



# City of San Leandro

Meeting Date: February 19, 2013

## Staff Report

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**File Number:** 13-049 **Agenda Section:** CONSENT CALENDAR

**Agenda Number:** 8.D.

**TO:** City Council

**FROM:** Chris Zapata  
City Manager

**BY:** Lianne Marshall  
Assistant City Manager

**FINANCE REVIEW:** Not Applicable

**TITLE:** Staff Report for Resolution of the Successor Agency to the Redevelopment Agency of the City of San Leandro Approving a Recognized Obligation Payment Schedule for July through December 2013 for Enforceable Obligations of the Former Redevelopment Agency Pursuant to Health and Safety Code Section 34177

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### 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, 2013 through December 31, 2013.

### 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 AB x1 26, the Successor Agency, is obligated to prepare a Recognized Obligation Payment Schedule ("ROPS") every six months that lists all enforceable obligations payable during the next six month period. Approval of the ROPS by the 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.

The obligations listed on the ROPS for July through December 2013 are the same as those in the previous ROPS, with three additions which are noted below.

### **City-Agency Agreements**

After the approval of each previous version of the San Leandro ROPS, the DOF exercised its right to conduct a review of the list of Enforceable Obligations. Upon completion of those reviews, the DOF informed the Successor Agency that it does not consider some items to be enforceable because AB x1 26 does not recognize agreements between a redevelopment agency and the city that created it. This determination related to a loan from the City General Fund to the Joint Redevelopment Project Area with a balance of \$2.1 million and four Cooperative Agreements to fund \$9.1 million in capital improvement projects.

In response to the DOF's initial determination, the Successor Agency and Oversight Board exercised a power granted in Health and Safety Code Section 34178 to re-authorize those agreements in May 2012. Assembly Bill 1484, which went into effect on June 27, 2012, revises that section of the code, limiting an Oversight Board's ability to re-authorize agreements. DOF's continued objection suggests that it interprets AB 1484 to have a retroactive effect on these actions.

After the denial of these agreements on the ROPS for January-June 2013, staff requested and received a meet-and-confer appointment with DOF staff and presented full documentation of the re-authorizations executed in May 2012. After that meeting, however, DOF has continued to deny the validity of these obligations. The Successor Agency's legal counsel advises that these obligations are valid and legal. No other administrative remedies are available to the Successor Agency at this point. A lawsuit to challenge the DOF's interpretation may be necessary in the future. The obligations remain on the ROPS but DOF has prohibited the Successor Agency from receiving any funding under them.

If it is unable to establish the validity of these City-Agency agreements through other means, the Successor Agency may opt to take advantage of a clause in AB 1484 which would allow repayment of loans made by cities to redevelopment agencies upon compliance with certain requirements. That clause, however, would strictly limit the amount of the payments and requires 20 percent of all payments to be dedicated to affordable housing, among other restrictions. That clause would not provide a mechanism for restoring funding for the capital projects funded through the Cooperative Agreements.

### **King Parcel Settlement**

One new obligation has been added to this version of the ROPS. That item covers the Successor Agency's obligation under a settlement agreement for a legal dispute related to a ground lease guarantee for property adjacent to Bayfair Center. The total amount of the obligation is \$7.75 million and the funding requested for this ROPS period is \$1 million. This

obligation replaces the King Ground Lease Guarantee.

### **Litigation Expenditures**

Health and Safety Code Section 34171(b) states that litigation expenses do not count against the administrative budget allowance. The Successor Agency has two active or potential claims against the DOF. Both of these matters have been added to the ROPS along with estimated expenditures.

### **Administrative Budget**

The ROPS also contains an administrative budget for the Successor Agency. Based on direction from the California Department of Finance, 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 San Leandro, the 3% factor will apply, resulting in an administrative allowance for this six-month period of \$157,000.

The Oversight Board is scheduled to approve this ROPS on February 27, 2013 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 23, 2012, the Board of the Redevelopment Agency approved the amended EOPS.
- On April 2, 2012, May 7, 2012 and July 17, 2012 the City Council, serving as governing board of the Successor Agency, adopted ROPS for previous periods.

