



City of San Leandro

Meeting Date: September 21, 2015

Staff Report

File Number: 15-509 **Agenda Section:** CONSENT CALENDAR

Agenda Number: 8.D.

TO: City Council

FROM: Chris Zapata
City Manager

BY: Cynthia Battenberg
Community Development Director

FINANCE REVIEW: David Baum
Finance Director

TITLE: 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 January 1 - June 30, 2016, Pursuant to Health and Safety Code Section 34177(l)

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 January 1 through June 30, 2016 (ROPS 15-16B).

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 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.

The ROPS for January through June 2016 (known as ROPS 15-16B) includes one new obligation that was not included on the previous ROPS. That obligation is a City advance to the Successor Agency to provide short term cash needed to fulfill other enforceable obligations. The need for this advance, described in more detail in file No. 15-512, results from issues that came out of the DOF's review of the previous ROPS. Assuming this new obligation is approved by the Successor Agency, the Oversight Board, and the DOF, it will be repaid in full in January 2016 and removed from the ROPS in the future.

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, arguing that 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 (ROPS Obligation #9) and four Cooperative Agreements to fund \$9.1 million in capital improvement projects (ROPS Obligations #27-30).

In response to the DOF's initial determination, the Successor Agency and Oversight Board exercised the 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, revised that section of the code, limiting an Oversight Board's ability to re-authorize agreements. The DOF interpreted AB 1484 to have a retroactive effect on these actions, an assertion that the Successor Agency disputed.

After the denial of these agreements on the ROPS for January-June 2013, staff requested and received a meet-and-confer appointment with the DOF. After that meeting, however, the DOF continued to deny the validity of the obligations. No other administrative remedies were available to the Successor Agency at that point. A lawsuit to challenge the DOF's interpretation was filed in December 2013 and a hearing was held on July 18, 2014. A decision published on September 25, 2014 found that the Successor Agency actions to re-enter into these agreements were valid and that the DOF had abused its discretion in rejecting these items on the ROPS. In a letter received on May 14, 2015, the DOF informed the Successor Agency that it will no longer dispute these items and they will be approved on future ROPS. The lawsuit was subsequently dismissed.

Consequently, items #9 and 27-30 are now deemed approved enforceable obligations. While the dispute was ongoing, the due dates for several payments passed by. Therefore, ROPS 15-16B includes a request for the majority of funding due under the \$2.1 million General Fund loan and the full \$1.5 million due for the Eden Road construction project. The remaining

funding will be included on future versions of the ROPS consistent with the payment schedules included in the original funding agreements.

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 January through June 2016 ROPS period, the 3% factor will apply. The administrative costs included on this ROPS total \$180,000 in staff and legal costs.

The Oversight Board is scheduled to approve this ROPS on September 23, 2015 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 April 2, 2012, May 7, 2012, July 17, 2012, February 19, 2013, September 16, 2013, February 17, 2014, September 15, 2014, and February 17, 2015, the City Council, serving as governing board of the Successor Agency, adopted ROPS for previous periods.

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

Attachment to Resolution

- ROPS

PREPARED BY: Jeff Kay, Business Development Manager, Community Development Department



City of San Leandro

Meeting Date: September 21, 2015

Resolution - SA

File Number: 15-508 **Agenda Section:** CONSENT CALENDAR

Agenda Number:

TO: City Council

FROM: Chris Zapata
City Manager

BY: Cynthia Battenberg
Community Development Director

FINANCE REVIEW: David Baum
Finance Director

TITLE: 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 January 1 - June 30, 2016, Detailing the Obligations of the Former Redevelopment Agency Pursuant to Health and Safety Code Section 34177(l)

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; and

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; and

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 January 1 - June 30, 2016, 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 Successor Agency'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.

Recognized Obligation Payment Schedule (ROPS 15-16B) - Summary

Filed for the January 1, 2016 through June 30, 2016 Period

Name of Successor Agency: San Leandro
Name of County: Alameda

Current Period Requested Funding for Outstanding Debt or Obligation	Six-Month Total
Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF) Funding	
A Sources (B+C+D):	\$ 358,598
B Bond Proceeds Funding (ROPS Detail)	200,000
C Reserve Balance Funding (ROPS Detail)	-
D Other Funding (ROPS Detail)	158,598
E Enforceable Obligations Funded with RPTTF Funding (F+G):	\$ 6,132,038
F Non-Administrative Costs (ROPS Detail)	5,952,038
G Administrative Costs (ROPS Detail)	180,000
H Total Current Period Enforceable Obligations (A+E):	\$ 6,490,636

