Agenda Date: 02/10/2015
Agenda Item: 3.13

CITY of OAKLEY CALIFORNIA
A PLACE for FAMILIES in the HEART of the DELTA

STAFF REPORT

Approved and Forwarded to the Oakley City Council, as the Board of the Successor Agency to the Oakley Redevelopment Agency

Bryan H. Montgomery, City Manager

Date: February 10, 2015

To: Bryan H. Montgomery, City Manager

From: Paul Abelson, Finance Director

SUBJECT: Resolution Approving Successor Agency Mid-Year Financial Status Report

---

Background and Analysis

The Successor Agency follows a statutory process for its spending plan defined by the State and subject to their approval each six-months, commonly referred to as its ROPS process (ROPS standing for the Recognized Obligations Payment Schedule that defines allowable expenditures). City policy is that a mid-year financial report be presented to the City Council; and because the ROPS process does not adequately do so, Staff has prepared the attached Mid-Year Financial Status Report for the Successor Agency in its place.

Fiscal Impact

There is no fiscal impact resulting from review or approval of the attached report. The report is intended to ensure the Agency provides ongoing public financial reporting to the Board and Public consistent with the City's policies governing its other operations.

Recommendation

Staff recommends the Board adopt the Resolution Approving the attached Successor Agency Mid-Year Financial Status Report.

Attachments

1. Mid-Year Financial Status Report
2. Resolution

City of Oakley, as Successor Agency to the Oakley Redevelopment Agency
Midyear Financial Status Report
Fiscal Year 2014-15

Contents

Executive Summary

Summary of Agency Assets

Summary of Debts, Project and Administrative Obligations

Summary of Impacts Resulting from the Elimination of the Oakley Redevelopment Agency

Presented to the City Council on February 10, 2015

Executive Summary

The details outlined in the report below provide an update on the financial status of the Successor Agency to the Oakley Redevelopment Agency (the Successor Agency) at mid-year.

In the separate sections below, our intent is to clearly provide information regarding the assets currently held by the Successor Agency, and its obligations.

Expenditures in the second half of the year are expected to include only those for debt service, property management and maintenance (including property taxes) for Agency owned properties, administration, bond related reporting services, audit costs, and contractual obligations related to completed and completing capital projects.

Funding for these expenditures will come from receipts of property taxes allowed by the Department of Finance, rents, common area maintenance charges paid by tenants, and from bond funds, predominantly those made available from the final sale of Agency property originally purchased using bond proceeds.

The Agency is also expecting to refund its 2003 Bonds, with any related expenses paid from the proceeds of the refunding. Should the refunding not occur some expenses will be paid from other unrestricted Agency revenues, when available.

Summary of Agency Assets

The Successor Agency had on hand at December 31, 2014, the following assets:

Cash held to meet Bond Covenants:

Asset Held:	Restricted Assets	Unrestricted Assets
Cash Reserves for its 2003 Bonds, held by its Trustee	$ 674,830	
Cash Reserves for its 2008 Bonds, held by its Trustee	$1,999,750	
Cash Pledged for upcoming 2003 Bond Debt Service payments, held by the Trustee	$13	
Cash Pledged for upcoming 2008 Bond Debt Service payments, held by the Trustee	$ 190	
Totals	$2,674,783	$ -0-

Bond Proceeds and Assets having been acquired with Bond Proceeds:

Asset Held:	Restricted Assets	Unrestricted Assets
Bond Proceeds held for Projects (held in a separate account)	$17,871	
Real Property held by the City, purchased with Bond Proceeds (carried at lower of cost or estimated market value)	$2,803,630	
Totals	$2,821,501	$ -0- .

(The above restricted amounts are restricted to uses authorized by bond covenants. In addition, cash sale proceeds for any property acquired using tax-exempt bond proceeds, must be reinvested in a qualifying public project – typically infrastructure- within two years of the sale, or must be deposited into an escrow to pay off future bonds, as early as permitted by the bond documents. Using the funds for other purposes voids the bond's tax-exempt status.)

Note that infrastructure assets constructed by the Agency, not held for redevelopment or sale, have been excluded from the above. A proposal to officially transfer those assets to the City is currently pending with the Department of Finance.

