



Legislation Text

File #: 18-653, **Version:** 1

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, 2019 - June 30, 2020, Pursuant to California Health and Safety Code Section 34177(I)

RECOMMENDATIONS

Staff recommends that the City Council, acting as 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, 2019 through June 30, 2020.

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 San Leandro Redevelopment Agency (Successor 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, 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 of the enforceable obligations payable during that twelve month period. The Successor Agency can only pay obligations that are listed on the ROPS and approved by the DOF.

Approval of the ROPS by the Successor Agency Oversight Board is also required prior to submission to the California Department of Finance (DOF). Under Health and Safety Code Section 34179(j), a single Countywide Oversight Board (Oversight Board) commenced as of July 1, 2018. If approved by the governing board of the Successor Agency, the San Leandro ROPS will be brought before the Alameda Countywide Oversight Board at its January 23, 2019 meeting. Approval of both the Successor Agency and Oversight Board is required in order to submit the ROPS to the California Department of Finance by February 1, 2019.

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.

Funding is requested for the following Enforceable Obligations on the Fiscal Year 2019-2020 ROPS:

- Urban Analytics - \$6,500
 - Consultant performing continuing disclosure requirements for bonds and fiscal analysis of tax enforcement
- 232 East 14th Street Senior Housing - \$55,908
 - *Final* annual debt service payment for HUD Section 108 Loan per payment schedule
- Sales Tax Rebate Ford Store - \$225,000 estimated
 - Sales tax rebate per the 2000 Owner Participation Agreement, which rebates 50% of sales tax received above a base of \$277,000.
- Casa Verde Operating Agreement - \$151,460 estimated
 - 30 Year Annual Operating Subsidy for Mercy Housing for development of affordable housing at the former Islander Motel at 2398 E. 14th St. Payments per schedule established in 2006 Disposition and Development Agreement.
- Successor Agency Administration - \$250,000
 - Based on AB x1 26, the amount permitted to fund staff and legal costs and expenses for Successor Agency Administration is the greater of 3% of funds received from the Redevelopment Property Tax Trust Fund or \$250,000 annually. For the 2019-20 ROPS period, the \$250,000 minimum will apply.
- Doolittle Drive Streetscape Project - \$400,000
 - Per the reinstated agreement between the City and Redevelopment Agency, funds for design work for completion of the third phase of Doolittle Drive Streetscaping (between Davis St. and Fairway Dr.). Note that these funds were previously requested on the 2016-17 ROPS. However, the project was not ready to proceed and the funds were not utilized and as such returned to the State. Design work for the project is now planned to begin in FY19-20 and as such, the funds are again requested on the ROPS.
- San Leandro Improvement Association - \$10,000
 - Assessment payments for Successor Agency-owned properties in the downtown business improvement district. Actual amount to be based on annual assessment charges.
- 2001 Certificates of Participation/2013 Lease Revenue Bonds - \$544,610
 - Annual debt service payment per payment schedule.
- 2014 Tax Allocation Bonds - \$1,676,488
 - Annual debt service payment per payment schedule. 2014 bonds replaced 2002 Plaza Area and 2004 West San Leandro Area Bonds.
- Plaza Project Loan - \$2,540,917
 - Annual debt service payment from Successor Agency to City General Fund. 2004 Loan from City to Redevelopment Agency was reinstated in 2016 and payments began on the 2017-18 ROPS. Payment amounts based on residual Redevelopment Property Tax Trust Fund funding available following payment of enforceable obligations. Up to 50% of residual funds above the base residual fund level in fiscal year 2012-13 may be used to

pay off the loan.

- 2018 Tax Allocation Bonds - \$2,444,340
 - Annual debt service payment per payment schedule. 2018 bonds refinanced the 2008 Tax Allocation Bonds, which are being 'retired' on the 2019-20 ROPS. The 2018 Bonds result in savings of over \$8,126,618 over the life of the new bonds.

Payment of funds for one City-Agency Agreement remain on a future ROPS for payment. A 2011 Cooperative Agreement between the City and Redevelopment Agency allocated \$4,191,611 for continuation of the Doolittle Drive streetscape project. Following the allocation of \$400,000 requested in the 2019-20 ROPS for design work, a total of \$3,791,611 remains under the agreement and will be requested for payment during a future ROPS period to fund streetscape construction following completion of design and other pre-construction work.

If approved by the City, the ROPS will be brought before the newly consolidated Alameda County Oversight Board at its January 23, 2019 meeting. Following Oversight Board approval, it must be forwarded to the DOF, the State Controller's Office, and the Alameda County Auditor Controller no later than February 1, 2019.

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 Authorized 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.
- On January 17, 2017, 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 \$1,764,526 of excess bond proceeds and authorizing the transfer of such proceeds to the City of San Leandro.
- On December 18, 2017, the Successor Agency to the Redevelopment Agency of the City of San Leandro approved the issuance of the 2018 Tax Allocation Bonds in order to refund the outstanding 2008 Tax Allocation Bonds.
- In accordance with California Health and Safety Code Section 34179 (j), the ten oversight boards then in place in the County of Alameda consolidated into one Oversight Board commencing on and after July 1, 2018.

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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