

A G E N D A

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

FRIDAY, JUNE 1, 2012

3:00 P.M.

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

(Next Board Res. No. OB2012 – 03)

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.

- 1) Oversight Board Approval of the Minutes of the Regular Meetings of the Oversight to the Successor Agency to the City of Suisun City Redevelopment Agency held on April 5, 2012 and April 13, 2012 – (Garben)
- 2) Adoption of Oversight Board Resolution No. OB2012-__: Approving the Revised Recognized Obligation Payment Schedule for the Period January 1, 2012 to June 30, 2012, and Directing Transmittal Pursuant to State Law – (Garben)

GENERAL BUSINESS

- 3) Adoption of Oversight Board Resolution No. OB2012-__: Approving the Administrative Budget for the Period Ending December 31, 2012 – (Garben)
- 4) Informational Item – Legal Authority Under AB1X26 for the Oversight Board to Authorize the Successor Agency to Re-Enter into Certain Agreements Between the Successor Agency and the City of Suisun City, including an Analysis of the Impact of “Keeping Whole” the Other Taxing Entities of Such Decisions – (Garben)

REPORTS: *(Informational items only.)*

- 5) Staff
- 6) 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.

MINUTES

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

THURSDAY, APRIL 5, 2012

4:00 P.M.

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

GENERAL BUSINESS

1. Swearing in of new Oversight Board Members by Suisun City Clerk.

City Clerk Hobson gave the oath of office to the board members.

2. Election of Chair and Vice Chair, and Discussion and Direction Regarding Meeting Dates and Similar Administrative Matters.

City Clerk announced nominations[3:59:11 PM](#) **were open for Chair.**

Board Member Sanchez nominated and Board Member Sheldon seconded the nomination of Jim Spering for Chair. Motion carried unanimously.

Board Member Spering nominated and Board Member Sheldon seconded the nomination of Pete Sanchez for Vice Chair. Motion carried unanimously.

3. AB26 Overview and Discussion – (Garben) [4:28:39 PM](#)

Garben reviewed current and pending legislation.

4. Overview and Discussion of Roles, Responsibilities and Procedures of the Oversight Board, Including Review of Future Action on the Recognized Obligation Payment Schedule, Enforceable Obligation Payment Schedule and Administrative Budget – (Garben) [4:31:01 PM](#) [4:35:49 PM](#) [4:41:47 PM](#) [4:43:30 PM](#) [4:46:17 PM](#)

Directed staff to do the following:

- Always have a recommendation on items brought to the board ;
- Should have parcel name, parcel map, and brief history of parcel
- Provide Board with four-year history of pass throughs;
- Provide quarterly report of actions the Board has made so that board members are able to report back to their entities.

Recommendations of Oversight Board go to State Auditor, Oversight Board reviews and decides what stays on the ROPS and then that's what goes up to State.

REPORTS: *(Informational items only.)*

5. Staff - None
6. Chair/Boardmembers –

Board Member Sheldon requested that Over Sight Board documents be sent to the members electronically. Discussion was held regarding electronic programs.

PUBLIC COMMENT - None

(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).

ADJOURNMENT[4:54:32 PM](#)

There being no further business, Chairman Spering adjourned the meeting at 4:54 PM.

Linda Hobson, CMC
Secretary

MINUTES

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

FRIDAY, APRIL 13, 2012

1:00 P.M.

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

ROLL CALL

Chairman Spering called the meeting to order at 1:00 PM with Board Members Sanchez, Sheldon, da Silva, Spering, and Thurston present. Board Member Kearns was absent.

PUBLIC COMMENT - None

(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).

GENERAL BUSINESS

- 1) Approving the Enforceable Obligation Payment Schedule and Recognized Obligation Payment Schedule, and Directing Their Transmittal as Required by State Law – (Garben)
 - a) Adoption of Board Resolution No. OB2012-01: Approving the Enforceable Obligation Payment Schedule as Amended by the Successor Agency.

[1:18:41 PM..](#)

- b) Adoption of Board Resolution No. OB2012-02: Approving the Recognized Obligation Payment Schedule as Amended by the Successor Agency for the Period January 1 to June 30, 2012.

Amendment Resolution No. OB 2012-1:

Whereas, the Oversight Board recognizes the January pass-through payment to Solano County identified in the EOPs has not been made; and

Whereas, pursuant to AB 26, codified as Health and Safety code Section 64176, the Agency forwarded the EOPs to the Oversight Board for approval.

Amendment Resolution No. OB 2012-2:

Whereas, the Oversight board acknowledges the State of California Department of Finance has indicated line items 13 through 15 contained in the ROPS are not enforceable obligations; and

Whereas, the Oversight Board has determined line items 13 through 15 should remain on the ROPS subject to further review and consideration.

Motioned by Board Member da Silva and seconded by Board Member Sheldon to adopt Resolutions No. OB2012-03 and OB2012-04 as amended above. Motion carried unanimously by members present.

- 2) Introduction of the Successor Agency Administrative Budget – (Garben)[1:55:07 PM](#)
Budget was reviewed and will come back for approval on the May 3 agenda.

REPORTS: (*Informational items only.*)

- 3) Staff
4) Chair/Boardmembers
5) Board Member Da Silva[2:06:38 PM](#) complimented staff for gathering and preparing all the information brought to this Board.
6) Board Member Sheldon asked what would be discussed at the May 3 meeting. Staff stated the 2nd ROPS covering July-December 2012, approving the Oversight Board Budget and the three items questioned by the State.

