

OVERSIGHT BOARD – SPECIAL MEETING

April 9, 2012

**Oversight Board to the Successor Agency to the
Dissolved Redevelopment Agency to the City of Novato**



DISSOLUTION OF REDEVELOPMENT AGENCIES



THE CITY OF
NOVATO
CALIFORNIA

RDA SUPREME COURT DECISION 12/29/2011

- AB 1x 27 (the “opt in” bill) ruled unconstitutional
 - AB 1x 26 (the “RDA elimination” bill) upheld
 - RDAs eliminated as of February 1, 2012
-
- Some confusion and questions as AB1x 26 is now implemented
 - Additional changes possible in future with a number of bills under consideration in State Legislature

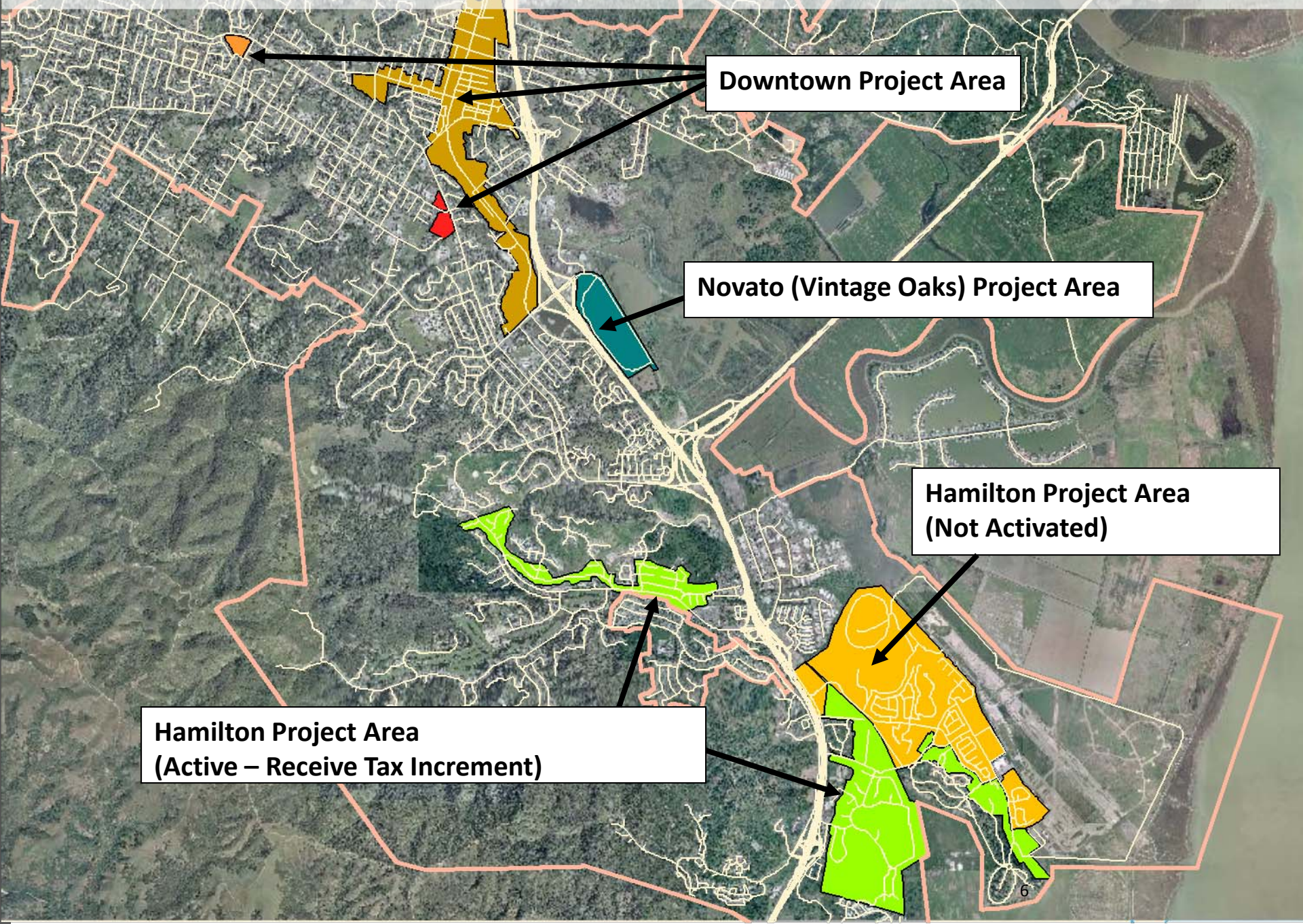
NOVATO'S DISSOLUTION OF REDEVELOPMENT

- On January 10, 2012, the City Council of the City of Novato elected to become the Successor Agency to the Redevelopment Agency of the City of Novato to wind down the affairs of the former redevelopment agency, with certain actions subject to the approval of an Oversight Board.
- On February 28, 2012, the City Council chose to not retain the housing assets and functions of the former agency.
 - Marin Housing Authority has not accepted the housing assets and functions.

GENERAL OVERVIEW -- PRIOR NOVATO RDA



Three Novato Redevelopment Project Areas



Downtown Project Area

Novato (Vintage Oaks) Project Area

**Hamilton Project Area
(Not Activated)**

**Hamilton Project Area
(Active - Receive Tax Increment)**

NOVATO RDA PURPOSES

