

# A G E N D A

## REGULAR MEETING OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE CITY OF SUISUN CITY REDEVELOPMENT AGENCY

THURSDAY, MAY 30, 2013

2:00 P.M.

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

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(Next Board Res. No. OB2013 – 04)

### **ROLL CALL**

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).*

### **CONSENT CALENDAR**

*Consent calendar items requiring little or no discussion may be acted upon with one motion.*

### **GENERAL BUSINESS**

- 1) Adoption of Oversight Board Resolution No. OB2013-\_\_: Approving the Administrative Budget for the Period Ending December 31, 2013 – (Garben)

### **REPORTS:** *(Informational items only.)*

- 2) Staff
  - a) Presentation of Former Agency Properties and Assets Previously Transferred to the City of Suisun City
  - b) Update/Report on Status of DDR and ROPS Meet and Confer Meeting with DOF
- 3) Chair/Boardmembers

### **ADJOURNMENT**

A complete packet of information containing Staff Reports and exhibits related to each item is available for public review at least 72 hours prior to a Board Meeting or, in the event that it is delivered to the Boardmembers less than 72 hours prior to a Board Meeting, as soon as it is so delivered. The packet is available for review in the Suisun City Manager's Office during normal business hours, and online at [www.suisun.com/Oversight-Board.html](http://www.suisun.com/Oversight-Board.html).

## AGENDA TRANSMITTAL

**MEETING DATE:** May 30, 2013

**OVERSIGHT BOARD AGENDA ITEM:** Adoption of Oversight Board Resolution No. OB2013-\_\_: Approving the Administrative Budget for the Period Ending December 31, 2013

**FISCAL IMPACT:** The administrative budget consists of revenues and expenses within the \$125,000 administrative cost allowance provided pursuant to state law for the period ending June 30, 2012.

**IMPACT ON PASS THROUGHES TO OTHER TAXING ENTITIES:** This item has no impact to the existing pass-through payments to other affected taxing entities.

**BACKGROUND:** Pursuant to HSC Section 34177(j), 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:

- 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 HSC Section 34171(b), 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 2013-14 is up to 3% of the property tax allocated to the Redevelopment Obligation Retirement Fund for each fiscal year. There is a provision that provides the administrative cost allowance shall not be less than \$250,000 for any fiscal year, unless the Oversight Board reduces this amount or a lesser amount is agreed to by the Successor Agency.

The Successor Agency developed a budget for fiscal year 2013-14 based on the \$250,000 minimum.

**STAFF REPORT:** This administrative budget is for the period of July 1, 2013, through December 31, 2013. An administrative budget must be prepared by the Successor Agency for every six-month period and submitted to the Oversight Board for approval.

The administrative budget was developed using the same principals as the previous administrative budgets approved by the Oversight Board, and is consistent with the proposed 2013-14 budget of the Successor Agency.

The administrative budget includes proposed staffing of 1.14 full-time equivalent employees (\$81,400), which is \$2,300 more than the previous six-month period (See Attachment 1), primarily due to increased costs associated in health insurance and retirement.

The Successor Agency's contribution to City cost allocation charges increased by approximately \$3,100, primarily due to an increase in the City's liability insurance premium. Cost allocation

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Jason Garben, Economic Development Director

**REVIEWED/APPROVED BY:**

Suzanne Bragdon, Executive Director

charges are based on a Cost Allocation Plan prepared by Revenue & Cost Specialists, LLC, and include the following:

- Costs to use City facilities
- Costs to use City equipment
- Utility costs
- Organizational overhead costs (personnel services, city administration, etc.)
- Information Technology costs (computers, network maintenance, etc.)
- Risk Management costs (insurance claims and premiums)

Legal fees over the next six-month period were reduced to \$8,500. As the Successor Agency continues with the implementation, as long as no further major changes to the dissolution process (such as AB 1484 last June), the need for legal services should wane.

Services and supplies were based on actual costs incurred in the previous fiscal year, plus an allowance of \$5,600 for professional services.

Attachment 2 provides a summary explanation of each of the aforementioned line items in addition to a comparison of the budget from the previous 6-month period.

