Downtown	\$ 1,000,000.00
<b>Total Project Area No. 2 Projects</b>	<b>\$ 5,025,000.00</b>

**RESOLUTION NO. 11-6929**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COVINA, CALIFORNIA, MAKING CERTAIN FINDINGS PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 33445 IN CONNECTION WITH THE COVINA REDEVELOPMENT AGENCY'S FINANCING OF CERTAIN PUBLIC IMPROVEMENTS WITHIN THE REDEVELOPMENT PROJECT AREAS AND AUTHORIZING AN AGREEMENT FOR SERVICES BETWEEN THE CITY OF COVINA AND REDEVELOPMENT AGENCY TO ENCUMBER CURRENT AND FUTURE REDEVELOPMENT TAX INCREMENT PROCEEDS THROUGH FISCAL YEAR 2027 AND RELATED PUBLIC AND PRIVATE BOND FUNDS TO SUPPORT CURRENT NEIGHBORHOOD REVITALIZATION PROJECTS**

**WHEREAS**, the City Council of the City of Covina ("City") approved and adopted redevelopment plans ("Redevelopment Plan") for a redevelopment project area known as Project Area No. 1 on July 15, 1974 and a redevelopment project area known as Project Area No. 2 on September 19, 1983, and amended on July 13, 1987 to add territory (collectively, the "Project Areas" and individually the "Project Area"); and

**WHEREAS**, the Covina Redevelopment Agency ("Agency") is engaged in activities to execute and implement the Redevelopment Plans for the Project Areas pursuant to the provisions of the California Community Redevelopment Law (Health and Safety Code § 33000, *et seq.*) ("CRL"); and

**WHEREAS**, in furtherance of the Project Areas and the immediate neighborhood in which the Project Areas are located, the Agency has recognized the need for certain public improvements, which improvements will be located within the boundaries of, and contiguous to, the Project Areas, and proposes to use redevelopment funds to finance the improvements; and

**WHEREAS**, the Agency currently has numerous projects in various stages of development, from pre-conception to actual construction, including public infrastructure such as Heritage Plaza and the Shoppers Lane Parking Lot Improvements to participation in public-private development projects such as Citrus Walk. All these projects are part of the current Five Year Implementation Plan, or outlined as goals of that plan, and will accelerate the economic recovery of the City; construct, rehabilitate or replace publicly owned capital improvements and public improvements; provide housing; and ensure the creation of locally-based, quality jobs; and

**WHEREAS**, the City and Agency desire and intend to pay for the land for and the cost of the installation and construction of buildings, facilities, structures, and other improvements in and contiguous to the Project Areas, including but not limited to the Heritage Plaza infrastructure, the Shoppers Lane Parking Lot Improvements and other improvements as set forth on Exhibit A, attached hereto and incorporated herein by reference, ("Public Improvements") and cannot fully

assume the costs of the needed improvements without assistance of property tax increment funding, or other available funds including public and private bond funds, from the Project Areas; and

**WHEREAS**, the installation and construction of the Public Improvements will assist in the elimination of blight within the Project Areas by minimizing physical and economic conditions that cause blight such as depreciated or stagnant property values and abnormally high business vacancies by providing needed public improvements, stimulating economic development, and addressing the problems presented by inadequate public infrastructure; and

**WHEREAS**, the completion of the Public Improvements is consistent with the Five Year Implementation Plan adopted pursuant to CRL Section 33490; and

**WHEREAS**, with the City Council's consent, the Agency is authorized under CRL Section 33445 to use the Agency's property tax increment funds, which it receives pursuant to CRL Section 33670, or any other available funds, to pay all or part of the cost of the design, relocation, installation and construction of the Public Improvements; and

**WHEREAS**, in accordance with CRL Section 33445, the Agency proposes to contribute property tax increment funds, or any other available funds, for the purpose of assisting the City with design, installation and construction of the Public Improvements; and

**WHEREAS**, the City Council and Agency are required to make certain findings set forth in CRL Section 33445 with respect to the Agency's use of property tax increment funds to pay for the costs of the Public Improvements; and

**WHEREAS**, the City and Agency are interested in entering into an Agreement for Services to encumber current and future redevelopment tax increment proceeds through Fiscal Year 2027 and related public and private bond funds to support current neighborhood revitalization projects ("Agreement"). The Agreement would establish that the City shall provide services in order that the Agency may accomplish the purposes of the Redevelopment Plans for the Project Areas, including the Public Improvements; and

**WHEREAS**, pursuant to CRL Section 33445(c)(1), when the cost of the public improvements has been or will be borne by another public corporation, the Agency may enter into a contract to make period payments over a period of years. That contract, pursuant to 33445(c)(2), will be an indebtedness of the Agency; and

**WHEREAS**, additionally, the Agency may cause, provide or undertake, or make provision with other agencies for the installation or construction of public improvements pursuant to CRL Sections 33421; and

**WHEREAS**, the City is the lead agency pursuant to the California Environmental Quality Act (codified as Public Resources Code Sections 21000 *et seq*) ("CEQA") and the State CEQA Guidelines; and

**WHEREAS**, staff has determined that the City's authorization of the Agreement and 33445 findings are exempt from CEQA, pursuant to CEQA Guidelines Section 15378 (b)(4), because such authorizations are not considered a project subject to CEQA review. The payment is a government funding mechanism and fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant environmental impact; and

**WHEREAS**, all other legal prerequisites to the adoption of this Resolution have occurred.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Covina as follows:

**Section 1.** **Recitals.** The Recitals set forth above are true and correct and incorporated herein.

**Section 2.** **33445 Findings.** The City Council consents to the Agency's use of property tax increment funds and other funds available, including private and public bond funds, to finance the Public Improvements and, therefore, finds and determines, based on the information made available in the staff report accompanying this Resolution, the oral presentation of Agency staff, and all other written and oral evidence presented to the City Council at or prior to the public hearing, that:

- (i) That the Agency's financing of the Public Improvements is of benefit to the Project Areas because the installation and construction of the Public Improvements will: (1) improve the quality of life in the Project Areas and is in the best interest of the City and the health, safety, morals and welfare of its residents, businesses, tenants, and property owners and (2) provide needed public improvements, stimulate economic development and minimize depreciated or stagnant property values and high business vacancies, while improving aesthetics and visibility in the Project Areas.
- (ii) That the City Council has determined that there are no other reasonable means of financing the Public Improvements available to the City. The City cannot fully assume the costs of needed capital improvements within the City without the assistance of property tax increment funding or other funding from the Project Areas. Capital public improvements in other parts of the City would have to be deferred or eliminated in order to fund these certain Public Improvements. The Redevelopment Agency desires to pay for the costs of the Public Improvements from the property tax increment revenue generated from the Project Areas, from bond proceeds, or from any other funds of the Agency legally available for such purpose.
- (iii) That the financing of the Public Improvements will benefit the Project Areas by assisting in the elimination of one or more blighting conditions in the Project Areas. The financing will reduce depreciated or stagnant property

values and abnormally high business vacancies by promoting private investment in the Project Areas. The financing will assist the City and Agency in providing needed public improvements and stimulating economic development. By updating and modernizing the City's infrastructure, the Project Areas becomes more attractive to those investors who wish to relocate and/or establish businesses in areas that can physically support their enterprise. Financing of the Public Improvements will eliminate blight by making the Project Areas attractive to private investment, which subsequently will contribute to an appreciation of the value of both businesses and property within the Project Areas.

