

**OVERSIGHT BOARD FOR THE FORMER REDEVELOPMENT AGENCY  
OF THE CITY OF WATSONVILLE  
REGULAR MEETING AGENDA**

August 17, 2016

City Council Chambers  
275 Main Street, 4th Floor

**10:30 A.M.**

**1.0 MEETING CALLED TO ORDER**

1.1 ROLL CALL

**2.0 CONSENT AGENDA**

All items appearing on the Consent Agenda are recommended actions which are considered to be routine and will be acted upon as one consensus motion. Any items removed will be considered immediately after the consensus motion. The Chair will allow public input prior to the approval of the Consent Agenda.

2.1 MOTION APPROVING MINUTES OF MARCH 9, 2016

**3.0 NEW BUSINESS**

3.1 RESOLUTION ADOPTING AN AMENDMENT TO THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE ("ROPS") FOR THE PERIOD OF JULY 1, 2016 THROUGH JUNE 30, 2017 (ROPS 16-17) & INCORPORATED ADMINISTRATIVE ALLOWANCE & BUDGET (Recommended by Administrative Services Director Vega)

- (a) Staff Report
- (b) Members Questions
- (c) Public Input
- (d) Members Discussion
- (e) Resolution Approving Amendment to 2016-17 Recognized Obligation Payment Schedule for the Period Commencing January 1, 2017, Through June 30, 2017, as Required By Health & Safety Code Section 34177(E)

3.2 EMERGENCY ITEMS ADDED TO AGENDA

**4.0 ORAL COMMUNICATIONS**

(This time is set aside for members of the general public to address the Board on any item not on the Board Agenda, which is within the subject matter jurisdiction of the Board. No action or discussion shall be taken on any item presented except that any Board Member may respond to statements made or questions asked, or may ask questions for clarification. All matters of an administrative nature will be referred to staff. All matters relating to Board will be noted in the minutes and may be scheduled for discussion at a future meeting or referred to staff for clarification and report. ALL SPEAKERS ARE ASKED TO FILL OUT A BLUE CARD & LEAVE IT AT THE TABLE DESIGNATED NEAR THE PODIUM, GO TO THE PODIUM AND ANNOUNCE THEIR NAME AND ADDRESS IN ORDER TO OBTAIN AN ACCURATE RECORD FOR THE MINUTES OF THE MEETING.)

**5.0 INFORMATION ITEMS—Written Documents**

(a) Glossary of Commonly Used Terms

**6.0 ADJOURNMENT**

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***Pursuant to Section 54954.2(a)(1) of the Government Code of the State of California, this agenda was posted at least 72 hours in advance of the scheduled meeting at a public place freely accessible to the public 24 hours a day and on the City of Watsonville website at [www.cityofwatsonville.org](http://www.cityofwatsonville.org).***

***Materials related to an item on this Agenda submitted to the Board after distribution of the agenda packet are available for public inspection in the City Clerk's Office (275 Main Street, 4<sup>th</sup> Floor) during normal business hours. Such documents are also available on the City of Watsonville website at [www.cityofwatsonville.org](http://www.cityofwatsonville.org) subject to staff's ability to post the document before the meeting.***

**MINUTES  
OVERSIGHT BOARD OF SUCCESSOR AGENCY  
TO CITY OF WATSONVILLE REDEVELOPMENT AGENCY  
SPECIAL MEETING**

March 9, 2016  
10:35 A.M.

City of Watsonville  
Council Chambers  
275 Main Street, 4<sup>th</sup> Floor

**1.0 MEETING CALLED TO ORDER**

**1.1 ROLL CALL**

Members Canady, Caput, Coffman-Gomez, and Manning were present. Vice Chair Friend and Member Medina were absent. Chair Carrillo resigned from the Cabrillo Community College Board of Trustees and no longer eligible to serve on the Oversight Board.

Staff members present were Administrative Services Director Vega, Consultant Davison, and City Clerk Vázquez Flores.

