

**AVALON CITY COUNCIL MEETING WILL ALSO INCLUDE A MEETING OF THE  
CITY COUNCIL ACTING AS THE SUCCESSOR AGENCY TO THE  
AVALON COMMUNITY IMPROVEMENT AGENCY  
TUESDAY, FEBRUARY 17, 2015 – 6:00 P.M.  
CITY HALL COUNCIL CHAMBERS  
410 AVALON CANYON ROAD, AVALON  
A G E N D A**

In compliance with the Americans with Disability Act, if you need special assistance to participate in this meeting, please contact Denise Radde, City Clerk (310) 510-0220. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35. 102-35.104 ADA Title II). All public records relating to an agenda item on this agenda are available for the public inspection at the time the records are distributed to all, or a majority of all, members of the City Council. Such records shall be available at City Hall located at 410 Avalon Canyon Rd.

**CALL TO ORDER / ROLL CALL**

**PLEDGE OF ALLEGIANCE / INVOCATION**

**ANNOUNCEMENTS / WRITTEN COMMUNICATIONS**

**PRESENTATION**

Catalina Island water operations update by Southern California Edison.

**CITY MANAGER REPORT**

**CITY ATTORNEY REPORT**

**COUNCILMEMBER REPORTS**

**MAYOR REPORT**

**ORAL COMMUNICATION**

Members of the public may address the City Council at this time. No action will be taken on non-agenda items at this meeting. Speakers should limit comments to three (3) minutes each.

**CONSENT CALENDAR**

1. Actions

Although the live recording is the official record of public meetings, actions are prepared for the Council's approval.

Recommended Action

Approve actions from the February 3, 2015 City Council meeting.

**CITY COUNCIL AGENDA  
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2. Expenditures Submitted for Approval

- Warrants in the amount of \$1,370,079.59
- An Electric Fund Transfer in the amount of \$47,936.02
- Two Payrolls in the amount of \$382,717.40

Recommended Action

Approve total expenditure amount of \$1,800,733.01.

3. New Postage Meter Lease

The City's lease with Pitney Bowes expired. Staff has gotten competitive quotes from three vendors and recommends Priority Mailing Systems, LLC.

Recommended Action

Execute a lease with Priority Mailing Systems, LLC.

4. Yellow Jacket Control Contract with Catalina Honey

The current contract with Catalina Honey will expire on March 31, 2015. City Council has the authority to grant an additional year if they are satisfied with the service.

Recommended Action

Approve an additional year extension on the Yellow Jacket Control Contract with Catalina Honey and authorize the City Manager to execute the amendment document.

**GENERAL BUSINESS**

5. Waterside Project Application - Seaplanes of Los Angeles

San Diego Seaplanes Inc. has submitted a Waterside Project Application to offer seaplane air tours of Catalina and seaplane flights directly to and from private boats outside Avalon Harbor.

Recommended Action

That the City Council makes the affirmative findings that conditions set forth in the Avalon Municipal Code have been met and grant the Waterside Project Application to Michael Steel owner of Seaplanes of Los Angeles with the recommended conditions.

6. Waterside Project Application - Catalina Aqua Park

At the February 3, 2015 Joseph D'Albero submitted a Waterside Project Application to install a modular Aqua Park inside the swim area near the Blue Water and Antonio's restaurants. Staff was directed to meet with Mr. D'Albero and ascertain more information about the project and its proposed location(s) and provide an update to City Council. The Aqua Park would be open from 9:00 a.m. to 7:00 p.m., seven days week in the months of May through September.

Recommended Action

Consider additional information provided by the applicant and Staff, and provide direction on how the City Council would like to proceed regarding the proposed Aqua Park water based family entertainment center inside the swim area.

7. Consideration of Funding for City Membership within the Island Consortium and the Informal Soliciting of Bids for Professional Services for a Water Feasibility Study  
City Council has identified the pursuit of fresh water resources as one of its primary goals. City Staff has been working to identify opportunities and collaborations with other key island stakeholders which may ultimately help to support this goal. In December 2014, the Island Consortium convened a meeting after a long period of dormancy. As part of this proposed reactivation, each potential member of the Island Consortium was asked to contribute a \$10,000 membership fee, which would be used to pay for requisite professional services rendered on behalf of the group.

Recommended Action

Authorize the City Manager to execute payment for membership for the City of Avalon within the Island Consortium, and that the City Council authorize the City Manager to solicit informal bids for professional services for a feasibility study outlining the potential requisite infrastructure investment costs, liabilities and financial resources required for potential acquisition/ownership/partnership and ongoing operation of a water and gas utility on Catalina Island.

**\*\*\*\*The next three items in General Business are the “City of Avalon acting as the Successor Agency to the Avalon Community Improvement Agency”**

8. Approving an Agreement Between the Successor Agency and the Housing Authority for Repayment of a loan from Low and Moderate Income Housing Fund to make 2009-2010 SERAF Payment

Pursuant to Health and Safety Code section 33690, the Redevelopment Agency was required to make a payment in 2009-10 to the Supplemental Educational Revenue Augmentation Fund (SERAF) in the amount of \$1,000,000, all of which was borrowed from the Low and Moderate Income Housing Fund.

Recommended Action

Approve the agreement authorizing the repayment of a loan from the Low and Moderate Income Housing Fund of the former Avalon Community Improvement Agency for legally required SERAF Payment.

9. Recognized Obligation Payment Schedule (ROPS) 15-16A and Successor Agency Administrative Budget for Fiscal Year 2015-16

Health and Safety Code Section 34177(l) requires the Successor Agency to prepare and submit a Recognized Obligation Payment Schedule (ROPS) prior to each six-month fiscal period to the Oversight Board, County Auditor-Controller, State Controller’s Office, and State Department of Finance for review and approval.

Recommended Action

Adopt resolution of the City of Avalon as Successor Agency to the Avalon Community Improvement Agency Approving a Recognized Obligation Payment Schedule 15-16A and Successor Agency Administrative Budget for Fiscal Year 2015-16.

**CITY COUNCIL AGENDA  
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10. Tax Allocation Bonds Refinancing

The Avalon Community Improvement Agency has 2 series of bonds outstanding which were issued in 2003. The 2003 Series A Bonds mature in 20 years and the interest rate is 4.85%. These bonds can be refinanced at current interest rates of approximately 3.25%. The 2003 Series B Bonds also mature in 20 years and the interest rate is 6.05%. These bonds can be refinanced at current interest rates of approximately 3.95%.

Recommended Action

Adopt resolution authorizing the sale of tax allocation bonds to refinance Successor Agency obligations and authorizing other related actions.

**NOTICE OF POSTING**

I, Denise Radde, declare that the City Council Agenda for February 17, 2015 was posted on Thursday, February 12, 2015, on the City's website [www.cityofavalon.com](http://www.cityofavalon.com), and at City Hall, 410 Avalon Canyon Road. Copies of agendas and staff reports are available at City Hall and on the City website.



Denise A. Radde, City Clerk / Chief Administrative Officer

CITY OF AVALON CITY COUNCIL

**MEETING DATE:** February 17, 2015

**AGENDA ITEM:** 1

**ORIGINATING DEP:** City Clerk

**CITY MANAGER:** BH

**PREPARED BY:** Denise Radde, City Clerk

**SUBJECT:** City Council Actions

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**RECOMMENDED ACTION(S):** Approve City Council Actions from the regular City Council meeting on February 3, 2015.

**REPORT SUMMARY:** Although the live recording is the official record of public meetings, actions are prepared for the Council's approval.

**FISCAL IMPACTS:** N/A

**GOAL ALIGNMENT:** To be determined.

**CONSEQUENCES OF NOT FOLLOWING RECOMMENDED ACTION:** N/A

**FOLLOW UP ACTION:** File Actions in the City Clerk's office.

**ADVERTISING, NOTICE AND PUBLIC CONTACT:** This item was properly listed on the posted agenda pursuant to the Brown Act.

