

BLUE FOLDER ITEM

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CITY COUNCIL MEETING JULY 30, 2024

N.1 DISCUSSION AND POSSIBLE ACTION RELATED TO THE ISSUANCE OF BONDS TO FINANCE THE RENOVATION OR REPLACEMENT OF CRITICAL PUBLIC INFRASTRUCTURE AND CONSIDER RESOLUTION AND ORDINANCE TO SUBMIT TO THE VOTERS AT THE STATEWIDE GENERAL ELECTION ON NOVEMBER 5, 2024.

ADOPT BY TITLE ONLY RESOLUTION NO. 2407-060, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH DETERMINING THAT THE PUBLIC INTEREST AND NECESSITY DEMAND THE ACQUISITION, CONSTRUCTION, RECONSTRUCTION, REHABILITATION OR REPLACEMENT OF MUNICIPAL IMPROVEMENT PROJECTS CONSTITUTING PUBLIC INFRASTRUCTURE OF THE CITY, AND THEIR FINANCING THROUGH THE ISSUANCE OF GENERAL OBLIGATION BONDS

INTRODUCE BY TITLE ONLY ORDINANCE NO. 3274-24, AN ORDINANCE OF THE CITY OF REDONDO BEACH ORDERING THE SUBMISSION OF A PROPOSITION INCURRING BONDED INDEBTEDNESS TO THE QUALIFIED VOTERS OF THE CITY OF REDONDO BEACH AT THE STATEWIDE GENERAL ELECTION TO BE HELD ON NOVEMBER 5, 2024, FOR THE PURPOSE OF FINANCING THE COSTS OF THE ACQUISITION, CONSTRUCTION, RECONSTRUCTION, REHABILITATION OR REPLACEMENT OF CERTAIN MUNICIPAL IMPROVEMENT PROJECTS CONSTITUTING PUBLIC INFRASTRUCTURE OF THE CITY. FOR INTRODUCTION AND FIRST READING.

Updating references to “General Municipal Election” in the *Title* and in *Section 1: Purpose and Intent* of the Ordinance to reflect “Statewide General Election.”

ORDINANCE NO. 3274-24

AN ORDINANCE OF THE CITY OF REDONDO BEACH ORDERING THE SUBMISSION OF A PROPOSITION INCURRING BONDED INDEBTEDNESS TO THE QUALIFIED VOTERS OF THE CITY OF REDONDO BEACH AT THE STATEWIDE GENERAL ELECTION TO BE HELD ON NOVEMBER 5, 2024, FOR THE PURPOSE OF FINANCING THE COSTS OF THE ACQUISITION, CONSTRUCTION, RECONSTRUCTION, REHABILITATION OR REPLACEMENT OF CERTAIN MUNICIPAL IMPROVEMENT PROJECTS CONSTITUTING PUBLIC INFRASTRUCTURE OF THE CITY

WHEREAS, the City of Redondo Beach (the "City") is a charter city duly organized and existing under the Constitution and laws of the State of California; and

WHEREAS, as mentioned in the City's Capital Improvement Program (CIP), the City desires to undertake the acquisition, construction, reconstruction, rehabilitation or replacement of the City's police and fire facilities (together, the "Improvements"); and

WHEREAS, the City has outgrown its aging police and fire facilities, which were built in the 1950s when the City's population was approximately one-third of the current population; and

WHEREAS the current fire stations, where constructed in 1959 for a total staff of 39 firefighters serving a population of 50,000. Today the fire department responds to over 8,000 annual emergency calls with a total staff of 69 personnel serving a population of 70,000 in the same facilities. These stations lack adequate space for personnel and paramedic equipment, hindering operational efficiency; and

WHEREAS on June 28, 2024, the Los Angeles Civil Grand Jury issued a report on *Earthquake Safety Readiness* directing cities to prioritize government building resilience and to initiate retrofitting and rebuilding of these buildings to ensure earthquake resilience; and

WHEREAS, the City falls within a region that is susceptible to earthquakes due to its proximity to several active fault lines which includes the Palos Verdes Fault, Newport-Inglewood Fault and San Andreas Fault. Redondo Beach is part of the broader Los Angeles area, which is classified as Seismic Zone 4. This is the highest seismic risk zone in the United States, indicating a high potential for significant seismic activity; and

