



Staff Report

RESOLUTION APPROVING STATEMENT OF ENFORCEABLE OBLIGATION (ALL LEGAL DEBT AND PAYMENTS THE REDEVELOPMENT AGENCY MUST MAKE THROUGH DECEMBER 31, 2011)

Honorable Chair and Board Members:

Summary

Approval of the attached resolution will ensure that all enforceable obligations are fulfilled by the Agency, pursuant to the State's AB1X 26 (the "Dissolution Bill").

Background

This is a companion report to the City's intent to adopt an ordinance to continue the Agency's existence included in the Agency's agenda for August 9, 2011.

On June 30th, the Governor approved the State's FY 2011-2012 budget purporting to bridge the remaining \$9.6 billion deficit. The budget bill included ABX1 26 (i.e. the "Dissolution Bill") and ABX1 27 (i.e. the "Continuation Bill"), a two-bill plan, eliminating redevelopment agencies, which is being challenged as a unconstitutional

Under the terms of the legislation, the Dissolution Bill ABX1 26 prescribes strict limits on what redevelopment agencies may do between its effectiveness date and October 1, 2011, when the Belmont Redevelopment Agency will be legally dissolved unless the City Council enacts an ordinance pursuant to the Continuation Bill ABX1 27. ABX1 27 provides an Alternative Redevelopment Program, allowing an opportunity for redevelopment agencies to "opt-in" and continue to operate and function if the Board adopts the ordinance by October 1, 2011. The Bill also commits the Agency to make payments to school districts and special districts (the "Continuation Payments").

Until enactment of a Continuation Ordinance, agencies are prohibited from entering into new agreements or indebtedness, except as necessary to carry out "enforceable obligations" entered into prior to June 29, 2011. "Enforceable obligations" are defined as bonds, loans, payments to the federal government or imposed by state law, judgments or settlements and contracts, including contracts necessary for the continued administration or operation of the agency.

Except to carry out enforceable obligations, an agency may not incur indebtedness (including bonds), refund or restructure indebtedness, redeem bonds, modify or amend the terms of payment schedules, execute deeds of trust or mortgages, or pledge or encumber any of its revenue. Agencies are also prohibited from making loans, entering into new agreements, amending the terms of existing agreements, renewing or extending leases, forgiving or altering the terms of loans or increasing deposits to the Low and Moderate Income Housing Fund beyond the minimum level required by law. Except to carry out enforceable obligations, agencies are prohibited from acquiring or disposing of real property and other assets such as cash, accounts receivable, contract rights, or grant proceeds. Agencies are also prohibited from engaging in any activities related to the preparation, adoption or amendment of redevelopment plans.

In short, the Agency is severely restricted from carrying out any major endeavors until the opt-in ordinance is enacted. The deadline for enactment of the ordinance is November 1, 2011.

At the July 12th meeting, the Board directed staff to prepare the Resolution of Intent for adoption.

Discussion

As mentioned in the July 12th staff report, the CRA and the League of California Cities intend to file a lawsuit in the California Supreme Court challenging the constitutionality of ABX1 26 and ABX1 27, including a stay and injunction while the merits of the case are evaluated. However, it is unknown if and when a stay will be granted and what the scope of the stay will be (i.e., what are the elements of maintaining the status quo if, on one side, the proposal is to dissolve redevelopment agencies and, on the other side, the proposal is to allow redevelopment to continue in accordance with existing law). While the case is being litigated, staff believes it may be prudent to opt-in and continue to operate a redevelopment agency simply to preserve the Agency authority in the event the CRA and League prevail in the litigation and redevelopment agencies remain in place. If an agency is dissolved, there is some question as to how it would reconstitute itself if ABX1 26 and ABX1 27 are ultimately ruled unconstitutional.

General Plan/Vision Statement

Significant potential negative impact on implementing goals as set forth in the Vision Statement, including:

Distinctive Community Character

- *We connect with each other in all kinds of gathering places.*
- *Our strong sense of community and enjoyment of the town's assets and activities deepen as we become better informed and connected.*

Natural Beauty

- *Our actions today preserve and enhance Belmont's beauty to make it even lovelier for our grandchildren.*

Thriving Culture

- *Belmont is a wonderfully safe and supportive place to raise a family.*

Thriving Economy

- *A charming, vibrant town center is the heart of our civic and economic life.*
- *Our economy prospers with a mix of attractive, successful businesses that fit with our community character.*
- *We look first into our town shops and restaurants for what we need.*
- *Education, arts and the economy flourish in concert.*

Easy Mobility

- *Bicyclists, walkers, and other nondrivers get where they're going easily and safely.*
- *We require safe residential streets and smooth-flowing thoroughfares.*

Fiscal Impact

Under ABX1 26, redevelopment agencies were eliminated and terms by which agencies can continue to operate under they adopted a continuation ordinance as required by ABX1 27 were established. The Agency cannot spend any of the funds in the FY 2012 adopted budget unless the amounts are listed on the Enforceable Obligation Payment Schedule included in the attached resolution.

