

NEW BUSINESS



AGENDA ITEM 15.03

May 8, 2012

TO: Chairperson and Members of the Successor Agency of the Stockton
Redevelopment Agency

FROM: Bob Deis, City Manager/Executive Director
Successor Agency of the Stockton Redevelopment Agency

SUBJECT: **ADOPTION OF A RECOGNIZED OBLIGATION PAYMENT SCHEDULE**

RECOMMENDATION

It is recommended the Successor Agency of the Stockton Redevelopment Agency approve a resolution adopting the Recognized Obligation Payment Schedule (Exhibit 1 to the Resolution) as required under Assembly Bill 1x26, Health and Safety Code, Section 34177 (l)(2)(A).

Summary

On June 29, 2011, Governor Brown signed into law Assembly Bill 1x26 (AB 26). AB 26 dissolves all existing California redevelopment agencies and allows each city or county, as applicable, to establish itself as the successor agency to its redevelopment agency. AB 26 also allows each city or county to assume responsibilities for housing functions previously undertaken by the redevelopment agency.

On August 23, 2011, by Resolution No. 11-0251, the City of Stockton passed a resolution stating that it would serve as successor agency to the Stockton Redevelopment Agency, and would also assume Agency housing functions. The Redevelopment Agency, by Resolution No. R11-014, adopted an Enforceable Obligation Payment Schedule (EOPS).

On January 24, 2012, by Resolution No. 2012-01-24-1502, the Agency amended its EOPS and provided an update on Redevelopment and AB 26.

On February 28, 2012, by Resolution No. SRD-2012-02-28-1501, the Successor Agency of the Stockton Redevelopment Agency adopted the first Recognized Obligation Payment Schedule (ROPS) for the six-month period covering January 1 through June 30, 2012.

A ROPS must now be adopted for the period of July 1 through December 31, 2012. The ROPS will then be forwarded to the Oversight Board for approval. Once approved it must be submitted to the Department of Finance, State Controller, County Auditor Controller, and posted online by May 11, 2012.

ADOPTION OF A RECOGNIZED OBLIGATION PAYMENT SCHEDULE

(Page 2 of 3)

DISCUSSION

Present Situation

The Successor Agency became operative February 1, 2012. On that date, assets of the former Redevelopment Agency were transferred to the Successor Agency. The Successor Agency is responsible for ensuring recognized obligations of the former Redevelopment Agency are met.

Recognized Obligation Payment Schedule

The action recommended for the Successor Agency is to adopt a ROPS for the period of July 1 through December 31, 2012. The initial ROPS included details about each enforceable obligation including the source of payment, terms, and repayment schedule for the life of the obligation. Subsequent ROPS do not require the full repayment schedule. Enforceable obligations include:

- Bonds
- Loans to the extent that they are legally required to be repaid pursuant to a repayment schedule or other mandatory loan terms
- Payments required by the federal government, preexisting obligations to the state, obligations imposed by state law, or legally enforceable payments required in connection with the agencies' employees
- Judgments or settlements entered by a competent court of law or binding arbitration decisions against the former redevelopment agency.
- Any legally binding and enforceable agreement or contract
- Contracts or agreements necessary for the administration or operation of the successor agency
- Amounts borrowed from or payments owing to the Low and Moderate Income Housing Fund

Enforceable obligations do not include agreements, contracts, or arrangements between the City and the former Redevelopment Agency.

After adoption, the ROPS will be forwarded to the Oversight Board for approval. Once approved, the ROPS must then be submitted to the Department of Finance, State Controller, County Auditor Controller, and posted online by May 11, 2012. Staff will return to have subsequent ROPS approved prior to each six-month fiscal period.

ADOPTION OF A RECOGNIZED OBLIGATION PAYMENT SCHEDULE

(Page 3 of 3)

Property Tax Revenues

The County Auditor Controller will provide an estimate of Property Tax Revenues May 1, 2012. Disbursement will be made to the Successor Agency on June 1, 2012 to cover obligations listed on the July through December 2012 ROPS. If the Successor Agency determines that funds are insufficient to meet all obligations on the ROPS, it must report so by May 1, 2012.

