



Office of Executive Officer

CONSENT CALENDAR
February 5, 2013

To: Honorable Chairperson and Members of the Successor Agency to the
Redevelopment Agency

From:  Christine Daniel, Executive Officer

Submitted by: Eric Angstadt, Director, Planning and Development

Subject: Recognized Obligation Payment Schedule: July 1 – December 31, 2013

RECOMMENDATION

Adopt a Resolution approving a Recognized Obligation Payment Schedule (“ROPS”) for the six month fiscal period commencing on July 1, 2013 and ending December 31, 2013.

FISCAL IMPACTS OF RECOMMENDATION

Approval of the ROPS is required for the Successor Agency to pay enforceable obligations of the former redevelopment agency; it does not create any new unfunded fiscal obligations for the City.

CURRENT SITUATION AND ITS EFFECTS

Successor agencies are required to prepare Recognized Obligation Payment Schedules (“ROPS”) prior to each six-month fiscal period. The ROPS for the period commencing on July 1, 2013 and ending December 31, 2013 (“ROPS IV”) is due to the state Department of Finance on March 3, 2013. The ROPS IV will also be submitted to the Oversight Board for approval.

The payments as listed below and in the ROPS IV are anticipated to be made from Successor Agency funds between July 1, 2013 and December 31, 2013.

1. 2005 Tax Allocation Bonds – These bonds were issued for capital projects. Half of the annual \$946,918 debt service is listed with payment to come from the Agency’s share of tax increment held by the county in the Redevelopment Property Tax Trust Fund (RPTTF).
2. Savo Island Loan Payable – This is a 2001 loan that was used for affordable housing purposes. Half of the \$58,080 annual payment is listed to be paid from the RPTTF. This loan is further discussed under “Background” below.
3. \$1 Million Bond – These bonds, which were issued by the former Redevelopment Agency in 1997 for affordable housing purposes were initially to be held by the City, but the City at any time could have required the Agency to remarket the

bonds. The bonds were not sold; they matured on December 15, 2012. The City issued a demand letter for repayment of the \$1,000,000 plus accrued interest (\$554,264.92). In response to the demand letter, \$1,000,000 was transferred from the Agency's reserve funds; the ROPS IV lists half of the remaining \$554,264.92 to be paid from the RPTTF.

4. Delaware Street Historical Project – These are various loans, for which no repayment is anticipated during the ROPS IV period; therefore, no amounts are listed as payable to the CDBG program.
5. Contract for Consulting Services – The Oversight Board directed staff to hire Stein and Lubin as independent legal counsel for the Board. \$5,000 is included for the ROPS IV period to be paid from the RPTTF; however, if the DOF denies this expense as an enforceable obligation to be paid from the RPTTF, it would have to come out of the Administrative Cost Allowance provided for Successor Agency administrative costs. If this happens, there may not be enough funding to pay the full amount budgeted for staff. Funds will only be used for Stein and Lubin if required by the Oversight Board.
6. Administrative Costs – A maximum of \$250,000/year is allowed to be paid from the RPTTF for administrative costs. \$115,000 is budgeted for staff expenses for the six-month period; more detail is provided in Exhibit B of the resolution.
7. Contract for Consulting Services – Goldfarb and Lipman provide legal assistance to the Agency. \$10,000 is budgeted as part of the allowable administrative cost allowance for these services. \$40,000 is budgeted for potential litigation with the Department of Finance, which is an allowable RPTTF expense.
8. Contract for Consulting Services – Nava is a general contractor company that provides assistance as needed with Agency-owned properties. These services will continue to be needed until the DOF allows the Agency to sell 1654 Fifth Street. \$5,000 is included for the ROPS IV period to be paid from the RPTTF.
9. Contract for Consulting Services – \$10,000 is included for auditing costs to be paid from the RPTTF.
10. City Loan to Successor Agency – \$10,000 is included to repay the City loan to the Agency; the loan was needed to pay a licensed accountant for due diligence review of account balances.
11. Capital Projects – Aquatic Park Streetscape Improvements – Construction on this major capital project is nearly complete. Billing is anticipated for the remaining \$673,248 from the 2005 Tax Allocation Bonds.
- 12.– 20. Capital Projects – Several capital projects were approved by the former Redevelopment Agency to implement the West Berkeley Circulation Master Plan. Funding will come from the 2005 Tax Allocation Bonds. City Public Works staff will be responsible to move these projects forward. The projects must be completed by 2015.