**MOTION:** It was moved by Coffman-Gomez to nominate Member Manning as Pro Tempore Chair, seconded by Member Canady, and carried by the following voice vote:

AYES:	MEMBERS:	Canady, Caput, Coffman-Gomez, Manning
NOES:	MEMBERS:	None
ABSENT:	MEMBERS:	Friend, Medina

**2.0 CONSENT AGENDA**

**2.1 MOTION APPROVING MINUTES OF JANUARY 20, 2016**

**MOTION:** It was moved by Member Coffman-Gomez, seconded by Member Canady, and carried by the following voice vote that the Consent Agenda be approved:

AYES:	MEMBERS:	Canady, Caput, Coffman-Gomez, Manning
NOES:	MEMBERS:	None
ABSENT:	MEMBERS:	Friend, Medina

**3.0 NEW BUSINESS**

**3.1 ISSUANCE OF REFUNDING BONDS & MAKING RELATED FINDINGS & DECLARATIONS & TAKING RELATED ACTIONS IN CONNECTION THEREWITH**

**(a) Staff Report**

The report was given by Administrative Services Director Vega.

**(b) Members Questions**

Administrative Services Director Vega answered questions from Members Coffman-Gomez and Caput regarding interest rate and refunding costs.

(c) **Public Input (None)**

(d) **Members Discussion (None)**

(e) **RESOLUTION NO. 2-16 (OB):  
RESOLUTION APPROVING ISSUANCE OF REFUNDING BONDS & MAKING  
RELATED FINDINGS & DECLARATIONS & TAKING RELATED ACTIONS IN  
CONNECTION THEREWITH**

**MOTION:** It was moved by Member Coffman-Gomez, seconded by Member Caput, and carried by the following voice vote to approve the above resolution (e):

AYES: MEMBERS: Canady, Caput, Coffman-Gomez, Manning

NOES: MEMBERS: None

ABSENT: MEMBERS: Friend, Medina

**3.2 EMERGENCY ITEMS ADDED TO AGENDA**

**4.0 ORAL COMMUNICATIONS (None)**

**5.0 INFORMATION ITEMS—Written Documents**

**(a) Glossary of Commonly Used Terms**

**6.0 ADJOURNMENT**

The meeting adjourned at 11:01 AM.

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Nathalie Manning, Pro Tempore Chair

ATTEST:

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City Clerk Vázquez Flores

**City of Watsonville as Successor Agency  
Of the former Redevelopment Agency of the City of Watsonville**

**M E M O R A N D U M**



**DATE:** August 9, 2016

**TO:** Oversight Board

**FROM:** Ezequiel Vega, Administrative Services Director

**SUBJECT:** Resolution adopting an amendment to the Recognized Obligation Payment Schedule for the period of July 1, 2016 through June 30, 2017 (ROPS 16-17) and the incorporated administrative budget

**AGENDA ITEM:** August 17, 2016 **Oversight Board**

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**RECOMMENDATION:** It is recommended that the Oversight Board approve a resolution adopting an amendment to the Recognized Obligation Payment Schedule (“ROPS”) for the period of July 1, 2016 through June 30, 2017 (ROPS 16-17) and the incorporated administrative allowance and budget.

**DISCUSSION:**

As of February 1, 2012, all redevelopment agencies throughout the State were required to dissolve as a result of the passage of ABX1-26 and the subsequent ruling in the Matosantos Case by the California Superior Court.

Initially, as part of legislation, Recognized Obligation Payment Schedules (ROPS) had to be prepared by successor agencies and approved by oversight boards for prospective six-month periods and became the budgetary documents upon which auditor-controllers distributed what was formally called tax increment to successor agencies in order to allow the successor agencies to pay approved enforceable obligations and administrative costs during the following six-month period. The Counties’ auditor-controllers deposited what was formally tax increment attributable to redevelopment agencies into a new account, the Redevelopment Property Tax Trust Fund (“RPTTF”). Any RPTTF dollars not required to pay enforceable obligations and approved administrative costs during the respective six-month period were to be retained by and distributed by auditor-controllers to the affected taxing entities, such as schools and special districts. These distributions are collectively termed the “residual” amounts.

SB 107, which became effective in September 2015, has modified the ROPS process so that ROPS are now to be submitted annually on a fiscal year basis. Annual ROPS must be submitted to the California Department of Finance (DOF) by February 1 commencing in 2016 and in each year thereafter. DOF then has until April 15 of each year to review and respond to submitted ROPS. As such, our ROPS covering Fiscal Year 16-17 was approved by the Oversight Board

and submitted to the California Department of Finance (DOF) for consideration by February 1, 2016 and was approved by DOF on March 14, 2016.

The new legislation also provides that annual ROPS can only be amended once each fiscal year and any requested amendment must be submitted to DOF no later than October 1<sup>st</sup> of each applicable fiscal year. Since the Successor Agency of the former City of Watsonville RDA refunded its 2004 Tax Increment bonds, the ROPS must be amended in order to meet the new bond covenants. These covenants require the debt service payment for a full calendar year to be requested by the Successor Agency in advance each year. This means the previously submitted ROPS must be amended. The amendment of the ROPS is summarized below.