ADJOURNMENT

There being no further business, Chairman Spering adjourned the meeting at [2:07:59 PM](#) 2:08 PM.

Linda Hobson, CMC
Secretary

AGENDA TRANSMITTAL

MEETING DATE: June 1, 2012

OVERSIGHT BOARD AGENDA ITEM: Adoption of Oversight Board Resolution No. OB2012-__: Approving the Recognized Obligation Payment Schedule for the Period January 1 to June 30, 2012, and Directing Transmittal Pursuant to State Law

FISCAL IMPACT: All items listed on the ROPS are obligations of the former Redevelopment Agency, such as bond payments, loan payments to third parties, administrative costs and costs associated with the Main Street West DDA, that fall within the timeframe of January 1, 2012 through July 30, 2012.

IMPACT ON OTHER TAXING ENTITIES: This item has no impacts to the existing pass-through payments to other affected taxing entities.

BACKGROUND: On December 29, 2011, the California Supreme Court issued its decision upholding ABX1 26 (AB26), effectively eliminating redevelopment agencies throughout the State of California, effective February 1, 2012. The City of Suisun City adopted a resolution on January 31, 2012, electing to serve as the Successor Agency to the former Redevelopment Agency of the City of Suisun City. The Successor Agency is to prepare a Recognized Obligation Payment Schedule (ROPS) for each six month period (July through December and January through June) outlining the amount and source of payments for all enforceable obligations required to be paid by the Successor Agency. The ROPS includes items such as debt service on bonds or other loan payments, project costs and administrative costs.

The first ROPS covering the period of January 1, 2012 through June 30, 2012, was accepted and received by the Successor Agency on April 3, 2012, and subsequently submitted to and approved by the Oversight Board on April 13, 2012, with the following three items included on the ROPS conditionally, subject to further review:

- Civic Center COP Reimbursement Agreement
- 333 Sunset Avenue Reimbursement
- Main Street West DDA

Additional information with respect to the aforementioned items was submitted to the Oversight Board at its meeting on May 3, 2012.

STAFF REPORT: Upon Oversight Board approval on April 13, 2012, the ROPS for the period ending June 30, 2012, was immediately submitted to the DOF for review on April 13, 2012. The DOF responded on April 17, 2012, with an email indicating it was requesting review of one or more items listed on the ROPS, and with a formal letter on April 24, 2012 (Attachment 2). Between April 17 and May 22, 2012, staff had numerous communications with the DOF regarding the ROPS.

Ultimately, through these communications, the attached ROPS has been developed with and approved by the DOF (the email from the DOF approving ROPS is provided as Attachment 3). The ROPS was accepted and received by the Successor Agency on May 22, 2012. The changes from the initial ROPS approved by the Oversight Board and DOF are as follows:

PREPARED BY:

Jason Garben, Economic Development Director

REVIEWED/APPROVED BY:

Suzanne Bragdon, Executive Director

- Errors with payments posted in wrong periods were corrected.
- The \$135,900 of administrative costs incurred by the former redevelopment agency in January 2012 has been segregated from the Successor Agency's Administrative Cost Allowance so it now has its own line item.
- The line items for *Reimbursement – 333 Sunset Lease* and *1998/2003 Tax Allocation Bonds* were requested by DOF staff to be eliminated from the ROPS. The City Attorney initially advised these items remain on the ROPS, without request for payment to preserve rights of the Successor Agency. In light of the DOF request, and in order to ensure the Successor Agency has a ROPS approved by the DOF, the City Attorney has advised staff that in lieu of leaving these items on the ROPS, a letter be sent to the DOF indicating the City does not intend to waive any rights as a result of future changes (legal, legislative, or otherwise).
- A line item for the South Waterfront Exclusive Negotiation Agreement (ENA) was added as a refund of a \$5,000 deposit associated with this agreement is due to the party that entered into the ENA with the former redevelopment agency. Attachment 4 provides a detailed summary of this line item.

Staff recommends the Oversight Board approve the ROPS for the period of January 1, 2012 through June 30, 2012.

RECOMMENDATION: Adopt Oversight Board Resolution No. OB2012-__: Approving the Recognized Obligation Payment Schedule for the Period January 1 to June 30, 2012, and Directing Transmittal Pursuant to State Law.

ATTACHMENTS:

1. Oversight Board Resolution No. OB2012-__: Approving the Recognized Obligation Payment Schedule for the Period January 1 to June 30, 2012, and Directing Transmittal Pursuant to State Law.
2. Letter of April 24, 2012, from DOF
3. Email of May 22, 2012, from DOF
4. South Waterfront ENA Summary

RESOLUTION NO. OB 2012 - ___

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SUISUN CITY APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE AS AMENDED BY THE SUCCESSOR AGENCY FOR THE PERIOD JANUARY 1 TO JUNE 30, 2012, AND DIRECTING TRANSMITTAL PURSUANT TO STATE LAW

WHEREAS, as part of the 2011-12 State budget bill, the California Legislature enacted and the Governor has 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 implementation of AB 26, which dissolves all redevelopment agencies in the State of California as of February 1, 2012; and

WHEREAS, the City is, by operation of law, the Successor Agency (the “Agency”) to the Redevelopment Agency for purposes of winding down the Redevelopment Agency under AB 26; and

WHEREAS, pursuant to AB 26, codified as Health and Safety Code Section 64176, the City as Successor Agency is required to maintain a “Recognized Obligation Payment Schedule” (the “ROPS”), which revised schedule for the period of January 1 through June 30, 2012, was received and accepted by the Agency on May 22, 2012; and

WHEREAS, pursuant to AB 26, codified as Health and Safety Code Section 64176, the Agency forwarded the ROPS to the Oversight Board for approval; and

WHEREAS, the Oversight Board acknowledges the ROPS presented has received approval from the Department of Finance.