Staff will return in November with a recommendation to adopt a ROPS for the six-month fiscal period covering January through June 2013.

Respectfully submitted,



BOB DEIS, CITY MANAGER/EXECUTIVE DIRECTOR
SUCCESSOR AGENCY OF THE
STOCKTON REDEVELOPMENT AGENCY

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Resolution No. _____

SUCCESSOR AGENCY OF THE STOCKTON REDEVELOPMENT AGENCY

RESOLUTION ADOPTING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE AND APPROVING CERTAIN RELATED ACTIONS

The Stockton Redevelopment Agency ("Redevelopment Agency") was a redevelopment agency in the City of Stockton ("City"), duly created pursuant to the California Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the California Health and Safety Code) ("Redevelopment Law"); and

The City Council has adopted redevelopment plans for the City's redevelopment project areas, and from time to time, the City Council has amended such redevelopment plans; and

The Redevelopment Agency was responsible for the administration of redevelopment activities within the City; and

AB 1X 26 ("AB 26") and AB 1X 27 ("AB 27") were signed by the Governor of California on June 28, 2011, making certain changes to the Redevelopment Law, including adding Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) ("Part 1.85") to Division 24 of the California Health and Safety Code ("Health and Safety Code"); and

The California Redevelopment Association and League of California Cities filed a lawsuit in the Supreme Court of California (*California Redevelopment Association, et al. v. Matosantos, et al.*, Case No. S194861) alleging that AB 26 and AB 27 were unconstitutional; and

On December 29, 2011, the Supreme Court issued its opinion in the *Matosantos* case largely upholding as constitutional AB 26, invalidating as unconstitutional AB 27, and holding that AB 26 may be severed from AB 27 and enforced independently; and

The Supreme Court generally reformed and revised the effective dates and deadlines for performance of obligations under Health and Safety Code Part 1.85 of AB 26 arising before May 1, 2012, to take effect four months later, while leaving the effective dates or deadlines for performance of obligations under Health and Safety Code Part 1.8 of AB 26 unchanged; and

As a result of the Supreme Court's decision, and on February 1, 2012, all California redevelopment agencies were dissolved, successor agencies were established as successor agencies to the former redevelopment agencies pursuant to Health and Safety Code section 34173, and successor agencies are tasked with paying,

City Atty
Review GDP
Date May 2, 2012

performing, and enforcing the enforceable obligations of the former redevelopment agencies and winding down the affairs of the former redevelopment agencies; and

The City Council adopted Resolution No. 11-0251 on August 23, 2011, pursuant to Part 1.85, electing for the City to serve as the successor agency to the Redevelopment Agency upon the dissolution of the Redevelopment Agency under AB 26 ("Successor Agency"); and

Pursuant to Health and Safety Code section 34177(l)(2)(A) of AB 26, the Successor Agency is required to prepare a Recognized Obligation Payment Schedule ("ROPS") prior to each six-month fiscal period; and

In accordance with AB 26, the ROPS has been prepared using the preliminary Enforceable Obligations Payment Schedule ("EOPS") approved by the Redevelopment Agency by Resolution No. R11-014, and amended by Resolution No. 2012-01-24-1502, pursuant to Health and Safety Code section 34169(h); and

In accordance with AB 26, the initial ROPS, adopted by Resolution No. SRD-2012-02-28-1501, projected the dates and amounts of scheduled payments for each enforceable obligation for the remainder of the time period during which the Redevelopment Agency would have been authorized to obligate property tax increment had such Redevelopment Agency not been dissolved; and

According to Health and Safety Code section 34177(l)(1) of AB 26, for each recognized obligation, the ROPS shall identify one or more of the following sources of payment: (i) Low and Moderate Income Housing Funds, (ii) bond proceeds, (iii) reserve balances, (iv) administrative cost allowance, and (v) the Redevelopment Property Tax Trust Fund but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or by the provision of Part 1.85 of AB 26; and

