

## SPECIAL NOTICE

Public Participation Accessibility for the City Council and Successor Agency for the Paramount Redevelopment Agency meetings scheduled for **June 8, 2021**.

Pursuant to Executive Order N-29-20, executed by the Governor of California on March 17, 2020, and as a response to mitigating the spread of Coronavirus known as COVID-19, the meeting of the City Council scheduled for **Tuesday, June 8, 2021 at 6:00 p.m.** will allow members of the public to participate and address the City Council during the open session of the meeting via live stream and/or teleconference only. Below are the ways to participate:

### View the City Council meeting live stream:

- YouTube Channel <https://www.youtube.com/user/cityofparamount>
- Spectrum Cable TV Channel 36

### Listen to the City Council meeting (audio only):

- Call (503) 300-6827 Conference Code: 986492

**Members of the public wanting to address the City Council, either during public comments or for a specific agenda item, or both, may do so by the following methods:**

- E-mail: [crequest@paramountcity.com](mailto:crequest@paramountcity.com)
- Teleconference: (562) 220-2225

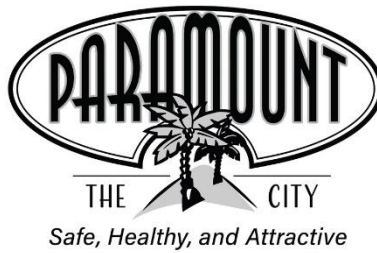
In order to effectively accommodate public participation, participants are encouraged to provide their public comments via e-mail before **5:00 p.m. on Tuesday, June 8, 2021**. The e-mail must specify the following information: 1) Full Name; 2) City of Residence; 3) Phone Number; 4) Public Comment or Agenda Item No; 5) Subject; 6) Written Comments. Comments related to a specific agenda item must be received before the item is considered and will be provided to the City Council accordingly as they are received.

Participants wishing to address the City Council by teleconference should call City Hall at **(562) 220-2225** and provide the following information: 1) Full Name; 2) City of Residence; 3) Phone Number; 4) Public Comment or Agenda Item No; 5) Subject.

Teleconference participants will be logged in, placed in a queue and called back during the City Council meeting on speaker phone to provide their comments. Persons speaking and written comments are limited to a maximum of three minutes unless an extension is granted. Please be mindful that the teleconference will be recorded as any other person is recorded when appearing before the City Council, and all other rules of procedure and decorum will apply when addressing the City Council by teleconference.

# AGENDA

Successor Agency for the Paramount Redevelopment Agency  
June 8, 2021



Adjourned Meeting  
City Hall Council Chambers  
6:00 p.m.

City of Paramount

16400 Colorado Avenue ♦ Paramount, CA 90723 ♦ (562) 220-2000 ♦ [www.paramountcity.com](http://www.paramountcity.com)

**Public Comments:** See Special Notice. Persons are limited to a maximum of 3 minutes unless an extension of time is granted. No action may be taken on items not on the agenda except as provided by law.

**Americans with Disabilities Act:** In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's office at (562) 220-2220 at least 48 hours prior to the meeting to enable the City to make reasonable arrangements to ensure accessibility to this meeting.

**Note:** Agenda items are on file in the City Clerk's office and are available for public inspection during normal business hours. Materials related to an item on this Agenda submitted after distribution of the agenda packet are also available for public inspection during normal business hours in the City Clerk's office. The office of the City Clerk is located at City Hall, 16400 Colorado Avenue, Paramount.

## Notes

CALL TO ORDER:

Mayor Brenda Olmos

ROLL CALL OF  
COUNCILMEMBERS:

Councilmember Isabel Aguayo  
Councilmember Laurie Guillen  
Councilmember Peggy Lemons  
Vice Mayor Vilma Cuellar Stallings  
Mayor Brenda Olmos

## PUBLIC COMMENTS

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## **CONSENT CALENDAR**

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All items under the Consent Calendar may be enacted by one motion. Any item may be removed from the Consent Calendar and acted upon separately by the City Council.