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 ROPS, attached hereto and incorporated herein by this reference, is hereby adopted pursuant to Health & Safety Code Section 34180, subject to all reservations of rights and contingencies set forth above.

Section 3. The Successor Agency Executive Director or designee is authorized to take all actions necessary to implement this Resolution, including without limitation, the posting of this Resolution and the Recognized Obligation Payment Schedule on the Board's website, and the provision of notice of adoption of this Resolution and such Schedule to the State Department of Finance.

PASSED AND ADOPTED at a special meeting of the Oversight Board to the Successor Agency to the Redevelopment Agency of the City of Suisun City duly held on Friday, the 1st 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 1st of June, 2012.

Linda Hobson, CMC
Secretary



EDMUND G. BROWN JR. ■ GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

April 23, 2012

Jason Garben, Director
Economic Development
City of Suisun City
701 Civic Center Blvd.
Suisun City, CA 94585

Dear Mr. Garben:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Suisun City Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 16, 2012 for the period January through June, 2012. Finance staff contacted you for clarification of items listed in the ROPS.

The ROPS submitted to Finance contained errors with payments posted in wrong periods. Therefore, your ROPS is not approved for making obligation payments. See the example provided in Exhibit 6 of http://www.dof.ca.gov/assembly_bills_26-27/view.php. Resubmit a revised board-approved ROPS for the period January through June, 2012 and send to: Redevelopment_Administration@dof.ca.gov

In addition, Finance has determined a line item included on the ROPS is not an enforceable obligation (EO). HSC section 34171 (d) lists enforceable obligations characteristics. Based on our application of the law, the following item does not qualify as an EO:

Item No. 11 in the amount of \$135,900 is not an EO. HSC section 34171 (b) limits the 2011-12 administrative cost allowance to five percent of the property tax allocated to the successor agency or \$250,000, whichever is greater. Therefore, we are denying \$135,900 of the claimed \$385,900.

As authorized by HSC section 34179 (h), Finance is returning your ROPS for your reconsideration. This action will cause the ROPS to be ineffective until Finance approval.

Please direct inquiries to Robert Scott, Supervisor or Kylie Le, Lead Analyst at (916) 322-2985.

Sincerely,

MARK HILL
Program Budget Manager

cc: Ms. Simona Padilla-Scholtens, Auditor-Controller, County of Solano
Mr. Jun Aveda, Deputy Auditor Controller, County of Solano

Jason Garben

From: Wyatt, Kelly <Kelly.Wyatt@dof.ca.gov>
Sent: Wednesday, May 23, 2012 2:22 PM
To: spadilla@solanocounty.com
Cc: jgadeva@solanocounty.com; Jason Garben; Le, Kylie
Subject: Suisun City Jan - Dec 2012 ROPS Review
Attachments: Suisun City ROPS, OB approved, Jul-Dec Final.pdf; DOF Review Draft Suisun ROPS ending 6-30-12 (May 22, 2012).xlsx

Dear Ms. Padilla-Scholtens,

Please find attached the ROPS for the City of Suisun City Successor Agency for the periods of January through June, 2012, and July through December, 2012. These were provided to the Department of Finance (Finance) on May 22, 2012, and May 7, 2012, respectively, and reflect all changes requested by Finance. Based on our review, we are approving all of the items listed on these ROPS at this time.

Regards,

*Kelly Wyatt, Analyst
Department of Finance
(916) 322-2985, ext. 3521*

South Waterfront ENA

The South Waterfront Exclusive Negotiation Agreement (ENA) the Agency entered into with Ballman, Jensen, and Pitcher (the "Developer") has been added to this ROPS in order to return a \$5,000 deposit held as a "negotiation fee" pursuant to the ENA. The ENA was initially entered into in June 2007 in order to negotiate business terms on a potential mixed used development on an Agency owned site consisting of approximately 36,000 square feet adjacent to the existing marine sales and service facility near the boat launch at the southern end of Kellogg Street. Given the precipitous decline in market conditions since June 2007, the Agency granted several extensions of the initial negotiation period that ultimately ran through April 2012. With the adoption of AB 26, agreements such as ENA's are not considered enforceable obligations. Thus, the Successor Agency is unable to continue negotiations with the Developer pursuant to the ENA.

On April 19, 2012 Ballman, Jensen, and Pitcher sent a letter to staff requesting a refund of the deposit in light of the dissolution of the Agency. The ENA was not included on the ROPS initially as ENA's are not considered enforceable obligations. However, upon consulting with legal counsel, it is appropriate to list this item on the ROPS as any payments made by the Successor Agency must be included on the ROPS. This item is listed solely for the purpose of returning the deposit to Ballman, Jensen, and Pitcher.

