



Pedro "Pete" M. Sanchez, Mayor
Mike Hudson, Mayor Pro-Tem
Jane Day
Sam Derting
Michael A. Segala

First and Third Tuesday
Every Month

A G E N D A

**SPECIAL MEETING OF THE
SUISUN CITY COUNCIL
AND**

**SUISUN CITY COUNCIL ACTING AS SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY OF THE CITY OF SUISUN CITY,
TUESDAY, JUNE 12, 2012
5:30 P.M.**

SUISUN CITY COUNCIL CHAMBERS -- 701 CIVIC CENTER BOULEVARD -- SUISUN CITY, CALIFORNIA

(Next Ord. No. – 722)
(Next City Council Res. No. 2012 – 41)
Next Suisun City Council Acting as Successor Agency Res. No. SA2012 – 06
(Next Housing Authority Res. No. HA2012 – 02)

ROLL CALL

Council / Board Members

PUBLIC COMMENT

(Requests by citizens to discuss any matter under our jurisdiction other than an item posted on this agenda per California Government Code §54954.3 allowing 3 minutes to each speaker).

CONFLICT OF INTEREST NOTIFICATION

(Any items on this agenda that might be a conflict of interest to any Councilmembers / Boardmembers should be identified at this time.)

CLOSED SESSION

Pursuant to California Government Code Section 54950 the Suisun City Council/Successor Agency will hold a Closed Session for the purpose of:

Joint City Council / Suisun City Council Acting as Successor Agency

1. CONFERENCE WITH LEGAL COUNSEL--ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to Government Code Section 54956.9(b): One potential case.

DEPARTMENTS: AREA CODE (707)

ADMINISTRATION 421-7300 ■ PLANNING 421-7335 ■ BUILDING 421-7310 ■ FINANCE 421-7320
FIRE 425-9133 ■ RECREATION & COMMUNITY SERVICES 421-7200 ■ POLICE 421-7373 ■ PUBLIC WORKS 421-7340
SUCCESSOR AGENCY 421-7309 FAX 421-7366

CONVENE OPEN SESSION

Announcement of Actions Taken, if any, in Closed Session.

CONSENT**Suisun City Council Acting as Successor Agency**

2. Successor Agency Receive and Accept the Proposed Administrative Budget for the Successor Agency to the Redevelopment Agency of the City of Suisun City – (Garben).

GENERAL BUSINESS**Suisun City Council Acting as Successor Agency**

3. Successor Agency Adoption of Resolution No. SA 2012-___: Requesting the Oversight Board to Consider and Approve a Payment Schedule Between the Successor Agency and the City of Suisun City Associated with the Civic Center Certificate of Participation Funding Arrangement – (Garben).
4. Successor Agency Adoption of Resolution No. SA 2012-___: Requesting the Oversight Board to Consider and Authorize the Successor Agency to Enter into an Agreement with the City of Suisun City Regarding Reimbursement of Costs Incurred Associated with the Harbor Center Street Extension Project – (Garben).
5. Successor Agency Adoption of Resolution No. SA 2012-___: Requesting the Oversight Board to Consider and Authorize the Successor Agency to Enter into an Agreement with the City of Suisun City Regarding Reimbursement of 333 Sunset Ground Lease Payments to the City of Suisun City – (Garben).

ADJOURNMENT

A complete packet of information containing staff reports and exhibits related to each item for the open session of this meeting, and provided to the City Council, are available for public review at least 72 hours prior to a Council /Agency/Authority Meeting at Suisun City Hall 701 Civic Center Blvd., Suisun City. Agenda related writings or documents provided to a majority of the Council/Board/Commissioners less than 72 hours prior to a Council/Agency/Authority meeting regarding any item on this agenda will be made available for public inspection during normal business hours. An agenda packet is also located at the entrance to the Council Chambers during the meeting for public review. The City may charge photocopying charges for requested copies of such documents.

PLEASE NOTE:

1. The City Council/Agency/Authority hopes to conclude its public business by 11:00 P.M. Ordinarily, no new items will be taken up after the 11:00 P.M. cutoff and any items remaining will be agendized for the next meeting. The agendas have been prepared with the hope that all items scheduled will be discussed within the time allowed.
2. Suisun City is committed to providing full access to these proceedings; individuals with special needs may call 421-7300.
3. Agendas are posted at least 72 hours in advance of regular meetings at:

City Hall	Fire Station	Senior Center
701 Civic Center Boulevard	621 Pintail Drive	318 Merganser Drive

AGENDA TRANSMITTAL

MEETING DATE: June 12, 2012

SUCCESSOR AGENCY AGENDA ITEM: Receive and Accept the Proposed Administrative Budget For the Successor Agency to the Redevelopment Agency of the City of Suisun City.

FISCAL IMPACT: Funding for the Successor Agency is provided by an Administrative Cost Allowance funded out of former tax increment proceeds.

BACKGROUND: Pursuant to Section 34177(j) of AB 26, the Successor Agency is required to prepare and submit a proposed administrative budget to the Oversight Board for its approval. The administrative budget must include the following pursuant to AB 26:

- Estimated amounts for Successor Agency administrative costs for the upcoming six-month fiscal period
 - Identify proposed sources of payment
- Proposals for arrangements of administrative and operational services provided by the City.