- (iv) The financing of the Public Improvements is consistent with the implementation plan adopted pursuant to Section 33490 in that the implementation plan contemplates the financing of public improvements that will stimulate private investment on private property in the Project Areas and elimination of one or more blighting conditions within the Project Areas.
- (v) The Public Improvements are provided for in the Redevelopment Plans which authorize the installation, construction or reconstruction of streets, utilities and other public improvements (including, but not limited to gutters, sidewalks, sewers and appurtenant work thereto) in areas which benefit the Project Areas.

**Section 3.** **Agreement Authorization.** The City Council authorizes the Executive Director/City Manager to enter into the Agreement together with any non-substantive changes and amendments as may be approved by both the City Manager/Executive Director and the City Attorney/Redevelopment Counsel.

**Section 4.** **Implementation.** The City Council hereby authorizes and directs the City Manager/Executive Director of the Agency to take any action and execute any documents necessary to implement the Agreement and this Resolution.

**Section 5.** **CEQA.** The City Council directs and authorizes that a Notice of Exemption shall be filed with the Clerk of the Board of Supervisors of the County of Los Angeles, California, within five (5) working days following the date of adoption of this Resolution.

**Section 6.** **Effective Date.** This Resolution shall take effect immediately upon its adoption.

**Section 7.** **Certification.** The City Clerk shall certify to the passage and adoption of this Resolution and the same shall thereupon take effect and be in force immediately upon its adoption.

**APPROVED AND ADOPTED** this \_\_\_\_ day of \_\_\_\_\_, 2011.

\_\_\_\_\_  
Mayor

**ATTEST:**

\_\_\_\_\_  
City Clerk

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Best Best & Krieger LLP  
City Attorney

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I, \_\_\_\_\_, City Clerk of the City Council of the City of Covina, California, do hereby certify that the foregoing Resolution No. 6929 was duly and regularly passed and adopted by the City Council at a meeting thereof held on the 25th day of January, 2011, and that the foregoing is a full, true and correct copy of said Resolution.

\_\_\_\_\_  
City Clerk

## EXHIBIT A

### Current Programs and Projects

Hospital Project - CVHP Intercommunity Campus	\$ 2,000,000.00
Corners of Citrus & Rowland	\$ 1,000,000.00
Radisson Freeway Sign	\$ 1,000,000.00
South Citrus Auto Corridor	\$ 500,000.00
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<b>Total Project Area No. 1 Projects</b>	<b>\$ 7,550,000.00</b>

135 E. Badillo	\$ 50,000.00
Citrus Walk - Parking Lot Property Acquisition & Demo.	\$ 675,000.00
Heritage Plaza Development	\$ 1,300,000.00
Potential Mixed Use Projects (TCSP implementation)	\$ 1,000,000.00
Public Infrastructure and Facilities	\$ 1,000,000.00
Continued Revitalization of Downtown	\$ 1,000,000.00
<b>Total Project Area No. 2 Projects</b>	<b>\$ 5,025,000.00</b>

**CITY OF COVINA/COVINA REDEVELOPMENT AGENCY**  
**AGENDA ITEM COMMENTARY**

**MEETING DATE:** January 25, 2011

**ITEM NO.:** JNB 4.

**STAFF SOURCE:** Daryl Parrish, City Manager *DP*  
Robert Neiuber, Deputy Executive Director Redevelopment  
Dilu De Alwis, Director of Finance *DDA*

**ITEM TITLE:** City Council/Redevelopment Agency to authorize City Manager/Executive Director to execute an Agreement for Services between the City of Covina and the Redevelopment Agency of the City of Covina to encumber current and future redevelopment tax increment proceeds through Fiscal Year 2027 and related public and private bond funds to support revitalization of neighborhoods throughout Project Area One, Project Area Two, and Project Area Two Amended Area; and Adopt resolution making certain findings regarding the construction of certain public improvements in all Redevelopment Project Areas.

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**STAFF RECOMMENDATION**

- a) City Council/Redevelopment Agency to authorize the City Manager/Executive Director to execute an Agreement for Services between the City of Covina and the Redevelopment Agency of the City of Covina to encumber current and future redevelopment tax increment proceeds through Fiscal Year 2027 and related public and private bond funds to support revitalization of neighborhoods throughout the two project areas; and
- b) Redevelopment Agency to adopt **Resolution No. 11-655**, making certain findings regarding the construction of certain public improvements in all Redevelopment Project Areas; and
- c) City Council to adopt **Resolution No. 11-6930**, making certain findings regarding the construction of certain public improvements in all Redevelopment Project Areas.

**FISCAL IMPACT**

Entering into this Agreement will result in approximately \$20 million in Agency transfers to the General Fund during the Agreement period.

**BACKGROUND**

Staff recommends that the City Council/Agency Board consider authorizing the City Manager/Executive Director to enter into an Agreement for Services (Agreement) between the City and the Redevelopment Agency of the City of Covina (Agency) to provide short-term loans for services, programs and projects in the redevelopment project areas.

California Community Redevelopment Law specifies that a redevelopment agency may not spend tax increment directly on staff salaries, consultants or other services; as a general rule, its

use is limited to the payment of principal and interest on bonds, loans, and other forms of indebtedness. Agencies then borrow from cities the funds required for operating expenses on an annual basis, which provide for staff and project expenses. Tax increment is used to repay the City loan, debt service on bonds, and other long-term obligations. The Agency and the City have agreed to fund the Agency's activities based on an annual request; in the past, the funding request would come to the City Council as part of the annual budget process.

Due to the nature of the development process, the Agency plans to continue to provide program and services to eliminate blight. These projects range from public infrastructure to participation in public-private development projects. These projects are not part of the current Five Year Implementation Plan, but are outlined as goals and objectives of that plan.