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)		Authorized Amounts	Requested Adjustments	Amended Total
<b>A</b>	<b>Enforceable Obligations Funded as Follows (B+C+D):</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
B	Bond Proceeds	-	-	-
C	Reserve Balance	-	-	-
D	Other Funds	-	-	-
<b>E</b>	<b>Redevelopment Property Tax Trust Fund (RPTTF) (F+G):</b>	<b>\$ 527,490</b>	<b>\$ 1,284,120</b>	<b>\$ 1,811,610</b>
F	RPTTF	402,490	1,284,120	1,686,610
G	Administrative RPTTF	125,000	-	125,000
<b>H</b>	<b>Current Period Enforceable Obligations (A+E):</b>	<b>\$ 527,490</b>	<b>\$ 1,284,120</b>	<b>\$ 1,811,610</b>

Although there is an additional \$1.284 million being requested this ROPS period, the overall savings to all taxing entities over the life of the bond are \$3.856 million.

It should be noted that prior to submission of the 2016-17 ROPS, DOF officially withdrew its appeal of the successful Watsonville Superior Court case relative to the reinstatement of our two public improvement financing agreements dealing with development of the library and parking structure components of the Civic Center Project. This means that DOF has now consented to the reinstatement and repayment of these two 2006 City/Redevelopment loans in the aggregate amount of approximately \$4.4 million. As such, these two loans will be added to ROPS 16-17 in addition to repayment of other older Oversight Board and DOF approved City/Redevelopment Agency loans. Collectively, repayment of reinstated City/Redevelopment loans is subject to an annual maximum repayment formula that is specified by legislation. This formula caps the annual repayment to all reinstated loans at 50% of the growth in residual RPTTF distributions to taxing entities from the residual amount generated in Fiscal Year 2012-13. As such, the maximum amount for all old Oversight Board and DOF approved City/Redevelopment loans contained in ROPS 16-17 is limited to \$638,101. This repayment amount will vary in each subsequent year.

SB 107 also adjusted the administrative allowance available to Successor Agencies from RPTTF, but left the minimum administrative allowance at \$250,000 per fiscal year unless reduced by the Oversight Board or by consent of the Successor Agency and DOF. Staff is requesting that the administrative allowance for FY 2016/17 remain at the \$250,000 minimum amount, to be evenly split between both six month periods constituting the fiscal year (i.e. July 1, 2016 through December 31, 2016 and January 1, 2017 through June 30, 2017). This administrative allowance will be paid pursuant to the Oversight Board and DOF approved Amended and Restated Cooperation Agreement for Administrative Services wherein the City has agreed to provide administrative services on behalf of the Successor Agency.

**Fiscal Impact:** If adopted, the amended 16-17 ROPS will authorize an additional payment from the RPTTF of \$1.284 million for the repayment of the refunded bonds debt. Nothing else changes in the previously submitted ROPS.

**ATTACHMENTS:**

None

cc: City Attorney

RESOLUTION NO. \_\_\_\_\_ (OB)

**RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF WATSONVILLE APPROVING AN AMENDMENT TO THE 2016-17 RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD COMMENCING JANUARY 1, 2017 THROUGH JUNE 30, 2017, AS REQUIRED BY HEALTH & SAFETY CODE SECTION 34177(E)**

**WHEREAS**, in accord with the provisions of the California Community Redevelopment Law (Health and Safety Code Section 33000, et seq. (“**CRL**”), the City Council of the City of Watsonville (“**City**”) previously established the Redevelopment Agency of the City of Watsonville, a public body, corporate and politic (“**Agency**”) to carry out the purposes of and exercise the powers granted to community redevelopment agencies under the CRL; and

**WHEREAS**, on February 1, 2012, the Agency was dissolved pursuant to Assembly Bill 1X26 (Stats. 2011, 1st Ex. Sess., Ch. 5) (“**AB 26**”), and its rights, powers, duties and obligations were transferred to a “successor agency” (as defined by CRL Section 34171(j) and Section 34173); and

**WHEREAS**, the City Council elected to act as the Agency’s successor agency (“**Successor Agency**”) under CRL Section 34173; and