Pursuant to Section 34171(b) of AB 26, an administrative cost allowance is provided to the Successor Agency. This allowance comes from property tax revenues and is subject to approval of the Oversight Board. The administrative cost allowance for FY 2011-12 is up to 5% of property tax allocated to the Successor Agency and 3% of the property tax allocated to the Redevelopment Obligation Retirement Fund for each fiscal year thereafter. There is a provision that provides the administrative cost allowance shall not be less than \$250,000 for any fiscal year unless a lesser amount is agreed to by the Successor Agency.

Pursuant to Form B of the ROPS for the period ending December 31, 2012, the Successor Agency is expecting to receive a property tax allocation of \$4,412,822 for the first half of FY 2012-13. Taking 3% of the \$4,412,822 would result in an administrative cost allowance of \$132,376. However, the amount on the ROPS for the second half of the fiscal year is anticipated to be far less (closer to the \$1,339,543 listed on Form B of the ROPS for the period January 1 through June 30, 2012). Thus, the minimum administrative cost allowance of 50% of \$250,000 is estimated for the first six month period of FY 2012-13. The California Department of Finance has indicated the minimum \$125,000 is the appropriate allocation in the case of Suisun City's Successor Agency for the first half of FY 2012-13.

STAFF REPORT:

This administrative budget is for the period of July 1, 2012, through December 31, 2012. An administrative budget must be prepared by the Successor Agency for every six-month period and submitted to the Oversight Board for approval.

As previously mentioned, the minimum administrative cost allowance of \$125,000 for the first half of the fiscal year is estimated for purposes of budgeting. This budget was developed using the same principals as the previous administrative budget adopted by the Oversight Board on May 3, 2012.

The administrative budget includes proposed staffing of 1.14 full-time equivalent employees (\$79,100), which is approximately 13.8% of the 8.24 full time equivalent employees (FTE) employed by the Redevelopment Agency prior to dissolution. The types of positions include

PREPARED BY:

Jason Garben, Economic Development Director

REVIEWED/APPROVED BY:

Suzanne Bragdon, Executive Director

management, accounting and general administrative. Attachment 1 provides a detailed breakdown of proposed staffing starting July 1, 2012. It is important to note the Successor Agency has proposed to reduce staffing levels by 1.71 FTEs compared to staffing levels from the period of February 1, 2012 through June 30, 2012.

With staffing proposed at 13.8% of the former Redevelopment Agency's employment levels, the Successor Agency's contribution to cost allocation charges was reduced accordingly to \$22,100 from the \$315,600 adopted as part of the former Redevelopment Agency's FY 2011-12 budget. Cost allocation charges include overhead expenses such as costs associated with the use of City Hall, information technology and risk management.

The remaining budget includes the following line items and associated costs:

- Successor Agency Legal \$18,000
- Oversight Board Legal \$1,000
- Services/Supplies \$4,800

Attachment 2 provides a summary explanation of each of the aforementioned line items.

RECOMMENDATION: It is recommended that the Successor Agency receive and accept the Proposed Administrative Budget for the Successor Agency to the Redevelopment Agency of the City of Suisun City.

ATTACHMENTS:

1. Proposed Staffing Detail
2. Proposed Administrative Budget

**Suisun City Successor Agency
Staffing Summary**

<u>Job Title</u>	<u>FTE</u>
Account Clerk I/II-II	0.05
Accountant	0.15
Assistant City Manager/Admin. Services	0.15
City Manager	0.19
Economic Development Director	0.25
Marketing Manager	0.05
Sec to City Mgr/Dep City Clerk	0.10
Senior Accountant	0.15
Assistant/Associate Planner-Associate	0.05
Total Full Time Equivalent Staffing	1.14

**Suisun City Successor Agency
Admin Budget Summary**

Sources

Administrative Cost Allowance	\$125,000
Total Sources	\$125,000

Uses

Employee Costs - Salary	\$54,000
Employee Costs - Benefits	\$23,100
Employee Costs - Taxes	\$2,000
Legal - Successor Agency	\$18,000
Legal - Oversight Board	\$1,000
Travel & Training	\$0
Phone Service/Internet	\$2,400
Postage/Shipping	\$200
Printing/Copier Expense	\$2,000
Other Professional Services	\$0
Office Supplies	\$200
Cost Allocation	\$20,700
Info Tech	\$800
Risk Mgmt	\$600
Total Uses	\$125,000

AGENDA TRANSMITTAL

MEETING DATE: June 12, 2012

SUCCESSOR AGENCY AGENDA ITEM: Adoption of Resolution No. 2012SA-___: A Resolution of the City of Suisun City Council, Acting as Successor Agency to the Redevelopment Agency of the City of Suisun City, Requesting the Oversight Board to Consider and Approve a Payment Schedule Between the Successor Agency and the City of Suisun City Associated with the Civic Center Certificate of Participation Financing Arrangement.

FISCAL IMPACT: There is no fiscal impact associated with this action, as the Successor Agency is simply making a formal request of the Oversight Board to consider authorizing a payment schedule associated with the Civic Center Certificate of Participation financing arrangement.