These projects can accelerate the economic recovery of the City; construct, rehabilitate or replace publicly owned capital improvements and public improvements; provide housing; and ensure the creation of locally-based, quality jobs.

Given the current budget environment in the State, the Agency's ability to carry out these activities may be limited. Therefore, staff recommends entering into an Agreement in an effort to maintain its revitalization efforts.

The Agreement would establish that the City shall provide services in order that the Agency may accomplish the purposes of the redevelopment plans for each project area. The Agreement would specify that the City shall provide services in order that the Agency may complete the work plan outlined in Exhibit A. This work plan will be completed at the staffing levels outlined in the Current Services Agreement of the previous agenda item.

The Agreement will call for the delivery of programs and projects in the City's redevelopment projects through Fiscal Year 2027. The programs and projects are identified in Exhibit A. This list may change as opportunities present themselves that are within the goals and objectives of the Agency's Five Year Implementation Plan.

The Agreement will provide for termination on written notice by either party or the expiration of the redevelopment plans, whichever occurs first.

California Redevelopment Law provides that a redevelopment agency may, with the consent of the City Council, pay for public improvements that are publicly owned either within or outside of a Redevelopment Project Area, if the City Council determines that:

- The construction of such public improvements is of benefit to the redevelopment project area by eliminating blight within the Project Area or providing housing for low and moderate income persons immediate neighborhood in which the public improvement is located.
- No other reasonable means of financing the public improvements are available to the community.

- The payment of Redevelopment Agency funds for the construction of the public improvements is consistent with the Implementation Plan.
- Typical improvements can include library, park, police, fire and other public safety improvements and facilities; additional open space and open space improvements; public art; neighborhood, street and alley improvements; streetscape enhancements; and public parking. Since the Agency's work plan may include the construction of public improvements, these findings must be made for Project Area One, Project Area Two, and Project Area Two Amended Area.

Pursuant to Health and Safety Code Section 33445(c)(1), when the cost of the public improvements has been or will be borne by another public corporation, the Agency may enter into a contract to make period payments over a period of years. That contract, pursuant to 33445(c)(2), will be an indebtedness of the Agency.

Additionally, pursuant to Health and Safety Code Section 33421, the Agency may cause, provide or undertake, or make provision with other agencies for the installation or construction of public improvements. The Agreement proposed by staff tonight is intended to comply with the authorizations and create the indebtedness as described in Sections 33421 and 33445.

In the case of the projects set forth in Exhibit A, there is no other resources available to the City to provide for the timely delivery of these public improvements. Like so many cities, Covina has suffered a reduction in sales tax and property tax revenues, leaving a shortage of funds for these vital public improvements. All of the projects are located in the Project Areas (Project Area I, Project Area II, and Project Area II amended area) and will assist in the elimination of physical and economic blight by providing needed public improvements, stimulating economic development, and addressing the problems presented by inadequate public infrastructure which plagues our blighted areas.

**RELEVANCE TO THE STRATEGIC PLAN**

Funding agreements between the Agency and the City will help to enhance the financial stability of the City, retain the services provided by the City, improve the infrastructure of the City and eliminate blight.

**EXHIBITS**

- A. Proposed Programs and Projects
- B. Resolution No. 11-655
- C. Resolution No. 11-6930

<p><b>REVIEW TEAM ONLY</b></p> <p>City Attorney: _____ <i>MB</i></p> <p>City Manager: _____ <i>φ</i></p>	<p>Finance Director: _____ <i>DL</i></p> <p>Other: _____</p>
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**RESOLUTION NO. 11-655**

**A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF COVINA, CALIFORNIA, MAKING CERTAIN FINDINGS PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 33445 IN CONNECTION WITH THE COVINA REDEVELOPMENT AGENCY'S FINANCING OF CERTAIN PUBLIC IMPROVEMENTS WITHIN THE REDEVELOPMENT PROJECT AREAS AND AUTHORIZING AN AGREEMENT FOR SERVICES BETWEEN THE CITY OF COVINA AND REDEVELOPMENT AGENCY TO ENCUMBER CURRENT AND FUTURE REDEVELOPMENT TAX INCREMENT PROCEEDS THROUGH FISCAL YEAR 2027 AND RELATED PUBLIC AND PRIVATE BOND FUNDS TO SUPPORT FUTURE NEIGHBORHOOD REVITALIZATION PROJECTS**

**WHEREAS**, the City Council of the City of Covina ("City") approved and adopted redevelopment plans ("Redevelopment Plan") for a redevelopment project area known as Project Area No. 1 on July 15, 1974 and a redevelopment project area known as Project Area No. 2 on September 19, 1983, and amended on July 13, 1987 to add territory (collectively, the "Project Areas" and individually the "Project Area"); and

**WHEREAS**, the Covina Redevelopment Agency ("Agency") is engaged in activities to execute and implement the Redevelopment Plans for the Project Areas pursuant to the provisions of the California Community Redevelopment Law (Health and Safety Code § 33000, *et seq.*) ("CRL"); and

**WHEREAS**, in furtherance of the Project Areas and the immediate neighborhood in which the Project Areas are located, the Agency plans to continue to provide programs and services to eliminate blight, including the provision of certain public improvements, which improvements will be located within the boundaries of, and contiguous to, the Project Areas. These projects range from public infrastructure and participation in public-private development projects. The Agency proposes to use redevelopment funds to finance these programs and services; and

**WHEREAS**, these Agency programs and services may not be specified as part of the current Five Year Implementation Plan, but are outlined as goals and objectives of that Plan, and will accelerate the economic recovery of the City; construct, rehabilitate or replace publicly owned capital improvements and public improvements; provide housing; and ensure the creation of locally-based, quality jobs; and

**WHEREAS**, the City and Agency desire and intend to pay for the land for and the cost of the installation and construction of buildings, facilities, structures, and other improvements in and contiguous to the Project Areas, including but not limited to the improvements as set forth on Exhibit A, attached hereto and incorporated herein by reference, ("Public Improvements") and cannot fully

assume the costs of the needed improvements without assistance of property tax increment funding, or other available funds including public and private bond funds, from the Project Areas; and

**WHEREAS**, the installation and construction of the Public Improvements will assist in the elimination of blight within the Project Areas by minimizing physical and economic conditions that cause blight such as depreciated or stagnant property values and abnormally high business vacancies by providing needed public improvements, stimulating economic development, and addressing the problems presented by inadequate public infrastructure; and

**WHEREAS**, the completion of the Public Improvements is consistent with the goals and objectives of the Five Year Implementation Plan adopted pursuant to CRL Section 33490; and