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**RECOMMENDATION:** It is recommended that the Oversight Board

Adopt Oversight Board Resolution No. OB2013-\_\_: Approving the Administrative Budget for the Period Ending December 31, 2013

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**ATTACHMENTS:**

1. Staffing Summary
2. Administrative Budget Summary (July 1 through December 31, 2013)
3. Resolution No. OB2013-\_\_: Approving the Administrative Budget for the Period Ending December 31, 2013

**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
<b>Total Full Time Equivalent Staffing</b>	<b>1.14</b>

**Suisun City Succesor Agency**

**Admin Budget Summary**

	<b>6/30/2013</b>	<b>12/31/2013</b>	
Employee Costs	\$79,100	\$81,400	Employee costs include salary, benefits, and taxes for 1.14 FTE employees outlined in the staffing detail. Increase is due to increases payroll taxes and benefits
Cost Allocation Charges	\$22,100	\$25,200	Cost allocation charges include overhead costs such as costs associated with the use of City Hall, information technology, and risk management.
Legal Fees	\$19,000	\$8,500	Legal costs for the Successor Agency are budgeted at \$8,500. This is significantly less than in past periods, as legal fees should decrease as dissollution acitivities settle.
Services and Supplies	\$4,800	\$9,900	Services and supplies includes costs associated with phone service/internet, postage/shipping, printer/copier expense, office supplies, travel and training, and other proffessional services. And are based primarily on historical actual costs.
<b>Total</b>	<b>\$125,000</b>	<b>\$125,000</b>	

**RESOLUTION NO. OB 2013 - \_\_**

**A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SUISUN CITY APPROVING THE ADMINISTRATIVE BUDGET FOR THE PERIOD ENDING DECEMBER 31, 2013**

**WHEREAS**, the California State Legislature enacted Assembly Bill 1X26 (the "Dissolution Act") to dissolve redevelopment agencies formed under the Community Redevelopment Law (Health and Safety Code Section 33000 et seq.); and

**WHEREAS**, pursuant to Health and Safety Code Section 34173, the City Council of the City of Suisun City (the "City Council") declared that the City of Suisun City (the "City") would act as successor agency (the "Successor Agency") for the dissolved Redevelopment Agency of the City of Suisun City (the "Dissolved RDA") effective February 1, 2012; and

**WHEREAS**, pursuant to AB 1484 ("AB 1484"), enacted June 27, 2012, to amend various provisions of the Dissolution Act, the Successor Agency is now declared to be a separate legal entity from the City; and

**WHEREAS**, the Dissolution Act provides for the appointment of an oversight board (the "Oversight Board") with specific duties to approve certain Successor Agency actions pursuant to Health and Safety Code Section 34180 and to direct the Successor Agency in certain other actions pursuant to Health and Safety Code Section 34181; and

**WHEREAS**, Health & Safety Code Section 34171(a), (b), and 34177 (j) require the Oversight Board to approve an Administrative Budget for administrative costs of the Successor Agency.

**NOW, THEREFORE, BE IT RESOLVED** that the Oversight Board to the Successor Agency does resolve as follows:

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

**Section 2.** The administrative budget for the Successor Agency for the period ending December 31, 2013 is hereby approved.

**Section 3.** The Successor Agency Executive Director or designee is authorized to take all actions necessary to implement this Resolution.

**PASSED AND ADOPTED** at a regular meeting of the Oversight Board to the Successor Agency to the Redevelopment Agency of the City of Suisun City duly held on Thursday, May 30, 2013, by the following vote:

<b>AYES:</b>	BOARDMEMBERS:	_____
<b>NOES:</b>	BOARDMEMBERS:	_____
<b>ABSENT:</b>	BOARDMEMBERS:	_____
<b>ABSTAIN:</b>	BOARDMEMBERS:	_____

**WITNESS** my hand and the seal of the City of Suisun City this 30<sup>th</sup> of May, 2013.

\_\_\_\_\_  
Linda Hobson, CMC  
Secretary

## AGENDA TRANSMITTAL

**MEETING DATE:** May 30, 2013

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**OVERSIGHT BOARD AGENDA ITEM:** Presentation of Former Agency Properties and Assets Previously Transferred to the City of Suisun City

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**FISCAL IMPACT:** None.

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**IMPACT ON PASS THROUGH TO OTHER TAXING ENTITIES:** This item has no impact to the existing pass-through payments to other affected taxing entities.

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**BACKGROUND:** AB 1X 26 and AB 1484 (the “Dissolution Act”) were put into law to cause the dissolution of all redevelopment agencies in California. There are several provisions included in the Dissolution Act that retroactively disallowed certain actions of the former redevelopment agencies, such as asset transfers to the City.

Given the active nature of the former Suisun City Redevelopment Agency, many assets such as real property and notes receivable were acquired over the years. Prior the dissolution of the Agency, many of these assets were transferred to the City of Suisun City. These assets can be generally characterized into these categories:

- Public Purpose Real Property
- Assets Associated with the Main Street West Disposition and Development Agreement
- Other Assets

- Housing Assets These asset transfers were highlighted in the Due Diligence Reviews recently completed and reviewed by the Oversight Board and State Department of Finance. The State Controller also recently conducted a separate review of asset transfers and concluded their research on May 22, 2013. The purpose of the State Controller’s review of the asset transfers is to determine if any assets were improperly transferred, and order their return to the Successor Agency for disposal pursuant to the Dissolution Act. A draft report with findings will be provided to the Successor Agency in the next 3 to 4 weeks, according to the State Controller representatives. The representatives provided staff with preliminary findings that indicate the State will order the assets returned to the Successor Agency.