### **Fiscal Impacts**

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

### **ATTACHMENTS**

None

**PREPARED BY:** Jeff Kay, Administrative Analyst, City Manager's Office



# City of San Leandro

Meeting Date: February 19, 2013

## Resolution - SA

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**File Number:** 13-048

**Agenda Section:** CONSENT CALENDAR

**Agenda Number:**

**TO:** City Council

**FROM:** Chris Zapata  
City Manager

**BY:** Lianne Marshall  
Assistant City Manager

**FINANCE REVIEW:** Not Applicable

**TITLE:** ADOPT: 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 - December 31, 2013, Pursuant to Health and Safety Code Section 34177(L) (approves the six month payment schedule detailing the obligations of the former Redevelopment Agency)

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WHEREAS, pursuant to Resolution No. 2012-001, adopted by the City Council of the City of San Leandro on January 9, 2012, the City of San Leandro ("City") agreed to serve as the Successor Agency to the Redevelopment Agency of the City of San Leandro (the "Successor Agency") commencing upon the dissolution of the Agency on February 1, 2012;

WHEREAS, pursuant to Health and Safety Code Section 34177(l), before each six-month fiscal period, the Successor Agency to a dissolved Redevelopment Agency is required to adopt a Recognized Obligation Payment Schedule ("ROPS") that lists all of the obligations that are "enforceable obligations" within the meaning of Health and Safety Code Section 34177, and which identifies a source of payment for each such obligation from among (i) the Low and Moderate Income Housing Fund, (ii) bond proceeds, (iii) reserve balances, (iv) the administrative cost allowance, (v) revenues from rents, concessions, interest earnings, and asset sales, and (vi) the Redevelopment Property Tax Trust Fund established by the County Auditor-Controller to the extent no other source of funding is available or payment from property tax is contractually or statutorily required;

WHEREAS, the ROPS must be concurrently submitted to the County Administrative Officer, the County Auditor-Controller, the State Department of Finance, and the Oversight Board established to review Successor Agency actions; and

WHEREAS, once the ROPS is approved by the Oversight Board, the ROPS must be posted on the Successor Agency's website and transmitted to the County Auditor-Controller, the State Controller and the State Department of Finance.

NOW THEREFORE, BE IT HEREBY RESOLVED by the governing board of the

Successor Agency to the Redevelopment Agency of the City of San Leandro that it does hereby resolve as follows:

1. The Recognized Obligation Payment Schedule (ROPS) for July 1 - December 31, 2013 attached hereto as Exhibit A is hereby approved.
2. The Executive Director or designee is authorized and directed to take all actions necessary to implement this Resolution, including without limitation, the submittal of the ROPS to the County Administrative Officer, the County Auditor-Controller, the Oversight Board, the State Department of Finance and the State Controller, and the posting of this Resolution and the ROPS on the City's website.
3. The Executive Director and the Treasurer, and their designees, are authorized and directed to take such actions as necessary and appropriate to carry out and implement the intent of this Resolution, including without limitation, the establishment of separate accounts and funds as necessary to appropriately document the receipts and expenditures of the Successor Agency.

## SUCCESSOR AGENCY CONTACT INFORMATION

### Successor Agency

ID: **11**  
County: **Alameda**  
Successor Agency: **San Leandro**

### Primary Contact

Honorific (Ms, Mr, Mrs)	
First Name	<b>Jeff</b>
Last Name	<b>Kay</b>
Title	<b>Administrative Analyst</b>
Address	<b>835 East 14th Str</b>
City	<b>San Leandro</b>
State	<b>CA</b>
Zip	<b>94577</b>
Phone Number	<b>510-577-3319</b>
Email Address	<b>jkay@sanleandro.org</b>

### Secondary Contact

Honorific (Ms, Mr, Mrs)	
First Name	<b>Cynthia</b>
Last Name	<b>Battenberg</b>
Title	<b>Business Development Manager</b>
Phone Number	<b>510-577-3352</b>
Email Address	<b>cbattenberg@sanleandro.org</b>

