

STAFF REPORT

CITY OF SAN LEANDRO SUCCESSOR AGENCY OVERSIGHT BOARD

DATE: April 6, 2012
TO: Successor Agency Oversight Board
FROM: Cynthia Battenberg, Business Development Manager
BY: Jeff Kay, Business Development Analyst

SUBJECT:

Recognized Obligation Payment Schedule for enforceable obligation payments and administrative budget for the period from February 1 through June 30, 2012.

SUMMARY AND RECOMMENDATION

Staff recommends that the Successor Agency Oversight Board approve the Recognized Obligation Payment Schedule and administrative budget for the period from February 1 through June 30, 2012 pursuant to Section 34177 of the State of California Health and Safety Code.

BACKGROUND

Recognized Obligation Payment Schedule

With the passage of Assembly Bill 1x 26 on June 29, 2011, the California State Legislature added several sections to the California Community Redevelopment Law, Health and Safety Code Section 33000 et seq. That bill mandated the dissolution of all Redevelopment Agencies in California as of October 1, 2011, although the actual dissolution was delayed until February 1, 2012 due to legal challenges and a subsequent decision of the California Supreme Court.

On January 9, 2012, the San Leandro City Council affirmed its decision to serve as the Successor Agency for the former Redevelopment Agency and to retain the Redevelopment Agency's housing assets and functions. Under AB 1x 26, the Redevelopment Dissolution Bill, the City, acting as the Successor Agency, is obligated to prepare a draft of the Recognized Obligation Payment Schedule ("ROPS") twice annually for as long as there are payments due on enforceable obligations of the former Redevelopment Agency. The City, as Successor Agency, can only pay obligations that are listed on the ROPS.

A primary component of the City's responsibilities in its capacity as 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.

Pursuant to Health and Safety Code section 34177, the ROPS must also note the source of funds that will be used for payment.

The largest obligations on the ROPS are Agency debt service payments resulting from bond issuances that were used to fund capital improvement projects. The Schedule also includes "Other Debt" such as sales tax rebates to auto dealers required through Owner Participation Agreements and payments to the San Leandro Unified School District for the Agency's contribution to the cost of the Fred T. Korematsu Ninth Grade Campus. The final two categories on the Schedule are "Contractual Obligations" and "Capital Improvement Projects." These include ongoing Agency activities or construction projects that are funded through contractual agreements with third parties. Payments by month are estimates, and the actual timing of payments may vary.

The Successor Agency is required to submit the initial ROPS to the County Auditor-Controller by April 15, 2012 for certification. Approval of the ROPS by the Oversight Board is also required. The San Leandro City Council, acting as Successor Agency, approved the ROPS on April 2, 2012. Most obligations listed on the current ROPS will be paid using the existing fund balance of the former Redevelopment Agency. Any additional required funding will be remitted to the City by the County Auditor-Controller using former tax increment revenues from the Redevelopment Property Tax Trust Fund.

Administrative Budget

The ROPS also contains an administrative budget for the Successor Agency. Pursuant to Health and Safety Code section 34171(b), the amount of the administrative allowance for first year after dissolution is the greater of 5% of funds received from the Redevelopment Property Tax Trust Fund or \$250,000, annually. For San Leandro, the \$250,000 minimum allowance is expected to apply, due to the total amount of the scheduled payments on the ROPS.

Staff services that fall under the administrative budget include analysis of AB 1x 26's impact on ongoing projects, programs and the City's General Fund, reorganization of financial systems, preparation of the ROPS and earlier document submittals (Enforceable Obligation Payment Schedule, Preliminary ROPS), complying with public records requests from the Department of Finance, State Controller's Office, and Alameda County Auditor-Controller, staff support and noticing for Oversight Board meetings, ongoing management and payment of enforceable obligations, management of proceeds from bonds issued by the Agency, assistance with a required audit of the former Agency, and ongoing management of development plans for properties owned by the former Agency.

The Successor Agency will also incur legal costs when legal interpretations related to the dissolution are required.

The administrative budget for February through June 2012 follows:

Staff Position	Cost Allocation
Administrative Assistant	\$ 4,800
Assistant City Manager	15,800
Business Development Analyst	49,100
Business Development Manager	62,700
City Clerk	4,100
Deputy Finance Director	28,400
Finance Director	18,100
Project Specialist	19,700
Senior Accountant	23,700
Total Staff Costs	\$ 226,400
Legal Expenditures	\$ 23,600
Total Administrative Budget	\$ 250,000

Attachments

Recognized Obligation Payment Schedule

CONCLUSION

Staff recommends that the Successor Agency Oversight Board make a motion to approve the Recognized Obligation Payment Schedule for enforceable obligation payments and administrative budget the period from February 1 through June 30, 2012, pursuant to Section 34177 of the State of California Health and Safety Code.