



DISCUSSION

San Bernardino City Housing Authority Request for Housing Authority Action

Date: May 15, 2024

To: Honorable Chairperson and Housing Authority Commissioners

Subject: **Authorizing the Execution of a Joint Exercise Powers Agreement with the City of San Bernardino and Adopting Resolution No. SBHA/2024-1 of the San Bernardino City Housing Authority Authorizing the City of San Bernardino Financing Authority**

Recommendation:

It is recommended that the San Bernardino City Housing Authority:

1. Authorize the execution of the Joint Exercise Power Agreement between the San Bernardino City Housing Authority and the City of San Bernardino; and
2. Adopt Resolution SBHA/2024-1 of the San Bernardino City Housing Authority authorizing the creation of the City of San Bernardino Financing Authority and certain other matters pertaining thereto.

Executive Summary

Staff have been working to identify alternative ways to pay for a potential seismic retrofit and renovation of the City Hall (and potentially other capital improvement projects of the City). To that end, the City of San Bernardino ("City") and the City of San Bernardino Housing Authority ("Housing Authority") seek to use lease revenue obligations to finance the projects. To issue lease revenue bonds, the City and the Housing Authority would need to enter into a Joint Exercise of Powers Agreement ("JEPA") and form a Joint Powers Authority ("JPA"). The joint powers authority is proposed to be called the City of San Bernardino Financing Authority ("Financing Authority") and the Financing Authority will issue the lease revenue bonds.

Background

San Bernardino City Housing Authority

On May 5, 2003, the Mayor and Common Council adopted Resolution No. 2003-105 (Attachment 3) declaring a need to create a San Bernardino City Housing Authority ("Housing Authority") for the purpose of facilitating redevelopment of residential neighborhoods in the City. On July 9, 2003, the Housing Authority unanimously adopted Bylaws (Attachment 4) that stated the governing board shall be called "Board Commissioners" consisting of the Chairperson (the Mayor), a Vice-Chairperson (the

Mayor Pro Tempore), and seven (7) Commissioners (the City Council). The Chairperson shall preside at all meetings of the Board of Commissioners of the Authority but shall not be entitled to a vote.

Joint Exercise of Powers Act

The Joint Exercise of Powers Act, Government Code section 6500 et seq. ("Act") permits public agencies to enter into a joint exercise of powers agreement to form a separate governmental entity to jointly exercise powers common to the member agencies. (Government Code Section 6502). The parties to the JEPA may create a separate legal entity (i.e. a joint powers authority) under the JEPA to administer the agreement. Additionally, the joint powers authorities have the power to issue bonds secured by local revenues, in the case of the City, lease revenues. This is a commonly utilized financing mechanism for cities throughout the State of California.

San Bernardino City Hall

San Bernardino City Hall was one of the focal points of the 93-acre urban renewal Central City Project that encompassed the old Central Business District. The City Hall building was at the center of an 11-acre block that served as a civic and cultural center, which connected to the mall site by a pedestrian bridge. Completed in 1972, the design of City Hall was engendered civic pride and reflected the urban environment around it. The building consists of 6 floors, plus a mezzanine floor and basement, and offers approximately 115,000 sq. ft. of office space. It is constructed with lightweight concrete slabs, beams, and columns, and is an example of non-ductile concrete construction.

In 2007, URS Corporation was retained by the City to perform a seismic evaluation of City Hall, which concluded that the building needed seismic retrofitting. URS' evaluation identified areas of concern, which would require a more detailed evaluation for identification of risk and potential remedial strengthening. URS' assessment considered several seismic retrofit options that would reduce City Hall's vulnerability to earthquakes and provide for collapse prevention and life safety. In 2007, it was estimated that these retrofit measures would cost between \$12 million and \$15 million.

In 2015, IDS Group was retained by the City to perform a seismic evaluation of City Hall, which included the use of computer models to identify deficiencies and develop seismic retrofit designs. While the report does not explicitly state the magnitude of earthquake required to cause structural failure, it discusses City Hall's proximity to both the San Jacinto and San Andreas fault zones, noting they are capable of producing earthquakes between 6.5 and 8.0 in magnitude. IDS Group noted that the configuration and design of the building poses challenges for retrofitting the building. An interior solution will preserve the unique exterior architecture but involves significant renovation and disruption of the interior, whereas an exterior solution will significantly change the appearance of the building. In 2016, IDS estimated that a retrofit would cost approximately \$14 million; however, they cautioned that this figure could halve, or double once complete designs are prepared, and all possible costs are factored in.

In April 2016, City staff began identifying buildings to relocate staff and elected officials. Then, following increased seismic activity detected in the Salton Sea area, which raised the possibility of a major earthquake occurring, City Manager Mark Scott concluded that an emergency relocation was necessary and directed staff to find leased space as quickly as practicable. On November 21, 2016, Mr. Scott recommended vacating City Hall, stating that the building was a seismic risk based on the two prior independent evaluations, and recommended relocating to Vanir Tower.

On January 31, 2024, the Mayor and City Council received an informational report that provided an overview of the City Hall Renovation Project, the site history, a review of the seismic retrofit and renovation assessments, the design build process, and potential financing options.

Discussion

The City and the Housing Authority intend to utilize lease revenue bonds to finance capital projects. Such a financing strategy requires the creation of a Financing Authority to implement those financing strategies.

The governing body of the Financing Authority will be its Board of Directors, which will consist of the seven (7) members of the City Council, and it is through these Board Directors that the power of the Financing Authority is vested and exercised. The Financing Authority will also include Officers of the Board, which will consist of the Mayor (Chairperson), Mayor Pro Tempore (Vice Chairperson), City Manager (Executive Director), Director of Finance (Treasurer), and City Clerk (Secretary). Any regular meeting of the Financing Authority's Board of Directors shall be held at the same time and same location as regular meetings of the City Council and noticed in the same manner. The Board of Directors of the Financing Authority will conduct a regular meeting at least once each calendar year on the second Monday of December. The Financing Authority Board meetings will have separate agendas from the City Council meetings and will comply with Brown Act requirements.

Presented before the Commissioners of the San Bernardino City Housing Authority are the following items related to forming the Financing Authority and the JEPA:

- Resolution SBHA/2024-1 of the San Bernardino City Housing Authority authorizing the creation of the City of San Bernardino Financing Authority and certain other matters pertaining thereto.
- A Joint Exercise Power Agreement between the San Bernardino City Housing Authority and the City of San Bernardino.

Fiscal Impact

There is no fiscal impact associated with the execution of the joint exercise powers agreement between the San Bernardino City Housing Authority and the City of San Bernardino or adopting a resolution authorizing the creation of the City of San Bernardino Financing Authority.

Conclusion

It is recommended that the San Bernardino City Housing Authority:

1. Authorize the execution of the Joint Exercise Power Agreement between the San Bernardino City Housing Authority and the City of San Bernardino; and
2. Adopt Resolution SBHA/2024-1 of the San Bernardino City Housing Authority authorizing the creation of the City of San Bernardino Financing Authority and certain other matters pertaining thereto.

Attachments

- Attachment 1 – Joint Exercise Power Agreement between the San Bernardino City Housing Authority and the City of San Bernardino.
- Attachment 2 – Resolution No. SBHA/2024-1; of the San Bernardino City Housing Authority authorizing the creation of the City of San Bernardino Financing Authority.
- Attachment 3 - Resolution No. 2003-105 Establishment of the San Bernardino City Housing Authority
- Attachment 4 - Resolution No. SBHA/2003-1 Housing Authority Bylaws

Ward:

All Wards

Synopsis of Previous Council Actions:

None