



THE CITY OF
NOVATO
CALIFORNIA

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STAFF REPORT

MEETING

DATE: February 13, 2018

TO: City Council as Successor Agency to the Dissolved
Redevelopment Agency

FROM: Michael L. Antwine II, Assistant City Manager
Tony Clark, Finance Manager

SUBJECT: **RATIFICATION OF RECOGNIZED OBLIGATION PAYMENT
SCHEDULE AND ADMINISTRATIVE BUDGET FOR FISCAL YEAR
2018/19**

REQUEST

Ratify the annual Recognized Obligation Payment Schedule (“ROPS”) and Successor Agency administrative budget for fiscal year (FY) 2018-19.

DISCUSSION

ROPS

Pursuant to H&S Code §34177(o)(1), the successor agency to the former redevelopment agency is required to prepare a draft Recognized Obligation Payment Schedule (“ROPS”) for each fiscal period that sets forth the nature, amount, and source(s) of payment for all “enforceable obligations” of the Agency (as defined by law) to be paid by the Successor Agency after the Agency’s dissolution.

The ROPS is a permanent schedule of obligations that must be approved by the Oversight Board and the State Department of Finance. Only payments required, pursuant to the ROPS, may be made by the Successor Agency. The county auditor-controller will allocate property tax increment to successor agencies to pay debts listed on the ROPS.

In 2015, the California legislature passed Senate Bill 107, which made several changes to the administrative operations related to the ROPS. The most obvious one affecting the ROPS, which is currently under consideration by the Successor Agency / Oversight Board, is that ROPS is now an annual schedule. It corresponds to a city’s typical fiscal year of July 1 – June 30. Therefore, this attached ROPS covers the entire FY 2018-19. To allow the Department of Finance additional time to review the annual ROPS, the Successor Agency must submit each annual ROPS to the California Department of Finance (DOF) by February 1st.

There are no major changes to the ROPS for the 2018-19 period. Staff recommends that the Successor Agency ratify the ROPS that was approved by the Oversight Board at its January 31, 2018 meeting. Staff has forwarded the approved FY 2018-19 ROPS to the Department of Finance for review and approval.

ROPS 18-19

Project Name/Obligation	Outstanding Debt Obligation	ROPS FY 18-19 Allocation
2005 Tax Allocation Bonds	\$24,908,263	\$1,462,784
2005A Tax Allocation Housing Bonds	\$10,120,128	\$591,337
2011 Tax Allocation Bonds	\$34,067,247	\$1,286,662
CIEDB Loan	\$2,893,848	\$213,525
North Marin Community Services	\$369,121	\$120,612
Successor Agency – Admin Budget	\$67,384	\$67,384
Debt Service Reserve	\$650,000	\$650,000
Pension Obligation Bonds	\$708,134	\$30,807
Flood District MOU	\$14,041	\$14,041
Total	\$73,798,166	\$4,437,152

Administrative Budget

The Successor Agency is required to submit a proposed administrative budget to the Oversight Board for approval for each upcoming six-month fiscal period. The proposed Budget for 2018-19 presented for Successor Agency ratification was approved by the Oversight Board on January 31, 2018. The administrative budget includes staffing costs for City employees carrying out the dissolution functions, and estimated costs for legal services, independent audit fees, and operations supplies and business expenses. Funds are requested on each ROPS to reimburse the City for administrative costs of operating the Successor Agency. The budget presented details a full fiscal year 2018-19 budget of \$67,384. This budget is unchanged from 2017-18. Although Council approved \$325k Employee Retention Payment in December 2017, staff did not incorporate those costs into this budget, because they are one-time allocation of General Fund surplus from FY 2016-17. In addition, as the budget cycle progresses, staff will prepare the FY 2018-19 cost of living adjusted salary, but the difference has been deemed immaterial and absorbed by the General Fund.

Below is a table showing the Successor Agency’s budget and proposed administrative cost for fiscal year 2018-2019:

Novato RDA Successor Agency Budget - Fiscal Year 2018/19		
Personnel Costs		
<u>Position</u>		<u>Total \$\$</u>
Finance Manager		19,080
Accounting Supervisor		15,599
Management Analyst		5,886
TOTAL		40,565
Contracts / Supplies / Materials		
Legal Counsel		2,000
Audit Contract		8,440
Continuing Disclosure Consultant		3,400
Printing / Publications		1,000
Office Supplies		540
Meetings / Training / Memberships		1,500
General admin overhead		9,939
Amortization of CalPERS unfunded liability for RDA		ROPS
Amortization of unfunded liability for OPEB		ROPS
Portion of Pension Obligation Bonds for former RDA employees		ROPS
TOTAL		26,819
Grand Total Successor Agency Admin Budget - FY 2018/19		67,384

Staff recommends that the Successor Agency ratify the ROPS 18-19 and Administrative budget.

RECOMMENDATION

Ratify, by motion, the ROPS and administrative budget for the fiscal year 2018-19.