Public Contact

Posting of City Council agenda.

Recommendation

Approve the attached resolution adopting an Enforceable Obligation Payment Schedule Pursuant to Section 34169(g) of the California Health and Safety Code

Alternatives

1. Direct staff to return for further discussion and direction.
2. Take no action.

Attachments

- A. Resolution Adopting an Enforceable Obligation Payment Schedule Pursuant to Section 34169(g) of the California Health and Safety Code

Respectfully submitted,

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Finance Director

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Executive Director

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REDEVELOPMENT AGENCY RESOLUTION NO. _____

**RESOLUTION OF THE BELMONT REDEVELOPMENT AGENCY
ADOPTING AN ENFORCEABLE OBLIGATION PAYMENT SCHEDULE PURSUANT
TO SECTION 34169(g) OF THE CALIFORNIA HEALTH AND SAFETY CODE**

WHEREAS, the Belmont Redevelopment Agency (“Agency”) is a redevelopment agency organized and existing under the California Community Redevelopment Law (Health & Safety Code § 33000 et seq.) (“CRL”) and has been authorized to transact business and exercise the powers of a redevelopment agency pursuant to action of the City Council of the City of Belmont (“City Council” or “City,” as applicable); and

WHEREAS, pursuant to the CRL, the City Council approved and adopted the Amended and Restated Los Costanos Community Development Plan (“Plan”) for the Los Costanos Community Development Project on November 24, 1981, by Ordinance No. 692 as amended to date, and the Agency is vested with the responsibility for implementing and carrying out the Plan; and

WHEREAS, the Agency is currently in the process of carrying out the goals and objectives of the Plan by continuing to: eliminate blight; increase, improve and preserve the supply of affordable housing in the community; stimulate and expand economic growth and employment opportunities by revitalizing properties and businesses within the Project; and alleviate deficiencies in public infrastructure; and

WHEREAS, in connection with approval and adoption of the State Budget for Fiscal Year 2011-12, the California Legislature has approved, and the Governor has signed (i) ABX1 26 (Stats. 2011, chap. 5, “ABX1 26”), which immediately, and purportedly retroactively, suspends all otherwise legal redevelopment activities and incurrence of indebtedness and dissolves redevelopment agencies effective October 1, 2011, and requires redevelopment agencies to adopt a payment schedule for all agency enforceable obligations in conformance with Section 34169(g) of the Health and Safety Code by August 28, 2011, and submit such schedule to the county auditor-controller, the State Controller and the State Department of Finance (the “Dissolution Act”); and (ii) ABX1 27 (Stats. 2011, chap. 6, “ABX1 27”), which allows communities to avoid the consequences of the Dissolution Act and continue their redevelopment agency if the community enacts an ordinance agreeing to comply with the alternative voluntary redevelopment program described in Section 2 of ABX1 27 adding Part 1.9 (commencing with section 34192) of Division 24 of the Health and Safety Code (the “Alternative Redevelopment Program”); and

WHEREAS, at this time the City Council has not determined whether or not it wishes to adopt an ordinance agreeing to comply with the Alternative Redevelopment Program and, therefore, the Agency has prepared the Enforceable Obligation Payment Schedule, attached hereto as Exhibit A, and posted the Enforceable Obligation Payment Schedule on the Agency’s (or City’s) website in accordance with Section 34169(g)(2) of the Health and Safety Code;

NOW, THEREFORE, BE IT RESOLVED that the Redevelopment Agency of the City of Belmont does hereby resolve as follows:

Section 1. The Agency hereby adopts the Enforceable Obligation Payment Schedule, attached hereto as **Exhibit A**.

Section 2. The Agency Secretary is hereby directed to transmit a copy of the Enforceable Obligation Payment Schedule to the State Department of Finance, the State Controller and the San Mateo County Auditor-Controller in accordance with Section 34169(g)(2) of the Health and Safety Code.