Successor Agency Self-Reported Prior Period Adjustment to Current Period RPTTF Requested Funding	
I Enforceable Obligations funded with RPTTF (E):	6,132,038
J Less Prior Period Adjustment (Report of Prior Period Adjustments Column S)	(130,592)
K Adjusted Current Period RPTTF Requested Funding (I-J)	\$ 6,001,446

County Auditor Controller Reported Prior Period Adjustment to Current Period RPTTF Requested Funding	
L Enforceable Obligations funded with RPTTF (E):	6,132,038
M Less Prior Period Adjustment (Report of Prior Period Adjustments Column AA)	-
N Adjusted Current Period RPTTF Requested Funding (L-M)	6,132,038

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 Recognized Obligation Payment Schedule (ROPS 15-16B) - ROPS Detail
 January 1, 2016 through June 30, 2016
 (Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
Item #	Project Name / Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	Funding Source					Six-Month Total
										Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)			RPTTF		
										Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	
5	2008 Tax Allocation Bonds	Bonds Issued On or Before 6/27/11	9/1/2008	9/1/2038	US Bank	\$27.53m debt issuance to fund capital	Joint	\$ 98,185,619	N	\$ 200,000	\$ -	\$ 158,598	\$ 5,952,038	\$ 180,000	\$ 6,490,636
6	Urban Analytics	Fees	1/1/2015	12/31/2015	Urban Analytics	Continuing Disclosure Requirements for Bonds and Fiscal Analysis of Tax Increment	ALL	48,029,365	N				622,593		\$ 622,593
7	232 East 14th Street-Senior Housing	OPA/DDA/Construction	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	323,701	N				9,652		\$ 9,652
9	General Fund Loan - Auto Mall*	City/County Loans On or Before 6/27/11	4/8/2004	7/1/2032	City of San Leandro	Loan from City General Fund (Res 2004-11 RDA)	Joint	2,040,767	N			158,598	1,623,846		\$ 1,782,444
10	Sales Tax Rebate-Ford Store	Business Incentive Agreements	10/1/2002	10/1/2024	Ford Store of San Leandro	Sales Tax Rebate per Owner Participation Agreement (March 6, 2000)	Joint	1,269,720	N						\$ -
12	Casa Verde-Operating Agmt	OPA/DDA/Construction	1/1/2008	1/1/2038	Mercy Housing of CA	Operating Agreement for Casa Verde	HSG	4,996,767	N				118,516		\$ 118,516
14	9th Grade Campus-SLUSD Financing Agmt	OPA/DDA/Construction	6/30/2009	6/30/2016	San Leandro Unified School District	Financing Agreement for 9th Grade Campus	Joint	167,072	Y				167,072		\$ 167,072
17	City of San Leandro-Property Management	Property Dispositions	1/1/2014	12/31/2014	City of San Leandro	Prof. services costs related to fulfillment of Property Management obligations	All		N						\$ -
19	Successor Agency-Legal	Admin Costs	1/1/2015	12/31/2015	Meyers Nave	Legal Costs Associated with Successor Agency Obligations	All	150,000	N					15,000	\$ 15,000
20	Successor Agency-Administration	Admin Costs	1/1/2015	12/31/2015	City of San Leandro	Agreement to Fund Staff/ Successor Agency Administration	All	5,690,000	N					165,000	\$ 165,000
23	Garage Construction	Improvement/Infrastructure	10/1/2008	12/31/2016	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	325,000	N	200,000					\$ 200,000
27	Eden Rd. Construction*	Improvement/Infrastructure	1/17/2011	7/1/2013	City of San Leandro	Cooperative Agreement for Eden Road construction (Res 2011-001 RDA)	WSL	1,500,000	Y				1,500,000		\$ 1,500,000
28	Doolittle Dr. Streetscape*	Improvement/Infrastructure	1/17/2011	1/1/2017	City of San Leandro	Cooperative Agreement for Doolittle Drive Streetscape Improvements (Res 2011-001 RDA)	WSL	4,193,611	N						\$ -
29	MacArthur Blvd. Streetscape*	Improvement/Infrastructure	1/17/2011	1/1/2014	City of San Leandro	Cooperative Agreement for MacArthur Boulevard Streetscape Improvements (Res 2011-001 RDA)	WSL	1,274,134	N						\$ -
30	Hays St. Streetscape*	Improvement/Infrastructure	1/17/2011	7/1/2016	City of San Leandro	Cooperative Agreement for Hays Street Streetscape Improvements (Res 2011-001 RDA)	Plaza	2,000,000	N						\$ -
39	King Ground Lease Settlement	Litigation	2/13/2013	1/15/2018	The Estate of Douglas M. King; Janet C. King, Individually and as Trustee of the Janet C. King Family Trust of 2000; and Mary Lou King, Individually, as Trustee of the King Family Trust of 1992, and as General Partner of King Enterprises, L.P.)	Settlement of Litigation Pursuant to Ground Lease Guarantee (replaces ROPS item #15 above)	All	4,250,000	N				750,000		\$ 750,000
42	Litigation Costs - Other Funds Due Diligence Review	Litigation	1/1/2015	12/31/2015	Meyers Nave	Litigation Costs - Other Funds Due Diligence Review and DOF Denial of City/Agency Agreements Re-Authorized by the Oversight Board	All	20,000	N				20,000		\$ 20,000
43	San Leandro Improvement Association	Project Management Costs	1/1/2015	12/31/2015	Management Corporation, Downtown San Leandro Community Benefit District	Payments due for Successor Agency real estate under newly formed benefit assessment district.	Plaza	32,000	N				32,000		\$ 32,000
44	2001 Certificates of Participation / 2013 Lease Revenue Bonds	Bonds Issued After 12/31/10	6/1/2002	12/1/2026	US Bank	\$5.02m debt issuance to fund capital improvement projects		3,418,857	N				45,395		\$ 45,395
45	2014 Tax Allocation Bonds (Replaced 2002 Plaza and 2004 WSL)	Bonds Issued After 12/31/10	10/30/2014	9/1/2034	US Bank	Refunding of 2002 and 2004 bonds issued to fund capital improvement projects	WSL/Plaza	17,340,574	N				268,913		\$ 268,913
	City Advance - Shortfall	City/County Loans After 6/27/11	9/30/2015	1/31/2015	City of San Leandro	Amount needed to cover negative fund balance	All	779,051	N				779,051		\$ 779,051
									N						\$ -
									N						\$ -
									N						\$ -