All projects provide long-term benefits to the community for redevelopment and revitalization.

Redevelopment law required tax increment funds to be committed either through bonded indebtedness or through commitments to projects



FORMER NOVATO REDEVELOPMENT AGENCY

Timelines

	Novato Area (Vintage Oaks)	Hamilton Area	Downtown Area
Date of Adoption	11/29/1983	7/14/1998 - adopted 6/30/2004 - 1 st increment	6/29/1999
Termination of Plan (30 year limit)	11/29/2013	6/30/2034	6/29/2029
Repayment of Indebtedness (45 year limit)	11/29/2023	6/30/2049	6/29/2044

-Long term repayment cycles as anticipated under redevelopment law.

-Formal Implementation Plans required every 5 years; public hearing; open process for public input.

REDEVELOPMENT INVESTMENTS & IMPACTS

Novato Area (Vintage Oaks)



- Vintage Oaks produces 40% of the City's sales tax revenue.
- Approximately \$35M in sales tax to City's General Fund since built.

Hamilton Area



- Provided \$34 million in infrastructure for senior and workforce affordable housing.

Downtown Area



- Grant Avenue Revitalization (street reconstruction, utilities and lighting).
- Agency paid for ½ of the reconstruction
- Improvements helped attract new business and private reinvestment.

FUNDING – FORMER NOVATO RDA

- Tax revenue of \$7.1 million annually
- Tax revenue of \$5.7 million annually after statutory pass-throughs to local agencies and County admin fee
 - 80% to redevelopment projects
 - 20% to affordable housing