WHEREAS, the City's 911 communication center, police station and fire stations are critical infrastructure and critical components of the emergency response system and must adhere to stringent building codes designed to enhance earthquake resilience and ensure readiness in a disaster. This includes requirements for seismic retrofitting and/or replacement of older buildings to enhance the earthquake resilience of these buildings. These centers are the first point of contact in emergencies, providing immediate response and coordination in any disaster; and

WHEREAS, the fire stations are in need of repair, replacement and upgrades, including but not limited to, addressing structural cracking, seismic retrofitting, mold, asbestos and outdated plumbing and electrical systems, and adding or updating female sleeping quarters and restrooms in order to help recruit and retain fire fighters and paramedics; and

WHEREAS, the police station, which was constructed in 1957 for a total staff of 48, lacks adequate space for current personnel and equipment, hindering operational efficiency for the now roughly 240 Police Department employees; and

WHEREAS the current police station is in need of repair, replacement and upgrades, including but not limited to, mold, asbestos and lead, outdated plumbing and electrical systems, meeting California Structural Performance Category (SPC) requirements to survive a strong earthquake, addressing significant roof leaks during storms, updating inadequate restrooms to meet ADA requirements, and updating facilities to utilize more efficient, economical and environmentally friendly energy systems; and

WHEREAS a new police station would be able to accommodate space for new state-of-the-art technology to enhance the communications center, drone operations, jail operations, and a more contemporary Emergency Operations Center to keep the City secure during the management of emergency incidents; and

WHEREAS a new police station will incorporate modern security measures to better protect officers and arrestees, allow for community integration and meeting spaces, and foster positive relationships between law enforcement and residents to better accommodate the needs of the community; and

WHEREAS, the undertaking of the Improvements by the City constitutes the acquisition, construction, reconstruction, rehabilitation or replacement of “municipal improvements” and “public infrastructure” because the Improvements are (1) part of the structures, facilities and equipment owned and operated under the control of the City, (2) part of the basic, underlying features of the City’s physical landscape, community identity, and organization, (3) once completed, open to the public for use and/or benefiting the public, and (4) necessary or convenient to carry out the objects, purposes and powers of the City; and

WHEREAS, the City intends to issue its general obligation bonds (the “Bonds”) to finance the cost of the acquisition, construction, reconstruction, rehabilitation or replacement of the Improvements; and

WHEREAS, under existing law, approval of the Bonds requires 2/3 of the voters in the City voting on the proposition to vote in favor; and

WHEREAS, Assembly Constitutional Amendment No. 1, as amended by Assembly Constitutional Amendment No. 10, has qualified for the November 5, 2024 Statewide ballot as “Proposition 5” and would, among other things, change existing law to authorize a city, county, city and county, or special district to levy an ad valorem tax to service bonded indebtedness incurred to fund the construction, reconstruction, rehabilitation, or replacement of public infrastructure if the proposition proposing that tax is approved by 55% of the voters of the city, county, city and county, or special district, as applicable, and the proposition includes specified accountability requirements; and

WHEREAS, the foregoing amendments effectuated by Proposition 5, if approved at the November 5, 2024 Statewide ballot, would apply to any proposition authorizing general obligation bonds of a city that is submitted at the same election as Proposition 5; and

WHEREAS, the proposition to approve the Bonds complies with all the provisions of Proposition 5, including all of its accountability requirements, so that, if Proposition 5 is approved

on November 5, 2024, approval of the Bonds shall require that 55% (not 2/3) of the voters in the City voting on the proposition vote in favor; and

WHEREAS, if the ballot measure authorizing issuance of the Bonds is approved by the requisite number of affirmative votes, the City will be authorized to issue the Bonds.

NOW, THEREFORE, the City Council of the City of Redondo Beach does hereby ordain as follows:

SECTION 1. PURPOSE AND INTENT. Pursuant to the authority provided by the California Government Code and California Elections Code, the City Council proposes to order the submission of a proposition authorizing the City to issue general obligation bonds (the “Bonds”) to the qualified voters of the City at the Statewide general election to be held on November 5, 2024.