Assets Not Restricted by Bond Covenants:

Asset Held:	Restricted Assets	Unrestricted Assets
Cash and Investments*	$35,104	$135,963
Land purchased originally by the RDA**		$ 4,299,462
Other Real Property, constructed by the RDA		$2,353,735
Long-Term Notes Receivable		$ 0
Totals	$ 35,104	$6,789,160

**Restricted Cash and Investments include tenant deposits, and amounts for outstanding checks and interfund charges billed, but not yet transferred. Unrestricted cash and investments are all committed towards paying January through June expenditures in the 14-15B ROPS.*

***Some of the land reported here at cost, is likely not salable and likely will be transferred to the City for future right of way, small downtown parking lots, and/or beautification projects. In addition to what's shown in the table, the Agency has public infrastructure assets on the books totaling $15.2 million that are not salable and are expected ultimately to be transferred to the City. The assets include existing rights of way and street improvements, traffic signals, and other public facilities.*

Summary of Debts, Project and Administrative Obligations

At December 31, 2014, the Successor Agency had the following Debts:

Debts:	Amount Outstanding
Outstanding Principal on the Agency's 2003 Bonds (including the Housing portion, pursuant to AB 1x26)	$6,150,000
Outstanding Principal on the Agency's 2008 Tax-Exempt Bonds	$24,050,000
Total	$30,200,000

Project Obligations

The Successor Agency has the following project related obligations at December 31, 2014 (known and estimated). Funding for all three are from bond proceeds.

Project Obligations	Estimated Amount
Estimated Staff Costs for processing and overseeing previously completed projects	$161,893*
Directional/Wayfinding Signage Projects	$51,878**
Frontage Improvements on Main Street between the Raley's Shopping Center and Shurgard Storage Center	$880,000**
Total	$1,093,771

*The amount remains unpaid due to a lack of funds in the bond accounts.
** Project has been stopped or deferred until funds are available.

Pursuant to AB 1x26, at December 31, 2013, the Successor Agency had the following Administrative/Other Obligations:

Other Financial Obligations:

Local agency pass-throughs obligations have been transferred to the County Auditor Controller. They are paid after bond debt service, so long as and to the extent tax increment is sufficient. Any amounts the County is unable to pay become future obligations, also administered by the County Auditor Controller. The amount of accumulated, unpaid pass-through obligations shown in his Office's most recent calculation was approximately $1,288,473, as of December 31, 2014.

Under the new law, the Successor Agency receives tax revenues only in amounts necessary to pay recognized, enforceable obligations, which means the Agency does, and will continue, to exist in survival mode financially speaking. Its financial position is never expected to again become "strong", and it will require vigilance to ensure cash flows requested far in advance, as mandated by DOF, remain sufficient to meet upcoming obligations.

The Agency has a financial obligation to pay the City amounts for administering and staffing the Successor Agency. The amount is 3% of the tax increment, but no less than $250,000 per year, and is subordinated to both debt service and pass-through obligations. Tax revenues are not yet sufficient to pay these amounts and the full $250,000. Administrative costs, therefore, are in part paid from other Agency revenues (principally from rental income).

Performance Obligations:

The Successor Agency is obligated to perform the following activities:

- Coordinate with the County Auditor Controller regarding the administration of Tax Increment, and the repayment of the Agency's debts, including pass-throughs to other local agencies.

- Administer the Agency's funds and resources to preserve the maximum value for local agencies; including the continued maintenance and management of properties until they are sold.

- Satisfy all outstanding enforceable obligations of the Agency timely, including bond covenants, using the resources of the Successor Agency and those provided by the County Auditor pursuant to AB 1x26 and AB 1484, as approved by the Department of Finance. This means the Agency must meet both the financial obligations of the Agency, as well as the performance obligations, including projects as well as debt and administration related obligations.

- To prepare Recognized Obligations Payment Schedules for each 6-month period, as required by the Dissolution Act, for approval by the Oversight Board and Department of Finance.

- Arrange for the external audit of the Successor Agency, as required to meet bond covenants for the June 30, 2015 audit and each year thereafter until the Agency is terminated.

Attachment 2

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OAKLEY, AS SUCCESSOR AGENCY TO THE OAKLEY REDEVELOPMENT AGENCY, APPROVING THE MID-YEAR FINANCIAL STATUS REPORT

NOW, THEREFORE, BE IT RESOLVED that the City Council, as the Board of the Successor Agency of the Oakley Redevelopment Agency, approves the Mid-Year Financial Status Report attached hereto as Exhibit A.

The foregoing resolution was adopted at a regular meeting of the City Council, held on the 10th day of February 2015, by the following vote:

AYES:

NOES:

ABSTENTION:

ABSENT:

APPROVED:_____
Doug Hardcastle, Chair

ATTEST:

_____
Libby Vreonis, Secretary