

OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE STANISLAUS COUNTY REDEVELOPMENT AGENCY

AGENDA

November 9, 2017
9:00 a.m.

*Third Floor, Conference Room 3001
1010 10th Street
Modesto, California*

www.stancounty.com

The Oversight Board welcomes you to its meetings which are regularly scheduled the second Thursday of each month, and your interest is encouraged and appreciated.

The agenda is divided into two sections:

CONSENT CALENDAR: These matters include routine financial and administrative actions and are identified with an asterisk (*). All items on the consent calendar will be voted on as a single action at the beginning of the meeting under the section titled "Consent Calendar" without discussion. If you wish to discuss an item on the Consent Calendar, please notify the Clerk prior to the beginning of the meeting or you may speak about the item during Public Comment Period.

NON-CONSENT CALENDAR: These items will be individually discussed and reviewed in detail.

ANY MEMBER OF THE AUDIENCE DESIRING TO ADDRESS THE OVERSIGHT BOARD REGARDING A MATTER ON THE AGENDA: Please raise your hand or step to the podium at the time the item is announced by the Oversight Board Chairperson. In order that interested parties have an opportunity to speak, any person addressing the Oversight Board will be limited to a maximum of 5 minutes unless the Chairperson of the Oversight Board grants a longer period of time.

PUBLIC COMMENT PERIODS: Matters under the jurisdiction of the Oversight Board and not on the posted agenda, may be addressed by the general public at the beginning of the regular agenda and any off-agenda matters before the Oversight Board for consideration; however, California law prohibits the Oversight Board from taking any action on any matter which is not on the posted agenda unless it is determined to be an emergency by the Oversight Board. Any member of the public wishing to address the Oversight Board during the "Citizen's Forum" period will be limited to a maximum of 5 minutes.

OVERSIGHT BOARD AGENDAS AND MINUTES: Agendas, Minutes, and copies of items to be considered by the Oversight Board are typically posted on the internet on Friday afternoons preceding the meeting at the following website: www.stancounty.com. All materials, including materials related to an item on this Agenda, submitted to the Oversight Board after distribution of the agenda packet are available for public inspection in the Planning and Community Development Department at 1010 10th Street, Suite 3400, Modesto, during normal business hours.

NOTICE REGARDING NON-ENGLISH SPEAKERS: Oversight Board meetings are conducted in English and translation to other languages is not provided. Please make arrangements for an interpreter if necessary.

REASONABLE ACCOMMODATIONS: In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Oversight Board Clerk at (209) 525-6330. Notification 72 hours prior to the meeting will enable the Clerk to make arrangements to ensure accessibility to this meeting.

- I. **ROLL CALL:** Brad Hawn; Jenny Kenoyer; Ana San Nicolas; Terry Withrow; Duane Wolterstorff

II. APPROVAL OF MINUTES

*A. January 12, 2017

III. CORRESPONDENCE

A. None

IV. PUBLIC COMMENT

V. AGENDA ITEMS

A. Approval of a Technical Budget Adjustment to the Administrative Budget for Fiscal Year 2017-2018 (July 1, 2017 to June 30, 2018)

VI. OTHER MATTERS

A. On the Horizon

VII. ADJOURNMENT

OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE STANISLAUS COUNTY REDEVELOPMENT AGENCY

MINUTES

SPECIAL MEETING

JANUARY 12, 2017

I. **ROLL CALL:** Meeting called to order at 9:02 a.m.

Present: Matthew Daly, Jenny Kenoyer, Ana San Nicolas, Duane Wolterstorff, Terry Withrow

Absent: Brad Hawn

At the time of this meeting Yosemite College District had not appointed a representative to the Oversight Board.

Staff Present: Angela Freitas, Planning and Community Development; Thomas Boze, Assistant County Counsel; Angelica Ramos, Manager III; Angelica Duenas, Oversight Board Clerk

II. APPROVAL OF MINUTES

*A. Upon motion of Oversight Board members Jenny Kenoyer/Duane Wolterstorff (5-0) the Board approved the minutes of the September 24, 2015 meeting.