BACKGROUND: Pursuant to a reimbursement agreement, the former redevelopment agency of the City of Suisun City (the "City") is responsible for reimbursing the City for all lease payments (lease payments may also be referred to as debt service) paid to the Suisun City Public Financing Authority relating to a Certificate of Participation (COP) financing arrangement originally issued for the construction of the Suisun City Civic Center in 1987. To date, the total debt service paid on this obligation amounts to \$6,168,318, with the remaining \$1,282,001 due over the next five years. Of the debt service paid to date, the former redevelopment agency reimbursed a total of \$3,867,045 (the \$3,867,045 includes a transfer from the former redevelopment agency of \$2,936,700 that was made in March 2011). Further, interest income from a debt service reserve account has offset the City's debt service payments by a total of \$285,123. Thus, the remaining reimbursement obligation of the former redevelopment agency (now the successor agency) is currently approximately \$3,231,700, which corresponds to the total outstanding obligation listed on the Recognized Obligation Payment Schedule approved by the California Department of Finance.

In June 2011, ABX1 26 (AB 26) was signed by the Governor, which effectively eliminated redevelopment agencies throughout California. As a result of AB 26, it is necessary for the City to transfer back \$2,936,700 to the Successor Agency so it is able to meet all of its financial obligations. As a result of this transfer back to the Successor Agency, the remaining Civic Center COP reimbursement obligation to the City would increase by approximately \$2,936,700 to approximately \$6,168,318 (Attachment 1 illustrates this calculation).

A summary of the Civic Center COP debt service schedule, reimbursement payments, interest income used to make debt service payments, and reimbursement amounts due are provided in Attachment 2. It is important to note the State of California Department of Finance has determined the Civic Center COP obligations are considered an enforceable obligation pursuant to AB 26.

STAFF REPORT: There is no payment schedule currently in place to ensure the City is reimbursed for the debt service payments associated with the Civic Center COP by the November 1, 2025, deadline stated in the reimbursement agreement. Pursuant to Section 34180(a) of AB26, the establishment of new repayment terms must first be approved by the Successor Agency's Oversight Board before the Successor Agency takes any action relating to such a payment

PREPARED BY:

Jason Garben, Economic Development Director

REVIEWED/APPROVED BY:

Suzanne Bragdon, Executive Director

schedule. Accordingly, the attached resolution requests the Oversight Board to consider and approve a repayment schedule.

The proposed payment schedule is based on a \$6,168,318 obligation, and is provided as Attachment 3. Essentially, the proposed payment schedule would consist of payments of \$350,000 in years 1 through 5, \$500,000 in years 6 through 12, and a final payment in year 13 consisting of approximately \$567,000. The payment amounts over the first five years would be reduced by any interest income or debt service reserves used to meet debt service obligations. The proposed payment schedule was developed to ensure the City is reimbursed by the November 1, 2025, deadline, and to ensure there are sufficient funds available from the Real Property Tax Trust Fund (formerly known as tax increment) to meet its financial obligations.

Adopting this resolution is the first step to ensure the City and Successor Agency remain in compliance with the covenants associated with the Civic Center COP documents, and ensure the Successor Agency is able to meet its financial obligations. This item is scheduled to be presented to the Oversight Board on June 15, 2012. If the Oversight Board authorizes the repayment schedule, the Successor Agency would be required to take action to approve the schedule at its June 19, 2012, meeting.

RECOMMENDATION: Adopt Resolution No. 2012SA-___: A Resolution of the City of Suisun City Council, Acting as Successor Agency to the Redevelopment Agency of the City of Suisun City, Requesting the Oversight Board to Consider and Approve a Payment Schedule Between the Successor Agency and the City of Suisun City Associated with the Civic Center Certificate of Participation Financing Arrangement.

ATTACHMENTS:

1. Attachment 1 – Remaining Reimbursement Amount Calculation Tables
2. Attachment 2 – COP Summary
3. Attachment 3 – Proposed Repayment Schedule
4. Resolution No. 2012SA-___: A Resolution of the City of Suisun City Council, Acting as Successor Agency to the Redevelopment Agency of the City of Suisun City, Requesting the Oversight Board to Consider and Approve a Payment Schedule Between the Successor Agency and the City of Suisun City Associated with the Civic Center Certificate of Participation Financing Arrangement.

Attachment 1
Remaining Reimbursement Calculations

Remaining Reimbursement Obligation	
Total Debt Service To Date	\$6,168,318
Total Debt Service Remaining	1,215,507.94
Total Debt Service	\$7,383,826
Less: Agency Reimbursement To Date	3,867,044.83
Less: Debt Service Paid From Interest Income	285,122.79
Equals Current Agency Reimbursement Obligation (ROPS)	3,231,658.32
Total Debt Service To Date	\$6,168,318
Total Debt Service Remaining	1,215,507.94
Total Debt Service	\$7,383,826
Less: Agency Reimbursement to Date	3,867,044.83
Plus: Refund of \$2,936,660 from City	2,936,660.00
Less: Debt Service Paid From Interest Income	285,122.79
Equals Projected Agency Reimbursement to Date	6,168,318.32