**ATTACHMENTS:** City Council Actions will be provided under separate cover.

CITY OF AVALON CITY COUNCIL

MEETING DATE: February 17, 2015

AGENDA ITEM: 2

ORIGINATING DEP: Finance

CITY MANAGER: BH

PREPARED BY: Chris Woidzik, Interim CFO

SUBJECT: Warrants

**RECOMMENDED ACTION(S):** Approve the warrants in the amount of \$1,370,079.59, EFT in the amount of \$47,936.02 and two payrolls in the amount of \$382,717.40, for a total expenditure of \$1,800,733.01.

**REPORT SUMMARY:** Attached you will find the warrant lists for all general warrants issued for the dates indicated drawn on U.S. Bank. The warrant list dated 1/15/2015, 1/16/2015 and 1/19/2015 represents check number #19651-19741 in the amount of \$709,599.62 and warrants dated 1/20/2015 & 1/30/2015 represents check numbers #19742-19869 in the amount of \$660,479.97. Payrolls dated 1/23/2015 in the amount of \$192,173.12 and 2/6/2015 in the amount of \$190,544.28. One electronic fund transfer dated 2/03/2015 in the amount of \$47,936.02.

**GOAL ALIGNMENT:** Ongoing meeting of City obligations.

**FISCAL IMPACTS:** There are sufficient funds available, and the expenditures are included in the adopted 2014-2015 budget.

**CONSEQUENCES OF NOT FOLLOWING RECOMMENDED ACTION:** N/A

**FOLLOW UP ACTION:** N/A

**ADVERTISING, NOTICE AND PUBLIC CONTACT:** Pursuant to the Brown Act.

**ATTACHMENTS:** Audit Certificate and Warrant List

RECORD OF PAYMENTS MADE DATES BELOW FOR COUNCIL MEETING OF FEBRUARY 17,2015

	MONTH OF JANUARY & FEBRUARY 2015	
US BANK WARRANT #19651	\$ 125,000.00	1/15/2015
USBANK WARRANTS #19652-19739	\$ 583,741.22	1/16/2015
US BANK WARRANTS #19740-19741	\$ 858.40	1/19/2015
PAYROLL	\$ 192,173.12	1/23/2015
US BANK WARRANT #19742	\$ 274,085.23	1/20/2015
US BANK WARRANTS #19743-19869	\$ 386,394.74	1/30/2015
EFT - CALPERS RETIREMENT	\$ 47,936.02	2/3/2015
PAYROLL	\$ 190,544.28	2/6/2015

\$ 1,800,733.01

TOTAL DISBURSEMENTS

**\$ 1,800,733.01**

CERTIFICATE

IN ACCORDANCE WITH SECTION 32702 OF THE GOVERNMENT CODE, I CERTIFY THAT THE ABOVE DEMANDS ARE ACCURATE AND THAT FUNDS ARE AVAILABLE FOR PAYMENT.

I CERTIFY UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND CORRECT.

EXECUTED THIS 17TH DAY OF FEBRUARY 2015

APPROVED AND AUDITED  
THIS 17TH DAY OF FEBRUARY 2015

AUDIT COMMITTEE - RICHARD HERNANDEZ

INTERIM CFO - CHRIS WOIDZIK

AUDIT COMMITTEE - CINDE CASSIDY

AVALON CITY COUNCIL  
MEETING OF FEBRUARY 17, 2015

CHECK NUMBER	DATE ISSUED	AMOUNT	PAYEE	DESCRIPTION
19651	01/15/15	125,000.00	HOEFS, STEVEN	SETTLEMENT AGREEMENT
19652	01/16/15	74.80	AIR SOURCE INDUSTRIES	SUPPLIES - FIRE
19653	01/16/15	453.69	ALEGRIA, VALENTE	MEDICAL REIMBURSEMENT
19654	01/16/15	-	VOID - PRINTER ERROR	VOID - PRINTER ERROR
19655	01/16/15	17,101.43	AMERICAN EXPRESS	CREDIT CARD CHGS - ALL DEPTS
19656	01/16/15	3,848.78	AT & T	COMMUNICATIONS - ALL DEPTS
19657	01/16/15	247.56	AT & T MOBILITY	COMMUNICATIONS - HARBOR
19658	01/16/15	119,292.19	AVALON ENVIRONMENTAL SVCS	CONTRACT SVCS - DEC 2014
19659	01/16/15	16,567.12	AVALON FUEL FACILITIES	RESALE FUEL - FUEL DOCK
19659	01/16/15	4,086.85	AVALON FUEL FACILITIES	FUEL - ALL DEPTS
19660	01/16/15	536.00	AYERS DISTRIBUTORS	SUPPLIES - RECREATION
19661	01/16/15	120.00	BEYOND SOFTWARE SOLUTIONS	CONTRACT SVCS - ADMIN
19662	01/16/15	300.00	CAHM & PC	ANNL DUES - HARBOR
19663	01/16/15	438.01	CANBY, CHARLIE	SUPPLIES - GARAGE/REC
19664	01/16/15	20.00	CASTRO, ALICE	REFUND - RECREATION FEES
19665	01/16/15	1,078.82	CATALINA BEVERAGE	SUPPLIES - ALL DEPTS
19666	01/16/15	59,162.00	CATALINA EXPRESS	SUBSIDY - DECEMBER 2014
19666	01/16/15	74.50	CATALINA EXPRESS	TRAVEL - LASD
19667	01/16/15	1,877.81	CATALINA FREIGHT LINE	FREIGHT - ALL DEPTS
19668	01/16/15	376.42	CATALINA ISLAND PLUMBING	SERVICE - PUBLIC WORKS
19669	01/16/15	624.00	CATALINA PEST CONTROL	SERVICE - HARBOR
19670	01/16/15	650.00	CATALINA STEAM CLEANING	CONTRACT SVCS - HARBOR
19671	01/16/15	3,030.94	CDW GOVERNMENT	SUPPLIES - ADMIN
19672	01/16/15	2,294.84	CHET'S HARDWARE	SUPPLIES - PUBLIC WKS
19673	01/16/15	1,985.76	CLAUSEN, JANET	MEDICAL REIMBURSEMENT
19674	01/16/15	98,991.00	CO. OF LA SHERIFF'S DEPARTMEN	RESIDENT DEPUTY - DEC 2014
19675	01/16/15	4,991.84	COMMUNICATIONS USA	SUPPLIES - FIRE
19676	01/16/15	4,500.00	CONSTRUCTORS PLUS	CONTRACT SVCS - ADMIN
19677	01/16/15	5,130.00	CONSTRUCTORS PLUS	CONTRACT SVCS - ADMIN
19678	01/16/15	14,488.83	CUSTOMER SERVICE ADVANTAGE	CUSTOMER SERVICE CLASSES
19679	01/16/15	627.50	DAPER,ROSENBLIT & LITVAK, LLP	SERVICE - ADMIN
19680	01/16/15	1,281.41	DELL MARKETING, LP	SUPPLIES - ADMIN
19681	01/16/15	256.00	DEWEY PEST CONTROL	SERVICE - ADMIN/HARBOR
19682	01/16/15	27.52	DIGI-KEY	SUPPLIES - HARBOR
19683	01/16/15	764.79	DON MILLER & SONS	SUPPLIES - CITY RESTROOMS
19684	01/16/15	9,954.00	EDISON	UTILITIES - ALL DEPTS
19685	01/16/15	83,168.42	ENVIRON STRATEGY CONSULTAN	CONTRACT SVCS - DEC 2014
19685	01/16/15	4,214.33	ENVIRON STRATEGY CONSULTAN	EMERG. REPAIR WK
19686	01/16/15	1,541.51	GCR TIRES	SUPPLIES - GARAGE
19687	01/16/15	102.28	GEMPLER'S	UNIFORMS - PUBLIC WKS
19688	01/16/15	3,135.56	GRAINGER	SUPPLIES - FIRE
19688	01/16/15	2,352.85	GRAINGER	SUPPLIES - HARBOR/GARAGE
19689	01/16/15	158.40	H.S. SEAFOOD, INC.	SUPPLIES - FUEL DOCK
19690	01/16/15	625.00	HAMILTON, KATHERINE	CONTRACT SVCS - ADMIN
19691	01/16/15	36.48	HARVEY, BEN	REIMB O/P COSTS - TRAVEL
19692	01/16/15	2,110.30	HELVETIC CONSULTING, INC	CONTRACT SVCS - PLANNING
19693	01/16/15	1,061.76	HOTEL ATWATER	LODGING - LASD SUBSISTENCE
19694	01/16/15	2,050.16	IDEXX DISTRIBUTION, INC.	SUPPLIES - CDO
19695	01/16/15	490.83	IMPACT ASORBENTS, INC.	SUPPLIES - PUBLIC WKS
19696	01/16/15	45.00	ISLAND EXPRESS	FREIGHT - GARAGE