The ENA did not explicitly contemplate how to handle the deposit if the redevelopment agency were dissolved. However, the enactment of AB 26 essentially intervened into the ENA such that neither party could achieve the goals and purposes of the ENA. Where the purpose of a contract is essentially destroyed by some unexpected cause outside the control of the parties, the "frustration of purpose" doctrine may apply. This doctrine is summarized in the Restatement Second of Contracts, section 265, as follows:

"Where, after a contract is made, a party's principal purpose is substantially frustrated without his fault by the occurrence of an event the non-occurrence of which was a basic assumption on which the contract was made, his remaining duties to render that performance are discharged, unless the language or circumstances indicate the contrary."

Here, the Agency's authority to enter into a DDA was the basic assumption of the ENA, which assumption is now "substantially frustrated" by the unexpected enactment of AB 26, and nothing in the ENA addresses such a circumstance. Where this occurs, the doctrine of frustration of purpose may hold the contract "void" and all prior monetary considerations exchanged should be returned. Thus, to terminate the ENA based on the frustration of its purpose, the deposit should be repaid to Ballman, Jensen, and Pitcher.

AGENDA TRANSMITTAL

MEETING DATE: June 1, 2012

OVERSIGHT BOARD AGENDA ITEM: Adoption of Oversight Board Resolution No. OB2012-__: Approving the Administrative Budget for the Period Ending to December 31, 2012.

FISCAL IMPACT: The admin budget consists of revenues and expenses within the \$125,000 administrative cost allowance provided pursuant to AB 26 for the period ending December 31, 2012.

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

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.

PREPARED BY:

Jason Garben, Economic Development Director

REVIEWED/APPROVED BY:

Suzanne Bragdon, Executive Director

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 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: Adopt of Oversight Board Resolution No. OB2012-__: Approving the Administrative Budget for the Period Ending to December 31, 2012.

ATTACHMENTS:

1. Successor Agency Staffing Summary 7-1-12 through 12-31-12
2. Successor Agency Admin Cost Summary
3. Oversight Board Resolution No. OB2012-__: Approving the Administrative Budget for the Period Ending to December 31, 2012

**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

RESOLUTION NO. OB 2012 - __

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, 2012

WHEREAS, as part of the 2011-12 State budget bill, the California Legislature enacted and the Governor has 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 implementation of AB 26, which dissolves all redevelopment agencies in the State of California as of February 1, 2012; and

WHEREAS, the City is, by operation of law, the Successor Agency (the “Agency”) to the Redevelopment Agency for purposes of winding down the Redevelopment Agency under AB 26; 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, 2012 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 special meeting of the Oversight Board to the Successor Agency to the Redevelopment Agency of the City of Suisun City duly held on Friday, the 1st 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 1st of June, 2012.

Linda Hobson, CMC
Secretary

AGENDA TRANSMITTAL

MEETING DATE: June 1, 2012

OVERSIGHT BOARD AGENDA ITEM: Informational Item – Legal Authority Under ABX1 26 (AB 26) for the Oversight Board to Authorize the Successor Agency to Reenter into Certain Agreements Between the Successor Agency and the City of Suisun City, including an Analysis of the Impact of “Keeping Whole” the Other Taxing Entities of Such Decisions.

FISCAL IMPACT: No fiscal impact at this time. This item is presented for informational purposes.

IMPACT ON PASS-THROUGHS TO OTHER TAXING ENTITIES: This item has no impacts to the existing pass-through payments to other affected taxing entities. See staff report for comprehensive sensitivity analysis.

BACKGROUND: At the April 13, 2012, Oversight Board Meeting, it was noted that several items listed on the Recognized Obligation Payment schedule were verbally determined by the State Department of Finance to not be enforceable obligations pursuant to AB 26. Specifically, the 333 Sunset Lease Reimbursements and the Civic Center Certificate of Participation Reimbursement Agreement. Since that time, we have received written confirmation of the DOF’s findings, and it has maintained its position that the 333 Sunset Lease Reimbursements are not an enforceable obligation. However, it has since been determined by the DOF that the Civic Center COP Reimbursement Agreement is an enforceable obligation.

Pursuant to AB 26, any agreements, contracts or arrangement between a city and its redevelopment agency are not valid and do not bind the Successor Agency with the following exceptions:

1. Any duly authorized written agreement between the city and the redevelopment agency entered into at the time of issuance, but prior to December 31, 2010, solely for the purpose of securing or repaying indebtedness obligations to third parties (as an example, the Civic Center COP Reimbursement Agreement meets this criteria); and
2. A written agreement between the city and redevelopment agency that was entered into within two years of the formation of the redevelopment agency.

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.”

Relative to this authority within AB1x26, the purpose of this informational item is to provide the Oversight Board with the following information:

- Legal considerations and authority for authorizing the Successor Agency to reenter into agreements with the City
- The financial impacts on the City if certain agreements are not reentered

PREPARED BY:

Jason Garben, Economic Development Director

REVIEWED/APPROVED BY:

Suzanne Bragdon, Executive Director

- The impact on the existing pass-through payments to other affected taxing entities if certain agreements are reentered between the Successor Agency and the City.

Each of these items is discussed below.