1. [APPROVAL OF MINUTES](#) May 4, 2021

## **NEW BUSINESS**

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2. [APPROVAL](#) Debt Management Policy
3. [REPORT](#) Introduction of the Fiscal Year 2022 Proposed Budget

## **ADJOURNMENT**

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To a meeting on June 22, 2021 at 5:00 p.m.

JUNE 8, 2021

APPROVAL OF MINUTES

SUCCESSOR AGENCY FOR THE PARAMOUNT REDEVELOPMENT  
AGENCY

MOTION IN ORDER:

APPROVE THE SUCCESSOR AGENCY FOR THE PARAMOUNT  
REDEVELOPMENT AGENCY MINUTES OF MAY 4, 2021.

MOTION:

MOVED BY: \_\_\_\_\_

SECONDED BY: \_\_\_\_\_

[ ] APPROVED

[ ] DENIED

ROLL CALL VOTE:

AYES: \_\_\_\_\_

NOES: \_\_\_\_\_

ABSENT: \_\_\_\_\_

ABSTAIN: \_\_\_\_\_

**SUCCESSOR AGENCY FOR THE  
PARAMOUNT REDEVELOPMENT AGENCY  
MINUTES OF A REGULAR MEETING  
MAY 4, 2021**

City of Paramount, 16400 Colorado Avenue, Paramount, CA 90723

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**CALL TO ORDER:** The meeting of the Successor Agency for the Paramount Redevelopment Agency was called to order by Mayor Brenda Olmos at 8:46 p.m. at City Hall, Council Chambers, 16400 Colorado Avenue, Paramount, California.

**ROLL CALL OF COUNCILMEMBERS:** Present: Councilmember Isabel Aguayo  
Councilmember Peggy Lemons  
Vice Mayor Vilma Cuellar Stallings  
Mayor Brenda Olmos

Absent: Councilmember Laurie Guillen

It was moved by Vice Mayor Cuellar Stallings and seconded by Councilmember Aguayo, to excuse Councilmember Guillen's absence. The motion was passed by the following roll call vote:

**AYES:** Councilmembers Aguayo, Lemons;  
Vice Mayor Cuellar Stallings; and  
Mayor Olmos  
**NOES:** None  
**ABSENT:** Councilmember Guillen  
**ABSTAIN:** None

**STAFF PRESENT:** John Moreno, City Manager  
John E. Cavanaugh, City Attorney  
Andrew Vialpando, Assistant City Manager  
John Carver, Planning Director  
Adriana Figueroa, Public Works Director  
David Johnson, Com. Serv. & Recreation Director  
Karina Liu, Finance Director  
Rebecca Bojorquez, Management Analyst  
Steve Coumparoules, Management Analyst  
John King, Assistant Planning Director  
Heidi Luce, City Clerk  
Anthony Martinez, Management Analyst II  
Daniel Martinez, Information Technology Analyst I  
Elida Zaragoza, Information Technology Specialist

### **PUBLIC COMMENTS**

There were none.

### **CONSENT CALENDAR**

1. APPROVAL OF  
MINUTES  
April 6, 2021

It was moved by Councilmember Lemons and seconded by Vice Mayor Cuellar Stallings to approve the Successor Agency for the Paramount Redevelopment Agency minutes of April 6, 2021. The motion was passed by the following roll call vote:

AYES: Councilmembers Aguayo, Lemons;  
Vice Mayor Cuellar Stallings; and  
Mayor Olmos  
NOES: None  
ABSENT: Councilmember Guillen  
ABSTAIN: None

### **ADJOURNMENT**

There being no further business to come before the Successor Agency for the Paramount Redevelopment Agency, Mayor Olmos adjourned the meeting at 8:47 p.m. to a meeting on June 1, 2021 at 6:00 p.m.

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Brenda Olmos, Mayor

ATTEST:

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Heidi Luce, City Clerk

JUNE 8, 2021

APPROVING A DEBT MANAGEMENT POLICY

MOTION IN ORDER:

APPROVE THE DEBT MANAGEMENT POLICY.