The period to be covered by the proposed ROPS is July 1, 2012, through December 31, 2012. Once adopted by the Successor Agency, the ROPS shall thereafter be reviewed and approved by the Oversight Board. After which, the approved ROPS must be submitted to the County Auditor-Controller and both the Controller's Office and the Department of Finance and shall be posted on the Successor Agency's internet website. The ROPS must be submitted to the Controller's Office and the Department of Finance by May 11, 2012; and

Pursuant to Health and Safety Code section 34177(a)(3), commencing on May 1, 2012, only payments listed in an approved ROPS may be made by the Successor Agency from the funds specified in the ROPS and, commencing May 1, 2012, the ROPS shall supersede the Statement of Indebtedness of the Redevelopment Agency; and

It is the intent of AB 26 that the ROPS serve as the designated reporting mechanism for disclosing the Successor Agency's bi-annual payment obligations by

amount and source and, subsequent to the audit and approval of the ROPS as specified in AB 26, the County Auditor-Controller will be responsible for ensuring that the Successor Agency receives revenues sufficient to meet the requirements of the ROPS during each bi-annual period; and

The Successor Agency's proposed ROPS, which is consistent with the requirements of the Health and Safety Code and other applicable law, is attached to this Resolution as Exhibit "1"; and

This Resolution has been reviewed with respect to applicability of the California Environmental Quality Act ("CEQA"), the State CEQA Guidelines (California Code of Regulations, Title 14, Sections 15000 *et seq.*, hereafter the "Guidelines"), and the City's environmental guidelines; and

This Resolution is not a "project" for purposes of CEQA, as that term is defined by Guidelines section 15378, because this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per section 15378(b)(5) of the Guidelines; and

All of the prerequisites with respect to the approval of this Resolution have been met; now, therefore,

BE IT RESOLVED BY THE SUCCESSOR AGENCY OF THE REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON, AS FOLLOWS:

1. The foregoing recitals are true and correct and are a substantive part of this Resolution and all prerequisites to its adoption have occurred.

2. The adoption of this Resolution is not intended to and shall not constitute a waiver by the Successor Agency of any rights the Successor Agency may have to challenge the effectiveness and/or legality of all or any portion of AB 26 through administrative or judicial proceedings.

3. The Successor Agency hereby adopts the ROPS, attached hereto as Exhibit 1 and incorporated herein by this reference, to preserve its rights to make payments as authorized under Section 34177(l)(1).

4. The Executive Director, or designee, is hereby authorized and directed to provide the ROPS to the Oversight Board upon its establishment, and to transmit the ROPS to the State of California Department of Finance, State Controller, and San Joaquin County Auditor-Controller.

5. The Successor Agency determines that this Resolution is not a "project" for purposes of CEQA, as that term is defined by Guidelines section 15378, because this Resolution is an organizational or administrative activity that will not result in a direct or indirect physical change in the environment, per section 15378(b)(5) of the Guidelines.

6. This Resolution shall take effect upon the date of its adoption.

7. The Executive Director, or designee, is hereby authorized to take such actions as are necessary and appropriate to comply with Section 34177 and the purposes and intent of this Resolution.

PASSED, APPROVED, and ADOPTED May 8, 2012.

ANN JOHNSTON, Chairperson
of the Successor Agency of the
Stockton Redevelopment Agency

ATTEST:

BONNIE PAIGE, Secretary
of the Successor Agency of the
Stockton Redevelopment Agency

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EXHIBIT 1

RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS)
PER AB 1X 26 - SECTION 34177 (1)(2)(A)

City of Stockton, Successor Agency to the Stockton Redevelopment Agency
Name of former Redevelopment Agency: Stockton Redevelopment Agency
Project Area(s): ALL

