

DATE: February 18, 2014

TO: Chair and Successor Agency Board Members

FROM: Assistant City Manager

SUBJECT: Approval of the Recognized Obligation Payment Schedule (ROPS 14-15A) and Administrative Budget for the Period July 1, 2014 through December 31, 2014

RECOMMENDATION

That the Successor Agency Board adopts the attached resolution (Attachment I) approving the Recognized Obligation Payment Schedule (ROPS 14_15A) and the Successor Agency Administrative Budget for the period July 1 – December 31, 2014; and authorizes staff to take other administrative actions and execute contracts and such other documents as are appropriate to effectuate the intent of the resolution and all actions necessary to effectuate associated requirements of the Dissolution Act and AB 1484.

BACKGROUND

The California State Legislature enacted Assembly Bill x1 26 (the “Dissolution Act”) to dissolve redevelopment agencies formed under the Community Redevelopment Law in June of 2011. The California Supreme Court in its decision in *California Redevelopment Association v. Matosantos*, issued December 29, 2011, declared the Dissolution Act to be constitutional. Under the Dissolution Act, all California redevelopment agencies were dissolved effective February 1, 2012, and various actions are now required by successor agencies to unwind the affairs of all former redevelopment agencies.

On June 27, 2012, as part of the state budget package, the California legislature passed AB 1484. As a budget trailer bill, AB 1484 became effective immediately upon signature by the Governor, which occurred that same day. The main objective of AB 1484 was to amend the 2011 Redevelopment Dissolution Act (AB1x 26) based on experience in implementing the Act at the state and local level during the past year. AB 1484 imposes significant new obligations on the successor agencies and oversight boards of dissolving redevelopment agencies, which staff has been implementing over the past two years.

DISCUSSION

The intent of this report is to recommend approval of the next Recognized Obligation Payment Schedule (ROPS 14_15A) and Administrative Budget for the period July 2014 through June 2015

(Attachments II and III). Every six months, the Successor Agency is required to prepare and submit a ROPS that outlines the required payments the Successor Agency must make to meet required obligations and to wind down the affairs of the former Redevelopment Agency. Once the Oversight Board approves these items, staff will submit them to the Department of Finance by the March 1, 2014 deadline. It is highly likely that this ROPS will need to be modified again in the future given that it is being approved so far in advance of the actual payment period.

One of the few positive aspects of the passage of AB 1484 is the opportunity to seek repayment of interagency loans, such as the one Hayward's General Fund provided to the former RDA in 1975 to cover a variety of start-up expenses. The current balance on this loan is approximately \$8 million. In addition, there is an outstanding loan due from the Successor Agency to the Housing Authority (the SERAF loan) totaling approximately \$3.8 million and outstanding loans due to the City's Sewer and Water Enterprise Funds (totaling approximately \$2 million). Since the Successor Agency has received its Finding of Completion, staff can begin the process to request repayment of these loans. The SERAF loan receives first priority for payoff under AB1484, followed by the General Fund loan and then the Enterprise Fund loans. There are specific repayment formulas outlined in AB1484 and the amount of repayment requested on the ROPS 14_15A is consistent with these formulas. When the Oversight Board considers approval of the ROPS 14_15A, staff will also be requesting approval of the repayment schedule for all of the outstanding loans. Given these repayment schedules, staff does not anticipate receiving any repayment on the General Fund loan prior to FY2017.

There are several other relatively minor changes being proposed on the ROPS 14_15A, which are explained on the Notes page of Attachment II. Staff is still working on the reconciliation of expenses from the prior ROPS period and will present this to the Oversight Board along with consideration of approval of the ROPS 14_15A. However, the proposed ROPS 14_15A expenses and administrative budget are the key elements for the Successor Agency Board to approve at this time.

Implementation Actions: The accompanying resolution authorizes and directs staff to take all administrative steps on behalf of the Successor Agency to implement upcoming requirements under the Dissolution Act and AB 1484, including providing necessary notices, transmittals, and postings regarding the ROPS and Successor Agency administrative budget.

Environmental Review: The actions set forth in the recommended accompanying resolution, as summarized above, are exempt under Guideline 15378(b)(4) of the California Environmental Quality Act (CEQA) in that the actions do not constitute a "project," but instead are required to continue a governmental funding mechanism for enforceable obligations of the former Redevelopment Agency and to perform the statutorily mandated unwinding of the assets, liabilities, and functions of the former Redevelopment Agency pursuant to the Dissolution Act.