MOTION:

MOVED BY: \_\_\_\_\_

SECONDED BY: \_\_\_\_\_

☐ APPROVED

☐ DENIED

ROLL CALL VOTE:

AYES: \_\_\_\_\_

NOES: \_\_\_\_\_

ABSENT: \_\_\_\_\_

ABSTAIN: \_\_\_\_\_



**To:** Honorable Successor Agency for the  
Paramount Redevelopment Agency Board

**From:** John Moreno, City Manager

**By:** Karina Lam, Finance Director

**Date:** June 8, 2021

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**Subject: UPDATE ON THE CITY'S DEBT MANAGEMENT AND APPROVING A  
DEBT MANAGEMENT POLICY**

An oral report will be presented to provide information on how the City handles its debt including Other Post-Employment Benefits (OPEB) and Pension Obligations.

In 2017, the State Legislature adopted SB 1029, which requires municipalities to adopt local debt policies before issuing new debt. The policies are required to include specified provisions concerning the use of debt. The City and its related financing entities will be required to certify that any contemplated future debt issuance is consistent with these local debt policies.

The Debt Policy has been developed to provide guidance in the issuance and management of debt by the City or its related entities and is intended to comply with Government Code Section 8855(i), effective on January 1, 2017. The main objectives of the Debt Policy are to establish conditions for the use of debt, to ensure that debt capacity and affordability are adequately considered; to minimize the City's interest and issuance costs, to maintain the highest possible credit rating, to provide complete financial disclosure and reporting, and to maintain financial flexibility for the City.

In addition to describing the purposes for which debt may be issued and the types of debt that may be issued, the Debt Policy includes the following sections, as required by SB 1029:

- The relationship of the debt to, and integration with, the City's capital improvement program or budget, if applicable.
- Policy goals related to the City's planning goals and objectives.
- The internal control procedures that the City has implemented, or will implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use.

The Debt Policy formalizes the City's existing process for issuance of debt.



Attached for your review is the Debt Management Policy.

**RECOMMENDED ACTION**

It is recommended that the Successor Agency for the Paramount Redevelopment Agency approve the Debt Management Policy.

## **DEBT MANAGEMENT POLICY**

This Debt Management Policy (the “Debt Policy”) of the City of Paramount (the “City”) was approved by the City Council on June 8, 2021. The Debt Policy may be amended pursuant to resolution by the City Council, as it deems appropriate from time to time, in the prudent management of the debt of the City.

This Debt Policy will also apply to any debt issued by the Successor Agency to the former Paramount Redevelopment Agency (“Successor Agency”), or any other public agency for which the City Council of the City acts as its legislative body.

The Debt Policy has been developed to provide guidance in the issuance and management of debt by the City of Paramount or its related entities and is intended to comply with Government Code Section 8855(i), effective on January 1, 2017. The main objectives are to establish conditions for the use of debt; to ensure that debt capacity and affordability are adequately considered; to minimize the City’s interest and issuance costs; to maintain the highest possible credit rating; to provide complete financial disclosure and reporting; and to maintain financial flexibility for the City.

Debt, when properly issued and managed, is a critical element in any financial management program. It assists in the City’s effort to allocate limited resources to provide the highest quality of service to the public. The City understands that poor debt management can have ripple effects that hurt other areas of the City. On the other hand, a properly managed debt policy promotes economic growth and enhances the vitality of the City of Paramount for its residents and businesses.

### **1. Objectives**

This Debt Policy shall govern all debt undertaken by the City. The City hereby recognizes that a fiscally prudent debt policy is required in order to:

- Maintain the City’s sound financial position.
- Ensure the City has the flexibility to respond to changes in future service priorities, revenue levels, and operating expenses.
- Protect the City’s credit-worthiness.
- Ensure that all debt is structured in order to protect both current and future taxpayers, ratepayers and constituents of the City.
- Ensure that the City’s debt is consistent with the City’s planning goals and objectives and capital improvement program or budget, as applicable.

- Encourage those that benefit from a facility/improvement to pay the cost of that facility/improvement without the need for the expenditure of limited general fund resources.