No.	Project Name / Debt Obligation	Payee	Description	Source of Payment	Maturity	Outstanding	JULY - DECEMBER FISCAL PERIOD						July - Dec	JANUARY - JUNE FISCAL PERIOD						Jan - June	Fiscal Year												
							Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	payments	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	payments		2012/13 Total											
Bonds																																	
1	Low/Mod Housing Bonds	Wells Fargo Corporate Trust	2003 Housing COP	Property Taxes	2033	21,605,603							671,372						671,372						318,798						318,798	990,170	
2	Low/Mod Housing Bonds	Wells Fargo Corporate Trust	2006 Series C - Revenue Bond	Property Taxes	2037	50,497,406							1,301,982						1,301,982						812,376						812,376	2,114,358	
3	Redevelopment Revenue Bonds	Wells Fargo Corporate Trust	2006 Series A - Revenue Bond	Property Taxes	2037	94,322,731							1,659,256						1,659,256						1,341,506						1,341,506	3,000,762	
4	Redevelopment Revenue Bonds	Wells Fargo Corporate Trust	2006 Series B - Revenue Bond	Property Taxes	2013	2,465,862							1,426,082						1,426,082						29,890						29,890	1,455,972	
5	Redevelopment Revenue Bonds	Wells Fargo Corporate Trust	2004 Revenue Bond - Arena	Property Taxes	2036	82,317,206							1,516,114						1,516,114						1,054,573						1,054,573	2,570,687	
Total						251,208,808							6,574,806						6,574,806						3,557,143						3,557,143	10,131,949	
Loans																																	
6	State Debt	State Department of Boating and Waterways	DBAW Marina Construction Loan	Property Taxes	2040	19,856,296							684,701						684,701													684,701	
7	State Debt	State Department of Boating and Waterways	DBAW Planning Loan	Property Taxes	2012	34,976							34,976						34,976													34,976	
8	Fee Deferral	Public Facility Fees	Development Impact fees for 612 Carlton Ave	Property Taxes	2058	143,954							35,989						35,989													35,989	
9	Fee Deferral - WorkNet Office Bldg	Public Facility Fees	Development Impact fees for Worknet Office Building	Property Taxes	2059	196,950							49,238						49,238													49,238	
10	Fee Deferral - Cineplex	Public Facility Fees	Development Impact fees for Cineplex project	Property Taxes	2012	12,937							12,937						12,937													12,937	
Total						20,245,113							98,164	719,677					817,841													817,841	
*Projected payments - four equal annual installments																																	
Settlements and/or Judgements																																	
11	Agency Vs. Union Oil	Brown & Winters and/or Union Oil	Union Oil Dispute Re: Ground Water Contamination	Property Taxes		2,000,000													2,000,000													2,000,000	
12	Price Vs. City of Stockton	California Rural Legal Assistance	Tenant relocation assistance \$1,455,000; \$460,652 expended, remaining obligation \$994,348. Replacement of 185 housing units: 146 completed, remaining obligation 39 units @ 30% of AMI (est cost \$4M). *Subject to final determination by the parties.	Property Taxes		4,994,348													2,000,000						2,000,000						2,000,000	4,000,000	
Total						6,994,348													4,000,000						2,000,000						2,000,000	6,000,000	
Active Litigation																																	
13	Civic Partners	Freeman, D'Auto, Pierce, Gurev, Keeling & V	Developer Claims RDA Breached Contract (Legal defense costs)	Property Taxes		3,000,000							30,000	30,000	30,000	30,000	30,000	30,000	180,000						30,000	30,000	30,000	30,000	30,000	30,000	180,000	360,000	
14	Agency vs. BNSF	Brown & Winters	Contamination at Worknet Site & Southpointe (Litigation expenses)	Property Taxes		826,063							76,063	8,261	8,261	8,261	8,261	8,261	117,368						8,261	8,261	8,261	8,261	8,261	8,261	49,566	166,934	
15	Agency vs. State (Caltrans)	Brown & Winters	Coincides with BNSF case, Caltrans is a former owner (Litigation expenses)	Property Taxes		250,000							2,500	2,500	2,500	2,500	2,500	2,500	15,000						2,500	5,000	5,000	5,000	5,000	5,000	27,500	42,500	