As described above, the proposed administrative budget for the ROPS IV six-month period is \$125,000. \$115,000 provides funding for portions of six staff members from three departments, totaling 1.15 FTE; the remaining \$10,000 is allocated for legal

assistance. Detail is provided in Exhibit B of the attached resolution. Successor Agency approval of the proposed administrative budget is included in the recommended action.

BACKGROUND

Upon dissolution of the Berkeley Redevelopment Agency on February 1, 2012 pursuant to AB X1 26, the Successor Agency to the Berkeley Redevelopment Agency was constituted and is governed by the members of the City Council. Successor agencies are required to prepare Recognized Obligation Payment Schedules prior to each six-month fiscal period. The purpose of the ROPS is to designate all enforceable obligations of the former redevelopment agency.

The City Council, acting as the Successor Agency for the Redevelopment Agency, approved the first and second ROPS on February 28 and May 15, 2012, respectively. Both were subsequently approved by the Department of Finance.

The third ROPS was approved by the Successor Agency on October 2, 2012. The DOF issued a determination challenging specific items both of which were previously approved by DOF in the prior ROPS and which were discussed at a Meet and Confer session on November 29, 2012. The DOF issued its final determination in its December 18, 2012 letter, attached. In brief, the DOF denied the Savo Island Loan Payable in the amount of \$759,600 as eligible for repayment through the Redevelopment Property Tax Trust Fund (RPTTF). The \$600,000 Savo Island loan is between Retiree Medical Trust Fund and the former Redevelopment Agency. Staff will be requesting authorization to initiate litigation to challenge the DOF determination; therefore, payment continues to be listed in the ROPS IV.

RATIONALE FOR RECOMMENDATION

Adoption of a recognized enforceable obligation schedule will allow the City, acting as Successor Agency, to comply with state law and will allow required payments to be made.

ALTERNATIVE ACTIONS CONSIDERED

None

CONTACT PERSON

Wendy Cosin, Deputy Planning Director, Planning and Development, 981-7402

Attachments:

- 1: Resolution
 - Exhibit A - ROPS IV
 - Exhibit B – Administrative Budget
- 2: December 18, 2012 DOF letter re: ROPS III

RESOLUTION NO.

RECOGNIZED OBLIGATION PAYMENT SCHEDULE: JULY 1, 2013 – DECEMBER 31, 2013

WHEREAS, Successor Agencies are required to prepare a Recognized Obligation Payment Schedule (ROPS) for the six month fiscal period commencing on July 1, 2013 and ending December 31, 2013; and

WHEREAS, the original ROPS was approved by the Successor Agency on February 28, 2012 (Resolution No. 65,612-N.S.) listing the dissolved Berkeley Redevelopment agency's enforceable obligations for payments required to be made from January 1, 2012 through June 30, 2012; and

WHEREAS, the second ROPS was approved by the Successor Agency on May 15, 2012 (Resolution No. 65,704-N.S.) listing the dissolved redevelopment agency's enforceable obligations for payments required to be made from July 1, 2012 through December 31, 2012; and

WHEREAS, a third ROPS was approved by the Successor Agency on October 2, 2012 (Resolution No 1), which listed the dissolved redevelopment agency's enforceable obligations for payments required to be made from January 1, 2013 through June 30, 2013; and

WHEREAS, a fourth ROPS has been prepared for the six month fiscal period commencing on July 1, 2013 and ending December 31, 2013 and will be presented to the Oversight Board for approval following approval by the Successor Agency.

NOW THEREFORE, BE IT RESOLVED by the Successor Agency to the Berkeley Redevelopment Agency, that it hereby approves Exhibit A, the attached Recognized Obligation Payment Schedule (ROPS) and authorizes the Executive Officer of the Successor Agency to make such changes and revisions to the ROPS as deemed necessary based on the review and approval of the ROPS by the Oversight Board and the Department of Finance.

BE IT FURTHER RESOLVED that the Successor Agency to the Berkeley Redevelopment Agency hereby approves the Administrative Budget as included in the ROPS IV, with additional detail provided in Exhibit B.

Exhibits

- A. Recognized Obligation Payment Schedule, July 1, 2013 - December 31, 2013
- B. Administrative Budget, July 1, 2013 - December 31, 2013