**Attachment 2
Civic Center COP Summary**

CIVIC CENTER COP DEBT SERVICE/REPAYMENT SUMMARY

SCHEDULED PAYMENT DATE (November 1)	PAYMENT SCHEDULE PRINCIPAL (Debt Service)	PAYMENT SCHEDULE INTEREST (Debt Service)	PAYMENT SCHEDULE TOTAL (Debt Service)	REIMBURSED BY RDA	INTEREST INCOME USED TO PAY DEBT SERVICE	BALANCE DUE FR RDA PURSUANT TO REIMBURSEMENT AGMT	CUMMULATIVE BALANCE DUE FROM RDA
1989	\$35,000	\$264,031	\$299,031			\$299,031	\$299,031
1990	\$35,000	\$261,756	\$296,756			\$296,756	\$595,788
1991	\$35,000	\$259,394	\$294,394			\$294,394	\$890,181
1992	\$40,000	\$256,944	\$296,944		\$12,741	\$284,202	\$1,174,384
1993	\$45,000	\$254,044	\$299,044		\$7,945	\$291,099	\$1,465,483
1 1994	\$0	\$191,184	\$191,185		\$8,078	\$183,106	\$1,648,589
2 1995	\$70,000	\$207,253	\$277,253		\$14,263	\$262,990	\$1,911,579
3 1996	\$90,000	\$203,915	\$293,915		\$18,092	\$275,823	\$2,187,401
4 1997	\$95,000	\$199,634	\$294,634		\$23,210	\$271,424	\$2,458,825
5 1998	\$95,000	\$195,003	\$290,003	\$139,488	\$19,000	\$131,514	\$2,590,340
6 1999	\$100,000	\$190,028	\$290,028	\$8,592	\$18,387	\$263,048	\$2,853,388
7 2000	\$110,000	\$184,513	\$294,513		\$14,329	\$280,183	\$3,133,571
8 2001	\$115,000	\$178,435	\$293,435		\$24,895	\$268,540	\$3,402,111
9 2002	\$120,000	\$171,853	\$291,853		\$24,589	\$267,263	\$3,669,374
10 2003	\$120,000	\$164,923	\$284,923		\$15,214	\$269,708	\$3,939,082
11 2004	\$0	\$0	\$0	\$278,204	\$4,824	-\$283,028	\$3,656,054
12 2005	\$180,000	\$84,253	\$264,253	\$0	\$3,604	\$260,649	\$3,916,703
13 2006	\$180,000	\$77,468	\$257,468	\$0	\$8,126	\$249,341	\$4,166,044
14 2007	\$185,000	\$73,858	\$258,858	\$0	\$11,834	\$247,024	\$4,413,068
15 2008	\$190,000	\$69,448	\$259,448	\$200,300	\$8,832	\$50,316	\$4,463,383
16 2009	\$195,000	\$64,245	\$259,245	\$101,000	\$50,502	\$107,743	\$4,571,126
17 2010	\$200,000	\$58,218	\$258,218	\$101,000	-\$2,467	\$159,684	\$4,730,811
18 2011	\$205,000	\$51,430	\$256,430	\$101,800	-\$876	\$155,506	\$4,886,317
19* 2011				\$2,936,660		-\$2,936,660	\$1,949,657
20 2012				-\$2,936,660		\$2,936,660	\$4,886,317
21 2012	\$215,000	\$43,811	\$258,811			\$258,811	\$5,145,128
23 2013	\$220,000	\$35,380	\$255,380			\$255,380	\$5,400,508
24 2014	\$230,000	\$26,150	\$256,150			\$256,150	\$5,656,658
25 2015	\$240,000	\$16,160	\$256,160			\$256,160	\$5,912,818
26 2016	\$250,000	\$5,500	\$255,500			\$255,500	\$6,168,318
TOTAL	\$3,595,000	\$3,788,825	\$7,383,826	\$930,385	\$285,123	\$6,168,318	

**Attachment 3
Civic Center COP Proposed Repayment Schedule**

Civic Center COP
Payment Schedule - Reimbursement Agmt

Year	Pmt Date	Pmt Amount	Outstanding
Year 1*	11/1/2012	\$255,830	\$5,912,488
Year 1*	2/1/2013	\$94,170	\$5,818,318
Year 2	11/1/2013	\$350,000	\$5,468,318
Year 3	11/1/2014	\$350,000	\$5,118,318
Year 4	11/1/2015	\$350,000	\$4,768,318
Year 5	11/1/2016	\$350,000	\$4,418,318
Year 6	11/1/2017	\$500,000	\$3,918,318
Year 7	11/1/2018	\$500,000	\$3,418,318
Year 8	11/1/2019	\$500,000	\$2,918,318
Year 9	11/1/2020	\$500,000	\$2,418,318
Year 10	11/1/2021	\$500,000	\$1,918,318
Year 11	11/1/2022	\$500,000	\$1,418,318
Year 12	11/1/2023	\$500,000	\$918,318
Year 13	11/1/2024	\$500,000	\$418,318
Year 14	11/1/2025	\$418,318	\$0
		\$6,168,318	

*Payment of \$255,830 is listed on the ROPS for period of July 1 through December 31, 2012. An additional amount of \$94,170 would be added to the ROPS for the period of Jan 1 through June 30, 2013 in order to ensure the \$350k payment in year 1.