**WHEREAS**, with the City Council's consent, the Agency is authorized under CRL Section 33445 to use the Agency's property tax increment funds, which it receives pursuant to CRL Section 33670, or any other available funds, to pay all or part of the cost of the design, relocation, installation and construction of the Public Improvements; and

**WHEREAS**, in accordance with CRL Section 33445, the Agency proposes to contribute property tax increment funds, or any other available funds, for the purpose of assisting the City with design, installation and construction of the Public Improvements; and

**WHEREAS**, the City Council and Agency are required to make certain findings set forth in CRL Section 33445 with respect to the Agency's use of property tax increment funds to pay for the costs of the Public Improvements; and

**WHEREAS**, pursuant to provisions of CRL Section 33445, the City Council and the Agency's Governing Board held a meeting regarding the Public Improvements, and the City Council made the required findings pursuant to CRL Section 33445; and

**WHEREAS**, the City and Agency are interested in entering into an Agreement for Services to encumber current and future redevelopment tax increment proceeds through Fiscal Year 2027 and related public and private bond funds to support future neighborhood revitalization projects, including the Public Improvements ("Agreement"). The Agreement would establish that the City shall provide services in order that the Agency may accomplish the purposes of the Redevelopment Plans for the Project Areas; and

**WHEREAS**, pursuant to CRL Section 33445(c)(1), when the cost of the public improvements has been or will be borne by another public corporation, the Agency may enter into a contract to make period payments over a period of years. That contract, pursuant to 33445(c)(2), will be an indebtedness of the Agency; and

**WHEREAS**, additionally, the Agency may cause, provide or undertake, or make provision with other agencies for the installation or construction of public improvements pursuant to CRL Sections 33421; and

**WHEREAS**, the City is the lead agency pursuant to the California Environmental Quality Act (codified as Public Resources Code Sections 21000 *et seq*) (“CEQA”) and the State CEQA Guidelines; and

**WHEREAS**, staff has determined that the Agency’s authorization of the Agreement and 33445 findings are exempt from CEQA, pursuant to CEQA Guidelines Section 15378 (b)(4), because such authorizations are not considered a project subject to CEQA review. The payment is a government funding mechanism and fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant environmental impact; and

**WHEREAS**, all other legal prerequisites to the adoption of this Resolution have occurred.

**NOW, THEREFORE, BE IT RESOLVED** by the Governing Board of the City of Covina as follows:

**Section 1.**     **Recitals.** The Recitals set forth above are true and correct and incorporated herein.

**Section 2.**     **33445 Findings.** The Governing Board consents to the Agency’s use of property tax increment funds and other funds available, including private and public bond funds, to finance the Public Improvements and, therefore, finds and determines, based on the information made available in the staff report accompanying this Resolution, the oral presentation of Agency staff, and all other written and oral evidence presented to the Governing Board at or prior to the public hearing, that:

- (i) That the Agency’s financing of the Public Improvements is of benefit to the Project Areas because the installation and construction of the Public Improvements will: (1) improve the quality of life in the Project Areas and is in the best interest of the City and the health, safety, morals and welfare of its residents, businesses, tenants, and property owners and (2) provide needed public improvements, stimulate economic development and minimize depreciated or stagnant property values and high business vacancies, while improving aesthetics and visibility in the Project Areas.
- (ii) That the City has determined that there are no other reasonable means of financing the Public Improvements available to the City. The City cannot fully assume the costs of needed capital improvements within the City without the assistance of property tax increment funding or other funding from the Project Areas. Capital public improvements in other parts of the City would have to be deferred or eliminated in order to fund these certain Public Improvements. The Redevelopment Agency desires to pay for the costs of the Public Improvements from the property tax increment revenue generated from the Project Areas, from bond proceeds, or from any other funds of the Agency legally available for such purpose.

- (iii) That the financing of the Public Improvements will benefit the Project Areas by assisting in the elimination of one or more blighting conditions in the Project Areas. The financing will reduce depreciated or stagnant property values and abnormally high business vacancies by promoting private investment in the Project Areas. The financing will assist the City and Agency in providing needed public improvements and stimulating economic development. By updating and modernizing the City's infrastructure, the Project Areas becomes more attractive to those investors who wish to relocate and/or establish businesses in areas that can physically support their enterprise. Financing of the Public Improvements will eliminate blight by making the Project Areas attractive to private investment, which subsequently will contribute to an appreciation of the value of both businesses and property within the Project Areas.
- (iv) The financing of the Public Improvements is consistent with the goals and objectives of the implementation plan adopted pursuant to Section 33490 in that the implementation plan contemplates the financing of public improvements that will stimulate private investment on private property in the Project Areas and elimination of one or more blighting conditions within the Project Areas.
- (v) The Public Improvements are provided for in the Redevelopment Plans which authorize the installation, construction or reconstruction of streets, utilities and other public improvements (including, but not limited to gutters, sidewalks, sewers and appurtenant work thereto) in areas which benefit the Project Areas.

**Section 3.** **Agreement Authorization.** The Governing Board authorizes the Executive Director/City Manager to enter into the Agreement together with any non-substantive changes and amendments as may be approved by both the City Manager/Executive Director and the City Attorney/Redevelopment Counsel.

**Section 4.** **Implementation.** The Governing Board hereby authorizes and directs the City Manager/Executive Director of the Agency to take any action and execute any documents necessary to implement the Agreement and this Resolution.

**Section 5.** **CEQA.** The Governing Board directs and authorizes that a Notice of Exemption shall be filed with the Clerk of the Board of Supervisors of the County of Los Angeles, California, within five (5) working days following the date of adoption of this Resolution.

**Section 6.** **Effective Date.** This Resolution shall take effect immediately upon its adoption.

**Section 7.** **Certification.** The Agency Secretary shall certify to the passage and adoption of this Resolution and the same shall thereupon take effect and be in force immediately upon its

adoption.

**APPROVED AND ADOPTED** this 25<sup>th</sup> day of January, 2011.

\_\_\_\_\_  
Chair

**ATTEST:**

\_\_\_\_\_  
Agency Secretary

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Best Best & Krieger LLP  
Redevelopment Counsel

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I, \_\_\_\_\_, Agency Secretary of the Redevelopment Agency of the City of Covina, California, do hereby certify that the foregoing Resolution No. 11-655 was duly and regularly passed and adopted by the Redevelopment Agency at a meeting thereof held on the 25th day of January, 2011, and that the foregoing is a full, true and correct copy of said Resolution.