**SUMMARY OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE**

Filed for the July 1, 2013 to December 31, 2013 Period

Name of Successor Agency: **SAN LEANDRO (ALAMEDA)**

Outstanding Debt or Obligation	Total
Total Outstanding Debt or Obligation	\$72,004,484

Current Period Outstanding Debt or Obligation	Six-Month Total
A Available Revenues Other Than Anticipated RPTTF Funding	\$550,000
B Enforceable Obligations Funded with RPTTF	\$5,258,534
C Administrative Allowance Funded with RPTTF	\$157,000
D Total RPTTF Funded (B + C = D)	\$5,415,534
E Total Current Period Outstanding Debt or Obligation (A + B + C = E) <i>Should be same amount as ROPS form six-month total</i>	\$5,965,534
F Enter Total Six-Month Anticipated RPTTF Funding	\$7,103,575
G Variance (F - D = G) <i>Maximum RPTTF Allowable should not exceed Total Anticipated RPTTF Funding</i>	\$1,688,041

**Prior Period (July 1, 2012 through December 31, 2012) Estimated vs. Actual Payments** (as required in HSC section 34186 (a))

H Enter Estimated Obligations Funded by RPTTF ( <i>lesser of Finance's approved RPTTF amount including admin allowance or the actual amount distributed</i> )	\$3,139,652
I Enter Actual Obligations Paid with RPTTF	\$3,107,608
J Enter Actual Administrative Expenses Paid with RPTTF	\$125,000
K Adjustment to Redevelopment Obligation Retirement Fund (H - (I + J) = K)	\$0
L Adjustment to RPTTF (D - K = L)	\$5,415,534

Certification of Oversight Board Chairman:

Pursuant to Section 34177(m) of the Health and Safety code,

I hereby certify that the above is a true and accurate Recognized

Obligation Payment Schedule for the above named agency.

\_\_\_\_\_  
Name Title

/s/ \_\_\_\_\_

Signature Date

**SAN LEANDRO (ALAMEDA)**  
**RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS 13-14A)**  
**July 1, 2013 through December 31, 2013**