19697	01/16/15	70.08	ISLAND THREADZ	UNIFORMS - CODE
19698	01/16/15	7,695.71	JONES LUMBER COMPANY, INC.	FUEL DOCK PROJ. SUPPLIES
19699	01/16/15	2,425.33	JORDAHL CONSTRUCTION	EMERG. REPAIR WK
19700	01/16/15	100.00	JUDICIAL DATA SYSTEMS	PARKING ACTIVITY - NOV 2014
19701	01/16/15	804.00	KATIES KITCHEN	SENIOR MEALS - DEC 2014
19702	01/16/15	246.97	KME FIRE APPARATUS	SUPPLIES - FIRE
19703	01/16/15	10,564.35	L.N. CURTIS & SONS	SUPPLIES - FIRE
19704	01/16/15	987.50	LA COUNTY AUDITOR-CONTROLLER	PARKING CITATIONS - NOV 2014
19705	01/16/15	2,400.26	LEAGUE OF CALIF. CITIES	ANNL DUES - COUNCIL
19706	01/16/15	18,674.50	LOCAL GOVERNMENT SERVICES	CONTRACT SVCS - ADMIN
19707	01/16/15	458.70	LOS ANGELES COUNTY TREASUR	PERMIT FEES - FUEL DOCK
19708	01/16/15	315.30	MATTHEWS	SUPPLIES - CEMETERY
19709	01/16/15	563.11	MCMASTER-CARR	SUPPLIES - HARBOR/PW
19710	01/16/15	628.09	MED-TECH RESOURCE, INC	SUPPLIES - HARBOR
19711	01/16/15	25.51	MONARCH PRODUCTS	SUPPLIES - GARAGE
19712	01/16/15	40.52	MONROE, JENNIFER	REIMB O/P COSTS - SUPPLIES
19713	01/16/15	702.00	MR. NING'S	SENIOR MEALS - DEC 2014
19714	01/16/15	250.00	MYGOV	SOFTWARE LEASE - ADMIN
19715	01/16/15	257.30	NAPA AUTO PARTS	SUPPLIES - GARAGE
19716	01/16/15	980.70	OUTDRIVE EXCHANGE	SUPPLIES - GARAGE
19717	01/16/15	33.55	POINDEXTER, JAMES	REIMB O/P COSTS - SUPPLIES
19718	01/16/15	863.64	PORT SUPPLY	UNIFORMS - HARBOR
19719	01/16/15	4,025.00	POST, ROCKY	CONTRACT SVCS - ADMIN
19720	01/16/15	64.13	PRAXAIR	SUPPLIES - GARAGE
19721	01/16/15	1,439.99	QUILL CORP.	SUPPLIES - ALL DEPTS
19722	01/16/15	22,450.00	RBF CONSULTING	CONTRACT SVCS - ADMIN
19723	01/16/15	7,427.08	REGIONAL GOVERNMENT SVCS	CONTRACT SVCS - PLN/ADMIN
19724	01/16/15	720.00	RICHARD MAINTENANCE	SERVICE - FUEL DOCK
19725	01/16/15	931.55	RICOH AMERICAS CORP.	COPIER LEASE - PLANNING
19726	01/16/15	652.73	RICOH USA, INC.	COPIER LEASE - PLANNING
19727	01/16/15	4,722.50	ROSENOW SPEVACEK GROUP	SERVICE - HA/SA
19728	01/16/15	846.00	SAND TRAP	SENIOR MEALS - DEC 2014
19729	01/16/15	1,264.73	SIMPLOT PARTNERS	SUPPLIES - RECREATION
19730	01/16/15	3,500.00	SIRIA'S CLEANING SERVICE	SERVICE - JMF/TREMONT HALL
19731	01/16/15	13.14	SPRINT	LONG DISTANCE - ADMIN
19732	01/16/15	2,443.76	STATE BOARD OF EQUALIZATION	ANNL TAX PAYMENT - FUEL DOCK
19733	01/16/15	6.00	UNDERGROUND SERVICE ALERT	SERVICE - PLANNING
19734	01/16/15	25.89	UNITED PARCEL SERVICE	FREIGHT - ADMIN/HARBOR
19735	01/16/15	701.93	VERIZON WIRELESS	COMMUNICATIONS - ALL DEPTS
19736	01/16/15	210.00	W.F OLSEN	REIMB O/P COSTS - TRAVEL
19737	01/16/15	5,340.00	WANDA STONE	SERVICE - HARBOR
19738	01/16/15	400.00	WITTMAN ENTERPRISES, LLC	SERVICE - FINANCE
19739	01/16/15	1,122.38	ZEST CATERING & EVENTS, INC.	MITCHELL SERVICES
19740	1/19/2015	405.20	SUN LIFE FINANCIAL	LIFE INSURANCE - JAN 2015
19741	1/19/2015	453.20	SUN LIFE FINANCIAL	LIFE INSURANCE - DEC 2014