**San Leandro Recognized Obligation Payment Schedule (ROPS 15-16B) - Report of Cash Balances
(Report Amounts in Whole Dollars)**

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see [\[INSERT URL LINK TO CASH BALANCE TIPS SHEET \]](#)

A	B	C	D	E	F	G	H	I	
		Fund Sources							
		Bond Proceeds		Reserve Balance		Other	RPTTF		
	Cash Balance Information by ROPS Period	Bonds Issued on or before 12/31/10	Bonds Issued on or after 01/01/11	Prior ROPS period balances and DDR RPTTF balances retained	Prior ROPS RPTTF distributed as reserve for future period(s)	Rent, Grants, Interest, Etc.	Non-Admin and Admin	Comments	
ROPS 14-15B Actuals (01/01/15 - 06/30/15)									
1	Beginning Available Cash Balance (Actual 01/01/15)	4,490,996		4,274,854	-	145,849	260,939	DOF beginning balances were off - see notes	
2	Revenue/Income (Actual 06/30/15) RPTTF amounts should tie to the ROPS 14-15B distribution from the County Auditor-Controller during January 2015					12,749	2,094,466		
3	Expenditures for ROPS 14-15B Enforceable Obligations (Actual 06/30/15) RPTTF amounts, H3 plus H4 should equal total reported actual expenditures in the Report of PPA, Columns L and Q	233,427		3,523,063		-	1,977,965		
4	Retention of Available Cash Balance (Actual 06/30/15) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)								
5	ROPS 14-15B RPTTF Prior Period Adjustment RPTTF amount should tie to the self-reported ROPS 14-15B PPA in the Report of PPA, Column S	No entry required						130,592	
6	Ending Actual Available Cash Balance C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)	\$ 4,257,569	\$ -	\$ 751,791	\$ -	\$ 158,598	\$ 246,848		
ROPS 15-16A Estimate (07/01/15 - 12/31/15)									
7	Beginning Available Cash Balance (Actual 07/01/15) (C, D, E, G = 4 + 6, F = H4 + F4 + F6, and H = 5 + 6)	\$ 4,257,569	\$ -	\$ 751,791	\$ -	\$ 158,598	\$ 377,440		
8	Revenue/Income (Estimate 12/31/15) RPTTF amounts should tie to the ROPS 14-15B distribution from the County Auditor-Controller during June 2015						1,905,317		
9	Expenditures for ROPS 14-15B Enforceable Obligations (Estimate 12/31/15)	50,000		751,791			2,931,215		
10	Retention of Available Cash Balance (Estimate 12/31/15) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)								
11	Ending Estimated Available Cash Balance (7 + 8 - 9 - 10)	\$ 4,207,569	\$ -	\$ -	\$ -	\$ 158,598	\$ (648,458)	Actual negative is \$779,051 with PPA line 5	