Oversight Board Approval Date: \_\_\_\_\_

Item #	Project Name / Debt Obligation	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2013-14	Funding Source					
									Bond Proceeds	Reserve Balance	Admin Allowance	RPTTF	Other	Six-Month Total
							\$72,004,484	\$15,002,087	\$550,000	\$0	\$157,000	\$5,258,534	\$0	\$5,965,534
1	2001 Certificates of Participation	6/1/2002	12/1/2026	US Bank	\$5.02m debt issuance to fund capital improvement projects	Joint	3,440,000	346,938	0	0	0	265,426	0	265,426
2	2002 Tax Allocation Bonds	3/1/2003	9/1/2024	US Bank	\$15.935m debt issuance to fund capital improvement projects	Plaza	11,750,000	1,333,483	0	0	0	1,010,451	0	1,010,451
3	Plaza TAB Escrow Fund	3/1/2003	9/1/2024	Escrow Account managed by City of San Leandro	Set-Aside to ensure payment of bond debt service after project area expiration	Plaza	1,640,414	174,794	0	0	0	0	0	0
4	2004 Tax Allocation Bonds	9/1/2004	9/1/2034	US Bank	\$5.5m debt issuance to fund capital improvement projects	WSL	4,975,000	396,056	0	0	0	262,325	0	262,325
5	2008 Tax Allocation Bonds	9/1/2008	9/1/2038	US Bank	\$27.53m debt issuance to fund capital improvement projects	Joint	25,725,000	1,844,438	0	0	0	1,193,844	0	1,193,844
6	Urban Analytics			Urban Analytics	Continuing Disclosure Requirements for Bonds and Fiscal Analysis of Tax Increment	ALL	N/A	26,000	0	0	0	5,000	0	5,000
7	232 East 14th Street-Senior Housing	8/1/2000	8/1/2019	Bank of New York Mellon	HUD Section 108 Loan for Senior Housing Project at 232 East 14th Street	HSG	433,000	78,559	0	0	0	73,654	0	73,654
8	15555 East 14th Street-Bayfair Reimbursement	8/23/2000	6/30/2013	Bayfair Development LLC	Improvement and Reimbursement Agreement (Amendment 2, July 1, 2000)	Joint	0	0	0	0	0	0	0	0
9	General Fund Loan - Auto Mall*	4/8/2004	7/1/2032	City of San Leandro	Loan from City General Fund (Res 2004-11 RDA)	Joint	0	0	0	0	0	0	0	0
10	Sales Tax Rebate-Ford Store	10/1/2002	10/1/2024	Ford Store of San Leandro	Sales Tax Rebate per Owner Participation Agreement (March 6, 2000)	Joint	1,884,345	350,000	0	0	0	0	0	0
11	Lease Guarantee-Friends of the San Leandro Creek	7/15/2003	12/31/2023	Friends of the San Leandro Creek	Lease Guarantee Agreement (Res 2001-5 RDA)	Plaza	391,233	37,633	0	0	0	18,817	0	18,817
12	Casa Verde-Operating Agmt	1/1/2008	1/1/2038	Mercy Housing of CA	Operating Agreement for Casa Verde	HSG	5,213,371	104,350	0	0	0	0	0	0
13	262 Davis Street-Lease/Purchase Agmt	9/2/2008	12/31/2012	San Leandro Chamber of Commerce	Lease/Purchase Agmt for 262 Davis (Res 2008-023 RDA) Balance is an estimate.	Plaza	0	0	0	0	0	0	0	0
14	9th Grade Campus-SLUSD Financing Agrmt	6/30/2009	6/30/2016	San Leandro Unified School District	Financing Agreement for 9th Grade Campus	Joint	661,216	327,072	0	0	0	0	0	0
15	King Property-Ground Lease Guarentee	5/19/2000	12/31/2038	Estate of Malcolm D. King, Janet C. King, Douglas M. King, and Mary Lou King	Ground Lease Guarantee2	Joint	0	0	0	0	0	0	0	0
16	King Property-Legal	7/1/2011		Meyers Nave/City of San Leandro	Pre-litigation legal fees and staff costs related to King Ground Lease Guarantee	Joint	N/A	159,017	0	0	0	134,017	0	134,017
17	City of San Leandro-Property Management	6/27/2012		City of San Leandro	Staff costs related to fulfillment of Property Management obligations	All	30,000	15,000	0	0	0	0	0	0
18	Successor Agency-Audits	6/27/2012	4/1/2013	TBD	Successor Agency and Housing audits in compliance with AB1484	All	10,000	0	0	0	0	10,000	0	10,000
19	Successor Agency-Legal	2/1/2012		Meyers Nave	Legal Costs Associated with Successor Agency Obligations	All	50,000	0	0	0	30,000	0	0	30,000
20	Successor Agency-Administration	2/1/2012		City of San Leandro	Agreement to Fund Staff/ Successor Agency Administration	All	220,000	0	0	0	127,000	0	0	127,000
21	Regency Center-CAM Agmt	12/9/1981		Regency Centers, LP	Common Area Maintenance Agreement for Downtown Shopping Center (Res 80-21)	Plaza	0	0	0	0	0	0	0	0
22	Regency Centers-Security Agmt	6/21/2004		City of San Leandro/ Regency Centers, LP	2004 Washington Plaza Security Agreement	Plaza/Joint	N/A	73,748	0	0	0	0	0	0
23	Garage Construction	10/1/2008	10/1/2012	City of San Leandro	Cooperative Agreement to Fund Garage Construction - \$11,450,000 (Res 2010-009 RDA), plus Purchase Agmt for 262 Davis (Res 2008-023 RDA)	Joint	500,000	500,000	500,000	0	0	0	0	500,000





**SAN LEANDRO (ALAMEDA)**  
 Pursuant to Health and Safety Code section 34186 (a)  
**PRIOR PERIOD ESTIMATED OBLIGATIONS vs. ACTUAL PAYMENTS**  
**RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS II)**  
 July 1, 2012 through December 31, 2012