## **2. Policies**

### **A. Purposes For Which Debt May Be Issued**

The City will consider the use of debt financing primarily for capital improvement projects (CIP) when the project's useful life will equal or exceed the term of the financing and when resources are identified sufficient to fund the debt service requirements. One exception to this CIP driven focus is the issuance of short-term instruments such as tax and revenue anticipation notes, which are to be used for prudent cash management purposes and conduit financing, as described below. Bonded debt should not be issued for projects with minimal public benefit or support, or to finance normal operating expenses. However, pension obligation bonds may be used to finance the unfunded actuarial liability, which will prepay a long-term liability that is generally a charge against current operating expenditures.

If a department has any project which is expected to use debt financing, the Department Director is responsible for expeditiously providing the City Manager and the Director of Finance with reasonable cost estimates, including specific revenue accounts that will provide payment for the debt service. This will allow an analysis of the project's potential impact on the City's debt capacity and limitations. The department director shall also provide an estimate of any incremental operating and/or additional maintenance costs associated with the project and identify sources of revenue, if any, to pay for such incremental costs.

(i) Long-Term Debt. Long-term debt may be issued to finance or refinance the construction, acquisition, and rehabilitation of capital improvements, facilities, equipment, pension obligation bonds, and land to be owned and/or operated by the City.

(a) Long-term debt financings are appropriate when the following conditions exist:

- When the project to be financed is necessary to provide basic services.
- When the project to be financed will provide benefit to constituents over multiple years.
- When total debt does not constitute an unreasonable burden to the City and its taxpayers and ratepayers.

- When the debt is used to refinance outstanding debt in order to produce debt service savings or to realize the benefits of a debt restructuring.
- (b) Long-term debt financings will not generally be considered appropriate for current operating expenses and routine maintenance expenses. However, long-term debt may be issued if the debt will prepay a long-term liability that is generally a charge against current operating expenditures.
- (c) The City may use long-term debt financings for capital improvement projects subject to the following conditions:
- The project to be financed has been or will be approved by the City Council.
  - The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed the average useful life of the project to be financed by more than 20%, unless specific conditions exist that would mitigate the extension of time to repay the debt and it would not cause the City to violate any covenants to maintain the tax-exempt status of such debt, if applicable.
  - The City estimates that sufficient income or revenues will be available to service the debt through its maturity.
  - The City determines that the issuance of the debt will comply with the applicable requirements of state and federal law.
  - The City considers the improvement/facility to be of vital, time-sensitive need of the community and there are no plausible alternative financing sources
- (d) Periodic reviews of outstanding long-term debt will be undertaken to identify refunding opportunities. Refunding will be considered (within federal tax law constraints, if applicable) if and when there is a net economic benefit of the refunding. Refundings which are non-economic may be undertaken to achieve City objectives relating to changes in covenants, call provisions, operational flexibility, tax status of the issuer, or the debt service profile.

In general, refundings which produce a net present value savings of at least four (4) percent of the refunded debt will be considered economically viable. Refundings which produce a net present value savings of less than four (4) percent or negative savings will be considered on a case-by-case basis, and are subject to City Council approval.

- (ii) Short-term debt. Short-term borrowing may be issued to generate funding for cash flow needs in the form of Tax and Revenue Anticipation Notes (TRAN).

Short-term borrowing, such as commercial paper, and lines of credit, will be considered as an interim source of funding in anticipation of long-term borrowing. Short-term debt may be issued for any purpose for which long-term debt may be issued, including capitalized interest and other financing-related costs. Prior to issuance of the short-term debt, a reliable revenue source shall be identified to secure repayment of the debt. The final maturity of the debt issued to finance the project shall be consistent with the economic or useful life of the project and, unless the City Council determines that extraordinary circumstances exist, must not exceed seven (7) years.

Short-term debt may also be used to finance short-lived capital projects; for example, the City may undertake lease-purchase financing for equipment, and such equipment leases may be longer than 7 years.

- (iii) Financings on Behalf of Other Entities. The City may also find it beneficial to issue debt on behalf of other governmental agencies or private third parties in order to further the public purposes of City. In such cases, the City shall take reasonable steps to confirm the financial feasibility of the project to be financed and the financial solvency of any borrower and that the issuance of such debt is consistent with the policies set forth herein. In no event will the City incur any liability or assume responsibility for payment of debt service on such debt.