ATTACHMENT

1. ROPS FY 2018-19

Recognized Obligation Payment Schedule (ROPS 18-19) - Summary

Filed for the July 1, 2018 through June 30, 2019 Period

Successor Agency: Novato
County: Marin

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	18-19A Total (July - December)	18-19B Total (January - June)	ROPS 18-19 Total
A Enforceable Obligations Funded as Follows (B+C+D):	\$ 639,041	\$ -	\$ 639,041
B Bond Proceeds	-	-	-
C Reserve Balance	639,041	-	639,041
D Other Funds	-	-	-
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 1,847,110	\$ 1,951,001	\$ 3,798,111
F RPTTF	1,813,418	1,917,309	3,730,727
G Administrative RPTTF	33,692	33,692	67,384
H Current Period Enforceable Obligations (A+E):	\$ 2,486,151	\$ 1,951,001	\$ 4,437,152

Certification of Oversight Board Chairman:
 Pursuant to Section 34177 (o) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named successor agency.

 Name Title
 /s/ _____
 Signature Date

Novato Recognized Obligation Payment Schedule (ROPS 18-19) - ROPS Detail

July 1, 2018 through June 30, 2019

(Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K	18-19A (July - December)					Q	18-19B (January - June)					W	
											Fund Sources						Fund Sources						
											L	M	N	O	P		R	S	T	U	V		
																							Bond Proceeds
Item #	Project Name/Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	ROPS 18-19 Total	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	18-19A Total	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	18-19B Total	
1	2005 Tax Allocation Bonds ****	Bonds Issued On or Before	3/24/2005	9/1/2034	US Bank	Bonds issued to fund housing proj.		\$ 73,798,166	N	\$ 4,437,152		\$ 639,041	\$ -	\$ 1,813,418	\$ 33,692	\$ 2,486,151							\$ 1,951,001
2	2005A Tax Allocation Housing Bonds	Bonds Issued On or Before	3/24/2005	9/1/2034	US Bank	Bonds issued to fund housing proj.		24,908,263	N	\$ 1,462,784		625,000		471,042		\$ 1,096,042					\$ 366,742		\$ 366,742
3	2011 Tax Allocation Bonds ****	Bonds Issued After 12/31/10	3/23/2011	9/1/2040	US Bank	Bonds issued to repay City loans		10,120,128	N	\$ 591,337				436,056		\$ 436,056					155,281		\$ 155,281
5	CIEDB Loan	Third-Party Loans	12/17/2002	2/1/2032	Wells Fargo MN, N.A.	Downtown streetscape work		34,067,247	N	\$ 1,286,662				776,662		\$ 776,662					510,000		\$ 510,000
6	Contract - North Marin Community Services (Novato Human Needs name change)	Miscellaneous	8/2/2001	6/30/2022	North Marin Community Services	Homeless services		2,893,848	N	\$ 213,525				38,545		\$ 38,545					174,980		\$ 174,980
7	Successor Agency Administration	Admin Costs	2/1/2012	6/30/2041	City of Novato as Succ. Ag.	Admin costs: staff, audit, legal, office space, etc.		369,121	N	\$ 120,612				60,306		\$ 60,306					60,306		\$ 60,306
8	Debt Service Reserve	Reserves	1/1/2013	6/30/2034	Various	Reserve to Fund August Debt Service		67,384	N	\$ 67,384					33,692	\$ 33,692						33,692	\$ 33,692
10	Pension Obligation Bonds	Bonds Issued On or Before	6/29/2006	6/1/2035	Wells Fargo Bank, N.A.	POB Debt Obligation for former RDA employees		650,000	N	\$ 650,000						\$ -					650,000		\$ 650,000
15	Flood District MOU	Improvement/Infrastructure	6/22/1999	6/30/2018	Marin Co. Flood Cont. Dist.	Payment of Existing MOU Fund Balance		708,134	N	\$ 30,807				30,807		\$ 30,807							\$ -
16								14,041	N	\$ 14,041		14,041				\$ 14,041							\$ -
17									N	\$ -						\$ -							\$ -
									N	\$ -						\$ -							\$ -

Novato Recognized Obligation Payment Schedule (ROPS 18-19) - Report of Cash Balances
July 1, 2016 through June 30, 2017
(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see [\[INSERT URL LINK TO CASH BALANCE TIPS SHEET \]](#)

A	B	C	D	E	F	G	H	I	
		Fund Sources							
		Bond Proceeds		Reserve Balance		Other	RPTTF		
	Cash Balance Information for ROPS 15-16 Actuals (07/01/15 - 06/30/16)	Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS period balances and DDR RPTTF balances retained	Prior ROPS RPTTF distributed as reserve for future period(s)	Rent, grants, interest, etc.	Non-Admin and Admin	Comments	
1	Beginning Available Cash Balance (Actual 01/01/16)	2,200,184	1,700,000				(3,073,968)		
2	Revenue/Income (Actual 06/30/16) RPTTF amounts should tie to the ROPS 15-16 total distribution from the County Auditor-Controller during June 2015 and January 2016.						3,773,679		
3	Expenditures for ROPS 15-16 Enforceable Obligations (Actual 06/30/16)						3,016,113		
4	Retention of Available Cash Balance (Actual 06/30/16) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)	2,200,184	1,700,000				577,500		
5	ROPS 15-16 RPTTF Balances Remaining	No entry required							
6	Ending Actual Available Cash Balance (06/30/16) C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,893,902)		