**\$ 709,599.62**

WARRANT LIST

AVALON CITY COUNCIL  
MEETING OF FEBRUARY 17, 2015

CHECK NUMBER	DATE ISSUED	AMOUNT	PAYEE	DESCRIPTION
19742	01/20/15	274,085.23	ENVIRON STRATEGY CONSULTANTS	REISSUE LOST CHECK 19272/19359
19743-19809	01/30/15	-	VOIDS - PRINTER ERROR	VOIDS - PRINTER ERROR
19810	01/30/15	306.41	AT & T	COMMUNICATIONS - ADMIN/FIRE
19811	01/30/15	229.44	AT & T LONG DISTANCE	LONG DISTANCE - ALL DEPTS
19812	01/30/15	5,605.06	AVALON MOORING & DIVING	SERVICE - HARBOR
19813	01/30/15	22,859.98	AVALON MOORING & DIVING	SERVICE - AVALON COMPLEX
19814	01/30/15	2,158.30	BEYOND SOFTWARE SOLUTIONS	CONTRACT SVCS - ADMIN
19815	01/30/15	64.92	BOUND TREE MEDICAL	SUPPLIES - FIRE
19816	01/30/15	16,821.39	BROWNELL & DUFFEY	NOV-DEC 14 AUDIT SERVICES
19817	01/30/15	12.60	CALIF. BUILDING STANDARDS COMM	QTRLY REPORTING - PLANNING
19818	01/30/15	61,850.19	CALPERS	MEDICAL - FEBRUARY 2015
19819	01/30/15	345.11	CATALINA BEVERAGE	SUPPLIES - ALL DEPTS
19820	01/30/15	78,925.00	CHAMBER OF COMMERCE	TOT - FEBRUARY 2015
19821	01/30/15	23,062.20	CATALINA EXPRESS	1ST HLF JAN 15 - SUBSIDY
19822	01/30/15	138.37	CATALINA FREIGHT LINE	FREIGHT - ALL DEPTS
19823	01/30/15	1,280.08	CATALINA ISLAND PLUMBING	SERVICE - CITY RESTROOMS
19824	01/30/15	299.75	CATALINA VACATION RENTALS	REFUND - OVERPYMT BUS. LICENSE
19825	01/30/15	19.00	CATALINA LAUNDRY	SUPPLIES - GARAGE
19826	01/30/15	36,844.25	CATALINA TRANSPORTATION	CONTRACT SVCS - FEBRUARY 2015
19827	01/30/15	8,460.69	CO OF LA SHERIFF'S DEPARTMENT	WATERFRONT PT - DEC 2014
19828	01/30/15	590.69	COMMUNICATIONS USA	SUPPLIES - FIRE
19829	01/30/15	5,940.00	CONSTRUCTORS PLUS	CONTRACT SVCS - ADMIN
19830	01/30/15	2,880.00	CONSTRUCTORS PLUS	CONTRACT SVCS - ADMIN
19831	01/30/15	87.56	COOK, AMANDA	REIMB O/P COSTS - SUPPLIES
19832	01/30/15	107.50	DAPEER, ROSENBLIT & LITVAK,LLP	SERVICE - ADMIN
19833	01/30/15	6,918.88	DELTA DENTAL	DENTAL - JANUARY 2015
19834	01/30/15	4,000.00	DIGITAL MAP PRODUCTS, INC.	SOFTWARE RENEWAL - PLANNING
19835	01/30/15	10.74	DIV. OF ADMINSTRATIVE SVCS	QTRLY REPORTING - PLANNING
19836	01/30/15	14,004.41	EDISON	UTILITIES - ALL DEPTS
19837	01/30/15	8,742.15	ENVIRON STRATEGY CONSULTANTS	CENTRIFUGE PERMIT FEES - WWTP
19838	01/30/15	1,744.00	ESGIL CORPORATION	PLAN CHECK FEES - PLANNING
19839	01/30/15	290.50	FLICKINGER, WILLIAM	REIMB O/P COSTS - TRAINING
19840	01/30/15	1,998.14	GRAINGER	SUPPLIES - HARBOR/FD/GARAGE
19841	01/30/15	3,073.10	HELVETIC CONSULTING	CONTRACT SVCS - PLANNING
19842	01/30/15	4,689.44	HOTEL ATWATER	LODGING - LASD SUBSISTENCE
19843	01/30/15	279.00	IAFC MEMBERSHIP	ANNL DUES - FIRE
19844	01/30/15	1,770.75	IDEXX DISTRIBUTION, INC.	SUPPLIES - CDO
19845	01/30/15	15.00	ISLAND EXPRESS	FREIGHT - GARAGE
19846	01/30/15	139.07	ISLAND THREADZ	UNIFORMS - GARAGE
19847	01/30/15	275.28	JUDICIAL DATA SYSTEMS	PARKING ACTIVITY - DEC 2014
19848	01/30/15	1,950.62	LICARI, TONY	CONTRACT SVCS - FEBRUARY 2015
19849	01/30/15	15.25	MED-TECH RESOURCE, INC.	SUPPLIES - HARBOR
19850	01/30/15	150.00	MONTGOMERY, SCOTT	REIMB O/P COSTS - UNIFORMS
19851	01/30/15	1,094.68	NAPA AUTO PARTS	SUPPLIES - GARAGE
19852	01/30/15	5,633.59	OUTDRIVE EXCHANGE	SUPPLIES - GARAGE
19853	01/30/15	2,413.24	PEBBLY BEACH BUILDING SUPPLY	SUPPLIES - ALL DEPTS
19854	01/30/15	5,844.24	PKF CONSULTING USA, LLC	LITIGATIONS FEES - ADMIN
19855	01/30/15	1,617.57	PORT SUPPLY	SUPPLIES - HARBOR/GARAGE

19856	01/30/15	744.05	QUILL CORP.	SUPPLIES - ALL DEPTS
19857	01/30/15	1,668.55	REGIONAL GOVERNMENT SERVICES	CONTRACT SVCS - PLN/ADMIN
19858	01/30/15	3,280.00	RICHARD MAINTENANCE	SERVICE - FUEL DOCK
19859	01/30/15	675.95	RICOH USA, INC.	OFFICE SUPPLIES - ALL DEPTS
19860	01/30/15	7,300.00	ROBERT SCHILLING	SETTLEMENT AGREEMENT
19861	01/30/15	270.00	SAFEWAY	SUPPLIES - ALL DEPTS
19862	01/30/15	11,550.55	SANTA CAT. RESORT SVCS	PROP TAX/FUEL DOCK RENT
19863	01/30/15	5,289.81	SCE CLAIMS DEPARTMENT	SETTLEMENT AGREEMENT
19864	01/30/15	8,342.00	SIRIA'S CLEANING SERVICE	CONTRACT SVCS - JANUARY 2015
19865	01/30/15	13.17	SPRINT	LONG DISTANCE - ADMIN
19866	01/30/15	80.00	STATE FIRE TRAINING	TRAINING - FIRE
19867	01/30/15	2,087.00	SUNGARD PUBLIC SECTOR	SOFTWARE LEASE - FINANCE
19868	01/30/15	15.52	UNITED PARCEL SERVICE	UNIFORMS - HARBOR
19869	01/30/15	9,520.00	VEGA, EDMUNDO	CONTRACT SVCS - FEBRUARY 2015

**\$ 660,479.97**

CITY OF AVALON CITY COUNCIL

MEETING DATE: February 17, 2015  
ORIGINATING DEP: Administration  
PREPARED BY: Dudley Morand  
SUBJECT: New Postage Meter Lease

AGENDA ITEM: 3  
CITY MANAGER: BH

**RECOMMENDED ACTION(S):** Staff has reviewed options for a new mail system and recommends signing a lease with Priority Mailing Systems LLC. All systems were comparable in features with Priority providing the best price quote. This will result in savings of approximately \$70.00 a month.

**REPORT SUMMARY:** In September of 2014 the lease with Pitney Bowes expired, leaving the City as owners of the current Mail Metering equipment. With the expiration of the lease the City has been paying for postage on a quarterly basis and the service contract was voided. The current Pitney Bowes machine is no longer in production and doesn't offer all the newer applications to maximize savings on postage. The current machine is also a rebuilt unit that is becoming worn-out.

As of January 25, 2015 parcel service requires the ability to print labels to get a Commercial Rate Discount. All reviewed machines offer this capability. (USPS CBP Discount)

Staff has gotten competitive quotes from three vendors. Quotes are listed below;

Pitney Bowes	48 months @ \$260.01 = \$12,480.48
Blazar	51 months @ \$202.00 = \$10,302.00 (Could not provide 48 month quote)
Priority	48 months @ \$141.76 = \$6804.48

Expired contract with Pitney Bowes was \$212.00 monthly.

**GOAL ALIGNMENT:** Fiscal responsibility.

**FISCAL IMPACTS:** Budgeted in General Govt. Acct. # 101-35-4615, (Rental Mail machine)  
Significant savings from previous agreement.

**CONSEQUENCES OF NOT FOLLOWING RECOMMENDED ACTION:** We would continue to own current, aged machine with no service contract in place.

**FOLLOW UP ACTION:** Sign lease with Priority Mailing Systems for a 48 month period.

**ADVERTISING, NOTICE AND PUBLIC CONTACT:** This item was properly listed on the posted agenda pursuant to the Brown Act.

**ATTACHMENTS:**

Quotes provided by the three vendors;

- Pitney Bowes
- Blazer
- Priority Mailing Systems LLC

CITY OF AVALON CITY COUNCIL

MEETING DATE: February 17, 2015

AGENDA ITEM: 4

ORIGINATING DEP: Administration

CITY MANAGER: BH

PREPARED BY: Denise Radde, Chief Administrative Officer/City Clerk

SUBJECT: Yellow Jacket Control Contract with Catalina Honey

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**RECOMMENDED ACTION(S):** Approve an additional year extension on the Yellow Jacket Control Contract with Catalina Honey and authorize the City Manager to execute the amendment document.