## **B. Types of Debt**

In order to maximize the financial options available to benefit the public, it is the policy of the City of Paramount to allow for the consideration of issuing all generally accepted types of debt, including, but not exclusive to the following:

- General Obligation (GO) Bonds: General Obligation Bonds are suitable for use in the construction or acquisition of improvements to real property that benefit the public at large. Examples of projects include libraries, parks, and public safety facilities. All GO bonds shall be authorized by the requisite number of voters in order to pass.
- Revenue Bonds: Revenue Bonds are limited-liability obligations tied to a specific enterprise or special fund revenue stream where the projects financed clearly benefit or relate to the enterprise or are otherwise permissible uses of the special revenue. An example of projects that would be financed by a Revenue Bond would be improvements to a water system, which would be paid back with money raised from the rates and charges to water users. Generally, no voter approval is required to issue this type of obligation but in

some cases, the City must comply with proposition 218 regarding rate adjustments.

- Lease-Backed Debt/Certificates of Participation (COP/Lease Revenue Bonds): Issuance of Lease-backed debt is a commonly used form of debt that allows a City to finance projects where the debt service is secured via a lease agreement and where the payments are budgeted in the annual budget appropriation by the City from the general fund. Lease-Backed debt does not constitute indebtedness under the state or the City's constitutional debt limit and does not require voter approval. Lease Revenue Bonds may be issued by the City's Financing Authority on behalf of the City.
- Pension Obligation Bonds: Pension Obligation Bonds are obligations issued to prepay the City's unfunded actuarial liability to the California Public Employees Retirement System, a long-term liability. The payments are paid from the general fund. Issuance of Pension Obligation Bonds requires judicial validation to secure the debt service without the need to issue lease revenue bonds, since these are obligations "imposed by law." These obligations do not constitute indebtedness under the state constitutional debt limitation and, therefore, are not subject to voter approval.
- Special Assessment/Special District Debt: The City will consider requests from developers for the use of debt financing secured by property based assessments or special taxes in order to provide for necessary infrastructure for new development only under strict guidelines adopted by the City Council, which may include minimum value-to-lien ratios and maximum tax burdens. Examples of this type of debt are Assessment Districts (AD) and Community Facilities Districts (CFD) or more commonly known as Mello-Roos Districts. In order to protect bondholders as well as the City's credit rating, the City will also comply with all State guidelines regarding the issuance of special district or special assessment debt, as well as any policy required to be adopted under Government Code Section 53312.7.
- Tax Allocation Bonds: Tax Allocation Bonds are special obligations that are secured by the allocation of tax increment revenues that are generated by increased property taxes in the designated redevelopment area. Tax Allocation Bonds are not debt of the City. Due to changes in the law affecting California Redevelopment agencies with the passage of ABX1 26 (as amended, the Dissolution Act) as codified in the California Health and Safety Code, the Community Development Commission of the City of Paramount (RDA) was dissolved as of February 1, 2012, and its operations substantially eliminated but for the continuation of certain enforceable RDA obligations to be administered by the Successor Agency. The Successor Agency may issue Tax Allocation Bonds to refinance outstanding obligations of the RDA, subject to limitations included in the Dissolution Act.

The City may from time to time find that other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment of this Debt Policy.

To maintain a predictable debt service burden, the City will give preference to debt that carries a fixed interest rate. An alternative to the use of fixed rate debt is variable rate debt. The City may choose to issue securities that pay a rate of interest that varies according to a pre-determined formula or results from a periodic remarketing of securities. When making the determination to issue bonds in a variable rate mode, consideration will be given in regards to the useful life of the project or facility being financed or the term of the project requiring the funding, market conditions, credit risk and third party risk analysis, and the overall debt portfolio structure when issuing variable rate debt for any purpose. The maximum amount of variable-rate debt should be limited to no more than 20 percent of the total debt portfolio.

The City will not employ derivatives, such as interest rate swaps, in its debt program. A derivative product is a financial instrument which derives its own value from the value of another instrument, usually an underlying asset such as a stock, bond, or an underlying reference such as an interest rate. Derivatives are commonly used as hedging devices in managing interest rate risk and thereby reducing borrowing costs. However, these products bear certain risks not associated with standard debt instruments.