Payee	Description/Project Scope	Project Area	LMIHF		Bond Proceeds		Reserve Balance		Admin Allowance		RPTTF		Other	
			Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual	Estimate	Actual
			\$0	\$0	\$3,445,843	\$1,963,107	\$0	\$0	\$125,000	\$125,000	\$3,139,652	\$3,107,608	\$0	\$0
Escrow Fund Managed by City of San Leandro	Set-Aside to ensure payment of bond debt service after project area expiration	Plaza												
US Bank	\$5.5m debt issuance to fund capital improvement projects	WSL									\$ 255,631.25	\$ 255,631.25		
US Bank	\$27.53m debt issuance to fund capital improvement projects	Joint									\$ 1,186,593.75	\$ 1,146,481.50		
Urban Analytics	Continuing Disclosure Requirements for Bonds and Fiscal Analysis of Tax Increment	ALL									\$ 5,000.00	\$ -		
Bank of New York Mellon	HUD Section 108 Loan for Senior Housing Project at 232 East 14th Street	HSG									\$ 68,597.85	\$ 68,597.85		
Bayfair Development LLC	Improvement and Reimbursement Agreement (Amendment 2, July 1, 2000)	Joint												
City of San Leandro	Loan from City General Fund (Res 2004-11 RDA)	Joint												
Ford Store of San Leandro	Sales Tax Rebate per Owner Participation Agreement (March 6, 2000)	Joint									\$ 95,000.00	\$ 123,731.50		
Friends of the San Leandro Creek	Lease Guarantee Agreement (Res 2001-5 RDA)	Plaza									\$ 16,888.79	\$ 17,153.70		
Mercy Housing of CA	Operating Agreement for Casa Verde	HSG												
San Leandro Chamber of Commerce	Lease/Purchase Agmt for 262 Davis (Res 2008-023 RDA) Balance is an estimate.	Plaza									\$ 24,500.00	\$ 17,600.00		
San Leandro Unified School District	Financing Agreement for 9th Grade Campus	Joint												
Estate of Malcolm D. King, Janet C. King, Douglas M. King, and Mary Lou King	Ground Lease Guarantee <sup>2</sup>	Joint												
Meyers Nave/City of San Leandro	Pre-litigation legal fees and staff costs related to King Ground Lease Guarantee	Joint									\$ 30,000.00	\$ 85,215.74		
Meyers Nave	Legal Costs Associated with Successor Agency Obligations	All									\$ 30,000.00	\$ -		
City of San Leandro	Agreement to Fund Staff/ Successor Agency Administration	All								125,000	125,000			
Regency Centers, LP	Common Area Maintenance Agreement for Downtown Shopping Center (Res 80-21)	Plaza									\$ 16,800.00	\$ 20,554.62		
City of San Leandro/ Regency Centers, LP	2004 Washington Plaza Security Agreement	Plaza/Joint (50/50)												
City of San Leandro	Cooperative Agreement to Fund Garage Construction - \$11,450,000 (Res 2010-009 RDA), plus Purchase Agmt for 262 Davis (Res 2008-023 RDA)	Joint			3,385,843	1,957,043								
Bay Area Escrow Services	E14th/Hesperian Triangle Project - Revolving Fund Escrow Agreement for Site Remediation (cost is an estimate, could vary)	Joint			30,000						\$ -	\$ 6,165.48		
SideB Corporation/Quality Lube/Various	Relocation Assistance Triangle Project (Fed - Title 49 - Code of Federal Regulations; CA Code Regulations - Title 25, Div. 1, Ch 6, CA Govt Code sec 7260 et seq.; CA Code of Civil Procedure sec 1263.510)	Joint			30,000	6,064								
Alameda Housing Associates	Funding Agreement for "The Alameda." Owner Participation and Loan Agreement and Associated Legal Costs (Res. 2009-009 RDA)	HSG									\$ 160,000.00	\$ 115,836.33		

