



Contra
Costa
County

To: Board of Supervisors
From: FINANCE COMMITTEE
Date: May 2, 2017

Subject: POLICY FOR REVIEWING MASTER COMPENSATION AGREEMENTS SUBMITTED BY
SUCCESSOR AGENCIES TO FORMER RDAS

RECOMMENDATION(S):

1. ADOPT a policy for the review of compensation agreements submitted to the County, including affected taxing entities governed by the Board of Supervisors, by various cities taking ownership of real property from redevelopment successor agencies throughout the County; and
2. DIRECT the County Administrator, or designee, to negotiate compensation agreements with cities upon receipt by the County and return to the Board of Supervisors for approval.

FISCAL IMPACT:

The policy as proposed would result in the estimated deferral of up to \$6.7 million in one-time revenue due to the County, including taxing entities governed by the Board of Supervisors (i.e. Contra Costa Fire Protection District, Library, Flood Control and Water Conservation District, etc.), from the cities of Oakley, Richmond and Concord. This figure represents the pro-rata share of sale proceeds due at the transfer of ownership from Redevelopment Successor Agencies to the cities. Should additional cities request a compensation agreement from the County, then this figure will increase.

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY
ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **05/02/2017** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I Supervisor
Candace Andersen, District II Supervisor
Diane Burgis, District III Supervisor
Karen Mitchoff, District IV Supervisor
Federal D. Glover, District V Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: May 2, 2017

David Twa, County Administrator and Clerk of the Board of Supervisors

By: Stephanie Mello, Deputy

Contact: Timothy Ewell,
925-335-1036

cc:

In the case

FISCAL IMPACT: (CONT'D)

that the County and each City does not successfully negotiate a compensation agreement, the one-time revenue would be due from the cities immediately pursuant to Health and Safety Code section 34180(f)(2).

BACKGROUND:

As part of the 2011 Budget Act, and in order to protect funding for core public services at the local level, the Legislature approved the dissolution of the state's 400 plus Redevelopment Agencies (RDAs). After a period of litigation, RDAs were officially dissolved as of February 1, 2012. As a result of the elimination of the RDAs, property tax revenues are now being used to pay required payments on existing bonds, other obligations, and pass-through payments to local governments. The remaining property tax revenues that exceed the enforceable obligations are now being allocated to cities, counties, special districts, and school and community college districts, thereby providing critical resources to preserve core public services.

To help facilitate the wind-down process at the local level, successor agencies were established to manage redevelopment projects currently underway, make payments on enforceable obligations, and dispose of redevelopment assets and properties. Each Successor Agency has an Oversight Board that supervises its work. The Oversight Board is comprised of representatives of the local agencies that serve the redevelopment project area: the city, county, special districts, and K-14 educational agencies. Oversight Board members have a fiduciary responsibility to holders of enforceable obligations, as well as to the local agencies that would benefit from property tax distributions from the former redevelopment project area.

FINDING OF COMPLETION

Pursuant to Health and Safety Code (HSC) Section 34179.7, the California Department of Finance (DOF) was authorized to issue a finding of completion to a Successor Agency, once the following conditions had been met and verified by December 31, 2015:

- The Successor Agency had paid the full amount as determined during the Due Diligence Reviews and the County Auditor-Controller has reported those payments to DOF, and
- The Successor Agency had paid the full amount as determined during the July True-Up process, or
- The Successor Agency had paid the full amount upon a final judicial determination of the amounts due and confirmation that those amounts have been paid by the County Auditor-Controller, or
- The Successor Agency had entered into a written installment payment plan with DOF for the payments owed from above.

Upon receiving the finding of completion, a Successor Agency is allowed to do the following:

- Place loan agreements between the former redevelopment agency and sponsoring entity on the Recognized Obligation Payment Schedule (ROPS), as an enforceable obligation, provided the oversight board makes a finding that the loan was for legitimate redevelopment purposes per HSC Section 34191.4 (b) (1) Loan repayments will be governed by criteria in HSC section 34191.4 9 (a) (2).
- Utilize proceeds derived from bonds issued prior to Jan. 1, 2011 in a manner

consistent with the original bond covenants per HSC Section 34191.4 (c)

- However, if on a payment plan, and a Successor Agency fails to fully make one or more payments agreed to in the written installment plan, the benefits above may be revoked.

LONG RANGE PROPERTY MANAGEMENT PLAN

Pursuant to Health and Safety Code section 34191.5, within six months after receiving a Finding of Completion from DOF, a Successor Agency is required to submit for approval to its Oversight Board and DOF a Long-Range Property Management Plan (LRPMP) that addresses the disposition and use of the real properties of the former redevelopment agency. If DOF had not approved a plan by January 1, 2016, then the Successor Agency was to have disposed of their property pursuant to 34177 (e).

COMPENSATION AGREEMENTS

Some LRPMPs prepared by successor agencies include a provision providing that certain real property of the former redevelopment agency would be retained and used for future development purposes pursuant to HSC 34179.5(c)(5)(C). As part of that, LRPMPs submitted by successor agencies have contemplated the use of “compensation agreements” between an individual successor agency and affected taxing entities (ATEs), the terms of which are not subject to approval by DOF, pursuant to HSC 34180(f)(1).

Specifically, HSC 34180(f)(1) states that:

If a city, county, or city and county wishes to retain any properties or other assets for future redevelopment activities, funded from its own funds and under its own auspices, it must reach a compensation agreement with the other taxing entities to provide payments to them in proportion to their shares of the base property tax, as determined pursuant to Section 34188, for the value of the property retained.

On March 28, 2017 the Board of Supervisors referred the issue of establishing a policy for the review of compensation agreements submitted by cities related to redevelopment dissolution to the Finance Committee for evaluation. The Finance Committee met on April 24, 2017 to discuss the issue and has forwarded a policy recommendation to the full Board of review and approval. Today's action requests the Board to adopt the attached policy and direct the County Administrator to commence negotiating with cities as compensation agreements are requesting using the Board's adopted policy.

CONSEQUENCE OF NEGATIVE ACTION:

There will be no formal policy direction from the Board of Supervisors as to how to negotiate compensation agreements requested by cities.

CHILDREN'S IMPACT STATEMENT:

No impact.

ATTACHMENTS

Policy for Evaluating Compensation Agreements Proposed pursuant to HSC 34180 et. seq.