### **C. Relationship of Debt to Capital Improvement Program and Budget**

The City intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the City's capital budget and the capital improvement plan.

The City shall strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through the expenditure of available operating revenues. The City shall seek to avoid the use of debt to fund infrastructure and facilities improvements that are the result of normal wear and tear, unless a specific revenue source has been identified for this purpose, such as Gas Tax funds.

The City shall integrate its debt issuances with the goals of its capital improvement program by timing the issuance of debt to ensure that projects are available when needed in furtherance of the City's public purposes.

The City shall seek to issue debt in a timely manner to avoid having to make unplanned expenditures for capital improvements or equipment from its general fund.

#### **D. Policy Goals Related to Planning Goals and Objectives**

The City is committed to financial planning, maintaining appropriate reserve levels and employing prudent practices in governance, management and budget administration. The City intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the City's annual operating budget.

It is a policy goal of the City to protect taxpayers, ratepayers and constituents by utilizing conservative financing methods and techniques so as to obtain the highest practical credit ratings (if applicable) and the lowest practical borrowing costs.

The City will comply with applicable state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related taxes, assessments, rates and charges.

When refinancing debt, it shall be the policy goal of the City to realize, whenever possible, and subject to any overriding non-financial policy considerations minimum net present value debt service savings equal to or greater than 4% of the refunded principal amount.

#### **E. Internal Control Procedures**

When issuing debt, in addition to complying with the terms of this Debt Policy, the City shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds.

The City will periodically review the requirements of and will remain in compliance with the following:

- any continuing disclosure undertakings under SEC Rule 15c2-12,
- any federal tax compliance requirements, including without limitation arbitrage and rebate compliance, related to any prior bond issues, and
- the City's investment policies as they relate to the investment of bond proceeds.

Whenever reasonably possible, proceeds of debt will be held by a third-party trustee and the City will submit written requisitions for such proceeds. The City will submit a requisition only after obtaining the signature of the City Manager or the Director of Finance.



## **F. Waivers of Debt Policy**

There may be circumstances from time to time when strict adherence to a provision of this Debt Policy is not possible or in the best interests of the City and the failure of a debt financing to comply with one or more provisions of this Debt Policy shall not affect the validity of any debt issued by the City in accordance with applicable laws.

JUNE 8, 2021

## INTRODUCTION OF THE FISCAL YEAR 2022 PROPOSED BUDGET

MOTION IN ORDER:

ESTABLISH JUNE 22<sup>ND</sup> FOR FURTHER REVIEW AND ADOPTION OF  
THE FISCAL YEAR 2022 PROPOSED BUDGET.

MOTION:

MOVED BY: \_\_\_\_\_

SECONDED BY: \_\_\_\_\_

[ ] APPROVED

[ ] DENIED

ROLL CALL VOTE:

AYES: \_\_\_\_\_

NOES: \_\_\_\_\_

ABSENT: \_\_\_\_\_

ABSTAIN: \_\_\_\_\_



**To:** Honorable Successor Agency for the  
Paramount Redevelopment Agency Board

**From:** John Moreno, City Manager

**By:** Karina Liu, Finance Director  
Clyde Alexander, Assistant Finance Director

**Date:** June 8, 2021

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**Subject: INTRODUCTION OF THE FISCAL YEAR 2022 PROPOSED BUDGET**

A copy of the Successor Agency for the Paramount Redevelopment Agency's Fiscal Year 2022 Proposed Budget is included with your agenda. Overall, we are presenting a budget which maintains our many programs and services. We will present a general overview of the FY 2022 Budget at tonight's City Council meeting.

A detailed budget review and the adoption of the budget will be held at the June study session, which is scheduled for Tuesday, June 22<sup>nd</sup>.

**RECOMMENDED ACTION**

It is recommended that the Successor Agency for the Paramount Redevelopment Agency Board meet on June 22<sup>nd</sup> for further review and adoption of the Fiscal Year 2022 Proposed Budget.