



City of San Leandro

Meeting Date: January 17, 2017

Staff Report

File Number: 16-715 **Agenda Section:** CONSENT CALENDAR

Agenda Number: 8.G.

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 July 1, 2017 - June 30, 2018, 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 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

PREPARED BY: Katie Bowman, Economic Development Manager, Community Development Department



City of San Leandro

Meeting Date: January 17, 2017

Resolution - Council

File Number: 16-716 **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 July 1, 2017 - June 30, 2018, 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 twelve-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 July 1, 2017 - June 30, 2018, 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 17-18) - Summary

Filed for the July 1, 2017 through June 30, 2018 Period

Successor Agency:

San Leandro

County:

Alameda

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	17-18A Total (July - December)	17-18B Total (January - June)	ROPS 17-18 Total
A Enforceable Obligations Funded as Follows (B+C+D):	\$ 4,117,008	\$ -	\$ 4,117,008
B Bond Proceeds	2,364,526	-	2,364,526
C Reserve Balance	1,752,482	-	1,752,482
D Other Funds	-	-	-
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 4,132,509	\$ 3,485,306	\$ 7,617,815
F RPTTF	4,007,509	3,360,306	7,367,815
G Administrative RPTTF	125,000	125,000	250,000
H Current Period Enforceable Obligations (A+E):	\$ 8,249,517	\$ 3,485,306	\$ 11,734,823

Certification of Oversight Board Chairman:

Pursuant to Section 34177 (o) 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 successor agency.

Name	Title
/s/	Date
Signature	Date

San Leandro Recognized Obligation Payment Schedule (ROPS 17-18) - ROPS Detail

July 1, 2017 through June 30, 2018

(Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K	17-18A (July - December)					Q	17-18B (January - June)					W
											Fund Sources						Fund Sources					
											L	M	N	O	P		R	S	T	U	V	
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	ROPS 17-18 Total	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	17-18A Total	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	17-18B Total
								\$ 89,741,094		\$ 11,734,823	\$ 2,364,526	\$ 1,752,482	\$ -	\$ 4,007,509	\$ 125,000	\$ 8,249,517	\$ -	\$ -	\$ -	\$ 3,360,306	\$ 125,000	\$ 3,485,306
5	2008 Tax Allocation Bonds	Bonds Issued On or Before	9/1/2008	9/1/2038	US Bank	\$27.53m debt issuance to fund capital	Joint	44,653,590	N	\$ 3,066,657						\$ 1,237,219						\$ 1,829,438
6	Urban Analytics	Fees	7/1/2017	6/30/2018	Urban Analytics	Continuing Disclosure Requirements for Bonds and Fiscal Analysis of Tax Increment	All	340,000	N	\$ 6,500						\$ -						\$ 6,500
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	244,597	N	\$ 67,697				65,807		\$ 65,807				1,890		\$ 1,890
9	General Fund Loan - Auto Mall*	Reentered Agreements	4/8/2004	7/1/2032	City of San Leandro	Loan from City General Fund (Res 2004-11 RDA)	Joint	-	Y	\$ -						\$ -						\$ -
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	972,264	N	\$ 302,179				302,179		\$ 302,179						\$ -
12	Casa Verde-Operating Agmt	OPA/DDA/Construction	1/1/2008	1/1/2038	Mercy Housing of CA	Operating Agreement for Casa Verde	HSG	4,640,848	N	\$ 134,146				67,073		\$ 67,073				67,073		\$ 67,073
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			N													
19	Successor Agency-Legal	Admin Costs	7/1/2017	6/30/2017	Meyers Nave	Legal Costs Associated with Successor Agency Obligations	All	105,000	N	\$ 20,000					10,000	\$ 10,000					10,000	\$ 10,000
20	Successor Agency-Administration	Admin Costs	7/1/2017	6/30/2017	City of San Leandro	Agreement to Fund Staff/ Successor Agency Administration	All	5,305,000	N	\$ 230,000					115,000	\$ 115,000					115,000	\$ 115,000
23	Garage Construction	Bond Funded Project - Pre-2011	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		Y	\$ -						\$ -						\$ -
27	Eden Rd. Construction	Reentered Agreements	1/17/2011	7/1/2013	City of San Leandro	Cooperative Agreement for Eden Road construction (Res 2011-001 RDA)	WSL	633,766	N	\$ 633,766				633,766		\$ 633,766						\$ -
28	Doolittle Dr. Streetscape	Reentered Agreements	1/17/2011	6/30/2019	City of San Leandro	Cooperative Agreement for Doolittle Drive Streetscape Improvements (Res 2011-001 RDA)	WSL	3,791,611	N	\$ -						\$ -						\$ -
29	MacArthur Blvd. Streetscape	Reentered Agreements	1/17/2011	1/1/2014	City of San Leandro	Cooperative Agreement for MacArthur Boulevard Streetscape Improvements (Res 2011-001 RDA)	WSL		Y	\$ -						\$ -						\$ -
30	Hays St. Streetscape	Reentered Agreements	1/17/2011	6/30/2018	City of San Leandro	Cooperative Agreement for Hays Street Streetscape Improvements (Res 2011-001 RDA)	Plaza	2,000,000	N	2,000,000				2,000,000		2,000,000						
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	1,250,000	N	\$ 1,250,000				625,000		\$ 625,000				625,000		\$ 625,000
43	San Leandro Improvement Association	Project Management Costs	1/1/2015	6/30/2018	Management Corporation, Downtown San Leandro Community Benefit District	Payments due for Successor Agency real estate under newly formed benefit assessment district.	Plaza	1,216,000	N	\$ 10,000				10,000		\$ 10,000						\$ -
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	WSL / Plaza	2,836,367	N	\$ 538,930		246,350				\$ 246,350				292,580		\$ 292,580
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	16,122,501	N	\$ 806,738		268,913				\$ 268,913				537,825		\$ 537,825
46	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			N													
47	Plaza Project Loan	City/County Loan (Prior 06/28/11), Cash exchange	1/31/2016	6/30/2036	City of San Leandro	Reentered Loan	Plaza	3,265,027	N	\$ 303,684				303,684		\$ 303,684						\$ -
48	Excess Bond Proceeds	Bond Funded Project - Pre-2011	1/21/2016	12/31/2017	City of San Leandro	Transfer excess bond proceeds to City	Joint	600,000	N	\$ 600,000	600,000					\$ 600,000						\$ -
49	Excess Bond Proceeds	Bond Funded Project - Pre-2011	1/18/2017	12/31/2017	City of San Leandro	Transfer excess bond proceeds to City	Joint	1,764,526	N	\$ 1,764,526	1,764,526					\$ 1,764,526						\$ -

San Leandro Recognized Obligation Payment Schedule (ROPS 17-18) - 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 [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 15-16B Actuals (01/01/16 - 06/30/16)									
1	Beginning Available Cash Balance (Actual 01/01/16)	4,226,433		217,625		172,516	(514,796)	Adjusted to tie out to ledgers	
2	Revenue/Income (Actual 06/30/16) RPTTF amounts should tie to the ROPS 15-16B distribution from the County Auditor-Controller during June 2016					33,621	4,613,594		
3	Expenditures for ROPS 15-16B Enforceable Obligations (Actual 06/30/16)	50,973		217,572		158,598	4,613,594	Variance from ledger of \$5,247,360- see Notes	
4	Retention of Available Cash Balance (Actual 06/30/16) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)								
5	ROPS 15-16B RPTTF Balances Remaining	No entry required							
6	Ending Actual Available Cash Balance C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)	\$ 4,175,460	\$ -	\$ 53	\$ -	\$ 47,539	\$ (514,796)		