\_\_\_\_\_  
Agency Secretary

## EXHIBIT A

### Proposed Programs and Projects

Land Acquisition	\$ 10,000,000.00
Parking Lot Acquisition and construction	\$ 5,000,000.00
Corridor Revitalization & Streetscape Improvements	\$ 5,000,000.00
<b>Total Projects</b>	<b>\$ 20,000,000.00</b>

**RESOLUTION NO. 11-6930**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COVINA, CALIFORNIA, MAKING CERTAIN FINDINGS PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTION 33445 IN CONNECTION WITH THE COVINA REDEVELOPMENT AGENCY'S FINANCING OF CERTAIN PUBLIC IMPROVEMENTS WITHIN THE REDEVELOPMENT PROJECT AREAS AND AUTHORIZING AN AGREEMENT FOR SERVICES BETWEEN THE CITY OF COVINA AND REDEVELOPMENT AGENCY TO ENCUMBER CURRENT AND FUTURE REDEVELOPMENT TAX INCREMENT PROCEEDS THROUGH FISCAL YEAR 2027 AND RELATED PUBLIC AND PRIVATE BOND FUNDS TO SUPPORT CURRENT NEIGHBORHOOD REVITALIZATION PROJECTS**

**WHEREAS**, the City Council of the City of Covina ("City") approved and adopted redevelopment plans ("Redevelopment Plan") for a redevelopment project area known as Project Area No. 1 on July 15, 1974 and a redevelopment project area known as Project Area No. 2 on September 19, 1983, and amended on July 13, 1987 to add territory (collectively, the "Project Areas" and individually the "Project Area"); and

**WHEREAS**, the Covina Redevelopment Agency ("Agency") is engaged in activities to execute and implement the Redevelopment Plans for the Project Areas pursuant to the provisions of the California Community Redevelopment Law (Health and Safety Code § 33000, *et seq.*) ("CRL"); and

**WHEREAS**, in furtherance of the Project Areas and the immediate neighborhood in which the Project Areas are located, the Agency has recognized the need for certain public improvements, which improvements will be located within the boundaries of, and contiguous to, the Project Areas, and proposes to use redevelopment funds to finance the improvements; and

**WHEREAS**, the Agency currently has numerous projects in various stages of development, from pre-conception to actual construction, including public infrastructure such as Heritage Plaza and the Shoppers Lane Parking Lot Improvements to participation in public-private development projects such as Citrus Walk. All these projects are part of the current Five Year Implementation Plan, or outlined as goals of that plan, and will accelerate the economic recovery of the City; construct, rehabilitate or replace publicly owned capital improvements and public improvements; provide housing; and ensure the creation of locally-based, quality jobs; and

**WHEREAS**, the City and Agency desire and intend to pay for the land for and the cost of the installation and construction of buildings, facilities, structures, and other improvements in and contiguous to the Project Areas, including but not limited to the improvements as set forth on Exhibit A, attached hereto and incorporated herein by reference, ("Public Improvements") and cannot fully

assume the costs of the needed improvements without assistance of property tax increment funding, or other available funds including public and private bond funds, from the Project Areas; and

**WHEREAS**, the installation and construction of the Public Improvements will assist in the elimination of blight within the Project Areas by minimizing physical and economic conditions that cause blight such as depreciated or stagnant property values and abnormally high business vacancies by providing needed public improvements, stimulating economic development, and addressing the problems presented by inadequate public infrastructure; and

**WHEREAS**, the completion of the Public Improvements is consistent with the Five Year Implementation Plan adopted pursuant to CRL Section 33490; and

**WHEREAS**, with the City Council's consent, the Agency is authorized under CRL Section 33445 to use the Agency's property tax increment funds, which it receives pursuant to CRL Section 33670, or any other available funds, to pay all or part of the cost of the design, relocation, installation and construction of the Public Improvements; and

**WHEREAS**, in accordance with CRL Section 33445, the Agency proposes to contribute property tax increment funds, or any other available funds, for the purpose of assisting the City with design, installation and construction of the Public Improvements; and

**WHEREAS**, the City Council and Agency are required to make certain findings set forth in CRL Section 33445 with respect to the Agency's use of property tax increment funds to pay for the costs of the Public Improvements; and

**WHEREAS**, the City and Agency are interested in entering into an Agreement for Services to encumber current and future redevelopment tax increment proceeds through Fiscal Year 2027 and related public and private bond funds to support current neighborhood revitalization projects ("Agreement"). The Agreement would establish that the City shall provide services in order that the Agency may accomplish the purposes of the Redevelopment Plans for the Project Areas, including the Public Improvements; and

**WHEREAS**, pursuant to CRL Section 33445(c)(1), when the cost of the public improvements has been or will be borne by another public corporation, the Agency may enter into a contract to make period payments over a period of years. That contract, pursuant to 33445(c)(2), will be an indebtedness of the Agency; and

**WHEREAS**, additionally, the Agency may cause, provide or undertake, or make provision with other agencies for the installation or construction of public improvements pursuant to CRL Sections 33421; and

**WHEREAS**, the City is the lead agency pursuant to the California Environmental Quality Act (codified as Public Resources Code Sections 21000 *et seq*) ("CEQA") and the State CEQA Guidelines; and

**WHEREAS**, staff has determined that the City's authorization of the Agreement and 33445 findings are exempt from CEQA, pursuant to CEQA Guidelines Section 15378 (b)(4), because such authorizations are not considered a project subject to CEQA review. The payment is a government funding mechanism and fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant environmental impact; and

**WHEREAS**, all other legal prerequisites to the adoption of this Resolution have occurred.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Covina as follows:

**Section 1.**     **Recitals.** The Recitals set forth above are true and correct and incorporated herein.

**Section 2.**     **33445 Findings.** The City Council consents to the Agency's use of property tax increment funds and other funds available, including private and public bond funds, to finance the Public Improvements and, therefore, finds and determines, based on the information made available in the staff report accompanying this Resolution, the oral presentation of Agency staff, and all other written and oral evidence presented to the City Council at or prior to the public hearing, that:

- (i) That the Agency's financing of the Public Improvements is of benefit to the Project Areas because the installation and construction of the Public Improvements will: (1) improve the quality of life in the Project Areas and is in the best interest of the City and the health, safety, morals and welfare of its residents, businesses, tenants, and property owners and (2) provide needed public improvements, stimulate economic development and minimize depreciated or stagnant property values and high business vacancies, while improving aesthetics and visibility in the Project Areas.
- (ii) That the City Council has determined that there are no other reasonable means of financing the Public Improvements available to the City. The City cannot fully assume the costs of needed capital improvements within the City without the assistance of property tax increment funding or other funding from the Project Areas. Capital public improvements in other parts of the City would have to be deferred or eliminated in order to fund these certain Public Improvements. The Redevelopment Agency desires to pay for the costs of the Public Improvements from the property tax increment revenue generated from the Project Areas, from bond proceeds, or from any other funds of the Agency legally available for such purpose.
- (iii) That the financing of the Public Improvements will benefit the Project Areas by assisting in the elimination of one or more blighting conditions in the Project Areas. The financing will reduce depreciated or stagnant property

values and abnormally high business vacancies by promoting private investment in the Project Areas. The financing will assist the City and Agency in providing needed public improvements and stimulating economic development. By updating and modernizing the City's infrastructure, the Project Areas becomes more attractive to those investors who wish to relocate and/or establish businesses in areas that can physically support their enterprise. Financing of the Public Improvements will eliminate blight by making the Project Areas attractive to private investment, which subsequently will contribute to an appreciation of the value of both businesses and property within the Project Areas.