SECTION 2. FINDINGS. The City Council hereby makes the following findings with respect to the proposed measure for the Bonds:

- (i) On July 30, 2024, the City Council adopted, by a two-thirds vote of all its members, a resolution entitled “A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH DETERMINING THAT THE PUBLIC INTEREST AND NECESSITY DEMAND THE ACQUISITION, CONSTRUCTION, RECONSTRUCTION, REHABILITATION OR REPLACEMENT OF MUNICIPAL IMPROVEMENT PROJECTS CONSTITUTING PUBLIC INFRASTRUCTURE OF THE CITY, AND THEIR FINANCING THROUGH THE ISSUANCE OF GENERAL OBLIGATION BONDS,” pursuant to which the City Council has found and determined that the public interest and necessity demand the issuance of general obligation bonds to finance the Improvements, which are municipal improvement projects constituting public infrastructure of the City.
- (ii) In order to provide for the issuance by the City of general obligation bonds to provide financing for the Improvements, it is necessary for the City Council to adopt an ordinance ordering the submission of the proposition of incurring bonded indebtedness for such purpose to the qualified voters of the City at a municipal election.
- (iii) The City Council desires to submit said ballot measure to the qualified voters of the City at the Statewide general election to be held in the City on November 5, 2024, and to consolidate the bond election with other elections held within the City on that date.

SECTION 3. CALL FOR ELECTION. The City Council hereby orders that there be submitted to the qualified voters of the City a proposition on incurring bonded indebtedness for the purposes set forth in this Ordinance, at the Statewide general election to be held on November 5, 2024.

SECTION 4. BALLOT PROPOSITION. The City Council hereby submits to the qualified voters of the City, at the Statewide general election to be held on November 5, 2024, a proposition on issuing the Bonds. The statement of the measure shall be in substantially the form set forth in the resolution of the City placing the measure on the ballot.

SECTION 5. OBJECT AND PURPOSE OF BONDS. The object and purpose of the Bonds is to finance some or all of the costs of the Improvements. The authorized Improvements also include all work, facilities and expenditures necessary and incidental to the projects described above.

Examples of such work, facilities, and expenditures include, but are not limited to: costs of design, engineering, architect and other professional services, inspections, site preparation, utilities, landscaping, construction management and other planning and permitting, legal, accounting and similar costs; a customary construction contingency; demolition and disposal of existing structures; rental or construction of storage facilities and other space on an interim basis for materials and other equipment and furnishings displaced during construction; addressing unforeseen conditions revealed by construction or renovation, and other necessary improvements required to comply with existing building codes and other applicable law, including the Americans with Disabilities Act; costs of the bond election; bond issuance costs; project administration during the duration of such projects; and financing and interest costs on the Bonds.

The final costs, locations, designs, layouts and other components of the Improvements will be determined as plans are finalized, construction bids are awarded, and projects are completed. Therefore, the City Council cannot guarantee that the Bonds will provide sufficient funds to allow completion of all needed Improvements.

SECTION 6. ESTIMATED COSTS OF IMPROVEMENTS. The estimated costs of the Improvements is \$93,350,000. The estimated cost includes legal or other fees, the costs of printing the Bonds, and other costs and expenses incidental to or connected with the authorization, issuance and sale of the Bonds. To the extent the Improvements financed are revenue-producing public works, the cost of the Improvements may also include bond interest estimated to accrue during the construction period and for a period of not to exceed 12 months after completion of construction.

SECTION 7. PRINCIPAL AMOUNT OF BONDS. The amount of the principal of the Bonds shall not exceed \$93,350,000.

SECTION 8. MAXIMUM INTEREST RATE. The maximum rate of interest to be paid on the Bonds shall be the statutory maximum of 12% per annum. Said interest shall be payable semiannually, except that interest for the first year after the date of the Bonds may be made payable at the end of said year.

SECTION 9. ISSUANCE AND SALE OF BONDS. The City proposes to issue and sell the Bonds pursuant to Article 1, commencing with Section 43600, of Chapter 4 of Division 4 of Title 4 of the California Government Code, and Article 4.5, commencing with Section 53506, of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, in one or more series, in the maximum amount and for the objects and purposes set forth above if the requisite number of qualified voters voting on the proposition vote in favor thereof. The Bonds will be general obligations of the City payable from and secured by ad valorem taxes levied and collected in the manner prescribed by the laws of the State of California. The revenue generated from the ad valorem tax levied and collected will be used for the payment of debt service on the Bonds. All of the Bonds shall be equally and ratably secured, without priority, by the taxing power of the City.

SECTION 10. MANNER OF CONDUCTING ELECTION. The election on the Bonds held on November 5, 2024 shall be held and conducted, election officers appointed, voting precincts designated, ballots printed, polls opened and closed, ballots counted, and returned, returns canvassed, results declared, and all other proceedings incidental to and connected with the election shall be regulated and done in accordance with the provisions of law regulating the election with which it is consolidated.