16	Agency vs. Colberg	Brown & Winters	Polanco Act corrective action trial (Litigation expenses)	Property Taxes		2,000,000							20,000	20,000	20,000	20,000	20,000	20,000	120,000						20,000	40,000	40,000	40,000	40,000	40,000	220,000	340,000	
Total						6,076,063							128,563	60,761	60,761	60,761	60,761	60,761	60,761	432,368						60,761	83,261	83,261	83,261	83,261	83,261	477,066	909,434
*Total outstanding is an estimate, and may not include future settlement/judgement amount. Monthly costs are projected at 1% of the total outstanding obligation.																																	
Project Expenses																																	
17	AT&T Datacomm	AT&T Datacomm	Contract for installation of Security Cameras	Bond Proceeds / Prop Tax		377,644							62,941	62,941	62,941	62,941	62,941	62,941	377,644													377,644	
18	Vintage	Visionary Home Builders	Housing Loan	Property Taxes		210,484													210,484													210,484	
19	Community of All Nations	Visionary Home Builders	Housing Loan	Bond Proceeds		102,867							2,867						2,867												100,000	102,867	
21	Wallace Kuhl & Associates	Wallace Kuhl & Associates	South Shore	Property Taxes		30,259							30,259						30,259													30,259	
22	Condor Earth Technologies	Condor Earth Technologies	Marina Water Quality Testing	Property Taxes		874							874						874													874	
24	Treadwell and Rollo Inc	Treadwell and Rollo Inc	Parcel 2A & 24 Remediation	Property Taxes		12,055							12,055						12,055													12,055	
25	Wallace Kuhl & Associates	Wallace Kuhl & Associates	Removal Action Plan for Promenade & South Pointe	Property Taxes		104,956							17,493	17,493	17,493	17,493	17,493	17,493	104,956													104,956	
27	D R Jolley Co	D R Jolley Co	McKinley Park caretaker Building Asbestos Removal	Bond Proceeds		5,630							5,630						5,630													5,630	
29	Rodgers Construction	Rodgers Construction	Airport Way Streetscape Phase 3	Bond Proceeds		30,840							30,840						30,840													30,840	
30	Kjeldsen Sinnock & Neudeck Inc	Kjeldsen Sinnock & Neudeck Inc	Airport Way Streetscape Phase 3	Bond Proceeds		25,939							25,939						25,939													25,939	
31	Airport Way Streetscape Phase 3	City of Stockton	Airport Way Streetscape Phase 3. Proj mgmt/construction contingency	Bond Proceeds		151,377							25,230	25,230	25,230	25,230	25,230	25,227	151,377													151,377	
32	Hotel Stockton	Hotel Stockton Investors	Renovation of Hotel Stockton - for affordable housing	Property Taxes		69,426							69,426						69,426													69,426	
33	Remediation of Areas 24 and 4	City of Stockton	Remediation of lots north and south of Worknet site	Property Taxes		500,000							41,667	41,667	41,667	41,667	41,667	41,667	250,002						41,667	41,667	41,667	41,667	41,667	41,663	249,998	500,000	
Total						1,622,351							325,221	147,331	147,331	147,331	147,331	147,331	357,812	1,272,357						41,667	41,667	41,667	41,667	41,667	141,663	349,998	1,622,355
Assessments																																	
34	Downtown Stockton Alliance	Downtown Stockton Alliance	DSA Assessment of RDA owned properties	Property Taxes	2016	200,000																									50,000	50,000	
Total						200,000																										50,000	50,000
*Assumes properties will be sold no later than 2016																																	
Administrative Costs																																	
35	Agency Staff & Overhead	Agency Employees through City of Stockton	Existing salary, benefits, and overhead for Agency administration - Property maintenance & management	Administrative Cost Allowance		250,000							20,833	20,833	20,833	20,833	20,833	20,833	124,998						20,833	20,833	20,833	20,833	20,833	20,833	124,998	249,996	
Total						250,000							20,833	20,833	20,833	20,833	20,833	20,833	20,833	124,998						20,833	20,833	20,833	20,833	20,833	20,833	124,998	249,996
Total Enforceable Obligations						286,596,683							572,781	948,602	6,803,731	228,925	228,925	4,439,406	13,222,370						123,261	145,761	3,752,904	145,761	145,761	2,245,757	6,559,205	19,781,575	