**REPORT SUMMARY:** In April 2011 the City entered into a contract with Catalina Honey, with the option for one year extensions. Currently the contract will expire on March 31, 2015. City Council has the authority to grant an additional year if they are satisfied with the service.

Catalina Honey on a regular basis provides the City with a map showing locations of traps and a written progress report on the number of bees trapped. Staff is satisfied with the work of the contractor and recommends another year extension to their contract.

**FISCAL IMPACTS:** Already budgeted for Fiscal Year 2014/2015. For Fiscal Year 2015/206 budgeted amount will be \$26,000.

**CONSEQUENCES OF NOT FOLLOWING RECOMMENDED ACTION:** The City would need to go through the competitive bidding process to retain another contractor.

**FOLLOW UP ACTION:** Execute the contract amendment for one additional year.

**ADVERTISING, NOTICE AND PUBLIC CONTACT:** This item was properly listed on the posted agenda.

**ATTACHMENTS:** None

CITY OF AVALON CITY COUNCIL

MEETING DATE: February 17, 2015

AGENDA ITEM: 5

ORIGINATING DEP: Harbor

CITY MANAGER: BH

PREPARED BY: Brian Bray, Harbor Master

SUBJECT: Waterside Project Application ~ Seaplanes of Los Angeles

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**RECOMMENDED ACTION(S):** That the City Council makes the affirmative findings that conditions set forth in the Avalon Municipal Code have been met and grant the Waterside Project Application to Michael Steel owner of Seaplanes of Los Angeles with the following conditions:

1. All seaplane landing and take off operations take place outside of City Waters.
2. Applicant obtains a commercial store front to conduct ticket sales for their seaplane air tours of Catalina.
3. Applicant obtains any necessary permits / licenses from the Coast Guard for seaplane operations while operating on the ocean.
4. Applicant obtains any necessary permits from the Public Utilities Commission regarding transporting passengers from port to port.
5. Applicant obtains any necessary permits necessary from the FAA to conduct commercial passenger flights.
6. For transportation to and from the seaplane, require the applicant use the current shoreboat operator Island Enterprises who holds an exclusive contract to haul passengers within the City limits.
7. Applicant abides by the Standard List of Conditions for Waterside Permit Holders, except provide an aircraft liability insurance policy of \$10,000,000.
8. Pay 7% Use Fee under section 10-2.402 for any operations that commence to or from Avalon Harbor.
9. Obtain any required approvals from the California Coastal Commission.

**REPORT SUMMARY:** San Diego Seaplanes Inc. has submitted a Waterside Project Application to offer seaplane air tours of Catalina and seaplane flights directly to and from private boats outside Avalon Harbor.

Michael Steel proposes to use two Helio Super Courier Amphibian Seaplanes for on-demand trips, for one to five passengers, one to five trips per week during daylight hours, year round except for Thanksgiving and Christmas day.

The two seaplanes will use a small rubber dinghy to off load their passengers directly to and from private boats and may require tying to mooring buoys occasionally if available.

**Mitigation:**

Island Enterprises currently holds an exclusive franchise to shuttle passengers within the city limits. Seaplanes of Los Angeles would need to receive a waiver from Island Enterprises to shuttle their passengers to and from private vessels moored or anchored within City limits.

**Shore Base of Operation:** Applicant states base of operation is located on the ocean North-West and/or East of Avalon Harbor.

**Mitigation:**

Applicant obtains a commercial storefront to conduct ticket sales for their local seaplane air tours of Catalina and service passengers they plan to drop off in Avalon.

Section 10-2.416 of the Municipal Code provides that a waterside permit may only be granted where the City Council is able to make the following affirmative findings:

(1) The project will not result in a substantial alteration of the City's present or planned waterside uses of the Avalon Harbor.

(2) With regard to transportation and circulation, the project (i) will not generate substantial additional boat trips, including shoreboat trips, or other movement within Avalon Harbor; (ii) will not have a substantial negative impact upon existing mooring, docking, or other anchorage facilities; (iii) will not have a substantial impact on other modes and systems of transportation; (iv) will not result in substantial alterations of present patterns of circulation or movement of people and /or goods; (v) will not increase traffic hazards to swimmers, boaters, or other existing activities; and (vi) will not restrict or alter existing coastal access;

(3) The project will not have a substantial impact upon and will not result in a need for new or altered governmental services, including but not limited to fire, police, maintenance of facilities, and harbor department services

(4) The project will not result in the use of substantial amounts of fuel or other forms of energy or substantially increase the demand upon existing energy or require the development of new sources of energy;

(5) The project will not result in the need for new utility systems or a substantial alteration of existing sources or systems for power, natural gas, communications, water, sewage disposal or solid waste

(6) The project will not obstruct any scenic vista or view open to the public, and will not result in the creation of an aesthetically offensive site which is open to public view;

(7) The project will not result in a substantial negative impact upon the quality and quantity of existing recreational opportunities or result in alterations or restrictions to coastal access.

(8) The applicant is fit to be entrusted with the privileges of a permit, in that he has not engaged in prior violations of the City's harbor regulations, including the provisions of this article, has timely paid any harbor-related fees and has not presented checks returned for insufficient funds.

The Municipal Code also provides that the "City Council may deny the permit where the impacts listed in paragraphs (1) through (8) above are cumulatively significant, even though the individual impacts are limited. The City Council may approve a project where mitigation measures eliminating significant impacts are incorporated into the project, and the approval shall be conditioned upon the implementation of such mitigation measures. The failure to comply and maintain any mitigation measures shall be a basis for suspension or revocation of a waterside permit."

**GOAL ALIGNMENT:** Offer recreational activities and transportation to/from the Avalon area.

**FISCAL IMPACTS:** Unknown, potential Harbor Use Fees.

**CONSEQUENCES OF NOT FOLLOWING RECOMMENDED ACTION:** N/A

**FOLLOW UP ACTION:** Notify Seaplanes of Los Angeles of the City Council's decision.

**ADVERTISING, NOTICE AND PUBLIC CONTACT:** Pursuant to the Brown Act.

**ATTACHMENTS:**

1. Waterside Project Application
2. Waterside Permit Standard List of Conditions

CITY OF AVALON CITY COUNCIL

MEETING DATE: February 17, 2015

AGENDA ITEM: 6

ORIGINATING DEP: Harbor

CITY MANAGER: BH

PREPARED BY: Brian Bray, Harbor Master

SUBJECT: Waterside Project Application ~ Catalina Aqua Park

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**RECOMMENDED ACTION(S):** Hear the presentation from Joseph D'Albero and give staff direction on how the City Council would like to proceed regarding the proposed Aqua Park water based family entertainment center inside swim area.

**REPORT SUMMARY:** At the February 3, 2015 City Council meeting, Joseph D'Albero submitted a Waterside Project Application to install a modular Aqua Park inside the swim area near the Blue Water and Antonio's restaurants. After hearing Mr. D'Albero's presentation, the City Council directed staff to meet with Mr. D'Albero and ascertain more information about the project and its proposed location(s). Recreation Director Jen Monroe and Harbor Master Bray met with the applicant and visited four potential sites including, South Beach (in place of the water polo court), Middle Beach near the Blue Water restaurant, North Beach near Antonio's restaurant and North Beach near the Tuna Club.

Mr. D'Albero stated the Aqua Park would be made to a color of choice and the dimensions would be 70' x 30' with the highest peak of the slide being at 15' and the lifeguard tower would stand 10' tall. Mr. D'Albero said the park would accommodate 35 or 40 people, he proposes to charge \$20 for two hours, \$35 for four hours, he will offer season passes and reduced rates for locals and children from 1 to 7 would be free with a paid parent. Customers would buy admission and be issued a life jacket and colored wrist band to signify a usage time frame from a store front location before swimming out to the Aqua Park.