**WHEREAS**, pursuant to Section 34177(l), the Successor Agency is required to prepare “**Recognized Obligation Payment Schedules**” (each such Schedule, a “**ROPS**”) for each fiscal year period (each such period, a “**Fiscal Period**”) and to submit each ROPS for approval to the oversight board (“**Oversight Board**”) established for the Successor Agency under CRL Section 34179; and

**WHEREAS**, each ROPS must identify, on a prospective basis, the funds required by the Successor Agency to satisfy the Successor Agency’s enforceable obligations and to pay administrative expenses during the applicable Fiscal Period; and

**WHEREAS**, on April 24, 2012, the Oversight Board adopted Resolution No. 5-12 (OB), approving a “**Cooperation Agreement for Administrative Services**” between the City and the Successor Agency, whereby the City agreed to provide administrative services for the Successor Agency for FY 2012-13 for a total amount of \$250,000; and

**WHEREAS**, on February 26, 2013, the Oversight Board adopted Resolution No. 4-13 (OB), approving an “**Amended and Restated Cooperation Agreement for Administrative Services**” (“**Cooperation Agreement**”), whereby the City agreed to provide administrative services for the Successor Agency for a total amount of \$250,000 each fiscal year, commencing in FY 2013/14, to be paid pursuant to terms contained in the Cooperation Agreement until such time as the Oversight Board requests a reduction in such amount; and

**WHEREAS**, the Oversight Board acknowledges that the Cooperation Agreement may be further amended and, therefore, as used in this Resolution, the term “**Cooperation Agreement**” means the Cooperation Agreement as it currently exists and as it may be lawfully amended in the future; and

**WHEREAS**, the Successor Agency prepared a ROPS for the Fiscal Period commencing July 1, 2016 through June, 2017 (the “**FY 16/17 ROPS**”) (in accord with the requirements of CRL Section 34177(l) and other applicable law and has transmitted the FY 16-17 ROPS electronically to the County Administrative Officer, the County Auditor-Controller and the State Department of Finance; and

**WHEREAS**, the Oversight Board approved the FY 16-17 ROPS in its January 20, 2016 meeting, including compensation of Two Hundred Fifty Thousand Dollars (\$250,000) to the City for providing the Successor Agency’s Administrative Services (as defined in the Cooperation Agreement), during the FY 16-17 ROPS period; and

**WHEREAS**, the FY 16-17 ROPS serves as the budget document for the Successor Agency during the July 1, 2016 through June 30, 2017 period and appropriates funds as identified; and

**WHEREAS**, the Oversight Board approved the refunding of bonds in its March 9, 2016 meeting resulting in significant savings to the Successor Agency and other local taxing entities; and

**WHEREAS**, the refunding of bonds resulted in lower payments and a different repayment schedule requiring the ROPS 16-17A to be amended.

**NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF WATSONVILLE AS FOLLOWS:**

**Section 1.** In accord with CRL Section 34177(E), the Oversight Board approves the amendment to the FY 16-17 ROPS (inclusive of the administrative budget and the administrative cost allocation of \$250,000 payable to the City pursuant to the Cooperation Agreement), in the form attached as Exhibit "A."

**Section 2.** The Oversight Board directs the City Manager to (a) transmit the amended Oversight Board approved FY 16-17 ROPS to the County Auditor-Controller and the State Department of Finance, and to provide notice of the Oversight Board's approval to those entities, together with the City's website address, and (b) post the amended FY 16-17 ROPS to the City's website.

**Section 3.** This Resolution will become effective in accord with CRL Section 34177(m) and Section 34179(h).

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## Amended Recognized Obligation Payment Schedule (ROPS 16-17B) - Summary

Filed for the January 1, 2017 through June 30, 2017 Period

Successor Agency: Watsonville  
 County: Santa Cruz

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	ROPS 16-17B Authorized Amounts	ROPS 16-17B Requested Adjustments	ROPS 16-17B Amended Total
<b>A Enforceable Obligations Funded as Follows (B+C+D):</b>	\$ -	\$ -	\$ -
B Bond Proceeds	-	-	-
C Reserve Balance	-	-	-
D Other Funds	-	-	-
<b>E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):</b>	<b>\$ 527,490</b>	<b>\$ 1,284,120</b>	<b>\$ 1,811,610</b>
F RPTTF	402,490	1,284,120	1,686,610
G Administrative RPTTF	125,000	-	125,000
<b>H Current Period Enforceable Obligations (A+E):</b>	<b>\$ 527,490</b>	<b>\$ 1,284,120</b>	<b>\$ 1,811,610</b>

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