SUCCESSOR AGENCY RESOLUTION NO. SA 2012 - ____

A RESOLUTION OF THE CITY OF SUISUN CITY COUNCIL, ACTING AS SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SUISUN CITY, REQUESTING THE OVERSIGHT BOARD CONSIDER AND APPROVE A PAYMENT SCHEDULE BETWEEN THE SUCCESSOR AGENCY AND THE CITY OF SUISUN CITY ASSOCIATED WITH THE CIVIC CENTER CERTIFICATE OF PARTICIPATION FINANCING ARRANGEMENT

WHEREAS, as part of the 2011-12 State budget bill, the California Legislature enacted and the Governor signed, companion bills AB 26 X1 (AB 26) and AB 27 X1 (AB 27), requiring that each redevelopment agency be dissolved unless the community that created it enacts an ordinance committing it to making certain payments; and

WHEREAS, on December 29, 2011, the California Supreme Court issued its opinion in the case of *California Redevelopment Association, et al. v. Ana Matosantos, etc., et al.*, Case No. S196861, and upheld the validity of AB 26 and invalidated AB 27; and

WHEREAS, the Court's decision results in the implantation of AB 26, which dissolves all redevelopment agencies in the State of California as of February 1, 2012; and

WHEREAS, the City of Suisun City (the "City") is, by operation of law, the Successor Agency (the "Agency") to the former redevelopment agency for purposes of winding down the redevelopment agency under AB 26; and

WHEREAS, in connection with the original certificate of participation financing for the construction of the Suisun City Civic Center, the City and former redevelopment agency executed Reimbursement Agreements (dated November 1, 1987, June 1, 1993, and April 1, 2004), pursuant to which the Redevelopment Agency of the City of Suisun City agreed to repay the City for all lease (or debt service) payments required to be made by the City; and

WHEREAS, the State Department of Finance has determined the Civic Center Certificate of Participation financing arrangement is an enforceable obligation as defined pursuant to AB 26, and

WHEREAS, there is no payment schedule associated with the reimbursement agreement between the City and the former redevelopment agency that was executed for purposes of securing and repaying certificates of participation at the time the certificates were delivered; and

WHEREAS, it is necessary to determine a payment schedule to ensure the City is repaid by the November 1, 2025 deadline as stated in the reimbursement agreement; and

WHEREAS, pursuant to Section 34180(a) AB 26, the Oversight Board must approve the establishment of new repayment terms prior to the Agency taking action.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Suisun City acting as the Successor Agency to the Redevelopment Agency of the City of Suisun City does resolve as follows:

Section 1. The Recitals set forth above are true and correct and incorporated herein by reference.

Section 2. The Executive Director is hereby directed to request the Oversight Board consider and approve the payment schedule associated with the Civic Center COP reimbursement agreement as attached hereto.

PASSED AND ADOPTED at a special meeting of the City Council serving as Successor Agency to the Redevelopment Agency of the City of Suisun City duly held on Tuesday, the 12th of June, 2012, by the following vote:

AYES: BOARDMEMBERS: _____

NOES: BOARDMEMBERS: _____

ABSENT: BOARDMEMBERS: _____

ABSTAIN: BOARDMEMBERS: _____

WITNESS my hand and the seal of the City of Suisun City this 12th of June, 2012.

Linda Hobson, CMC
Secretary

AGENDA TRANSMITTAL

MEETING DATE: June 12, 2012

SUCCESSOR AGENCY AGENDA ITEM: Adoption of Resolution No. 2012SA-___: A Resolution of the City of Suisun City Council, Acting as Successor Agency to the Redevelopment Agency of the City of Suisun City, Requesting the Oversight Board to Consider and Authorize the Successor Agency to Enter into an Agreement with the City of Suisun City Regarding Reimbursement of Costs Incurred Associated with the Harbor Center Street Extension Project.

FISCAL IMPACT: There is no fiscal impact associated with this action, as the Successor Agency is simply making a formal request of the Oversight Board to consider authorizing the Successor Agency to enter into an agreement.

BACKGROUND: Between the years of 2007 and 2009, the City of Suisun City acquired the right of way and constructed the improvements necessary to complete the Harbor Center Street Extension project at a cost of approximately \$2,500,000. The completion of this project led to the development of Suisun City's first hotel in more than 50 years, and is a critical element of the City's redevelopment plan to generate ongoing revenues for the City.

In June 2009, the City and former Redevelopment Agency adopted resolutions providing for reimbursement of the costs incurred by the City to complete the Harbor Center Street Extension. At that time, the City and the Agency adopted resolutions authorizing the repayment as a lump sum amount of \$2,500,000 during FY 2009-10. However, given the continued declines in assessed values resulting in lower tax increment revenues to the Redevelopment Agency, it was decided through the budgeting process to reimburse the City over a four-year period. By allowing this obligation to be reimbursed over a four-year period, the Agency was able to ensure it had sufficient annual working capital, while the City was able to ensure it had the necessary annual reserves as a result of the payment schedule. Repayments of \$500,000 were made in 2009-10 and 2010-11, with the balance of \$1,500,000 paid to the City in March 2011. This reimbursement transaction is a simple reimbursement for actual costs incurred without any interest factored into the arrangement.