STAFF REPORT:

At the Oversight Board meeting on June 15, 2012, staff will ask/recommend the Oversight Board to authorize the Successor Agency to reenter into two agreements with the City of Suisun City. These include specifically:

- 333 Sunset Ground Lease Reimbursement
- Harbor Center Road Extension Reimbursement.

To facilitate the Oversight Board's consideration of this request, this item is presented for information and discussion to ensure the Board has the information it needs to consider this request. Impacts to the City, impacts to the existing pass-throughs to the other affected taxing entities, and the legal authority of the Oversight Board to authorize such agreements is contained herein. An overview of the 333 Sunset Ground Lease Reimbursement and the Harbor Center Road Extension Reimbursement is also provided.

Transaction Summaries

333 Sunset Lease Reimbursement

As previously mentioned, the 333 Sunset Ground Lease Reimbursement, per the State Department of Finance (the "DOF"), is not considered an enforceable obligation, even though the property transfer took place and the ground lease was entered into within two years of the Redevelopment Plan being amended and restated.

The 333 Sunset Ground Lease Reimbursement consists of the repayment to the City for ground lease payments received by the Redevelopment Agency for land transferred to the Agency on October 11, 1989 *with no consideration to the City*. This transfer occurred within two years of the formation of the Amended Project Area, which occurred on July 18, 1989.

The Agency subsequently entered into a ground lease with a developer in February 1991. The ground lease resulted in the Agency being paid lease payments instead of the City, which should've been the recipient of such payments recognizing that the City received no compensation from the Agency at the time the land was transferred.

Pursuant to AB 26, 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. However, the State DOF's interpretation in denying this reimbursement agreement appears to be based not on when the property was transferred from the City to the Agency in the anticipation of future compensation, which did take place within two years, but rather when the ground lease payments were initiated, which fell within three years of when the Project Area was created. Needless to say, there are already lawsuits being filed from other jurisdictions questioning the legality of this arbitrary two year period of time.

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)
- City expected the remaining \$325,080 to be repaid over the next 7 fiscal years.

The payments that historically have been made to the City, and which are hoped will be authorized to continue, are a simple reimbursement for actual lease payments, and do not include an interest component.

Harbor Center Street Extension Reimbursement

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 over 50 years, and a critical element of our 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. A win-win proposition for all involved. As with the 333 Sunset Lease, this transaction was a simple reimbursement for actual costs incurred without any interest factored into the arrangement.

Ultimately, 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, AB26 was passed by the Legislature and signed into law by the Governor. Pursuant to AB26, however, payments made between the Agency and the City retroactively to January 1, 2011 are deemed invalid and subject to reversal.

Recognizing the importance of this revenue to the City's General Fund (which is discussed in more detail subsequently in this staff report), staff is raising this issue proactively with the Oversight Board. From the City's perspective, this is a straight reimbursement that was authorized well before the implementation of AB26. As can be seen by the nature of this transaction, it wasn't something that was created to subvert the interests of the State (this project is fully consistent with the intention of redevelopment) nor was it used as a vehicle to increase revenues transferred from the Agency to the City (no interest was ever contemplated in this transfer/reimbursement agreement.)

As with the 333 Sunset Lease Reimbursement Agreement, 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.

Legal Authority and Other Considerations

A letter from legal counsel to the Successor Agency providing a detailed explanation regarding the authority of the Oversight Board to authorize the Successor Agency to enter into such agreements with the City is provided as Attachment 1.

Further, the California Attorney General has represented in court that Health & Safety Code §§ 34171(d)(2)(C) and 34180(k) are not intended to invalidate any contracts that are legal under existing law. Specifically, on January 27, 2012, Ross Moody, Deputy Attorney General, acknowledged in open court in the case of City of Cerritos v. State of California, Sacramento County Superior Court, Case No. 34-2011-80000952, that "to the extent [a] city has entered into indebtedness or contract [with its redevelopment agency] for those same purposes [i.e. in reliance upon being repaid with tax increment revenues] there is no reason that AB 26 would invalidate those contracts." (Reporter's Transcript, at pp. 61-65.)

Moreover, Proposition 1A prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues amongst local governments within a county must be approved by two-thirds of both houses of the Legislature. (Cal. Const. Art. XIII, § 25.5(a)(3).) AB 26 was not approved by a two-thirds vote in accordance with Proposition 1A.

The application of Proposition 1A to AB 26 is currently being litigated, along with other legal arguments concerning AB 26, in the above-referenced Cerritos case in the Sacramento Superior Court. Two additional cases were filed last week in Sacramento Superior Court challenging AB 26.

Thus, the validity of AB 26 is currently being litigated in court. *Preserving the status quo until the court resolves this matter is the best course of action given the uncertain set of circumstances.* By reentering into the reimbursement agreements, the Oversight Board is merely preserving the status quo before AB 26 went into effect and allowing the courts to resolve the current uncertainty in AB 26 and its application to the matters at issue here.

Impacts to the City of NOT Re-Entering into These Two Agreements

The City of Suisun City has been impacted greatly by the severe economic downturn of the past five years, as have all other governmental entities. Suisun City has navigated this downturn thus far by implementing cost saving measures such as:

- A hiring freeze that has resulted in 18 current vacancies (a total workforce reduction of nearly 18%)
- A 5% reduction in employee salaries, organization wide (while recognizing that the City's employee salaries are generally significantly below area cities)
- A total of \$2 million in reductions for FY2012-13 out of a prior year GF budget of roughly \$10 million; of these reductions, \$1.7 million is attributed to the elimination redevelopment
- These reductions are on top of significant cuts and reductions made over the past three to four years as assessed values have continued to decline in the realm of 35% to 40%.