I spoke to Chuck Posner at the Coastal Commission and he said in order for the Aqua Park to move forward, the City Council must approve the application and then act as the Co-Applicant on the Coastal Commission's application. The commission would like to have all pertinent information on their application such as the length and terms of the contract with the City, whether the City charge a per square foot or percentage rent, the number of people it would hold, what the cost of admission would be and would there be any area for use free of charge.

Consideration should be given to the limited swim area and "green space" the City has to offer for all visitors to enjoy. If the City Council approves the application, I recommend the following stipulations:

1. Applicant uses his proposed area in front of the Blue Water restaurant as to not displace the free water polo court on South Beach.

2. Applicant removes the Aqua Park overnight for the first weekend in September when the outrigger canoes come to Avalon as the proposed space in front of the Blue Water and Antonio's has been used from late Saturday afternoon until early Sunday morning to accommodate the canoes.
3. Hire security after hours for the safety of anyone who might be trespassing on the Aqua Park.

Section 10-2.416 of the Municipal Code provides that a waterside permit may only be granted where the City Council is able to make the following affirmative findings:

(1) The project will not result in a substantial alteration of the City's present or planned waterside uses of the Avalon Harbor.

(2) With regard to transportation and circulation, the project (i) will not generate substantial additional boat trips, including shoreboat trips, or other movement within Avalon Harbor; (ii) will not have a substantial negative impact upon existing mooring, docking, or other anchorage facilities; (iii) will not have a substantial impact on other modes and systems of transportation; (iv) will not result in substantial alterations of present patterns of circulation or movement of people and /or goods; (v) will not increase traffic hazards to swimmers, boaters, or other existing activities; and (vi) will not restrict or alter existing coastal access;

(3) The project will not have a substantial impact upon and will not result in a need for new or altered governmental services, including but not limited to fire, police, maintenance of facilities, and harbor department services

(4) The project will not result in the use of substantial amounts of fuel or other forms of energy or substantially increase the demand upon existing energy or require the development of new sources of energy;

(5) The project will not result in the need for new utility systems or a substantial alteration of existing sources or systems for power, natural gas, communications, water, sewage disposal or solid waste

(6) The project will not obstruct any scenic vista or view open to the public, and will not result in the creation of an aesthetically offensive site which is open to public view;

(7) The project will not result in a substantial negative impact upon the quality and quantity of existing recreational opportunities or result in alterations or restrictions to coastal access.

(8) The applicant is fit to be entrusted with the privileges of a permit, in that he has not engaged in prior violations of the City's harbor regulations, including the provisions of this article, has timely paid any harbor-related fees and has not presented checks returned for insufficient funds.

The Municipal Code also provides that the "City Council may deny the permit where the impacts listed in paragraphs (1) through (8) above are cumulatively significant, even though the individual impacts are limited. The City Council may approve a project where mitigation measures eliminating significant impacts are incorporated into the project, and the approval shall be conditioned upon the implementation of such mitigation measures. The failure to comply and maintain any mitigation measures shall be a basis for suspension or revocation of a waterside permit."

Staff does not believe that the Project can comply with the criteria for issuance of a waterside permit.

**FISCAL IMPACTS:** Unknown, potential revenue from Harbor Use Fees.

**CONSEQUENCES OF NOT FOLLOWING RECOMMENDED ACTION:** The permit will be issued.

**FOLLOW UP ACTION:** Notify Joseph D'Albero of the City Council's decision.

**ADVERTISING, NOTICE AND PUBLIC CONTACT:** Pursuant to the Brown Act.

**ATTACHMENTS:**

1. Waterside Project Application
2. Waterside Permit Standard List of Conditions

CITY OF AVALON CITY COUNCIL

MEETING DATE: February 17, 2015

AGENDA ITEM: 7

ORIGINATING DEP: Administration

CITY MANAGER: BH

PREPARED BY: Ben Harvey, City Manager

SUBJECT: Consideration of Funding for City Membership within the Island Consortium and the Informal Soliciting of Bids for Professional Services for a Water Feasibility Study

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**RECOMMENDED ACTION(S):** That the City Council authorize the City Manager to execute payment for membership for the City of Avalon within the Island Consortium, and that the City Council authorize the City Manager to solicit informal bids for professional services for a feasibility study outlining the potential requisite infrastructure investment costs, liabilities and financial resources required for potential acquisition/ownership/partnership and ongoing operation of a water and gas utility on Catalina Island.

**REPORT SUMMARY:** The City Council has identified the pursuit of fresh water resources as one of its primary goals. Accordingly, City staff has been working to identify opportunities and collaborations with other key island stakeholders which may ultimately help to support this goal. In December of this past year, the Island Consortium convened a meeting after a long period of dormancy. With the long-pending Southern California Edison (SCE) water general rate case finally decided by the California Public Utility Commission (CPUC), the opportunity arose for the island stakeholders to come together to discuss the state of affairs relating to water on Catalina Island, and make a determination as to whether the Island Consortium should be reactivated for the purpose of exploring the potential acquisition of SCE's water and gas utilities on Catalina Island. As part of this proposed reactivation, each potential member of the Island Consortium was asked to contribute a \$10,000 membership fee, which would be used to pay for requisite professional services rendered on behalf of the group. Like in the past, these professional services were proposed to be provided by Jared Ficker, Principal, with California Strategies. In anticipation of this junction, the City Council, during the time of the FY 14-15 budget approval process, allocated \$10,000 within the City Council department budget for the purpose of joining the Island Consortium. Should the City Council wish to move forward with membership, the City Manager should be authorized to make this payment on the City's behalf.

To further assist with the proposed potential pursuit of the fresh water infrastructure assets on Catalina Island, the City Council also allocated \$20,000 for professional services contract(s). In order to provide the City Council with adequate background and information to render informed decisions in this area, it is recommend that the City Council direct the City Manager to solicit informal bids for professional services that would evaluate the existing condition of SCE's water utility infrastructure, determine requisite repairs and upgrades that need to be

made, develop recommendations for cash reserve amounts, propose realistic utility acquisition and ongoing maintenance costs, etc.

**GOAL ALIGNMENT:** Pursuit of fresh water resources.

**FISCAL IMPACTS:** Should the City Council decide to participate within the Island Consortium, \$10,000 from account 102-25-5005, which is budgeted within the adopted FY 14-15 budget. Should the City Council decide to authorize a feasibility study for the proposed potential acquisition/ownership/partnership of the water utility on Catalina Island, authorize the City Manager to solicit informal bids for these services not to exceed \$20,000, and bring them back to City Council with a recommendation for consideration. This amount is also budgeted within account 105-75-5005 within the adopted FY 14-15 budget.

**CONSEQUENCES OF NOT FOLLOWING RECOMMENDED ACTION:** The City will not participate in the Island Consortium, and feasibility study may not be conducted.

**FOLLOW UP ACTION:** Direct the City Manager to execute payment of \$10,000 to the Island Consortium for membership, and direct the City Manager to solicit informal professional services bids for a feasibility study not to exceed \$20,000.

**ADVERTISING, NOTICE AND PUBLIC CONTACT:** Pursuant to the Brown Act.

**ATTACHMENTS:** None

**SUCCESSOR AGENCY TO THE AVALON COMMUNITY IMPROVEMENT AGENCY  
AND HOUSING AUTHORITY OF THE CITY OF AVALON**

MEETING DATE: February 17, 2015

AGENDA ITEM 8

ORIGINATING DEPARTMENT: Administration

CITY MANAGER BH

PREPARED BY: Tara Matthews, Consultant, RSG Inc.  
Suzy Kim, Consultant, RSG Inc.

SUBJECT: Approving an Agreement Between the Successor Agency and the Housing Authority for Repayment of a loan from Low- and Moderate-Income Housing Fund to make 2009-10 SERAF Payment

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**RECOMMENDED ACTION**

It is recommended that the Successor Agency to the Avalon Community Improvement Agency and the Housing Authority of the City of Avalon approve the agreement authorizing the repayment of a loan from the Low- and Moderate-Income Housing Fund of the former Avalon Community Improvement Agency ("Redevelopment Agency") for legally required SERAF Payment.