- (iv) The financing of the Public Improvements is consistent with the implementation plan adopted pursuant to Section 33490 in that the implementation plan contemplates the financing of public improvements that will stimulate private investment on private property in the Project Areas and elimination of one or more blighting conditions within the Project Areas.
- (v) The Public Improvements are provided for in the Redevelopment Plans which authorize the installation, construction or reconstruction of streets, utilities and other public improvements (including, but not limited to gutters, sidewalks, sewers and appurtenant work thereto) in areas which benefit the Project Areas.

**Section 3. Agreement Authorization.** The City Council authorizes the Executive Director/City Manager to enter into the Agreement together with any non-substantive changes and amendments as may be approved by both the City Manager/Executive Director and the City Attorney/Redevelopment Counsel.

**Section 4. Implementation.** The City Council hereby authorizes and directs the City Manager/Executive Director of the Agency to take any action and execute any documents necessary to implement the Agreement and this Resolution.

**Section 5. CEQA.** The City Council directs and authorizes that a Notice of Exemption shall be filed with the Clerk of the Board of Supervisors of the County of Los Angeles, California, within five (5) working days following the date of adoption of this Resolution.

**Section 6. Effective Date.** This Resolution shall take effect immediately upon its adoption.

**Section 7. Certification.** The City Clerk shall certify to the passage and adoption of this Resolution and the same shall thereupon take effect and be in force immediately upon its adoption.

**PASSED, APPROVED AND ADOPTED** this 25<sup>th</sup> day of January, 2011.

\_\_\_\_\_  
Mayor, City of Covina

ATTEST:

\_\_\_\_\_  
Deputy City Clerk, City of Covina

APPROVED AS TO FORM;

\_\_\_\_\_  
City Attorney

**CERTIFICATION**

I, Catherine M. LaCroix, Deputy City Clerk, City of Covina, does hereby CERTIFY that Resolution No. 11-6930 was adopted by the Covina City Council at a special meeting of the City Council held this 25<sup>th</sup> day of January, 2011, and was approved and passed by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

\_\_\_\_\_  
Catherine M. LaCroix  
Deputy City Clerk, City of Covina

EXHIBIT A

Proposed Programs and Projects

Land Acquisition	\$ 10,000,000.00
Parking Lot Acquisition and construction	\$ 5,000,000.00
Corridor Revitalization & Streetscape Improvements	\$ 5,000,000.00
<b>Total Projects</b>	<b>\$ 20,000,000.00</b>

**CITY OF COVINA/COVINA REDEVELOPMENT AGENCY**  
**AGENDA ITEM COMMENTARY**

**MEETING DATE:** January 25, 2011

**ITEM NO.:** JNB 5.

**STAFF SOURCE:** Daryl Parrish, City Manager P  
Robert Neuuber, Deputy Executive Director Redevelopment  
Dilu De Alwis, Director of Finance DA

**ITEM TITLE:** City Council/Redevelopment Agency to authorize the City Manager/Executive Director to execute an Agreement for Services between the City of Covina and the Redevelopment Agency of the City of Covina to provide Neighborhood Preservation services including Code Enforcement, Building, and Planning for 10 years.

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**STAFF RECOMMENDATION**

- a) City Council/Redevelopment Agency to authorize the City Manager/Executive Director to execute an Agreement for Services between the City of Covina and the Redevelopment Agency of the City of Covina to provide Neighborhood Preservation services including Code Enforcement, Building, and Planning for 10 years; and
- b) Redevelopment Agency to adopt **Resolution No. 11-657**, authorizing an Agreement for services between the City of Covina and Redevelopment Agency for the City's provision of Neighborhood Preservation Services, including Code Enforcement, Building, and Planning, for ten years and authorizing the use of set aside funds for such purposes; and
- c) City Council to adopt **Resolution No. 11-6931**, authorizing an Agreement for services between the City of Covina and Redevelopment Agency for the City's provision of Neighborhood Preservation Services, including Code Enforcement, Building, and Planning, for ten years.

**FISCAL IMPACT**

Entering into this Agreement will result in approximately \$3.65 million in Agency transfers to the General Fund during the Agreement period.

**BACKGROUND**

Approval is recommended to enter into an agreement (Agreement) with the Redevelopment Agency of the City of Covina (Agency) to provide Neighborhood Preservation services including Code Enforcement, Building, and Planning for 10 years, through Fiscal Year 2020-2021. These services are currently paid with Redevelopment Funds. The proposed Agreement will memorialize this ongoing commitment between the Agency and the City.

Over the years the Agency has partnered with the City to further basic neighborhood revitalization initiatives in redevelopment project areas, including code enforcement, building and planning efforts that contribute to blight removal and quality of life enhancement for low-

moderate income areas of the City. The Agency's Neighborhood Preservation program was audited by the State's Housing and Community Development Department and approved by them in 2006.

Under the proposed Agreement the Agency will provide funding for the services at the currently budgeted Fiscal Year 2010-2011 levels indicated in the table below, with a three percent annual increase.

<b>Neighborhood Preservation – Code Enforcement, Building and Planning Fiscal Year 2010-2011</b>			
<b>Department</b>	<b>Division</b>	<b>FTE Positions</b>	<b>Estimated Costs</b>
Public Works	Code Enforcement	1.5	\$109,800
Public Works	Building	.9	\$ 97,100
Community Development	Planning	.7	\$ 65,200
Community Development	Neighborhood Preservation	Other Services and Charges	\$ 23,700

The extrapolated amount for the period of the Agreement is \$3,652,500 from Redevelopment Agency low to moderate income housing funds. This pays for 75% of two Code Enforcement positions, 40% of the Building Official position, 25% of two Building Inspector positions, 70% of an Associate Planner position and other services and charges related to the functions of Neighborhood Preservation.