ECONOMIC AND FISCAL IMPACT

Approval of the ROPS 14_15A will facilitate the ability of the City as Successor Agency to continue payment of the enforceable obligations of the former Redevelopment Agency and is among the measures required to be taken to avoid triggering an event of default under any

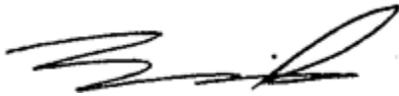
enforceable obligations. Approval of the Successor Agency administrative budget will facilitate the Successor Agency's receipt of the funds to which it is entitled under the Dissolution Act and AB 1484 to implement its administrative responsibilities.

NEXT STEPS

Following approval of the ROPS 14_15A and the Administrative Budget by the Oversight Board, staff will submit these to the Department of Finance (DOF) by March 1 for final approval. The DOF then has an opportunity to review and object to any items on the ROPS and/or request additional documentation. This review must be completed no later than April 15, 2014. The Successor Agency then has an opportunity to request a meet and confer session if staff disagrees with any of the DOF determinations. All DOF meet and confer determinations must be made prior to June 1, 2014, which is when the funds for the ROPS 14_15A period will be disbursed to the Successor Agency.

Prepared and Recommended by: Kelly McAdoo, Assistant City Manager

Approved by:



Fran David, City Manager

- Attachment I: Resolution
- Attachment II: ROPS 14_15A
- Attachment III: Successor Agency Administrative Budget

REDEVELOPMENT SUCCESSOR AGENCY OF THE CITY OF HAYWARD
RESOLUTION NO. RSA 14-

Introduced by Agency Member ____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HAYWARD, ACTING AS THE GOVERNING BOARD OF THE HAYWARD SUCCESSOR AGENCY, A SEPARATE LEGAL ENTITY, APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD JULY THROUGH DECEMBER 2014 (“ROPS 14-15A”) AND THE ADMINISTRATIVE BUDGET FOR THE 2014-15 FISCAL YEAR, AND DIRECTING THE CITY MANAGER TO TAKE ALL ACTIONS NECESSARY TO EFFECTUATE REQUIREMENTS ASSOCIATED WITH THIS APPROVAL

WHEREAS, pursuant to ABx1 26 (as amended by AB 1484, the “Dissolution Act”), the separate legal entity known as the Hayward Successor Agency (the “Successor Agency”) must prepare “Recognized Obligation Payment Schedules” (“ROPS”) that enumerate the enforceable obligations and expenses of the Successor Agency for each successive six-month fiscal period until the wind down and disposition of assets of the dissolved Redevelopment Agency of the City of Hayward (the “Dissolved RDA”) has been completed; and

WHEREAS, the Successor Agency staff has prepared a ROPS for the six-month fiscal period commencing on July 1, 2014 and continuing through December 31, 2014 (“ROPS 14-15A”); and

WHEREAS, the Successor Agency staff has prepared an administrative budget for the fiscal period commencing on July 1, 2014 and continuing through June 30, 2015 (“FY 14-15 Administrative Budget”); and

WHEREAS, the Successor Agency is entitled to an administrative cost allowance (the “Administrative Cost Allowance”) pursuant to Health and Safety Code Sections 34171(b) and 34183(a)(3) in the approximate amount of \$250,000 for the 2014-15 fiscal year of which approximately \$125,000 will be disbursed during the ROPS 14-15A period; and

WHEREAS, under the Dissolution Act, ROPS 14-15A and the FY 14-15 Administrative Budget must be approved by the Successor Agency's oversight board (the “Oversight Board”) to enable the Successor Agency to continue to make payments on enforceable obligations and to pay for administrative costs of the Successor Agency; and

WHEREAS, the City Council, acting as the Governing Board of the Successor Agency, has considered and desires to approve the following documents, copies of which are on file with the City Clerk (acting as the Secretary of the Successor Agency):

1. The ROPS 14-15A; and
2. The FY 14-15 Administrative Budget; and

WHEREAS, the ROPS 14-15A and the FY 14-15 Administrative Budget will be submitted by the Successor Agency to the Oversight Board for the Oversight Board's approval in accordance with Health and Safety Code Sections 34177 and 34180(g); and

WHEREAS, the ROPS 14-15A and the FY 14-15 Administrative Budget will also be submitted by the Successor Agency to the Alameda County Administrative Officer, the Alameda County Auditor-Controller, and the State Department of Finance in accordance with Health and Safety Code Section 34179.6; and

WHEREAS, the accompanying staff report provides supporting information upon which the actions set forth in this Resolution are based.

NOW, THEREFORE, BE IT RESOLVED that the City Council, acting as the Governing Board of the Successor Agency and in accordance with the Dissolution Act, hereby finds, resolves, and determines that the foregoing recitals are true and correct, and, together with information provided by the Successor Agency staff and the public, form the basis for the approvals, findings, resolutions, and determinations set forth below.