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**STAFF REPORT:** Based on the preliminary findings of the State Controller, the City will be ordered to transfer properties and assets back to the Successor Agency.

The purpose of this presentation will be to provide the Oversight Board with a general overview of each former Agency property and assets identified in the State Controller’s preliminary findings. Subject to final approval of the Department of Finance, the Oversight Board will ultimately be tasked with determining the fate of these properties and assets pursuant to the Dissolution Act. Essentially, the Oversight Board will be required to determine if assets and properties should remain with the City or other governmental agency, or be liquidated. Pursuant to H&S Code Section 34181(a), the Oversight Board may direct the Successor Agency to transfer ownership of

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**REVIEWED/APPROVED BY:**

Suzanne Bragdon, Executive Director

those assets that were constructed and used for a governmental purpose, such as roads, school buildings, parks, police and fire stations, libraries, and local agency administrative buildings, to the appropriate public jurisdiction. Further, the Oversight Board may direct certain Housing Assets to remain with the City's Housing Authority (acting as the Successor Housing Agency) pursuant to H&S Code Section 34176.

Staff is not recommending the Oversight Board take action at this time, but is providing the information in advance of the formal order from the State Controller to ensure all information is provided, and any question regarding certain properties and assets can be addressed.

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**RECOMMENDATION:** It is recommended the Oversight Board receive the presentation, accept this informational report, and provide staff with any comments or questions.

## AGENDA TRANSMITTAL

**MEETING DATE:** May 30, 2013

**OVERSIGHT BOARD AGENDA ITEM:** Update/Report on Status of DDR and ROPS Meet and Confer Meetings with DOF

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**FISCAL IMPACT:** None.

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**IMPACT ON PASS THROUGH TO OTHER TAXING ENTITIES:** This item has no impact to the existing pass-through payments to other affected taxing entities.

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**BACKGROUND:** State law provides Successor Agencies with the opportunity to meet and confer with the Department of Finance (the “DOF”) regarding its determinations related to Recognized Obligation Payment Schedules (ROPS) and Due Diligence Reviews.

In recent months, Successor Agency staff has held two meet and confer sessions with the DOF.

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**STAFF REPORT:** Staff will provide a brief informational presentation on the issues described below:

### **Other Funds and Accounts DDR**

In January, the Oversight Board approved the Other Funds and Accounts Due Diligence Review (the “OFA DDR”) for submittal to the State. On March 11, 2013, the DOF issued its determination letter regarding the OFA DDR. Of the \$43,885,870 in former Agency assets held by the City, \$41,788,370 was non-liquid assets and \$2,097,500 was cash assets. The DOF noted that the non-liquid assets, which are comprised of property and various notes receivable, are subject to review of the State Controller’s Office, which review is ongoing. However, the DOF ordered the immediate return of the cash assets. The City believes there is precedent for those cash assets to be retained by the City, as the majority of that amount represents a legal reimbursement agreement between the Agency and the City. The City has disputed the DOF’s findings, and is working with the City Attorney’s Office to bring resolution to those legal issues.

### **ROPS 13-14A**

The Oversight Board previously approved ROPS 13-14A for the period of July to December 2013. In April, Successor Agency staff held a meet and confer session with the DOF regarding its rejection of \$145,400 in former Redevelopment Agency (the “RDA”) operating and audit costs. These expenses, incurred prior to the dissolution of the RDA in February 2012, were included and approved on the ROPS I. Subsequently, the DOF ordered return of the money through the Solano County Auditor-Controller, which the Successor Agency did under protest. At the direction of the DOF, the Agency put these expenses on ROPS III, and the DOF again denied them. After a meet and confer session, the DOF asserted that though the expenses were valid, the Agency was paid previously for these expenses, ignoring the earlier reversal through the Auditor-Controller’s Office. At the direction of the DOF, the Agency placed these items on the ROPS 13-14A, and they were again denied. Staff had a meet and confer session with the same DOF reviewers that worked on the ROPS III, and had advised the Agency to include these items on ROPS 13-14A. The DOF

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subsequently issued a determination that since these expenses were originally approved on ROPS I, it would ultimately approve funding of these items as part of the ROPS 13-14A.

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**RECOMMENDATION:** It is recommended that the Oversight Board receive the presentation, accept this informational report, and provide staff with any comments or questions.