As previously mentioned, this obligation was paid off in March 2011, when the Agency paid the outstanding balance of \$1.5 million to the City. Three months later in June 2011, AB1X 26 (AB26) was passed by the Legislature and signed into law by the Governor. Pursuant to AB26, payments made between the Agency and the City retroactively to January 1, 2011, are deemed invalid and subject to reversal.

This repayment of costs incurred by the City is a straight reimbursement (no interest payments in addition to the reimbursement amounts) that was authorized well before the implementation of AB26. The Harbor Center Street Extension project is completely consistent with the intended uses and outcomes expected of redevelopment.

Absent AB26, the City expected to retain the entire the amount of costs incurred to acquire and construct the Harbor Center Street Extension project. The City has a financial strategy in place to address the current fiscal challenges resulting from the poor economic conditions. If the City were required to return the \$1,500,000 it received in March 2011 with no repayment, the City's emergency reserves would be depleted by over 62%, which would leave the City with less than \$900,000 in emergency reserves.

PREPARED BY:
REVIEWED/APPROVED BY:

Jason Garben, Economic Development Director
Suzanne Bragdon, Executive Director

The legality of the AB26 provisions that raise questions about this reimbursement agreement (i.e., creating laws that retroactively invalidate valid city/agency reimbursements, as well as the arbitrary two year provision) are being challenged in the courts at this time.

STAFF REPORT: Based on a strict interpretation of the current language in AB26, assets transferred to the City after January 1, 2011, may be ordered reversed by the State Controller. However, Section 34178(a) of AB 26 provides the following:

“...a successor entity wishing to enter or reenter into agreements with the city, county, or city and county that formed the redevelopment agency that is succeeding may do so upon obtaining the approval of its oversight board.”

Thus, in order to have this debt to the City honored, the Oversight Board could authorize the Successor Agency to enter into an agreement with the City in order for the Successor Agency to honor the reimbursement payments for costs incurred for the Harbor Center Street Extension project that may be ordered to be returned by the State Controller. The repayment to the City would continue to be a simple reimbursement for costs incurred, and would not include an interest component. The proposed schedule of the reimbursement payments is provided in the table below:

HARBOR CENTER STREET EXTENSION PROJECT	
DATE	PROPOSED PAYMENT AMOUNT
Year 1 (February 2013)	\$800,000
Year 2 (February 2014)	\$350,000
Year 3 (February 2015)	\$350,000
TOTAL	\$1,500,000

To proceed, the Successor Agency must formally request the Oversight Board to authorize the Successor Agency to enter into an agreement that would create a payment schedule and reimburse the City for all of the costs it incurred in completing the Harbor Center Street Extension. Adopting this resolution would make the formal request of the Oversight Board.

RECOMMENDATION: Adopt Resolution No. 2012SA-___: A Resolution of the City of Suisun City Council, Acting as Successor Agency to the Redevelopment Agency of the City of Suisun City, Requesting the Oversight Board to Consider and Authorize the Successor Agency to Enter into an Agreement with the City of Suisun City Regarding Reimbursement of Costs Incurred Associated with the Harbor Center Street Extension Project.

ATTACHMENTS:

1. Resolution No. 2012SA-___: A Resolution of the City of Suisun City Council, Acting as Successor Agency to the Redevelopment Agency of the City of Suisun City, Requesting the Oversight Board to Consider and Authorize the Successor Agency to Enter into an Agreement with the City of Suisun City Regarding Reimbursement of Costs Incurred Associated with the Harbor Center Street Extension Project.

SUCCESSOR AGENCY RESOLUTION NO. SA 2012 - ____

A RESOLUTION OF THE CITY OF SUISUN CITY COUNCIL, ACTING AS SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SUISUN CITY, REQUESTING THE OVERSIGHT BOARD CONSIDER AND AUTHORIZE THE SUCCESSOR AGENCY TO ENTER INTO AN AGREEMENT WITH THE CITY OF SUISUN CITY REGARDING REIMBURSEMENT OF COSTS INCURRED ASSOCIATED WITH THE HARBOR CENTER STREET EXTENSION PROJECT

WHEREAS, as part of the 2011-12 State budget bill, the California Legislature enacted and the Governor signed, companion bills AB 26 X1 (AB 26) and AB 27 X1 (AB 27), requiring that each redevelopment agency be dissolved unless the community that created it enacts an ordinance committing it to making certain payments; and

WHEREAS, on December 29, 2011, the California Supreme Court issued its opinion in the case of *California Redevelopment Association, et al. v. Ana Matosantos, etc., et al.*, Case No. S196861, and upheld the validity of AB 26 and invalidated AB 27; and

WHEREAS, the Court's decision results in the implantation of AB 26, which dissolves all redevelopment agencies in the State of California as of February 1, 2012; and

WHEREAS, the City of Suisun City (the "City") is, by operation of law, the Successor Agency (the "Agency") to the former redevelopment agency for purposes of winding down the redevelopment agency under AB 26; and

WHEREAS, the City of Suisun City advanced \$2,500,000 for the acquisition of property, project design, project construction, and project inspection of the Harbor Center Street Extension Project; and

WHEREAS, the former redevelopment agency of the City of Suisun City agreed to reimburse the City for the \$2,500,000 used in association with the completion of the Harbor Center Street Extension Project; and

WHEREAS, as a result of AB 26, the City may be required to return approximately \$1,500,000 received from the Agency in March 2011, and

WHEREAS, the Successor Agency desires to honor the reimbursement to the City for the costs incurred to complete the Harbor Center Street Extension Project; and

WHEREAS, in order to ensure the reimbursement to the City for the costs incurred to complete the Harbor Center Street Extension Project is honored, it is necessary for the Successor Agency to request authorization to enter such an agreement with the City; and

WHEREAS, pursuant to Section 34178(a) of AB 26, a successor entity wishing to enter or reenter into agreements with the city, that formed the redevelopment agency that is succeeding may do so upon obtaining the approval of its oversight board.