* * * * *

I hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the Redevelopment Agency of the City of Belmont at a regular meeting thereof held on August 9, 2011 by the following vote:

AYES, DIRECTORS: _____

NOES, DIRECTORS: _____

ABSTAIN, DIRECTORS: _____

ABSENT, DIRECTORS: _____

Secretary, Redevelopment Agency

APPROVED:

Chair, Redevelopment Agency

ENFORCEABLE OBLIGATION PAYMENT SCHEDULE
Per AB 26 - Section 34167 and 34169 (*)

Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation through Plan Life-2024**	Total Due During Fiscal Year	Payments by month						
					Aug	Sept	Oct	Nov	Dec	Total	
1) 1999 Tax Allocation Bonds Series A	Bank of New York Mellon	Bond issue to fund non-housing projects	\$ 10,300,000.00	\$ 1,174,450.00	\$ 907,537.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 907,537.50
2) 1999 Tax Allocation Bonds Series B	Bank of New York Mellon	Bond issue to fund non-housing projects	\$ 7,150,000.00	\$ 622,652.50	\$ 426,638.75	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 426,638.75
3) 1996 Tax Allocation Bonds	Bank of New York Mellon	Bond issue to fund housing projects	\$ 1,495,000.00	\$ 312,713.75	\$ 262,726.25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 262,726.25
4) Agency Administration	City of Belmont	Payroll for employees	\$14,318,606.75	\$ 1,008,918.89	\$ 82,096.20	\$ 82,561.65	\$ 82,561.65	\$ 82,561.65	\$ 82,561.65	\$ 82,600.05	\$ 412,381.21
5) Agency Operations	Various	Includes vehicle, computer, building, and administrative service charges, telephone, general supplies, legal, LMI property management costs, etc.	\$6,931,249.77	\$ 488,390.31	\$ 40,699.19	\$ 40,699.19	\$ 40,699.19	\$ 40,699.19	\$ 40,699.19	\$ 40,699.19	\$ 203,495.96
6) Public Improvements Reimbursement Agreement	City of Belmont	Public improvement projects within project area ***	\$ 42,659,013.60	\$ 3,414,238.00	\$ 251,186.50	\$ 251,186.50	\$ 251,186.50	\$ 251,186.50	\$ 251,186.50	\$ 251,186.50	\$ 1,255,932.50
7) Affordable Housing Reimbursement Agreement	City of Belmont	Low and moderate income housing projects	\$ 22,052,200.00	\$ 713,315.00	\$ 59,442.92	\$ 59,442.92	\$ 59,442.92	\$ 59,442.92	\$ 59,442.92	\$ 59,442.92	\$ 297,214.58
8) San Mateo County Tax Administration	San Mateo County	Property tax admin fee	\$845,575.31	\$ 59,581.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,790.50	\$ 29,790.50
9) SB 211 Payments	Various	Payments required by SB211	\$2,364,094.09	\$ 166,579.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10) Housing Project Subsidy Fee	Belmont Vista	Low income housing subsidy	\$ 439,560.00	\$ 146,520.00	\$ 12,210.00	\$ 12,210.00	\$ 12,210.00	\$ 12,210.00	\$ 12,210.00	\$ 12,210.00	\$ 61,050.00
OTHER OBLIGATIONS - PAYMENT SCHEDULE (PASS THROUGH OBLIGATIONS)											
11) County Pass-Through Agreement	San Mateo County	County pass-through agreement	\$28,563,645.07	\$ 2,012,654.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,006,327.00	\$ 1,006,327.00
12) School District Net Revenue Sharing Agreement	San Mateo County Office of Education, San Mateo County Community College District, Belmont Redwood Shores School District, Sequoia Union High School District	School Districts net revenue sharing agreement	\$20,482,701.16	\$ 1,443,253.84	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13) Mosquito Abatement District Pass-Through	San Mateo County Mosquito Abatement District	Pass-through agreement	\$193,366.40	\$ 13,625.00	\$ 13,625.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,625.00
Totals - This Page			\$ 108,555,299.52	\$ 8,107,358.46	\$ 2,042,537.31	\$ 446,100.26	\$ 446,100.26	\$ 446,100.26	\$ 446,100.26	\$ 475,929.16	\$ 3,856,767.25
Totals - Other Obligations (Pass Through Obligations - This Page)			\$ 49,239,712.63	\$ 3,469,532.84	\$ 13,625.00	\$ -	\$ -	\$ -	\$ -	\$ 1,006,327.00	\$ 1,019,952.00
Grand total - All Pages			\$ 157,795,012.15	\$ 11,576,891.30	\$ 2,056,162.31	\$ 446,100.26	\$ 446,100.26	\$ 446,100.26	\$ 446,100.26	\$ 1,482,256.16	\$ 4,876,719.25

a) If an agency adopts a continuation ordinance per ABX1 27, this EOPS will not be valid and there is no need to prepare a ROPS.
 b) Assumes Agency continues with existing operations through life of the plan. Includes 3% inflation annually.
 c) Amount includes \$400,000 in reimbursements for the City of Belmont Bike Bridge Project expensed in FY 2011.