



STAFF REPORT

DATE: February 23, 2021

TO: Bryan Montgomery, City Manager

Approved and Forwarded to the City Council

FROM: Tim Przybyla, Finance Director

SUBJECT: Consideration of a 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 fiscal year, 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.

Staff 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 2020/2021**

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Redevelopment Agency

Presented to the City Council on February 23, 2021

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, administration, bond related reporting services, and audit costs.

Funding for these expenditures will come from receipts of property taxes allowed by the Department of Finance.

Summary of Agency Assets

The Successor Agency had on hand at December 31, 2020, the following assets:

Cash held to meet Bond Covenants:

| Asset Held: | Restricted Assets | Unrestricted Assets |
|---|--------------------------|----------------------------|
| Cash Reserves for its 2015 and 2018 Bonds, held by its Trustee | \$312 | |
| Cash Pledged for upcoming 2008 and 2015 Bond Debt Service payments, held by the Trustee | | |
| Totals | <u>\$312</u> | <u>\$ -0-</u> |

Assets Not Restricted by Bond Covenants:

| Asset Held: | Restricted Assets | Unrestricted Assets |
|---|--------------------------|----------------------------|
| Cash and Investments* | \$-0- | \$178,372 |
| Land purchased originally by the RDA** | | \$0 |
| Other Real Property, constructed by the RDA | | \$0 |
| Long-Term Notes Receivable | | \$ 0 |
| Totals | <u>\$ -0-</u> | <u>\$178,372</u> |

**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 expenditures in the 20-21 ROPS and 21-22 ROPS.*

***Most of the land originally held by the Successor Agency has been either sold or transferred to the City per the Department of Finance approved Long Range Property Management Plan. There is currently one parcel of land remaining in the Successor Agency which has no book value.*

Summary of Debts, Project and Administrative Obligations

At December 31, 2020, the Successor Agency had the following Debts:

| Debts: | Amount Outstanding |
|--|---------------------------|
| Outstanding Principal on the Agency's 2015 Bonds | \$4,510,000 |
| Outstanding Principal on the Agency's 2018 Tax Refunding Bonds | \$18,255,000 |
| Total | <u>\$22,765,000</u> |

Pursuant to AB 1x26, at December 31, 2020, 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. As of December 31, 2020, all accumulated, unpaid pass-through obligations have been paid.

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.

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 fiscal year, as required by State law, 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, 2021 audit and each year thereafter until the Agency is terminated.

RESOLUTION NO. SA 02-21

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

WHEREAS, pursuant to the passage of AB 1X26 upheld by the California Supreme Court, redevelopment agencies were required to be dissolved by February 1, 2012; and

WHEREAS, the City of Oakley serves as the Successor Agency to the Oakley Redevelopment Agency; and

WHEREAS, the City Council of Oakley as the Successor Agency to the Oakley Redevelopment Agency has considered the Mid-Year Financial Status Report for FY 2020/2021;

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.

PASSED, APPROVED AND ADOPTED this 23rd day of February, 2021 by the following vote:

AYES: Fuller, Higgins, Meadows, Pope, Williams

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:



Libby Vreonis, Secretary

APPROVED:



Sue Higgins, Chair

3/8/21

Date