****Staff pointed out that members Jenny Kenoyer and Matthew Daly were not members of the Oversight Board at the time of the September 24, 2015 meeting and the Chairman called for a re-vote. Upon a re-vote, Duane Wolterstorff/Ana San Nicolas (3-0), the Board approved the minutes of the September 24, 2015 meeting (Matthew Daly and Jenny Kenoyer abstained).***

*B. Upon motion of Oversight Board members Duane Wolterstorff/Jenny Kenoyer (3-0) (Terry Withrow abstained) the Board approved the minutes of the January 20, 2016 meeting. Matthew Daly was not a member of the Oversight Board at that time and thus abstained from voting on this item.

III. CORRESPONDENCE

A. None.

IV. PUBLIC COMMENT - None

V. AGENDA ITEMS

A. Approval of the Administrative Budget for Fiscal Year 2017-2018 (July 1, 2017 to June 30, 2018). *Director Freitas presented an overview of the report to the Oversight Board.*

Chairman asked for public comment – No one spoke
Jenny Kenoyer/Matthew Daly (5-0), approved all Staff Recommendations as outlined in the Staff Report, including Resolution No. 2017-01.

- B. Approval of Recognized Obligation Payment Schedule (ROPS) 17-18 for July 1, 2017 to June 30, 2018. *Director Freitas presented an overview of the report to the Oversight Board.*

Chairman asked for public comment – No one spoke
Duane Wolterstorff/Jenny Kenoyer (5-0), approved all Staff Recommendations as outlined in the Staff Report, including Resolution No. 2017-02.

VI. OTHER MATTERS (NOT PUBLIC HEARINGS)

- A. On the Horizon.

Director Freitas noted that unless an adjustment is needed to the ROPS this might be the only meeting of the Oversight Board in 2017. She provided an update on the Keyes bond refund issue. She informed the Oversight Board of legislation that indicates in 2018 all the Oversight Boards will be collapsed into one Oversight Board. She will keep the Oversight Board informed as information becomes available regarding the consolidation.

Angelica Duenas was introduced as the new Oversight Board Clerk. Director Freitas congratulated Angelica Ramos on her new position with the Chief Executive Office and thanked her for her service.

VII. ADJOURNMENT

- A. The meeting was adjourned at 9:15 a.m.

Signature on File
Angela Freitas, Secretary

(The above is a summary of the minutes of the Oversight Board meeting)

**OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE
STANISLAUS COUNTY REDEVELOPMENT AGENCY**

STAFF REPORT

SUBJECT:

Approval of a Technical Budget Adjustment to the Administrative Budget for Fiscal Year 2017-2018 (July 1, 2017 to June 30, 2018)

RECOMMENDATION:

1. Approve a Technical Budget Adjustment to the Administrative Budget for Fiscal Year 2017-2018.
2. Authorize the Successor Agency to utilize up to \$87,647 in existing appropriations in the Administrative Budget for professional design and engineering costs associated with Phase 1B of the Empire Storm Drain Project.
3. Adopt the attached Draft Resolution approving a Technical Budget Adjustment to the Administrative Budget for Fiscal Year 2017-2018.

DISCUSSION:

The laws governing the dissolution of redevelopment agencies (RDAs) require that a successor agency prepare an administrative budget and submit it to the oversight board for its approval annually. The administrative budget must include all of the following:

1. Estimated amounts for successor agency administrative costs for the upcoming six-month fiscal period.
2. Proposed sources of payment for the costs identified in item one (1) above.
3. Proposals for arrangements for administrative and operations services provided by a city, county, city and county, or other entity.

In addition, the successor agency is required to provide the County Auditor-Controller with administrative cost estimates from its approved administrative budget that are to be paid from property tax revenues deposited into the Redevelopment Property Tax Trust Fund (RPTTF) for each six-month fiscal period covered by a Recognized Obligation Payment Schedule (ROPS).

The dissolution laws provide for an administrative cost allowance to provide funds for successor agencies to wind down the affairs and administer the debt repayments of the former redevelopment agency. Pursuant to Health and Safety Code (HSC) Section 34171(b), effective July 1, 2016, the administrative cost allowance will be calculated as follows:

- The administrative cost allowance shall be up to three percent of actual property tax distributed in the preceding fiscal year, less:
 - Prior year administrative cost allowance.
 - Prior year city/county loan repayments pursuant to HSC section 34191.4(b).
- The administrative cost allowance shall not be less than \$250,000 unless the bullet below applies.
- The annual administrative cost allowance shall not exceed 50 percent of total RPTTF distributed to pay enforceable obligations in the preceding fiscal year.

Based on the above calculation, the Successor Agency's (SA) administrative cost allowance shall not be less than \$250,000 annually.