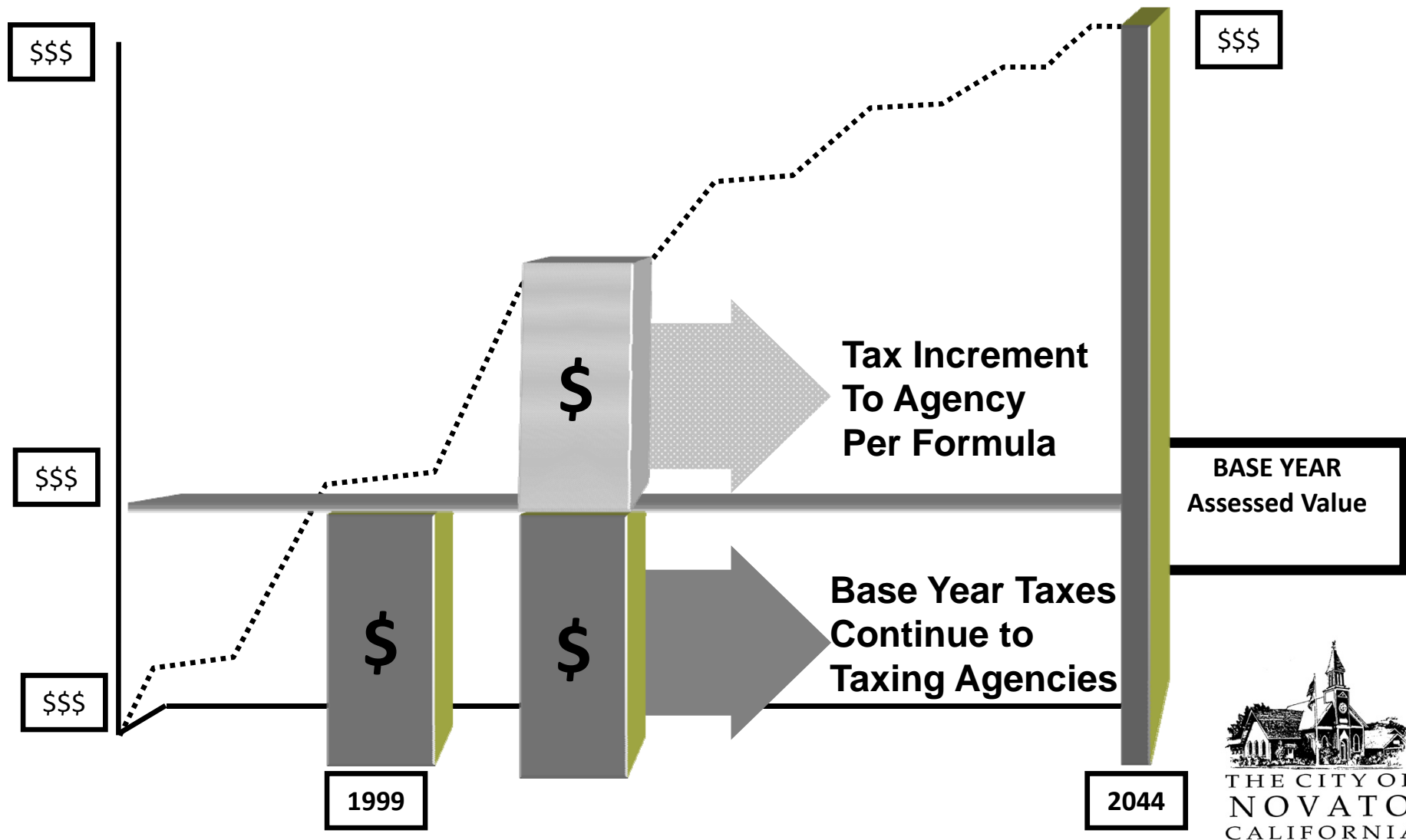
FINANCIAL OVERVIEW -- PRIOR NOVATO RDA

Brian Cochran, Finance Manager



PRE-FEBRUARY 1, 2012

Allocation of Property Tax Revenues After Redevelopment Project Established

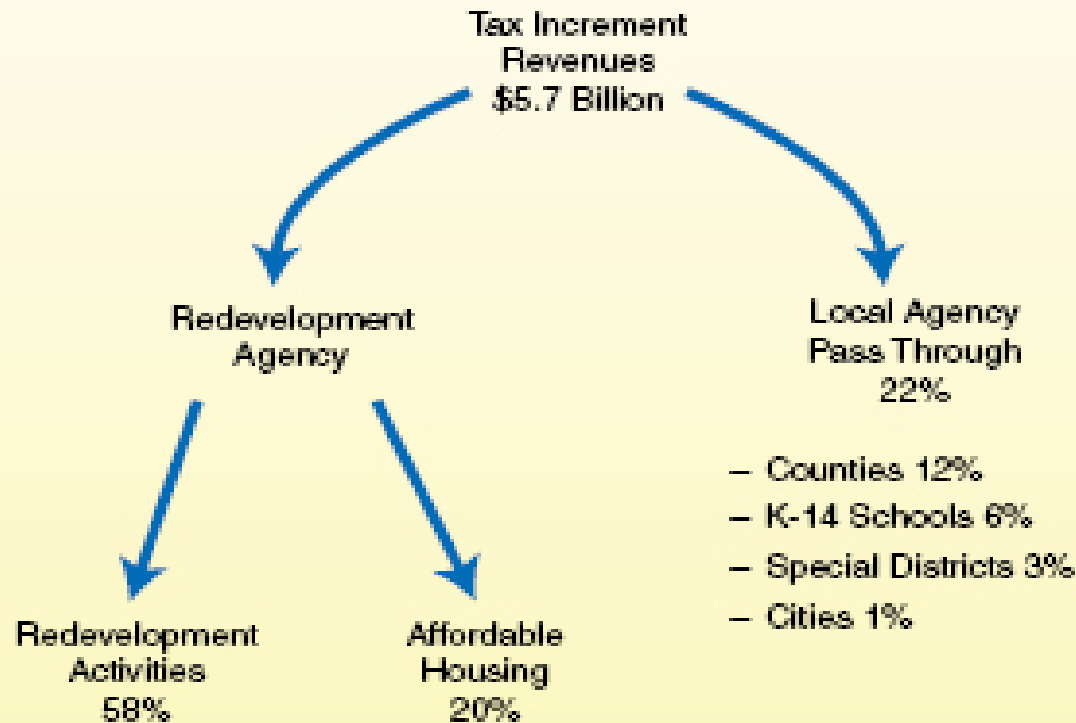


PRE-FEBRUARY 1, 2012

Use of Tax Increment Revenues - Example

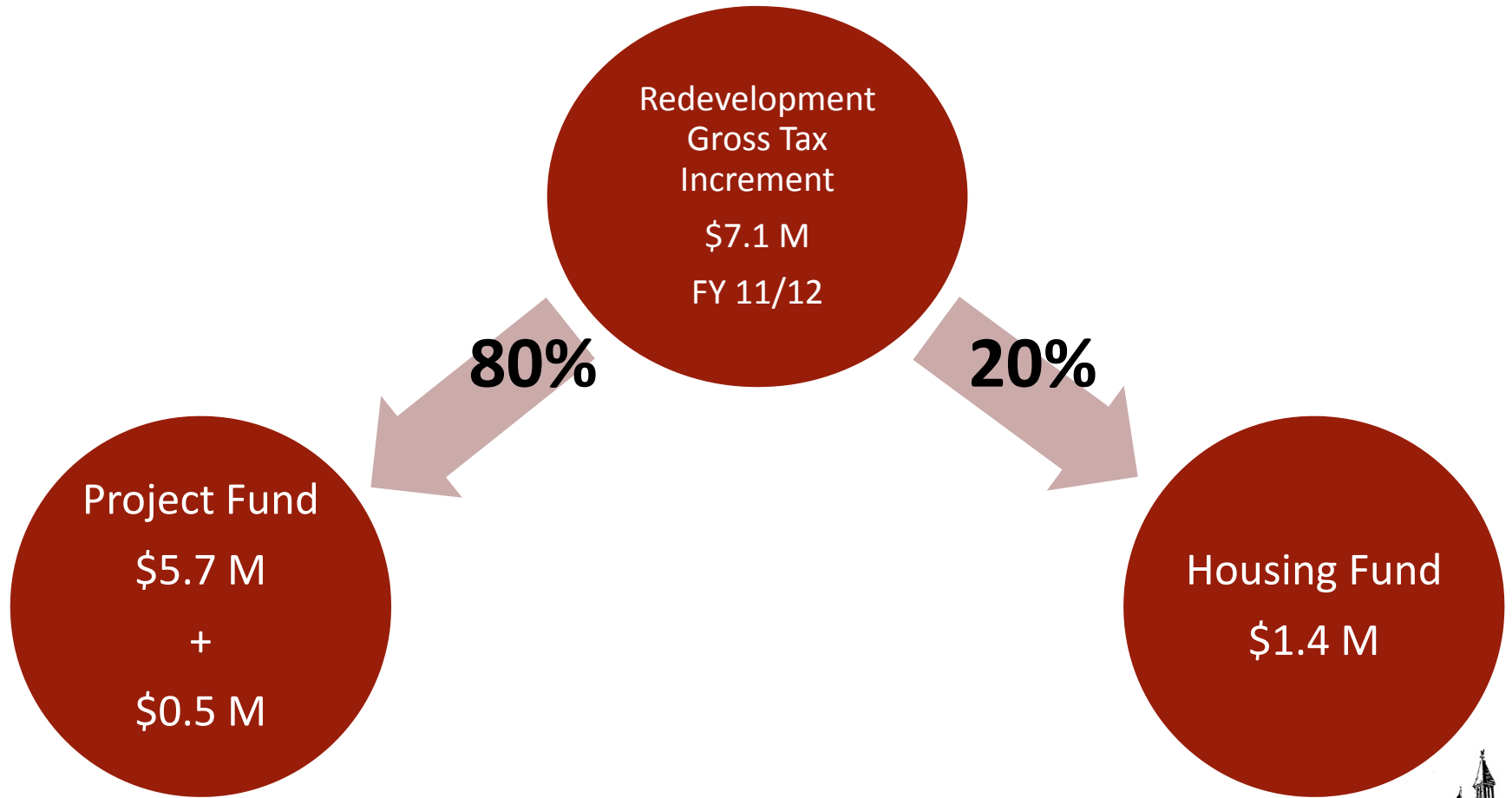
Figure 2

Use of Tax Increment Revenues 2008-09



Source – Legislative Analyst’s Office

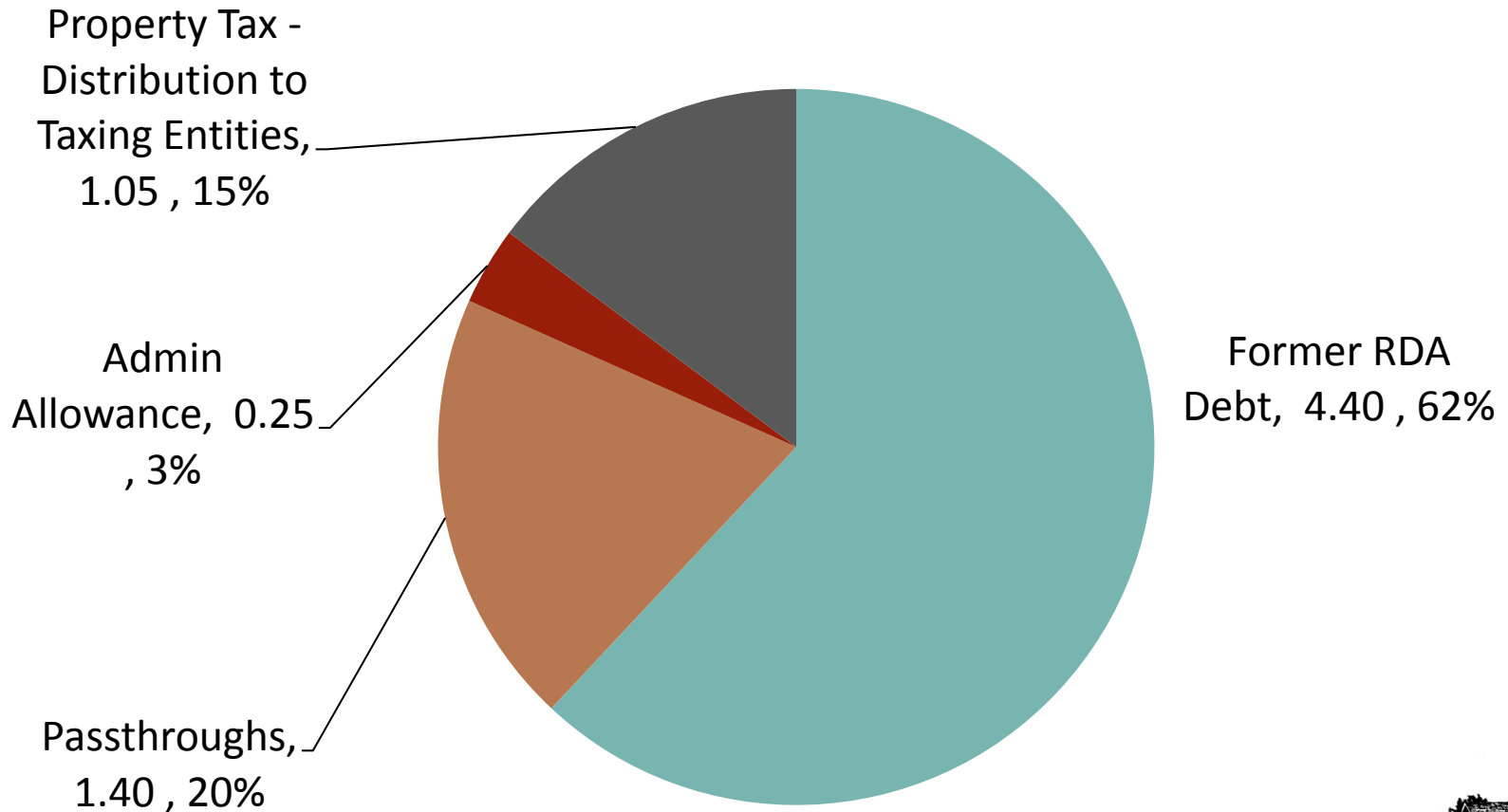
NOVATO - RDA FINANCES



