



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: MAY 24, 2022**
FROM: FINANCE DEPARTMENT **WARD: 1**
SUBJECT: MEASURE Z – REIMBURSEMENT RESOLUTION FOR DOWNTOWN POLICE HEADQUARTERS PROJECT

ISSUE:

Adopt a Reimbursement Resolution to provide the use of future bond proceeds for the acquisition, construction, and expansion of the Downtown Police Headquarters, located at 4102 Orange Street (Assessor Parcel Number 215-282-018).

RECOMMENDATIONS:

That the City Council adopt a Reimbursement Resolution to provide the option of using future bond proceeds for the Downtown Police Headquarters project, with the understanding that Measure Z funds will be used for the acquisition and construction needs in the interim.

BACKGROUND:

On May 16, 2017, the City Council adopted the Measure Z Five-Year Spending Plan which included \$45 million for New Police Headquarters. On October 3, 2017, the City Council approved a reallocation of \$9,692,600 from the Police Headquarters project to the Downtown Main Library Project, resulting in a revised funding allocation of \$35,307,400. Within the current Measure Z Spending Plan, the spending item includes estimated annual debt obligations for financing project costs of this amount over the life of the Measure Z tax which ends in March 2037.

On November 16, 2021, staff presented to City Council, in closed session, the terms for the proposed acquisition of the Downtown Police Headquarters. City Council directed staff to negotiate a purchase and sale agreement with the County to acquire the Downtown Police Headquarters in the amount of \$3,100,000 plus any miscellaneous title, escrow, and related costs. Staff returned to the City Council for approval to execute the agreement on April 19, 2022.

DISCUSSION:

US Treasury Regulation Section 1.150-2 requires the City of Riverside adopt a formal declaration of intent to reimburse expenditures with future bond proceeds. The Downtown Police Headquarters Reimbursement Resolution serves as a formal declaration, allowing the City to reimburse acquisition and future construction and expansion expenses made up to 60 days prior

to the adoption of the resolution up to the time of bond issuance. Without the resolution, only expenditures made on or after the issuance of bonds would be eligible for reimbursement.

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority 5 – High Performing Government** and **Goal 5.4 – Achieving and maintaining financial health by addressing gaps between revenues and expenditures and aligning resources with strategic priorities to yield the greatest impact.**

The item aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – Adopting the Reimbursement Resolution for the Downtown Police Headquarters project in an open forum demonstrates that the City of Riverside is transparent and committed to community trust and makes decisions that serve the public interest.
2. **Equity** – Using bonded indebtedness to fund long-term capital projects ensures generational equity. The repayment of the cost of the facility (20 to 30 years) is made by the generations of taxpayers that receive the actual benefits of the project.
3. **Fiscal Responsibility** – Proactive planning and flexibility allows the City to enter the bond market at the most advantageous time, in terms of cost of capital and availability of resources.
4. **Innovation** – Ensuring access to the tax-exempt capital securities market allows Riverside to expand and upgrade the Police Headquarters to meet the future needs of its residents.
5. **Sustainability & Resiliency** – Sound analysis and consideration of all funding options are the key to Riverside’s resilient and sustainable debt portfolio.

FISCAL IMPACT:

There is no fiscal impact to approving the Reimbursement Resolution. The financial impact of not approving the Reimbursement Resolution is the City removes the option of reimbursing itself for the cash outlay of capital expenditures made prior to the issuance of new money bonds.

Prepared by: Heidi Schrader, Debt and Treasury Manager
Certified as to availability of funds: Edward Enriquez, Interim Assistant City Manager/CFO/City Treasurer
Approved by: Kris Martinez, Assistant City Manager
Approved as to form: Phaedra A. Norton, City Attorney

Attachment: Reimbursement Resolution