On January 12, 2017, the Oversight Board (OB) approved an Administrative Budget for Fiscal Year 2017-2018 allowing for the following costs to be covered by the administrative cost allowance:

Staffing Costs: These costs reflect staff salaries and benefits for the time spent working on SA activities. The costs reflected in the budget are estimates based on actual costs and anticipated work tasks that need to be completed.

Staffing costs include staff time from the County's Department of Planning and Community Development and the Chief Executive Office.

The approved Fiscal Year 2017-2018 Administrative Budget allows for \$50,000 in Staffing Costs.

Operational Costs: These costs reflect the SA's costs for services, supplies and the County's Cost Allocation Plan (CAP) charges. CAP charges include "fair share costs" covering, but not limited to, self-insured general liability, mail room, Auditor's Department, Purchasing Agents, County Counsel and fiduciary liability insurance. These costs also include OB meeting related expenses.

The approved Fiscal Year 2017-2018 Administrative Budget allows for \$100,000 in Operational Costs.

Legal and Professional Service Costs: These costs reflect actual costs for outside legal and professional services provided to the SA. Professional service may include, but are not limited to, bond refunding and bond arbitrage.

The approved Fiscal Year 2017-2018 Administrative Budget allows for \$100,000 in Legal and Professional Service Costs.

Proposed Technical Budget Adjustment to the Administrative Budget:

The Successor Agency is requesting OB approval to utilize up to \$87,647 in administrative cost allowance to cover design and engineering costs undertaken for the construction of the Empire Storm Drain Project Phase 1B. Prior to the 2012 dissolution of redevelopment agencies, Stanislaus County's federal Housing and Urban Development (HUD) Community Development Block Grant (CDBG) funds were leveraged with infrastructure funding from the Stanislaus County Redevelopment Agency. At the time of dissolution, the Stanislaus County Redevelopment Agency's (RDA) 2010-2014 Implementation Plan identified the Airport Neighborhood Sewer Project, Empire Storm Drain Project, and Parklawn Neighborhood Sewer Project as public infrastructure projects pending implementation and/or completion.

Historical Background

On January 31, 2012, the RDA approved an Enforcement Obligation Payment Schedule in compliance with the State laws governing dissolution of redevelopment agencies that included a Public Works Infrastructure Agreement providing for \$32 million in funding to complete the three pending public infrastructure projects. While the Agreement was ultimately determined by the State Department of Finance (DOF) not to be an eligible obligation of the SA, litigation filed by the California Rural Legal Assistance is still pending. Since the DOF's determination, all OB approved Recognized Obligation Payment Schedules reflect the SA and OB's continued disagreement with the DOF's determination and reserve the right to challenge the DOF's determination and to establish that the full Agreement is an enforceable obligation.

The Empire Storm Drain Project was initiated in Fiscal Year 2006-2007 as an RDA project to build a positive storm drain system for the entire Empire community. Phase 1A of the project was completed in 2010 for approximately \$2.5 million utilizing both CDBG and RDA funds. Design and engineering for Phase 1B of the project, which would provide for the installation and connection of the storm drain facilities necessary for connection of the system to the Modesto Irrigation District's river outfall, including Phase 1A, was being initiated at the time of RDA dissolution. In light of the RDA's dissolution the costs for the engineering and design were covered using CDBG funding in anticipating of securing infrastructure available through the United States Department of Agriculture (USDA). The cost for finalizing the project is approximately \$15 million. While USDA funding is available, the community of Empire cannot absorb the debt service for repayment, thus making the project infeasible to construct without RDA funding.

On October 25, 2016, the Stanislaus County Board of Supervisors canceled the Empire Storm Drain project for the purpose of reallocating CDBG funds and, as such, the project may only continue if the pending CRLA litigation is successful in recognizing the Public Works Infrastructure Agreement as a an enforceable obligation of the RDA. As part of the project close-out, HUD has found the approximately \$87,647 in design and engineering costs for Phase 1B to be an ineligible cost, since the County could not complete construction of the project.

Technical Budget Adjustment Nexus

As stated in the beginning of this report, the administrative cost allowance provides funds for successor agencies to wind down the affairs and administer the debt repayments of the former redevelopment agency. The need to design and engineer Phase 1B of the Empire Storm Drain project was necessary to determine project costs in an effort to identify alternative funding. While the costs for the Phase 1B engineering and design were not incurred by the RDA, which was already dissolved at the time, the costs were the result of the need to find an administrative solution directly resulting from the dissolution of the RDA. Without the Phase 1B construction, to connect Phase 1A to the river outfall, the project will never operate as a true positive storm drain, thus diminishing the RDA's investment.