As previously discussed this evening, the Governor's Budget proposal redirects tax increment from the Agency to schools and the State's general fund. The State will presumably, under the state and federal constitutions, be prohibited from interfering with existing contractual obligations of the Agency. However, having said that, because we have yet to see proposed legislation it is impossible to say whether this agreement will be effective at ensuring the Agency has the funds to meet this obligation. It is the intent of the City and Agency that this agreement be an indebtedness of the Agency and will contain a pledge of tax increment.

**RELEVANCE TO THE STRATEGIC PLAN**

Memorializing current funding agreements between the Agency and the City will help to enhance the financial stability of the City.

**EXHIBITS**

- A. Resolution No. 11-657
- B. Resolution No. 11-6931



## RESOLUTION NO. 11-657

### **A RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF COVINA, CALIFORNIA, AUTHORIZING AN AGREEMENT FOR SERVICES BETWEEN THE CITY OF COVINA AND REDEVELOPMENT AGENCY FOR THE CITY'S PROVISION OF NEIGHBORHOOD PRESERVATION SERVICES, INCLUDING CODE ENFORCEMENT, BUILDING, AND PLANNING, FOR TEN YEARS AND AUTHORIZING THE USE OF SET ASIDE FUNDS FOR SUCH PURPOSES**

**WHEREAS**, the City Council of the City of Covina ("City") approved and adopted redevelopment plans ("Redevelopment Plan") for a redevelopment project area known as Project Area No. 1 on July 15, 1974 and a redevelopment project area known as Project Area No. 2 on September 19, 1983, and amended on July 13, 1987 to add territory (collectively, the "Project Areas" and individually the "Project Area"); and

**WHEREAS**, the Covina Redevelopment Agency ("Agency") is engaged in activities to execute and implement the Redevelopment Plans for the Project Areas pursuant to the provisions of the California Community Redevelopment Law (Health and Safety Code § 33000, *et seq.*) ("CRL"); and

**WHEREAS**, pursuant to the CRL, the Agency is required to set aside not less than twenty percent (20%) of all tax increment funds received annually ("Housing Set Aside Funds") from the Project Areas for the purpose of increasing, improving and preserving housing affordable to persons of very low, low and moderate income; and

**WHEREAS**, specifically, Housing Set Aside Funds may be used by the Agency for the construction, rehabilitation, or preservation of affordable housing for extremely low, very low, low- and moderate-income persons or families, including the rehabilitation of buildings or structures; and

**WHEREAS**, as set forth in Agency Resolution No. 10-625, the Agency has determined that the use of Housing Set Aside Funds outside the Project Areas is of benefit to the Project Areas, pursuant to CRL Section 33334.2(g); and

**WHEREAS**, the Agency and City desire to memorialize an ongoing commitment whereby the Agency partners with the City to provide tax increment financing to pay for Neighborhood Preservation services, including Code Enforcement, Building, and Planning services, which provide planning for affordable housing, assist in the rehabilitation of buildings and structures and assist in the elimination of blight, including but not limited to serious building code violations. These services eliminate conditions jeopardizing the health and safety of all residents of the Project Areas, including low and moderate income persons or families, and surrounding areas and generally contribute to the overall elimination of blight within the Project Areas and low and moderate income neighborhoods outside of the Project Areas; and

**WHEREAS**, this partnership has allowed the City to further basic neighborhood revitalization initiatives in the Project Areas that contribute to blight removal and quality of life enhancement for low and moderate income areas of the City. The Agency's Neighborhood Preservation Program was audited by the State Housing and Community Development Department ("HCD"), and approved by HCD in 2006; and

**WHEREAS**, the Agency and City desire to use Housing Set Aside Funds for this partnership, as it will continue to improve and preserve affordable housing throughout the Project Areas; and

**WHEREAS**, the Agency and City desire to continue and memorialize this commitment for ten (10) years, through Fiscal Year 2020-2021. The Agency and City desire to authorize the City Manager/Executive Director to execute an Agreement to provide funding for the services at the currently budgeted Fiscal Year 2010-2011 levels indicated on Exhibit A, attached hereto and incorporated herein by reference, with a three percent annual increase. The Agreement would establish that the City shall provide these services in order that the Agency may accomplish the purposes of the Redevelopment Plans for the Project Areas, such as the elimination of blight and improvement and preservation of affordable housing; and

**WHEREAS**, the City is the lead agency pursuant to the California Environmental Quality Act (codified as Public Resources Code Sections 21000 *et seq*) ("CEQA") and the State CEQA Guidelines; and

**WHEREAS**, staff has determined that the Agency's authorization of the Agreement is exempt from CEQA, pursuant to CEQA Guidelines Section 15378 (b)(4), because such authorization is not considered a project subject to CEQA review. The payment is a government funding mechanism and fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant environmental impact; and

**WHEREAS**, all other legal prerequisites to the adoption of this Resolution have occurred.

**NOW, THEREFORE, BE IT RESOLVED** by the Governing Board of the City of Covina as follows:

**Section 1.** **Recitals.** The Recitals set forth above are true and correct and incorporated herein.

**Section 2.** **33420.2 Findings.** The Governing Board authorizes the Agency's use of Housing Set Aside Funds, property tax increment funds and other funds available, to finance the Agreement. The Governing Board finds and determines, based on the information made available in the staff report accompanying this Resolution, the oral presentation of Agency staff, and all other written and oral evidence presented to the Governing Board at or prior to the public hearing, that the City's Neighborhood Preservation services, including Code Enforcement, Building, and Planning

services. This authorization is necessary to effectuate the purposes of the Redevelopment Plan, as these services will assist with the elimination of blight and improve and preserve affordable housing.

**Section 3. Agreement Authorization.** The Governing Board authorizes the Executive Director/City Manager to enter into the Agreement together with any non-substantive changes and amendments as may be approved by both the City Manager/Executive Director and the City Attorney/Redevelopment Counsel.

**Section 4. Implementation.** The Governing Board hereby authorizes and directs the City Manager/Executive Director of the Agency to take any action and execute any documents necessary to implement the Agreement and this Resolution.

**Section 5. CEQA.** The Governing Board directs and authorizes that a Notice of Exemption shall be filed with the Clerk of the Board of Supervisors of the County of Los Angeles, California, within five (5) working days following the date of adoption of this Resolution.

**Section 6. Effective Date.** This Resolution shall take effect immediately upon its adoption.

**Section 7. Certification.** The Agency Secretary shall certify to the passage and adoption of this Resolution and the same shall thereupon take effect and be in force immediately upon its adoption.