The City has made cuts in every area, including reductions to our police officer force of nearly 17%; when considering all sworn personnel (including Commander and Chief), the reductions are nearly 13%.

Additionally, the City is operating pursuant to a “bridging strategy,” which essentially is utilizing one-time reserves of approximately \$1.1 million annually to balance the City’s general fund budget until a Wal-mart project in the development pipeline comes to fruition. This bridging strategy was carefully developed and is closely monitored. It was made possible by the strategic disposition of certain real property assets held by the City. The strategy is holding true with the Wal-mart project expected to break ground this summer, and be open for business in spring 2014. If this project were not to happen for whatever reason, the City’s General Fund would have another hole of over 10% to fill.

Given all of the above, even though the City was able to formulate a balanced budget for FY2012-13, given the uncertainties surrounding the implementation of AB 26, the precipitous decline in revenue streams available to the City, and a relentlessly depressed economic environment, the City of Suisun City is “on the ropes.”

The impacts on the City of not reentering into the two agreements of question are summarized below, and are NOT ASSUMED in the discussion above.

Fiscal Impacts Associated with 333 Sunset Lease

If the City is not reimbursed for the payments associated with the 333 Sunset Lease Repayments, it would represent another \$48,070 reduction to the City’s general fund revenues. This amount represents approximately 1% of city salaries (organization wide).

Fiscal Impacts Associated with Harbor Center Extension

If the \$1,500,000 of reimbursements made to the City prior to January 1, 2011 are reversed and not repaid, the City’s general fund reserve would be depleted. The \$1,500,000 currently represents more than 62% of the City’s emergency reserves. If this money is not repaid to the City, emergency reserves would drop to \$894,000.

Impacts on Pass-Through Payments to Other Affected Taxing Entities

At the Oversight Board meetings, it has been made clear the Board Members are interested in ensuring that the other affected taxing entities are not negatively impacted by decisions made by the Board relative to maintaining the status quo of pass-through revenues. The other taxing entities include, among others, the county, community college district, school district and water authority.

In order to determine whether or not re-entering into the two agreements that are the subject of this report (333 Sunset and Harbor Center) would negatively impact or put at risk the pass-through payments received by the other affected taxing entities, staff has provided a forecast estimate of revenues and expenses over the next five years (Attachment 2 and Attachment 3). The bottom-line is:

1. Reentering into these two agreements, even assuming further reductions in assessed values, does not negatively impact the existing pass-through payments made to the other affected taxing entities.
2. Additional funds in the realm of \$1.4 million to \$2.1 million are projected to be available for distribution to the other affected taxing entities - beyond the pass-through payments currently anticipated – over the next five years.

In the first scenario (Attachment 2), revenue projections are based on a forecast of tax increment revenue that includes continued declines in assessed values over the next two years, no growth in the third year, and 2% growth in years four and five. A one-time revenue is also included in year three, as the Agency’s Equity Participation in the One Harbor Center office building is callable,

and represents a minimum revenue of \$500,000. There are other assets of the Agency that will generate additional revenue, however, none were included for purposes of this analysis as the timing or amount of the revenue streams are relatively uncertain. This approach makes the analysis more conservative.

Expense projections over the same five-year period include debt service payments required pursuant to existing agreements, pass-through payments to other affected taxing entities pursuant to existing agreements, administrative cost estimates for the County and State with regard to implementing AB 26, and administrative costs to the Successor Agency for implementing AB 26. Re-payment schedules for both the 333 Sunset Lease and the Harbor Center reimbursement have likewise been developed and included in the analysis.

Based on the aforementioned factors, the projections show there would be additional funds to distribute in each of the next five years above and beyond existing pass-through payments totaling more than \$1.4 million even after allowing the Successor Agency to reenter into the reimbursement agreements.

A second scenario was also developed (Attachment 3), utilizing more aggressive assessed value projections (decline in assessed values of 3% in year 1, no growth in the second and third year, and 2% growth in year four and 3% growth in year five), and the same expense projections. This scenario reveals there would be additional funds of approximately \$2.1 million over the next five years provided to other affected taxing entities.

Thus, the existing pass-through agreements to other affected taxing entities are able to be honored assuming the reimbursement agreements with the City are implemented.

Next Steps

Based on discussion and input of the Oversight Board, staff plans to bring back for Board consideration proposed terms of the reimbursement agreements at the Oversight Board meeting on June 15, 2012, along with formal authorization from the Oversight Board to allow the Successor Agency to enter into such agreements. Any additional information requested by the Board to help in considering these requests will likewise be compiled.

RECOMMENDATION: Receive the presentation, discuss the item, and provide staff with direction and feedback.