DISTRIBUTION OF TAX INCREMENT

FY 12/13 Example - Post-February 2012 Dissolution

Post-Dissolution (millions of \$)



OVERSIGHT BOARD ROLE AND RESPONSIBILITIES



SUCCESSOR AGENCY

- City of Novato City Council exercised right to become Successor Agency
- City of Novato staff serves to support the Oversight Board
- Assets include all fund balance, fixed assets, property
- Duties: “Wind down affairs” of former redevelopment agency (Novato)
- Approval of Recognized Obligation Payment Schedule (ROPS)

- After start-up, anticipate 2 meetings per year.



OVERSIGHT BOARD – SEVEN MEMBERS

- 2 appointed by County Board of Supervisors
- 2 appointed by Mayor/City Council (1 an employee)
- 1 by largest special district (NFPD)
- 1 by County Superintendent of Education
- 1 by Chancellor of Community Colleges



OVERSIGHT BOARD

- Supervise activities of the Successor Agency
 - Fiduciary responsibility to holders of enforceable obligations of former Novato Redevelopment Agency and to taxing entities
 - Carry out “enforceable obligations”
 - Ensure AB1X 26 compliance
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- Oversight Board overseen by Director of State Department of Finance (DOF)
 - Decisions by Oversight Board not effective for three days pending request for review by DOF



OVERSIGHT BOARD IN FUTURE

- Local Oversight Board exist until 7/1/2016.
- 2016, one Oversight Board for all Successor Agencies in County.
- Lifespan of Successor Agency and Oversight Board: cease to exist when all payments and obligations are paid.



