

Children's Wing Jeopardized

Council Attempts to Untangle Legal Web Postponing Funds

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New tax laws and a tricky legal obstacle may mean funding problems for a proposed children's wing addition at the Huntington Beach Central Library.

Despite efforts by council, funds earmarked for the addition could be frozen by an obscure and often misunderstood legal technicality known as arbitrage.

Arbitrage is the difference between interest earnings on reserve funds and interest payments on bonds issued by cities.

The Internal Revenue Service will only allow up to 15 percent of the proceeds of a bond issue to be placed with Public Facilities Corporations.

If the amount exceeds the 15 percent mark, bond holders may lose their tax exempt status and could sue the city.

Thus, the problem facing Huntington Beach:

Money for the construction had been placed with the Public Facilities Corporation but the city was informed that the \$1.1 million would have to be moved to the general fund to avoid penalties.

At the regular meeting of Dec. 1, 1986, council acted to request the PFC to return the excess funds to the city. Council also indicated that the returned funds would be identified as reserved for the library pending a study of library needs.

City Administrator Paul Cook told council that since that meeting, the staff has been attempting to resolve the matter and return the funds.

But the PFC has chosen instead to transfer the money to a construction fund for "changes, alterations and additions to the project", pending further input from the city.

The problem with the PFC's action is that there is no city approved construction project for the \$1.1 million.

Cook suggested to council that they make a motion to establish a line item in either the 1987-88 or 1988-89 budget.

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Council...

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Council, heeding the requests of several speakers in favor of the library expansion, voted to instruct the staff to notify the PFC that there is no approved capital improvement project for the Central Library and that the council wants the funds released to the city and they will be earmarked for the addition.

Council also voted to:

- Approve the pay increase requested by Connie Brockway, Deputy City Clerk II. Brockway has been acting city clerk due to the illness of the elected city clerk, Alicia Wentworth.

- Approve a controversial conditional use permit and parking variance for Adel Zeidan.

- Zeidan filed an appeal with council after planning commissioners denied his request. He was asking council to approve a permit to sell alcoholic beverages at an existing convenience market

run over and they can take full liability if it does. I'm still worried about it and we will continue to investigate it. It's nice of the county to assume full liability," Bannister said.

Hart said that he doesn't know why the contractor build the bank higher on one side.

"We have no way of even knowing how long it has been like this. One reason it has been noticed now is that a row of Oleanders was cut down to make way for an access road," Hart explained.

in conjunction with a request to permit five parking spaces in lieu of the required 12 spaces.

- Council voted 4-3 to allow Zeidan to sell alcohol on the premises by using an adjacent alley as access to the store. Council members Grace Winchell, Ruth Finley and Peter Green voted no.

- Rescind a previous resolution on the advice of a Orange County Superior Court Judge, 6-0, with Bannister out of the room.

The resolution established a pierhead line in the Davenport Marina. The judge ruled that it should be set aside because a public hearing had not been held to consider the matter.

Several residents from the harbor area spoke to council and asked them not to allow side ties for boats as requested by marina owner John Stanko as it made the channel very narrow.

Council voted 5-1, Mayor Jack Kelly voting no, to adopt Resolution 5801, which establishes a pierhead line along the outer edges of the existing docks at the narrow section of the navigable channel and 13 feet from the outer edges of the docks, in the wide part of the channel.

This action will allow the marina to maintain two end tie moorings and eliminate tow. The minimum navigable channel width will be 70 feet.

- Approved the housing assistance plan for 1987-88 federal fiscal year as submitted by staff and authorize the staff to submit same to the U.S. department of Housing and Urban Development. This plan identifies the city goals for federal assistance.