ATTACHMENTS:

1. Attachment 1 – Letter from Aleshire & Wynder
2. Attachment 2 – Projected Revenue/Expense Estimates Base Model
3. Attachment 3 – Projected Revenue/Expense Estimates (Aggressive Model)



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May 25, 2012

Ms. Suzanne Bragdon
City Manager
Mr. Jason Garben
Economic Development Director
City of Suisun City
701 Civic Center Blvd.
Suisun City, CA 94585

Dear Suzanne and Jason:

This letter provides you with the legal authority supporting our opinion, as your City Attorney, that the Oversight Board can legally enter and reenter into various obligations pursuant to ABx1 26 that have recently been challenged by the California Department of Finance (“DOF”).

Specifically, even if an existing City/RDA agreement is for some reason deemed to be invalid and not binding by DOF because DOF formed the opinion that the agreement does not meet the specific criteria to be an “enforceable obligation” under ABx1 26, the Oversight Board expressly has the authority under ABx1 26 to allow the City to “enter or reenter” into these very same agreements, as an “enforceable obligation” under Health & Safety Code § 34178(a). That section provides:

“(a) Commencing on the operative date of this part, agreements, contracts, or arrangements between the city or county, or city and county that created the redevelopment agency and the redevelopment agency are invalid and shall not be binding on the successor agency; provided, however, that a successor entity wishing to enter or reenter into agreements with the city, county, or city and county that formed the redevelopment agency that it is succeeding may do so upon obtaining the approval of its oversight board.” (emphasis added).

Similarly, Section 34180 provides that “[a]ll of the following successor agency actions shall first be approved by the oversight board”, including subpart (h): “[a] request by the successor agency to enter into an agreement with the city, county, or city and county that formed the redevelopment agency that it is succeeding.”

Suzanne Bragdon
Jason Garben
May 25, 2012
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No qualification or limitation is provided on the face of these subsections of ABx1 26 that prevents the Oversight Board from entering or reentering into an agreement that has been challenged by DOF.

This gives the Successor Agency several options to recommend that the Oversight Board find that the subject City/RDA agreements are “enforceable obligations” *and* simultaneously “reenter” into these agreements.

However, the DOF is taking a contrary position to our reading of ABx1 26. Specifically, DOF announced last week the following position:

“Q. If Finance has objected to the inclusion of a repayment of a loan from the local agency that formed the redevelopment agency on the ROPS, will Finance object if the oversight board approves the reestablishment of that interagency agreement and provides for a repayment schedule.

A. Yes, Finance will object to any reestablishment of an agreement with the local agency that created the redevelopment agency, unless the successor can demonstrate that the redevelopment agency funding was contemporaneously pledged for payment of indebtedness obligations as set forth in Section 34171 of the Health and Safety Code.”

The DOF appears to be referring here to the language in Section 34171 that limits city-RDA loan agreements to only those within “two years” of the date of creation of the redevelopment agency as “enforceable obligations” and does not expressly allow obligations arising after that time to be treated as enforceable obligations. This provision relied on by DOF is being challenged in court as being invalid. (*City of Cerritos, et al. v. State of California*, Sacramento Superior Court, Case No. 34-2011-80000952).

Moreover, the DOF failed to address in the above quoted position statement the other provisions of ABx1 26, as cited in this letter, that gives broad authority to the Oversight Board to enter or reenter into agreements.

We anticipate that DOF’s position on this matter will result in further litigation against DOF by numerous cities and that a court will ultimately decide this matter within the next year. Two other lawsuits, that we are aware of besides the above-referenced *Cerritos* case, are already pending against DOF.

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We anticipate that the “flood gates” of litigation will open even further soon against DOF over their misreading of ABx1 26 and their unlawful predetermination to object in advance to *all* oversight board actions across the State involving the re-entering into of agreements that DOF previously challenged, without having a complete record of the specific oversight board actions for the DOF to fully and fairly consider, before opining on these matters, as required by applicable law.

In order to preserve the Successor Agency and City’s legal rights during this time of extreme uncertainty, this matter must be presented to our Oversight Board for approval to reenter into the subject agreements. If the DOF challenges the Oversight Board’s approval, the matter will then be appropriate for judicial review, if necessary.

Please let me know if you have any questions.

Sincerely,

ALESHIRE & WYNDER, LLP



Anthony R. Taylor

cc: Lona Laymon, Esq.

Revenue/Expense Analysis - Residual Tax Increment Distribution - Scenario I

	3% A/V Decline 2012-13	1% A/V Decline 2013-14	Flat 2014-15	2% A/V Increase 2015-16	2% A/V Increase 2016-17
Tax Increment	\$10,700,000	\$10,500,000	\$10,500,000	\$10,800,000	\$11,100,000
1 One Harbor Center Equity			\$500,000		
Total Revenue	\$10,700,000	\$10,500,000	\$11,000,000	\$10,800,000	\$11,100,000
2 1998 Bonds	\$555,345	\$556,731	\$547,583	\$533,301	\$543,360
3 2003A	\$519,350	\$547,435	\$450,573	\$449,528	\$433,365
4 2003B	\$3,040,338	\$3,196,964	\$3,197,714	\$3,208,518	\$3,218,248
5 Marina Construction	\$452,070	\$452,070	\$452,070	\$452,070	\$452,070
6 Marina Expansion	\$268,000	\$268,000	\$268,000	\$268,000	\$268,000
7 County P/T	\$2,245,600	\$2,624,000	\$2,708,000	\$2,871,200	\$3,039,200
8 FSUSD P/T	\$898,085	\$956,129	\$1,016,567	\$1,126,674	\$1,192,352
9 SCC P/T	\$97,000	\$96,000	\$96,000	\$98,000	\$101,000
10 City P/T	\$251,289	\$264,575	\$278,126	\$291,949	\$306,048
11 County Office Edu P/T	\$59,000	\$58,000	\$58,000	\$60,000	\$62,000
12 ACA	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
13 State/County Admin	\$500,000	\$350,000	\$350,000	\$350,000	\$350,000
14 EO - MSW	\$105,571	\$108,738	\$112,000	\$115,360	\$118,821
15 COP Repayment	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000
16 333 Sunset	\$48,770	\$48,770	\$48,770	\$48,770	\$48,770
17 Harbor Center Street Extension	\$800,000	\$350,000	\$350,000	\$0	\$0
Total Expenses	\$10,440,418	\$10,477,412	\$10,533,402	\$10,473,370	\$10,733,234
Residual for Distribution	\$259,582	\$22,588	\$466,598	\$326,630	\$366,766
Aggregate Residual	\$1,442,164				