SECTION 11. PROCEDURE FOR VOTING ON PROPOSITION. Ballots for the election shall be provided in the form and in the number provided by law. Voters shall be provided an opportunity to vote for or against the proposition on the ballot, in accordance with procedures to be adopted by the authorized officers of the County of Los Angeles (the "County") charged with conducting the election.

SECTION 12. ACCOUNTABILITY REQUIREMENTS. In accordance with Proposition 5 and Sections 53410 and 53411 of the California Government Code, the City Council hereby adopts the following accountability requirements relating to the Bonds:

- (i) The proceeds from the sale of the Bonds shall be used only for the purposes specified in this Ordinance, and not for any other purpose, including City employee salaries and other operating expenses. The administrative cost of the City for the Improvements shall not exceed 5% of the proceeds from the sale of the Bonds.
- (ii) The proceeds from the sale of the Bonds shall only be spent on projects and programs that serve the jurisdiction of the City.
- (iii) This Ordinance shall be the ordinance through which projects will be funded and the City hereby certifies that it has evaluated alternative funding sources.
- (iv) The City shall conduct an annual, independent performance audit to ensure that the Bond funds are expended pursuant to the local program specified in clause (iii).
- (v) The City shall conduct an annual, independent financial audit of the proceeds from the sale of the Bonds until all of those proceeds have been expended for the Improvements.
- (vi) The City shall post the audits required by clauses (iv) and (v) in a manner that is easily accessible to the public.
- (vii) The City shall submit the audits required by clauses (iv) and (v) to the California State Auditor for review.
- (viii) The City shall appoint a citizens' oversight committee to ensure that Bond proceeds are expended only for the purposes described in the measure approved by the voters. Members appointed to the oversight committee shall receive educational training about bonds and fiscal oversight.
- (ix) Any entity owned or controlled by a member of the City Council shall be prohibited from bidding on any work funded by the proposition.
- (x) A separate account shall be created and held by the City, into which the proceeds of the Bonds shall be deposited and applied solely for the purpose of financing the Improvements.
- (xi) The Finance Director of the City shall file a report with the City Council at least annually showing the amount of Bond proceeds collected and expended, and the status of the Improvements.

SECTION 13. IDENTIFICATION OF TAX. The tax imposed by this measure is an ad valorem tax levied upon taxable real property in the City, and will be used to pay the principal and interest on the Bonds.

SECTION 14. OFFICIAL ACTIONS. The Mayor, the City Manager, the Finance Director, the City Clerk, and any of their designees, are hereby authorized to execute any documents and to perform all acts necessary to place the Bond measure on the ballot.

SECTION 15. INTERPRETATION. The provisions of this Ordinance, being necessary for the health, welfare, and safety of the City and its residents, is to be liberally interpreted to carry out its purposes. No error, irregularity or informality, and no neglect or omission of any officer, in any proceeding taken related to the submission of the proposition incurring bonded indebtedness to the qualified voters of the City shall void or invalidate any such proceeding, any Bonds issued by the City or any levy of ad valorem taxes to pay principal of and interest on the Bonds.

SECTION 16. SEVERABILITY. If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect any other provisions or applications, and to this end the provisions this Ordinance are declared to be severable.

SECTION 17. PUBLICATION OF ORDINANCE. This Ordinance shall be published once a day for at least seven days in a newspaper published at least six days a week in the City, or once a week for two weeks in a newspaper published less than six days a week in the City. The first of said publications shall, in either event, be within 15 days after the adoption of this Ordinance. If there are no such newspapers, it shall be posted in three public places in the City for two succeeding weeks. No other notice need be given.

SECTION 18. EFFECTIVE DATE. In accordance with Section 36937(a) of the California Government Code and Section 9.16(a) of the City's Charter, this Ordinance shall become effective immediately, as an ordinance relating to an election, upon its adoption by two-thirds vote of all the members of this City Council.

INTRODUCED at a regular meeting of the City Council on the 30th day of July 2024, by the following roll call vote:

AYES:
NOES:
ABSENT:
ABSTAINED:

PASSED AND ADOPTED at a regular meeting of the City Council on the ____ day of August 2024, by the following roll call vote:

AYES:
NOES:
ABSENT:
ABSTAINED:

Jim Light, Mayor

APPROVED AS TO FORM:

ATTEST:

Michael W. Webb, City Attorney

Eleanor Manzano, CMC, City Clerk