



Legislation Text

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Staff Report for a Resolution of the Successor Agency to the Redevelopment Agency of the City of San Leandro Adopting a Recognized Obligation Payment Schedule (ROPS) for the Period July 1, 2017 - June 30, 2018, Pursuant to Health and Safety Code Section 34177(I)

RECOMMENDATIONS

Staff recommends that the governing board of the Successor Agency to the Redevelopment Agency of the City of San Leandro adopt a Resolution approving a Recognized Obligation Payment Schedule for the period from July 1, 2017 through June 30, 2018.

BACKGROUND

Pursuant to Assembly Bill x1 26, on January 9, 2012, the City Council affirmed its decision to have the City serve as the Successor Agency to the former Redevelopment Agency (Agency). Assembly Bill 1484, passed by the State Legislature on June 27, 2012, modified AB x1 26 to clarify that successor agencies are separate legal entities from the city that formed the redevelopment agency. Under Senate Bill 107, introduced and passed by the State Legislature on September 11, 2015, the Successor Agency is obligated to prepare a Recognized Obligation Payment Schedule (ROPS) every fiscal year that lists all enforceable obligations payable during that twelve month period. This differs from the previous requirement to prepare a ROPS for every six-month period. Approval of the ROPS by the Successor Agency Oversight Board is also required prior to submission to the California Department of Finance (DOF). The Successor Agency can only pay obligations that are listed on the ROPS and approved by the DOF.

Analysis

A primary responsibility of the Successor Agency is to oversee the payment of Enforceable Obligations. Enforceable Obligations are defined as:

- Bonds including debt service reserve set asides and any other required payments;
- Loans borrowed by the Agency;
- Payments required by the federal or state governments;
- Pension and unemployment payments for Agency employees;
- Judgments, settlements or binding arbitration decisions; and
- Any legally binding and enforceable contract that does not violate the debt limit or public policy.

City-Agency Agreements

Following a lawsuit, in 2015 the California Department of Finance (DOF) determined that previously denied agreements between the Redevelopment Agency and City would now be recognized as

enforceable obligations. These obligations include a loan from the City to the former Redevelopment Agency and Cooperative Agreements for over \$9.1 million in capital projects. Beginning with the ROPS 15-16B, the Successor Agency has been placing these obligations on the ROPS for repayment to the City.

The City-Agency Agreements and their payment history are below (according to ROPS Obligation #).

- #9: Loan from the City General Fund to the Joint Redevelopment Project Area
 - Beginning Balance: \$2.1 million
 - ROPS 15-16B: payment of \$1,782,444
 - ROPS 16-17: payment of the remaining \$432,632
- #27: Cooperative Agreement for the Eden Road construction project
 - Beginning Balance: \$1,500,000
 - ROPS 15-16B: payment of the full agreement amount
- #28: Cooperative Agreement for the Doolittle Drive streetscape project
 - Beginning Balance: \$4,191,611
 - ROPS 16-17: payment of the first installment of \$400,000
 - Future ROPS: will request funding for the remaining phases (\$3,791,611)
- #29: Cooperative Agreement for the MacArthur Boulevard streetscape project
 - Beginning Balance: \$1,274,134
 - ROPS 16-17: payment of the full agreement amount
- #30: Cooperative Agreement for the Hays Street streetscape project
 - Beginning Balance: \$2,000,000
 - ROPS 17-18: requests the full agreement amount

Plaza Loan

In 2004, the City and the Redevelopment Agency approved a promissory note and a loan of \$2.6 million from the City to the Plaza Redevelopment Project Area. In 2011, the Agency made payments of \$2.4 million to retire that obligation prior to the elimination of the Redevelopment Agency; however, those payments were ultimately reversed when a court ruling determined that the dissolution law retroactively reversed all payments made after January 1, 2011, on City-Agency funding agreements.