WHEREAS, pursuant to Section 34177(a)(4) of AB 26, nothing in AB 26 shall prevent a successor agency, with the prior approval of the oversight board, from making payments for enforceable obligations from sources other than those listed and approved by the Department of Finance in the Recognized Obligation Payment Schedule.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Suisun City acting as the Successor Agency to the Redevelopment Agency of the City of Suisun City does resolve as follows:

Section 1. The Recitals set forth above are true and correct and incorporated herein by reference.

Section 2. The Executive Director is hereby directed to request the Oversight Board consider and authorize the Successor Agency to enter into an agreement that would create a payment schedule and ensure reimburse the City for all of the costs it incurred in completing the Harbor Center Street Extension, and, alternatively, to reenter into prior agreements to ensure reimbursement to the City for all of the costs it incurred in completing the Harbor Center Street Extension.

PASSED AND ADOPTED at a special meeting of the City Council serving as Successor Agency to the Redevelopment Agency of the City of Suisun City duly held on Tuesday, the 12th of June, 2012, by the following vote:

AYES: BOARDMEMBERS: _____
NOES: BOARDMEMBERS: _____
ABSENT: BOARDMEMBERS: _____
ABSTAIN: BOARDMEMBERS: _____

WITNESS my hand and the seal of the City of Suisun City this 12th of June, 2012.

Linda Hobson, CMC
Secretary

AGENDA TRANSMITTAL

MEETING DATE: June 12, 2012

SUCCESSOR AGENCY AGENDA ITEM: Adoption of Resolution No. 2012SA-___: A Resolution of the City of Suisun City Council, Acting as Successor Agency to the Redevelopment Agency of the City of Suisun City, Requesting the Oversight Board to Consider and Authorize the Successor Agency to Enter into an Agreement with the City of Suisun City Regarding Reimbursement of 333 Sunset Ground Lease Payments to the City of Suisun City.

FISCAL IMPACT: There is no fiscal impact associated with this action, as the Successor Agency is simply making a formal request of the Oversight Board to consider authorizing the Successor Agency to enter into an agreement.

BACKGROUND: The 333 Sunset Ground Lease Reimbursements consist of repayments to the City for ground lease payments received by the redevelopment agency. The City transferred the 333 Sunset property to the former redevelopment agency on October 11, 1989, for no consideration to the City. The former redevelopment agency subsequently entered into a ground lease with a developer in February 1991. The ground lease resulted in the agency being paid lease payments totaling \$666,470 between 1991 and 2003. Ultimately, the former redevelopment agency agreed to assign the ground lease payments to the City in 2003, and repay the City for the ground lease payments collected by the Agency between 1991 and 2003.

The State Department of Finance (the “DOF”) has determined the 333 Sunset Ground Lease Reimbursement payments are not considered an enforceable obligation pursuant to AB 26. Staff argued unsuccessfully that since the property transfer took place and the ground lease was entered into within two years of the Redevelopment Plan being amended and restated (July 18, 1989), the 333 Sunset Ground Lease Reimbursement should be an enforceable obligation. Health & Safety Code Section 34178(b)(2) states that a written agreement between a redevelopment agency and the city, county, or city and county that created it that provided loans or other startup funds for the redevelopment agency that were entered into within two years of the formation of the redevelopment agency is not invalid.

The following provides an overview from a financial perspective with regard to this item:

- Total Ground Lease Payments Made to Agency - \$666,470
 - Ground Lease Payments were made to Agency between April 1991 and June 2003
- Agency has reimbursed the City for a total of \$341,390 to date
 - Payments have been made annually (\$48,770 since FY 2004-05)

Absent AB26, the City expected the remaining \$325,080 to be repaid over the next 7 fiscal years

STAFF REPORT: Based on the current DOF determination, the City would not be repaid for the ground lease payments the Agency agreed to repay the City. However, Section 34178(a) of AB 26 provides the following:

“...a successor entity wishing to enter or reenter into agreements with the city, county, or city and county that formed the redevelopment agency that is succeeding may do so upon obtaining the approval of its oversight board.”