**REPORT SUMMARY**

Pursuant to Health and Safety Code section 33690, the Redevelopment Agency was required to make a payment in 2009-10 to the Supplemental Educational Revenue Augmentation Fund ("SERAF") in the amount of \$1,000,000, all of which was borrowed from the Low- and Moderate-Income Housing Fund.

The legislation that dissolved redevelopment agencies, AB 1X 26 and AB 1484 (collectively, the "Dissolution Act") also prescribes the procedures to be followed for winding down the former redevelopment agency's affairs.

The Successor Agency is the successor entity to the former Redevelopment Agency, and pursuant to the Dissolution Act, is responsible for the wind-down affairs of the former Redevelopment Agency, including without limitation the performance and repayment of all enforceable obligations of the former Redevelopment Agency.

The City of Avalon elected not to retain the housing assets and functions of the former Redevelopment Agency and instead, designated the Avalon Housing Authority as the Housing Successor Agency.

The proposed Agreement to Repay the Loan from the Low- and Moderate-Income Housing Fund for the 2009-10 SERAF Payment, if approved, would allow the Housing Authority to collect repayment of the loan from the Successor Agency.

The Dissolution Act provides that after fiscal year 2013-14, repayment of loans made by the

Low and Moderate-Income Housing Fund of the former Redevelopment Agency may be repaid, if the Oversight Board approves the repayment schedule. The repayment schedule set for the Agreement is in accordance with the formula set forth in Health and Safety Code section 34176(e)(6)(B).

**FISCAL IMPACT**

The Housing Authority would be entitled to repayment of the amounts borrowed from the Low- and Moderate-Income Housing Fund. The Housing Authority will be required to deposit such funds in a Low- and Moderate-Income Housing Asset Fund, to be used in accordance with the requirements of such fund. The funds would be received from the Redevelopment Property Tax Trust Fund pursuant to a ROPS allocation.

**ATTACHMENTS**

- A. Housing Authority Resolution No. \_\_\_\_\_
- B. Successor Agency Resolution No. \_\_\_\_\_
- C. Agreement to Repay Loan from the Low and Moderate Income Housing Fund For 2009-2010 SERAF Payment

**SUCCESSOR AGENCY TO THE  
AVALON COMMUNITY IMPROVEMENT AGENCY**

MEETING DATE: February 17, 2015

AGENDA ITEM: 9

ORIGINATING DEPARTMENT: Successor Agency

CITY MANAGER: BH

PREPARED BY: Tara Matthews, Consultant, RSG Inc.  
Suzy Kim, Consultant, RSG Inc.

SUBJECT: Recognized Obligation Payment Schedule (ROPS) 15-16A and Successor Agency Administrative Budget for Fiscal Year 2015-16

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**RECOMMENDED ACTION**

Adopt "A Resolution of the City of Avalon as Successor Agency to the Avalon Community Improvement Agency Approving a Recognized Obligation Payment Schedule 15-16A and Successor Agency Administrative Budget for Fiscal Year 2015-16"

**BACKGROUND**

ROPS 15-16A

Health and Safety Code ("HSC") Section 34177(l) requires the Successor Agency to prepare and submit a Recognized Obligation Payment Schedule ("ROPS") prior to each six-month fiscal period to the Oversight Board, County Auditor-Controller, State Controller's Office ("SCO"), and State Department of Finance ("DOF") for review and approval. An Oversight Board-approved ROPS covering the period of July 1, 2015 to December 31, 2015 ("ROPS 15-16A") is required to be submitted to DOF by no later than March 3, 2015. If the ROPS is not submitted by that deadline, the City of Avalon (as the City and not as the Successor Agency) will be subject to a civil penalty of \$10,000 per day for each day it is late. These requirements for the ROPS took effect in 2012 as a result of AB 1484 (Chapter 26, Statutes of 2012).

*Enforceable Obligations*

The majority of the enforceable obligations on the ROPS remain unchanged from prior periods. ROPS 15-16A items requiring funding include debt service payments on the 2003 Tax Allocation Bonds, bond fiscal agent fees, legal services related to project implementation, a contract for Pebbly Beach road and slope improvements (to be paid out of bond proceeds), SERAF loan repayment, and administrative cost allowances.

*Bond Projects*

The Successor Agency has funded several projects on the ROPS using proceeds from the 2003 Tax Allocation Bonds. Four projects have been completed and marked as retired on the ROPS 15-16A. Completed non-housing projects include a contract with RBF Consulting for sewer repairs and a contract with Environ Strategy for wastewater

treatment plant repairs. The Low and Moderate Income Down Payment Assistance Program and an Exclusive Negotiating Agreement with Hamilton Pacific have also been marked as retired on the ROPS. While these projects are ongoing, they are being implemented by the Housing Authority. The Successor Agency transferred \$4.3 million in housing bond proceeds to the Housing Authority to fund these projects as approved by DOF on the ROPS.

Only one project proposed to be funded with bond proceeds remains on the ROPS. The Successor Agency has budgeted \$156,517 to fund remaining road/slope improvements on Pebbly Beach Road.

#### *SERAF Loan Repayment*

The Successor Agency received a Finding of Completion (aka the "Golden Ticket") on July 16, 2013. This enabled the Successor Agency to repay monies loaned or advanced to the former ACIA from its Low and Moderate Income Housing Fund ("LMIHF") to make payments to the State's Supplemental Educational Revenue Augmentation Fund ("SERAF") required in fiscal years 2009-10 and/or 2010-11. In fiscal year 2009-10, the ACIA suspended a \$1,000,000 deposit of tax increment to its LMIHF, creating a \$1,000,000 debt to the LMIHF. The Successor Agency can now repay that \$1,000,000 loan to the Housing Authority's Low and Moderate Income Housing Asset Fund through the ROPS based on a prescribed calculation formula. Staff proposes to begin repayments on the ROPS 15-16A period. The maximum allowable payment in FY 2015-16 is \$179,766. The Oversight Board must first approve a proposed repayment schedule which staff will be presenting to the Board on February 26, 2015.

#### *Cash Balance Reconciliation*

Staff and consultants have worked diligently the past several months to audit the Successor Agency's finances and identify accurate fund balances. It has been determined that the Successor Agency had a negative fund balance of \$148,156 as of December 31, 2014. Prior ROPS did not report an accurate cash balance because there were several inter-fund "Due To" and "Due From" transfers that had not been reconciled. The "Report of Cash Balances" form on the ROPS 15-16A reports the audited balance and explains the situation. DOF is aware that the Successor Agency was auditing its finances and staff is prepared to discuss its findings with DOF.

#### *Prior Period Payment "True-up"*

The Successor Agency is required to itemize all prior period ROPS payments for enforceable obligations and administrative costs. The prior period included in this next ROPS is July through December 2014 (ROPS 14-15A). The prior period payment "true-up" process compares estimated ROPS 14-15A payments versus actual payments from July through December 2014. The Successor Agency spent \$68,867 less than it estimated. The County Auditor-Controller will typically adjust down the distribution of RPTTF to the Successor Agency in the next ROPS period by the surplus amount. The Successor Agency is expected to apply fund balances toward ROPS 15-16A obligations. However, since the Successor Agency had a negative cash balance as of

December 31, 2014, there is no fund balance to apply to ROPS 15-16A obligations. Staff will explain this to DOF and request that the next RPTTF distributed not be adjusted down.

#### *DOF Review*

Upon submittal of an Oversight Board-approved ROPS, DOF has 45 days to make its determination on enforceable obligations, including amounts and funding sources. Within five business days of DOF's determination, the Successor Agency may request additional review and an opportunity to meet and confer on disputed items. DOF has until 15 days prior to the date for property tax distribution to make its final decision. The RPTTF distribution date for ROPS 15-16A is June 1, 2015.