BE IT FURTHER RESOLVED that the City Council hereby approves the ROPS 14-15A and the FY 14-15 Administrative Budget, in the respective forms on file with the City Clerk (acting as the Secretary of the Successor Agency).

BE IT FURTHER RESOLVED that the Successor Agency is authorized and directed to enter into any agreements and amendments to agreements consistent with the Dissolution Act and necessary to memorialize and implement the agreements and obligations in ROPS 14-15A and the FY 14-15 Administrative Budget as herein approved by the Successor Agency.

BE IT FURTHER RESOLVED that the City Council hereby authorizes and directs the City Manager, acting on behalf of the Successor Agency, to file, post, mail or otherwise deliver via electronic mail, internet posting, and/or hardcopy, all notices and transmittals necessary or convenient in connection with the approval of the ROPS 14-15A and the FY 14-15 Administrative Budget, and to take any other administrative actions necessary to ensure the validity of the ROPS 14-15A and the validity of any enforceable obligation listed thereon and the validity of the FY 14-15 Administrative Budget and corresponding Administrative Cost Allowance. In addition, the City Council authorizes and directs the Successor Agency staff to make such non-substantive revisions to ROPS 14-15A as may be necessary to submit ROPS 14-15A in any modified form required by the DOF, and ROPS 14-15A as so modified shall thereupon constitute ROPS 14-15A as approved by the City Council pursuant to this Resolution.

BE IT FURTHER RESOLVED that, subject to the Oversight Board approval, the City Council hereby authorizes and directs the City Manager, acting on behalf of the Successor Agency, to execute the documents and instruments as are appropriate, in consultation with the City Attorney, acting in the capacity of counsel to the Successor Agency, to effectuate and implement the terms of this Resolution;

BE IT FURTHER RESOLVED that nothing in this Resolution shall abrogate, waive, impair or in any other manner affect the right or ability of the City, as a charter city, to initiate and prosecute any litigation with respect to any agreement or other arrangement of the Dissolved RDA, including, without limitation, any litigation contesting the purported invalidity of such agreement or arrangement pursuant to the Dissolution Act.

BE IT FURTHER RESOLVED that this Resolution shall take effect at the time and in the manner prescribed in Health and Safety Code Section 34179(h).

HAYWARD, CALIFORNIA, February __, 2014

ADOPTED BY THE FOLLOWING VOTE:

AYES:	BOARD MEMBERS:
NOES:	BOARD MEMBERS:
ABSTAIN:	BOARD MEMBERS:
ABSENT:	BOARD MEMBERS:

ATTEST:

Secretary of the Successor Agency
of the City of Hayward

Recognized Obligation Payment Schedule (ROPS) 14-15A - ROPS Detail
July 1, 2014 through December 31, 2014
 (Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K					P		
										M						Six-Month Total	
										Nondiscretionary							RPTTF
										Funding Source							
Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)					RPTTF		Total Outstanding Debt or Obligation	Retired	Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin				
Item #	Project Name / Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope								Project Area	Non-Admin	Admin	
								\$ 3,876,516			\$ -	\$ -	\$ -	\$ 2,329,244	\$ 125,000	\$ 2,454,244	
1	2004 Tax Allocation Bonds	Bonds Issued On or Before 12/31/10	5/1/2004	5/1/2034	Wells Fargo	Bond issue to fund non-housing projects	Hayward Downtown		N					851,791		\$ 851,791	
6	2006 Tax Allocation Bonds	Bonds Issued On or Before 12/31/10	6/1/2006	6/1/2036	Wells Fargo	Bond issue to fund non-housing projects	Hayward Downtown		N					275,003		\$ 275,003	
11	Repayment Agreement with City of Hayward	City/County Loans On or Before	9/23/1975	1/1/2050	City of Hayward	To fund start-up costs of Hayward Redevelopment Project Area	Hayward Downtown		Y								
12	SERAF	Revenue Bonds Issued On or Before 12/31/10	8/3/2011	1/1/2050	Hayward Housing Authority	Loan for SERAF FY10 and FY11 payments	Hayward Downtown		Y								
14	Foothill Façade Loans	Improvement/Infrastructure	3/9/2011	1/1/2050	Multiple Property Owners	Matching loan funds for property owners along Foothill Blvd for façade improvement program	Hayward Downtown		N							\$ -	
15	Foothill Façade Loan Project Delivery Costs (Staff Costs/Legal Fees)	Project Management Costs	1/1/2014	6/30/2014	Successor Agency	Project Delivery Costs to Implement Foothill Façade Loan Project	Hayward Downtown		N					12,102		\$ 12,102	
20	Contract for Mission Blvd Specific Plan	Professional Services	11/17/2009	5/31/2013	Hall Alminana, Inc/Lamphier Gregory	Consultant to prepare specific plan for Mission Blvd corridor	Hayward Downtown		N							\$ -	
21	Successor Agency Admin Allowance	Admin Costs	2/1/2012	1/1/2050	City of Hayward	Per ABx1 26, to cover administrative costs of Successor Agency	Hayward Downtown		N						125,000	\$ 125,000	
23	Contract for Security Alarm	Property Maintenance	7/11/2012	1/1/2050	ADT Security Services	Alarm Service for Cinema Place garage	Hayward Downtown		N					1,066		\$ 1,066	
25	Contract for Elevator Maint and Repair	Property Maintenance	7/11/2012	1/1/2050	Mitsubishi Electric	Cinema Place Elevator	Hayward Downtown		N					3,900		\$ 3,900	
27	Contract for Sweeping	Property Maintenance	7/11/2012	1/1/2050	Montgomery Sweeping Service	Cinema Place Garage Sweeping	Hayward Downtown		N					5,200		\$ 5,200	
29	Utilities	Property Maintenance	7/11/2012	1/1/2050	PGE	Cinema Place Garage Utilities	Hayward Downtown		N					13,260		\$ 13,260	
31	Utilities	Property Maintenance	7/11/2012	1/1/2050	City of Hayward	Cinema Place Water Utilities	Hayward Downtown		N					416		\$ 416	
35	Contract for Env Remediation Work	Remediation	8/5/2011	9/9/2013	TRC	Residual Burbank Site - Removal Action Work	Hayward Downtown		N							\$ -	
36	Project Delivery Costs - Burbank Residual Site	Project Management Costs	1/1/2014	6/30/2014	City of Hayward (Successor Agency)	Finalize negotiation and execution of Purchase and Sale Agreement - staff project mgmt costs/legal fees	Hayward Downtown		N					3,804		\$ 3,804	
37	Property Disposition Costs - former Agency-held properties	Property Dispositions	1/1/2014	6/30/2014	City of Hayward (Successor Agency)	Staff project mgmt costs; legal fees; property mgmt costs; appraisal costs; other associated costs for property disposition	Hayward Downtown		N					85,348		\$ 85,348	
38	Contract for Env Remediation	Remediation	6/25/2009	8/30/2012	AMEC Geomatrix Inc	Env Remediation - Cinema Place	Hayward Downtown		N							\$ -	
40	Contract for Water Testing	Remediation	6/15/2012	1/1/2050	SWRCB	Water testing at Cinema Place - monitoring of site	Hayward Downtown		N							\$ -	
46	2004 TAB Admin Fee FY 2014	Fees	5/1/2004	5/1/2034	Wells Fargo	Annual administrative fee for bond issuance	Hayward Downtown		Y							\$ -	
47	2004 TAB Admin Fee FY 2014	Fees	5/1/2004	5/1/2034	Willdan	Annual administrative fee for bond issuance	Hayward Downtown		Y							\$ -	
48	Repayment Agreement with City of Hayward	City/County Loans On or Before	9/23/1975	1/1/2050	City of Hayward	To fund start-up costs of Hayward Redevelopment Project Area	Hayward Downtown		N							\$ -	
49	SERAF	SERAF/ERAF	8/3/2011	1/1/2050	Hayward Housing Authority	Loan for SERAF FY10 and FY11 payments	Hayward Downtown	3,876,516	N					1,069,855		\$ 1,069,855	
50	Contract for Environmental Remediation (New Burbank School site)	Remediation	1/1/2014	6/30/2014	TRC	Payment for removal of environmental monitoring wells following DTSC clearance on new Burbank Elementary School site	Hayward Downtown		N							\$ -	
51	2006 TAB Admin Fee FY 2014	Fees	6/1/2006	6/1/2036	Wells Fargo	Annual administrative fee for bond issuance	Hayward Downtown		Y							\$ -	
52	2006 TAB Admin Fee FY 2014	Fees	6/1/2006	6/1/2036	Willdan	Annual administrative fee for bond issuance	Hayward Downtown		Y							\$ -	

**Successor Agency Administrative Allowance - FY2015 Budget
July 2014 - June 2015 expenses**

Starting FY2015 Budget Balance	\$250,000
Employee Salaries & Benefits	(\$195,014)
Balance Remaining	\$54,987
Legal Costs	(\$5,000)
Supplies and Services	(\$49,987)
Balance Remaining	\$0