If this request is approved by the Oversight Board, up to \$87,647 in existing appropriations in the Fiscal Year 2017-2018 Administrative Budget will be utilized to reimburse HUD for the design and engineering costs associated with Phase 1B of the Empire Storm Drain Project. The chart below compares the approved budget with actual expenditures as of October 31, 2017:

Description	Fiscal Year 2017-2018 Adopted Budget	Year-to-Date Actuals	Estimated Remaining Balance
Staffing	\$50,000.00	\$268.31	\$49,731.69
Operational	\$100,000.00	\$0.00	\$100,000.00
Legal and Professional Services	\$100,000.00	\$0.00	\$100,000.00
Total	\$250,000.00	\$268.31	\$249,731.69

The two charts below compare the adopted budget with actual expenditures at fiscal year-end for both Fiscal Year 2015-2016 and Fiscal Year 2016-2017:

Description	Fiscal Year 2015-2016 Adopted Budget	Fiscal Year-End Actuals	Estimated Remaining Balance
Staffing	\$50,000.00	\$22,886.40	\$27,113.60
Operational	\$100,000.00	\$23.00	\$99,977.00
Legal and Professional Services	\$100,000.00	\$16,450.00	\$83,550.00
Total	\$250,000.00	\$39,359.40	\$210,640.60

Description	Fiscal Year 2016-2017 Adopted Budget	Fiscal Year-End Actuals	Estimated Remaining Balance
Staffing	\$50,000.00	\$4,030.46	\$45,969.54
Operational	\$100,000.00	\$1.19	\$99,998.81
Legal and Professional Services	\$100,000.00	\$1,650.00	\$98,350.00
Total	\$250,000.00	\$5,681.65	\$244,318.35

Given the historical performance of this budget at fiscal-year-end, approval of this request is not anticipated to have a negative impact to the Fiscal Year 2017-2018 Adopted Administrative Budget. If the request is denied staff will work with the County's Chief Executive Office to identify a funding strategy which may include a contribution from the County's General Fund.

ATTACHMENTS:

1. Draft Resolution No. 2017-03

**OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE
STANISLAUS COUNTY REDEVELOPMENT AGENCY**

RESOLUTION NO. 2017-03

DATE: November 9, 2017

SUBJECT: Approval of a Technical Budget Adjustment to the Administrative Budget for Fiscal Year 2017-2018 (July 1, 2017 to June 30, 2018)

On the motion of _____, seconded by _____, and approved by the following vote:

Ayes:

Noes:

Absent:

Abstained:

THE FOLLOWING RESOLUTION WAS ADOPTED:

WHEREAS, on February 1, 2012, the Stanislaus County Redevelopment Agency was dissolved pursuant to the Redevelopment Agency Dissolution Act (ABx1 26), enacted by the State Legislature, and signed by the Governor, as part of the Fiscal Year 2011-12 State budget bill, and subsequently modified by the State Supreme Court; and

WHEREAS, pursuant to Section 34173 of ABx1 26, the County of Stanislaus assumed the role of the Successor Agency to the former Stanislaus County Redevelopment Agency ("Successor Agency"), and is responsible for winding down the activities of the former Redevelopment Agency; and

WHEREAS, the Successor agency must prepare an administrative budget and submit it to the Oversight Board for approval, pursuant to Section 34177 (j) of the ABx1 26; and

WHEREAS, the Oversight Board approved the Administrative Budget for Fiscal Year 2017-2018 on January 12, 2017.

NOW, THEREFORE, BE IT RESOLVED that this Oversight Board:

1. Has considered the proposed Technical Budget Adjustment to the Administrative Budget for Fiscal Year 2017-2018, presented at this meeting, and hereby adopts the proposed Technical Budget Adjustment to the Administrative Budget in substantially the same form as attached hereto.
2. This resolution shall take effect from and after the date of its passage and adoption, November 9, 2017.

Stanislaus Co. RDA Oversight Board
Resolution No. 2017-03
November 9, 2017
Page 2

ATTEST:

Angelica Duenas
Oversight Board Clerk

APPROVED AS TO FORM:

Thomas Boze
Assistant County Counsel