#### SUCCESSOR AGENCY ADMINISTRATIVE BUDGET (JULY TO DECEMBER 2015)

HSC Section 34177(j) requires the Successor Agency to prepare a proposed administrative budget for each six-month fiscal period and submit it to the Oversight Board for approval. The minimum Administrative Cost Allowance to the Successor Agency provided for under the dissolution legislation is \$250,000 annually. In addition to the Administrative Cost Allowance, a preexisting 2003 tax sharing agreement between the City, ACIA, and County of Los Angeles provides for a Permitted Administrative Expense ("PAE") to the Successor Agency to fund additional administrative and operational costs. The annual PAE amount increases each year to adjust for inflation. For fiscal year 2015-16, the PAE may provide up to \$509,319 in funding for administrative and operational costs. These costs can include, but are not limited to: personnel, supplies/travel, noticing, professional services, legal services, financial services, and overhead, including property-related fees. Both the Administrative Cost Allowance (\$250,000) and PAE (\$509,319) are not 100% guaranteed funding levels since distributions of those funds are based on the sufficiency and availability of property tax revenues during each ROPS period.

Staff is recommending that the Successor Agency approve an annual administrative budget of \$759,319 for fiscal year 2015-16, which is split evenly between the two six-month ROPS periods, and direct staff to submit the budget to the Oversight Board for approval.

#### **ENVIRONMENTAL REVIEW**

The action taken by the Successor Agency to approve ROPS 15-16A and the Successor Agency Administrative Budget does not commit the Successor Agency to any actions that may have a significant effect on the environment. As a result, such actions do not constitute projects subject to the requirements of the California Environmental Quality Act.

#### **FISCAL IMPACT**

Approval of the ROPS and Administrative Budget is necessary for the Successor Agency to continue administrative operations and make payments for debt service, contracts, and other enforceable obligations. By not adopting the ROPS and

Administrative Budget, the Successor Agency would risk defaulting on loans and other debt agreements, and not being able to fund certain expenses and operations, which would also impact the City's General Fund. Failure to submit an Oversight Board-approved ROPS to DOF March 3, 2015 will also result in a \$10,000 per day penalty assessed against the City for each day the ROPS is late.

Attachment:

- A. Successor Agency Resolution Approving the ROPS 15-16A and the FY 2015-16 Successor Agency Administrative Budget

**SUCCESSOR AGENCY TO THE  
AVALON COMMUNITY IMPROVEMENT AGENCY**

**MEETING DATE:** February 17, 2015

**AGENDA ITEM:** 10

**ORIGINATING DEP:** Finance Department

**CITY MANAGER:** BH

**PREPARED BY:** Chris Woidzik, Interim Finance Director

**SUBJECT:** Tax Allocation Bonds Refinancing

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**RECOMMENDED ACTION(S):** Adopt resolution authorizing the sale of tax allocation bonds to refinance Successor Agency obligations and authorizing other related actions.

**REPORT SUMMARY:** The Dissolution Act for redevelopment agencies authorized successor agencies to refinance outstanding tax allocation bonds if the annual debt service payments can be lowered. Any reduction in payments on the bonds due to the refinancing will be shared by the City and the other taxing agencies, such as the school district.

**Refinancing Outstanding Bonds**

The Avalon Community Improvement Agency has 2 series of bonds outstanding which were issued in 2003. The 2003 Series A Bonds mature in 20 years and the interest rate is 4.85%. These bonds can be refinanced at current interest rates of approximately 3.25%. The 2003 Series B Bonds also mature in 20 years and the interest rate is 6.05%. These bonds can be refinanced at current interest rates of approximately 3.95%.

Interest on the 2003 Series A Bonds is exempt from inclusion as gross income for federal income tax purposes to the investor and interest on the 2003 Series B Bonds is treated as taxable income to the investor. Likewise, the interest on bonds issued to pay off the 2003 Series A Bonds (usually called "Refunding Bonds") will have similar tax treatment to the investors, being treated as tax-exempt and the interest on Refunding Bonds issued to pay off the 2003 Series B Bonds will be taxable income to the new investors. Taxable bonds generally bear interest at higher interest rates because the interest income is subject to federal taxation, which accounts for the interest rate difference between the tax-exempt and taxable bonds. The 2003 Series B Bonds were originally issued as taxable bonds because the proceeds of the 2003 Series B Bonds funded low- and moderate-income housing projects which did not meet the requirements for the issuance of tax-exempt bonds.

**Increased Property Tax to City**

Under the Dissolution Act, any tax increment not needed to pay obligations of the Successor Agency is considered "residual" and is distributed every six months to the City, the Long Beach

Unified School District and Long Beach Community College. The City receives about 34% of this residual, with the school and college district sharing the balance.

A refinancing of the 2003 Series A Bonds and the 2003 Series B Bonds will lower the Successor Agency's annual debt service payments by a total of approximately \$4.2 million over the next 20 years. This will increase the residual tax increment by the same amount. Over time, the City's general fund will receive its share of approximately \$1.4 million (34%) of the savings resulting from the increase in the residual tax increment. This will result in an increase in City property tax revenues by approximately \$70,000 annually. There is no restriction on the expenditure of these funds.

### **Authorization Process**

To authorize the sale of the bonds, staff recommends that the Successor Agency approve the resolution authorizing the sale of the bonds in one or more series as needed to accomplish the refinancing and satisfy state law and federal tax law.

Pursuant to the resolution, the amount of tax-exempt bonds to be issued cannot exceed \$21.5 million (to pay off \$21.2 million outstanding 2003 Series A Bonds and pay the costs to issue the bonds) and the amount of taxable bonds to be issued cannot exceed \$6.5 million (to pay off \$6.0 million outstanding 2003 Series B Bonds and pay the costs to issue the bonds). However, bonds will only be issued in the amount needed to accomplish the refinancing and pay costs, even if the authorized amount is higher.

The resolution also approves the form of an Indenture of Trust, which will govern the terms for repaying the Refunding Bonds, and the form of the instructions for the early pay off of the 2003 Bonds.

Once the Department of Finance (DOF) has authorized the Successor Agency to proceed (as described below), staff will return to the Successor Agency Board with additional bond documents for approval relating to the sale of the bonds. These documents will not need to be presented to DOF.

### **Other Approvals**

Pursuant to the Dissolution Act, the Oversight Board must approve the Successor Agency's action taken to refinance the 2003 Bonds. The Oversight Board action is then subject to approval by the DOF. DOF has 60 days to respond to the request for approval, so it will be quite a while before the bonds can be issued.

While the Successor Agency will take future actions with respect to the sale of the bonds, only this initial action is subject to approval by the Oversight Board and DOF.

**FISCAL IMPACTS:** The refinancing of the 2003 Bonds is expected to generate additional property tax available to the City's general fund of \$1.4 million over 20 years. This estimate is based on today's interest rates. Because of the multi-layered approvals required under the Dissolution Act, staff does not expect the bonds will be issued until late May or early June. If

interest rates increase or decrease, the savings will change accordingly. Staff will update the Successor Agency Board as the sale date for the bonds gets closer.

The costs to issue the combined not-to-exceed \$27 million tax-exempt and taxable Refunding Bonds is approximately \$340,000. This cost is paid from the bond proceeds and the debt service savings estimates already factor in the costs to be paid. The costs include bond counsel, financial advisor, disclosure counsel, rating agency fees, the underwriting commission and other miscellaneous fees. The City will also be reimbursed for staff time.

**GOAL ALIGNMENT:** Pursuit of additional revenues where and when available to the City.

**CONSEQUENCES OF NOT FOLLOWING RECOMMENDED ACTION:** Potential loss to the General Fund of increased residual property tax.

**FOLLOW UP ACTION:** A subsequent resolution will be required to approve bond sale documents.

**ADVERTISING, NOTICE AND PUBLIC CONTACT:** This item was properly posted pursuant to the Brown Act.

**ATTACHMENTS:** Resolution and Debt Service Savings Analysis required under Health and Safety Code Section 34177.5