- 1 Assumes May 1, 2001 Certificate of Occupancy (CO), and minimum \$500k payment, and exercise of call option within 30 days after expiration of 13th anniversary of date of CO, which is subject to purview of SA and OB
- 2 Based on Bond Payment Schedule
- 3 Based on Bond Payment Schedule
- 4 Based on Bond Payment Schedule
- 5 Based on Loan Payment Schedule
- 6 Based on Loan Payment Schedule
- 7 Based on Pass Through Agreement
- 8 Based on Pass Through Agreement
- 9 Based on Pass Through Agreement
- 10 Based on Pass Through Agreement
- 11 Based on Pass Through Agreement
- 12 Assume \$250,000 through 2016-17 (may not be necessary as dissolution progresses)
- 13 Assume \$500,000 for FY 12-13, \$350,000 thereafter - not based on any figures from County or State - guesstimate)
- 14 Assumes 3% annual increase from 2012-13 actuals - will decline as property sells
- 15 Assumes \$350k years 1 through 5, \$500k years 6 through 13, and one final payment in year 13 of 567k
- 16 Assumes payment of \$48,770 consistent with past practice
- 17 Assumes \$800k payment in 2012-13 and \$350k payment in 2013-14 and 2014-15

Revenue/Expense Analysis - Residual Tax Increment Distribution - Scenario II

	3% A/V Decline 2012-13	Flat 2013-14	Flat 2014-15	2% A/V Increase 2015-16	3% A/V Increase 2016-17
Tax Increment	\$10,700,000	\$10,700,000	\$10,700,000	\$11,000,000	\$11,400,000
1 One Harbor Center Equity			\$500,000		
Total Revenue	\$10,700,000	\$10,700,000	\$11,200,000	\$11,000,000	\$11,400,000
2 1998 Bonds	\$555,345	\$556,731	\$547,583	\$533,301	\$543,360
3 2003A	\$519,350	\$547,435	\$450,573	\$449,528	\$433,365
4 2003B	\$3,040,338	\$3,196,964	\$3,197,714	\$3,208,518	\$3,218,248
5 Marina Construction	\$452,070	\$452,070	\$452,070	\$452,070	\$452,070
6 Marina Expansion	\$268,000	\$268,000	\$268,000	\$268,000	\$268,000
7 County P/T	\$2,245,600	\$2,673,600	\$2,759,200	\$2,924,000	\$3,120,800
8 FSUSD P/T	\$898,085	\$956,129	\$1,016,567	\$1,126,674	\$1,192,352
9 SCC P/T	\$97,000	\$97,000	\$97,000	\$100,000	\$104,000
10 City P/T	\$251,289	\$264,575	\$278,126	\$291,949	\$306,048
11 County Office Edu P/T	\$59,000	\$59,000	\$59,000	\$61,000	\$63,000
12 ACA	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
13 State/County Admin	\$500,000	\$350,000	\$350,000	\$350,000	\$350,000
14 EO - MSW	\$105,571	\$108,738	\$112,000	\$115,360	\$118,821
15 COP Repayment	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000
16 333 Sunset	\$48,770	\$48,770	\$48,770	\$48,770	\$48,770
17 Harbor Center Street Extension	\$800,000	\$350,000	\$350,000	\$0	\$0
Total Expenses	\$10,440,418	\$10,529,012	\$10,586,602	\$10,529,170	\$10,818,834
Residual For Distribution	\$259,582	\$170,988	\$613,398	\$470,830	\$581,166
Aggregate Residual	\$2,095,964				

- 1 Assumes May 1, 2001 Certificate of Occupancy (CO), and minimum \$500k payment, and exercise of call option within 30 days after expiration of 13th anniversary of date of CO, which is subject to prurview of SA and OB
- 2 Based on Bond Payment Schedule
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- 13 Assume \$500,000 for FY 12-13, \$350,000 thereafter - not based on any figures from County or State - estimate
- 14 Assumes 3% annual increase from 2012-13 actuals - will decline as property sells
- 15 Assumes \$350k years 1 through 5, \$500k years 6 through 13, and one final payment in year 13 of 567k
- 16 Assumes payment of \$48,770 consistent with past practice
- 17 Assumes \$800k payment in 2012-13 and \$350k payment in 2013-14 and 2014-15