**PASSED, APPROVED AND ADOPTED** this 25<sup>th</sup> day of January, 2011.

\_\_\_\_\_  
Chairperson, Covina Redevelopment Agency

ATTEST:

\_\_\_\_\_  
Secretary, Covina Redevelopment Agency

APPROVED AS TO FORM;

\_\_\_\_\_  
City Attorney

**CERTIFICATION**

I, Catherine M. LaCroix, Secretary of the Redevelopment Agency of the City of Covina, does hereby CERTIFY that Resolution No. 11-657 was adopted by the Covina Redevelopment Agency at a special meeting of the Agency held this 25<sup>th</sup> day of January, 2011, and was approved and passed by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

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Catherine M. LaCroix  
Secretary of the Covina Redevelopment Agency

EXHIBIT A

<b>Neighborhood Preservation – Code Enforcement, Building and Planning</b>			
<b>Fiscal Year 2010-2011</b>			
Department	Division	FTE Positions	Estimated Costs
Public Works	Code Enforcement	1.5	\$109,800
Public Works	Building	.9	\$ 97,100
Community Development	Planning	.7	\$ 65,200
Community Development	Neighborhood Preservation	Other Services and Charges	\$ 23,700

**RESOLUTION NO. 11-6931**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COVINA, CALIFORNIA, AUTHORIZING AN AGREEMENT FOR SERVICES BETWEEN THE CITY OF COVINA AND REDEVELOPMENT AGENCY FOR THE CITY'S PROVISION OF NEIGHBORHOOD PRESERVATION SERVICES, INCLUDING CODE ENFORCEMENT, BUILDING, AND PLANNING, FOR TEN YEARS**

**WHEREAS**, the City Council of the City of Covina ("City") approved and adopted redevelopment plans ("Redevelopment Plan") for a redevelopment project area known as Project Area No. 1 on July 15, 1974 and a redevelopment project area known as Project Area No. 2 on September 19, 1983, and amended on July 13, 1987 to add territory (collectively, the "Project Areas" and individually the "Project Area"); and

**WHEREAS**, the Covina Redevelopment Agency ("Agency") is engaged in activities to execute and implement the Redevelopment Plans for the Project Areas pursuant to the provisions of the California Community Redevelopment Law (Health and Safety Code § 33000, *et seq.*) ("CRL"); and

**WHEREAS**, the Agency and City desire to memorialize an ongoing commitment whereby the Agency partners with the City to provide tax increment financing to pay for Neighborhood Preservation services, including Code Enforcement, Building, and Planning services, which provide planning for affordable housing, assist in the rehabilitation of buildings and structures and assist in the elimination of blight, including but not limited to serious building code violations. These services eliminate conditions jeopardizing the health and safety of all residents of the Project Areas, including low and moderate income persons or families, and surrounding areas and generally contribute to the overall elimination of blight within the Project Areas; and

**WHEREAS**, this partnership has allowed the City to further basic neighborhood revitalization initiatives in the Project Areas that contribute to blight removal and quality of life enhancement for low and moderate income areas of the City. The Agency's Neighborhood Preservation Program was audited by the State Housing and Community Development Department ("HCD"), and approved by HCD in 2006; and

**WHEREAS**, the Agency and City desire to continue and memorialize this commitment for ten (10) years, through Fiscal Year 2020-2021. The Agency and City desire to authorize the City Manager/Executive Director to execute an Agreement to provide funding for the services at the currently budgeted Fiscal Year 2010-2011 levels indicated on Exhibit A, attached hereto and incorporated herein by reference, with a three percent annual increase. The Agreement would establish that the City shall provide these services in order that the Agency may accomplish the purposes of the Redevelopment Plans for the Project Areas and low and moderate income

neighborhoods outside of the Project Areas, such as the elimination of blight and improvement and preservation of affordable housing; and

**WHEREAS**, the City is the lead agency pursuant to the California Environmental Quality Act (codified as Public Resources Code Sections 21000 *et seq*) ("CEQA") and the State CEQA Guidelines; and

**WHEREAS**, staff has determined that the City's authorization of the Agreement is exempt from CEQA, pursuant to CEQA Guidelines Section 15378 (b)(4), because such authorization is not considered a project subject to CEQA review. The payment is a government funding mechanism and fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant environmental impact; and

**WHEREAS**, all other legal prerequisites to the adoption of this Resolution have occurred.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Covina as follows:

**Section 1.** **Recitals.** The Recitals set forth above are true and correct and incorporated herein.

**Section 2.** **Agreement Authorization.** The City Council authorizes the Executive Director/City Manager to enter into the Agreement together with any non-substantive changes and amendments as may be approved by both the City Manager/Executive Director and the City Attorney/Redevelopment Counsel.

**Section 3.** **Implementation.** The City Council hereby authorizes and directs the City Manager/Executive Director of the Agency to take any action and execute any documents necessary to implement the Agreement and this Resolution.

**Section 4.** **CEQA.** The City Council directs and authorizes that a Notice of Exemption shall be filed with the Clerk of the Board of Supervisors of the County of Los Angeles, California, within five (5) working days following the date of adoption of this Resolution.

**Section 5.** **Effective Date.** This Resolution shall take effect immediately upon its adoption.

**Section 6.** **Certification.** The City Clerk shall certify to the passage and adoption of this Resolution and the same shall thereupon take effect and be in force immediately upon its adoption.

**PASSED, APPROVED AND ADOPTED** this 25<sup>th</sup> day of January, 2011.

\_\_\_\_\_  
Mayor, City of Covina

ATTEST:

\_\_\_\_\_  
Deputy City Clerk, City of Covina

APPROVED AS TO FORM;

\_\_\_\_\_  
City Attorney

**CERTIFICATION**

I, Catherine M. LaCroix, Deputy City Clerk, City of Covina, does hereby CERTIFY that Resolution No. 11-6931 was adopted by the Covina City Council at a special meeting of the City Council held this 25<sup>th</sup> day of January, 2011, and was approved and passed by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

\_\_\_\_\_  
Catherine M. LaCroix  
Deputy City Clerk, City of Covina

EXHIBIT A

<b>Neighborhood Preservation – Code Enforcement, Building and Planning</b>			
<b>Fiscal Year 2010-2011</b>			
Department	Division	FTE Positions	Estimated Costs
Public Works	Code Enforcement	1.5	\$109,800
Public Works	Building	.9	\$ 97,100
Community Development	Planning	.7	\$ 65,200
Community Development	Neighborhood Preservation	Other Services and Charges	\$ 23,700