When the dissolution law was amended by SB 107 in 2015, the Agency gained the ability to reinstate the loan subject to several conditions outlined in the staff report for that item. An amended loan agreement and promissory note was approved at the January 19, 2016 City Council meeting. Following approval by the Oversight Board and the DOF, it became an enforceable obligation on the ROPS 16-17.

Over the next seven years, the Agency anticipates making approximately \$3 million in payments to

the City General Fund to retire this obligation. Payment of this reinstated loan owed by the Plaza Project Area to the City General Fund, is included in ROPS 17-18 for the first time.

Excess Bond Proceeds

On September 1, 2008, the Redevelopment Agency of the City of San Leandro issued the Alameda County-City of San Leandro Redevelopment Project Tax Allocation Bonds, Series 2008, in the original principal amount of \$27,530,000 (2008 Bonds) to finance redevelopment projects in the Alameda County-City of San Leandro Redevelopment Project Area (Joint Project Area). Such projects included the design and construction of a Senior Center, a downtown parking garage, and infrastructure improvements on East 14th Street.

On October 28, 2015, the Successor Agency to the Redevelopment Agency of the City of San Leandro (Successor Agency) received its Finding of Completion. With the Finding of Completion, the Successor Agency is now able to use proceeds of Redevelopment Agency bonds that are not otherwise allocated for previously approved projects (excess bond proceeds).

The 2008 Bonds have approximately \$2.3 million in excess bond proceeds that were not committed to previously approved enforceable obligations at the time of dissolution of the Redevelopment Agency. On September 19, 2016, an Agreement was approved by the City Council authorizing an initial transfer of \$600,000 from the Successor Agency to the City of San Leandro (City) to complete improvements to the San Leandro Downtown Parking Garage.

A second agreement authorizing the transfer of the remaining approximately \$1.7 million in excess bond proceeds from the Successor Agency to the City is presented for review and approval at this regular January 17, 2017 regular meeting. The remaining excess bond proceeds will be utilized to complete capital improvements in the Joint Project Area, including improvements to the "Triangle" project at E. 14th St./Hesperian Blvd./150th St., streetscape, utility undergrounding, pedestrian, and lighting improvements along East 14th Street.

Pending approval by the City Council and the Oversight Board, the one-time transfer of 2008 Bond proceeds in the amounts of \$600,000 and \$1,764,526 are included on ROPS 17-18.

Administrative Budget

The ROPS also contains an administrative budget for the Successor Agency. Based on direction from the DOF, the amount of the administrative allowance is the greater of 3% of funds received from the Redevelopment Property Tax Trust Fund or \$250,000 annually. For the 2017-2018 ROPS period, the \$250,000 minimum will apply.

The Oversight Board is scheduled to approve this ROPS on January 18, 2017 and it will be forwarded to the DOF, the State Controller's Office and the Alameda County Auditor Controller after that action is finalized.

Previous Actions

- On January 9, 2012, the City Council affirmed its decision to have the City serve as the Successor Agency for the former Redevelopment Agency and to retain the Agency's housing

assets and functions.

- On January 19, 2016, the Successor Agency to the Redevelopment Agency of the City of San Leandro approved a Reinstated Loan Agreement between the City and the Successor Agency and Authorizing Execution of an Amended and Restated Promissory Note for the Plaza Project Loan.
- On September 19, 2016, the Successor Agency to the Redevelopment Agency of the City of San Leandro approved an Agreement with the City of San Leandro regarding the expenditure of \$600,000 of excess bond proceeds and authorizing the transfer of such proceeds to the City of San Leandro.

Fiscal Impacts

As noted above, the Enforceable Obligations listed on the ROPS are paid using funds disbursed by the County Auditor-Controller through property tax revenue deposited into the Redevelopment Property Tax Trust Fund (RPTTF). The General Fund (or any other City fund) does not bear any responsibility for the payment of approved enforceable obligations of the former Redevelopment Agency.

Attachment to Resolution

- ROPS

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