



City of Mission Viejo

Date: October 24, 2023
To: City Council
From: Keith Rattay, Assistant City Manager
For: City Council Meeting
Subject: LOS OSOS Go Forward Plan

EXECUTIVE SUMMARY

City of Mission Viejo Staff proposes the following "Go Forward Plan." This plan identifies the following areas of the project to be implemented primarily based on available funding:

PHASE	SITE PLAN AREA
1	North Paseo from Marguerite Parkway to the front of the current MART building
2	Renovation of the Mart building, Entertainment Plaza and initial efforts of the Urban Alley
3	Urban Alley Plaza and Creekside Entertainment Plaza
4	Bridge Plaza/Bridge and Event Barn
5	Marguerite Parkway Lookout and La Paz Bridge

*The actual phasing will best be determined based on available funding and funding sources in future years. Some of the work along the Oso Creek Trail can be done within existing operating budgets and community volunteer project similar to what has been accomplished over the last 25 years.

Go Forward - Phase I (Q4-23 thru Q3-26)

Funding

The intent of Phase I is to fund the first phase primarily with the funds remaining from the sale of the 2021 bonds and to use general funds for the balance of the cost. The general fund request would be in the range of \$200,000 to \$900,000 and could be funded using remaining fund balances from the 2024-2025 fiscal year.

2021 Bond Sales Remaining Budget

In December 2021, the City of Mission Viejo sold bonds valued at \$19,000,000 to purchase the Stein Mart Building and the adjacent land.

Budget	\$19,000,000
Cost of Building	\$11,900,000
Cost of Consultants	\$1,065,558.60
Misc. Costs	\$28,009.48
Total Expenditures	\$12,993,568.10
Total Available for Phase I	\$6,006,431.92

Estimate of Probable Construction Cost for Phase I

Implement Phase I

Design and Environmental Clearance (December 2023 thru Q1-25)

Construction (Q2-25 thru Q3-26)

Area	Description	Estimated Cost
North Paseo Entrance	Marguerite to driveway (4-Way Stop)	\$1,316,615
North Paseo North Paseo	Driveway (4-Way Stop) to front of retail building and renovated parking lot	\$3,602,805
Subtotal	North Paseo	\$4,919,420
General Conditions, Insurance, Design, Contingency, Bonds (7%)		\$344,359
Fee (4%)		\$210,551
General Liability Insurance (.95%)		\$52,006
Construction Total		\$5,526,337
Construction Contingency (5%)		\$276,317

Escalation (.5%/mo./12 months)		\$331,500
Construction Cost + Contingency + Escalation		\$6,134,234
Cost of Bond (1%)		\$61,342
Estimated Project Total Budget Phase I		\$ 6,195,576

Note: Phase I – Implementing the North Paseo meets the federally required ADA laws by providing an accessible route from the public right-of-way to the store fronts and LOS OSOS.

Subsequent phases as outlined above can be implemented as funding becomes available.

Go Forward - Phase II (Q1-27 thru Q4-29)

Phase II is recommended to be the renovation of the MART building and the initial phases of the Urban Alley and Entertainment Plaza between the transformed MART buildings. This phase will allow the North Paseo, the retail and the Urban Alley to be connected and to activate the rear of the building towards the Oso Creek. Exhibit D, Summary of Retail Partner Search, recommends the Economic Development Committee continue the conversation with the LABco to determine available funding options, the terms of an agreement and the next steps to ensure that Phase II will continue to move forward. The business relationship with the Retail Partner will be defined in future, ongoing discussions with the LABco. The timing of this phase can be adjusted based on funding mechanisms and the approved business relationship with the City retail partner.

Go Forward - Phases III to V

Implementation of Phases III - V can occur as alternate funding sources are identified and become available. The City of Mission Viejo is continually applying for grants and seeking opportunities to fund City projects using outside funding.

Available Funding for Subsequent Phasing

The City of Mission Viejo currently holds two existing bond obligations that are scheduled to mature within the next 5 -7 years: the 1999 Mall Revenue Bonds for the parking structure will mature on September 1, 2028 and the 2016 Lease Revenue Bonds for the refinancing of City Hall will mature on May 1, 2031. With these upcoming maturities, the following table reflects potential future resources currently dedicated to 1999 and 2016 bond debt service payments that could fund future phases of LOS OSOS.

Projected Future Resources

Bond Issue	27/28	28/29	29/30	30/31	31/32 and thereafter
1999	\$0	\$1,262,000	\$291,500	\$291,500	\$291,500
2016	\$185,000	\$185,000	\$185,000	\$185,000	\$1,135,000
Projected Totals	\$185,000	\$1,447,000	\$476,500	\$476,500	\$1,426,500

Table Notes:

- 2016 bonds annual payment declines \$185,000 per year beginning in FY 27/28.
- In the year that the 1999 bonds mature (FY 28/29), the City can keep the mall bond sales tax that would have been remitted In December 2028 (projected amount is \$500,000) and is expected to receive any remaining balances retained by the trustee from sales tax (projected amount is \$615,000).
- The Mall Bonds mature on Sept 1, 2028. Therefore, the Successor Agency (SA) should dissolve at that time, or shortly thereafter, resulting in Recognized Obligation Payment Schedule (ROPS) enforceable obligations (EO) to be 50% of prior year EO's. The City will receive approximately 15.17% of additional tax increment available for distribution in FY 28/29 (projected amount is \$971,000 or \$147,000).
- Annual approved ROPS EO's are approximately \$1.9M. City is projected to receive 15.17% of this amount each year, post dissolution, or \$291,500.
- FY 31/32 is the first full fiscal year with no 1999 or 2016 bond obligations.

Note: The City of Mission Viejo funding capabilities are not limited to using the remaining bond debt service payments. The maturity dates have been identified above to indicate that there could be additional resources available to fund future phases of LOS OSOS. City staff is not recommending additional debt financing at this time until the interest rates decline making the terms of the debt financing more favorable.