ENFORCEABLE OBLIGATIONS



ENFORCEABLE OBLIGATIONS ... JAN-JUNE 2012

Enforceable Obligations	Total Debt/Obligation	Jan-June 2012 Payments Due
1. 2005 Tax Allocation Bonds	35,135,503.17	1,462,490.63
2. 2005A Tax Allocation Housing Bonds	14,231,237.58	588,497.50
3. 2011 Tax Allocation Bonds	42,868,993.53	1,017,336.31
4. Vintage Oaks Owner Participation Agreement	2,400,000.00	800,000.00
5. California Infrastructure Economic Development Bank (CIEDB) Loan	4,340,772.73	206,703.45

ENFORCEABLE OBLIGATIONS ... JAN-JUNE 2012

Enforceable Obligations	Total Debt/Obligation	Jan-June 2012 Payments Due
6. Novato Human Needs Center Community Services Agreement	1,050,000.00	105,000.00
7. Merje – Wayfinding – Consultant Services Agreement	460,800.00	418,800.00
8. Berkeley Microdesign – Housing Database System – Consultant Services Agreement	50,400.00	16,800.00
9. TSG Networks – Housing Database System – Consultant Services Agreement	13,188.00	13,188.00
10. Tattersall Advisory – Appraisal of Hamilton Hospital – Consultant Services Agreement	3,850.00	3,850.00
11. Library District Memorandum of Understanding	78,399.89	78,399.89
12. Flood District Memorandum of Understanding	158,844.00	158,844.00
13. Successor Agency Administration	7,500,000.00	125,000.00

ADMINISTRATIVE BUDGET

- Staff costs
 - City Manager's Office
 - Finance
 - City Clerk
- Contracts / consultants
 - Legal fees
 - Audit contract
 - Continuing Disclosure contract
- Supplies / Materials
 - Office Supplies
 - Training
 - Printing
- City of Novato Overhead
 - IT, HR, Office Space, Insurance, etc.

NEXT MEETING – ITEMS FOR DISCUSSION



FUTURE ISSUES FOR NEXT MEETING

Agreement/MOU with Marin Housing Authority

City chose to not retain the Housing Assets and Functions on February 28, 2012; not a core function or expertise area for city staff; financial uncertainty.

Marin Housing Authority has not accepted the Housing Assets and Functions; variety of concerns

Created interim “Cooperative Agreement” between City and MHA to ensure residents the ability to sell and refinance while outstanding issues are resolved.

City and MHA staff reviewing housing assets, function, funding and responsibilities; MOU or new agreement required; will require new enforceable obligation; bringing forward at next meeting for OB review after approval by Successor Agency

FOR NEXT MEETING

Cash Flow – Interfund Advance / Pension Obligation Liability

Timing of Cash Flow to Pay Enforceable Obligations

Timing of legislation and City's RDA payments don't align; distributions are theoretically paying for the forward-looking ROPS.

Novato's reality is that they are backfilling the negative cash flow that we incurred in the prior period as we pay the bills.

City has advanced the Successor Agency funds to ensure contractual payments could be met .

Pension Obligation liability and funding for prior RDA employees

Actuarial analysis on pension obligation for prior employees has been completed.

Staff reviewing and will bring forward a new enforceable obligation to be added for July-December 2012

ISSUES FOR NEXT MEETING

2nd ROPS / 2nd Administrative Budget

Approve 2nd ROPS for July 1 – December 31, 2012

**Approve Successor Agency Administrative Budget for
July 1 – December 31, 2012**



KEY DATES

1st ROPS – January – June 2012

- By March 1st
 - Successor agency must adopt a Recognized Obligation Payment Schedule (ROPS) for January 1 – June 30, 2012
- By April 15th
 - Oversight Board must approve ROPS and forward to Department of Finance

2nd ROPS – July – December 2012

- May 11th
 - Oversight Board must approve 2nd ROPS and forward to Department of Finance

**Next Oversight Board Meeting
May 9 or 10; 4:00-6:30 p.m.**



END OF PRESENTATION