PREPARED BY:

Jason Garben, Economic Development Director

REVIEWED/APPROVED BY:

Suzanne Bragdon, Executive Director

Thus, in order to have this debt to the City honored, the Oversight Board could authorize the Successor Agency to enter into an agreement with the City in order for the Successor Agency to honor the 333 Sunset Ground Lease reimbursement payments that have not yet been made to the City. The repayment to the City would continue to be a simple reimbursement for actual lease payments, and would not include an interest component, which is consistent with past practice. The proposed schedule of the reimbursement payments is provided in the table below, and is based on a payment schedule developed as part of the budget adopted for FY 2004-05:

333 Sunset Ground Lease Repayments	
DATE	PROPOSED PAYMENT AMOUNT
Year 1 (February 2013)	\$48,770
Year 2 (February 2014)	\$48,770
Year 3 (February 2015)	\$48,770
Year 4 (February 2016)	\$48,770
Year 5 (February 2017)	\$48,770
Year 6 (February 2018)	\$48,770
Year 7 (February 2019)	\$32,460
TOTAL	\$325,080

To proceed, the Successor Agency must formally request the Oversight Board to consider authorizing the Successor Agency to enter into an agreement approving a repayment schedule for the remaining payments associated with the 333 Sunset Ground Lease reimbursement to the City. Adopting this resolution make the formal request of the Oversight Board.

RECOMMENDATION: Adopt Resolution No. 2012SA-___: A Resolution of the City of Suisun City Council, Acting as Successor Agency to the Redevelopment Agency of the City of Suisun City, Requesting the Oversight Board to Consider and Authorize the Successor Agency to Enter into an Agreement with the City of Suisun City Regarding Reimbursement of 333 Sunset Ground Lease Payments to the City of Suisun City.

ATTACHMENTS:

1. Resolution No. 2012SA-___: A Resolution of the City of Suisun City Council, Acting as Successor Agency to the Redevelopment Agency of the City of Suisun City, Requesting the Oversight Board to Consider and Authorize the Successor Agency to Enter into an Agreement with the City of Suisun City Regarding Reimbursement of 333 Sunset Ground Lease Payments to the City of Suisun City.

SUCCESSOR AGENCY RESOLUTION NO. SA 2012 - ____

A RESOLUTION OF THE CITY OF SUISUN CITY COUNCIL, ACTING AS SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SUISUN CITY, REQUESTING THE OVERSIGHT BOARD TO CONSIDER AND AUTHORIZE THE SUCCESSOR AGENCY TO ENTER INTO AN AGREEMENT WITH THE CITY OF SUISUN CITY REGARDING REIMBURSEMENT OF 333 SUNSET GROUND LEASE PAYMENTS TO THE CITY OF SUISUN CITY.

WHEREAS, as part of the 2011-12 State budget bill, the California Legislature enacted and the Governor signed, companion bills AB 26 X1 (AB 26) and AB 27 X1 (AB 27), requiring that each redevelopment agency be dissolved unless the community that created it enacts an ordinance committing it to making certain payments; and

WHEREAS, on December 29, 2011, the California Supreme Court issued its opinion in the case of *California Redevelopment Association, et al. v. Ana Matosantos, etc., et al.*, Case No. S196861, and upheld the validity of AB 26 and invalidated AB 27; and

WHEREAS, the Court's decision results in the implantation of AB 26, which dissolves all redevelopment agencies in the State of California as of February 1, 2012; and

WHEREAS, the City of Suisun City (the "City") is, by operation of law, the Successor Agency (the "Agency") to the former redevelopment agency for purposes of winding down the redevelopment agency under AB 26; and

WHEREAS, former redevelopment agency of the City of Suisun City agreed to reimburse the City of Suisun for ground lease payments totaling \$666,470 received by the former redevelopment agency on land the City transferred to the agency for no consideration; and

WHEREAS, the agency had reimbursed the City for a total of approximately \$341,940 prior to AB 26; and

WHEREAS, the remaining reimbursements of approximately \$325,080 has been determined by the Department of Finance to not meet the definition of an enforceable obligation pursuant to AB 26 thereby denying the City repayment of the remaining amount due, and

WHEREAS, the Successor Agency desires to honor the reimbursement to the City for the \$325,080 remaining associated with the 333 Sunset Ground Lease Reimbursement; and

WHEREAS, pursuant to Section 34178(a) of AB 26, a successor entity wishing to enter into agreements with the city, that formed the redevelopment agency that is succeeding may do so upon obtaining the approval of its oversight board.

WHEREAS, pursuant to Section 34177(a)(4) of AB 26, nothing in AB 26 shall prevent a successor agency, with the prior approval of the oversight board, from making payments for enforceable obligations from sources other than those listed and approved by the Department of Finance in the Recognized Obligation Payment Schedule.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Suisun City acting as the Successor Agency to the Redevelopment Agency of the City of Suisun City does resolve as follows:

Section 1. The Recitals set forth above are true and correct and incorporated herein by reference.

Section 2. The Executive Director is hereby directed to request the Oversight Board consider and authorize the Successor Agency to enter into an agreement that would create a

payment schedule and ensure reimbursement to the City for all of the outstanding reimbursement costs associated with the 333 Sunset Ground Lease, and, alternatively, to reenter into this obligation.

PASSED AND ADOPTED at a special meeting of the City Council serving as Successor Agency to the Redevelopment Agency of the City of Suisun City duly held on Tuesday, the 12th of June, 2012, by the following vote:

AYES: BOARDMEMBERS: _____
NOES: BOARDMEMBERS: _____
ABSENT: BOARDMEMBERS: _____
ABSTAIN: BOARDMEMBERS: _____

WITNESS my hand and the seal of the City of Suisun City this 12th of June, 2012.

Linda Hobson, CMC
Secretary