



Successor Agency to the Lemon Grove Community Development Agency

September 19, 2019

Presentation to County Oversight Board
Regarding 2019 Tax Allocation Refunding Bonds



Lemon Grove Successor Agency - Outstanding Bonds

- 2007 Tax Allocation Bonds

Outstanding Principal: \$11,730,000

Interest Rates: 4.125% to 4.50%

- 2010 Tax Allocation Refunding Bonds

Outstanding Principal: \$4,695,000

Interest Rates: 4.50% to 5.25%

- 2014 Tax Allocation Refunding Bonds

Outstanding Principal: \$5,165,000

Interest Rates: 3.00% to 4.00%

2019 Tax Allocation Refunding Bonds

- **To refund (refinance) the outstanding 2007 and 2010 Bonds**
 - Total estimated debt service savings is \$4.6 million
 - Annual est. savings is \$344k through 2027, then \$172k through 2037
 - Annual savings will add to “RPTTF Residual” amounts, to be shared by affected taxing entities
 - Estimated Net Interest Cost of 2.73%

- **Schedule**
 - Successor Agency approved issuance of 2019 Bonds at mtg. on 9/17/19
 - County Oversight Board consideration of approval: mtg. of 9/19/19
 - State Dept. of Finance will have 60 days to review and approve
 - 2019 Bonds will be priced in early December 2019
 - Bond Closing by end of Dec. 2019; Prior Bonds redeemed 30 days later

2019 Bonds – Estimated Annual Debt Service Savings

Bond Year (8/1)	Existing Payments	Est. New Payments	Savings
2020	1,419,029	1,105,950	313,079
2021	1,420,360	1,075,600	344,760
2022	1,428,355	1,083,800	344,555
2023	1,418,313	1,075,800	342,513
2024	1,441,638	1,097,200	344,438
2025	1,437,098	1,091,800	345,298
2026	1,435,830	1,090,600	345,230
2027	1,437,045	1,098,400	338,645
2028	1,431,025	1,089,800	341,225
2029	772,650	600,400	172,250
2030	761,450	589,400	172,050
2031	765,025	593,400	171,625
2032	1,227,700	1,056,800	170,900
2033	1,408,775	1,236,200	172,575
2034	1,409,950	1,237,200	172,750
2035	1,808,875	1,636,600	172,275
2036	1,807,550	1,633,400	174,150
2037	1,813,075	1,638,000	175,075
Totals	24,643,741	20,030,350	4,613,391

2019 Bonds – Distribution of Total Est. Savings to Taxing Entities

- Est. “Residual” shares of total \$4.6 million Debt Service Savings:
 - City of Lemon Grove \$775,050
 - County of San Diego 2,770
 - Special Districts 101,495
 - K-12 Schools 2,583,960
 - Community College 489,019
 - County Office of Education 105,639
 - Educational Revenue Augmentation Fund (ERAF) 555,458
 - TOTAL (Est.) SAVINGS: \$4,613,391

National City Successor Agency

Amended ROPS 19-20B

Presentation to Oversight Board

September 19, 2019

Overview

- Successor Agency is requesting the allocation of additional Redevelopment Property Tax Trust Fund (RPTTF) monies for four items
 - Total amount requested is \$85,654
 - Adjustments are needed to address prior period (ROPS 18-19) costs that exceeded authorized and available amounts
 - ROPS 18-19 overage amounts would be reported as expenditures during the ROPS 19-20 period

Revisions Summary

- Item 12 – WI-TOD Remediation Planning
 - Amount of additional RPTTF needed: \$30,000
- Item 13 – WI-TOD Environmental Oversight
 - Amount of additional RPTTF needed: \$46,780
- Item 111 – Environmental Monitoring for CDC Properties
 - Amount of additional RPTTF needed: \$5,784
- Item 182 – 2017 Tax Allocation Refunding Bond – Series B Principal Payment
 - Amount of additional RPTTF needed: \$3,000

Background - WI-TOD/Paradise Creek Apartments and Park Project

- 209 unit apartment project is completed
- Park phase is underway
 - Significant environmental remediation of the site was required (ROPS Item 176)
 - ROPS items 12 (remediation planning) and 13 (environmental oversight) are companion items to Item 176
 - Due to the many uncertainties regarding the extent of remediation requirements, associated costs, and timing of the work elements, amounts on the ROPS have been best estimates at the time that each of the ROPS was prepared
 - Actual excavation and remediation work began in December 2018 with closeout expected by December 2019

Paradise Creek Apartments and Future Park

Looking northeasterly over the project site

Park Site



Paradise Creek
Apartments

W. 22nd Street

Item 12 – WI-TOD Remediation Planning

- ROPS 18-19 had \$173k available to meet the costs for this obligation
- Pace and timing of work resulted in consultant invoices for this item exceeding the available amount by \$131,200
- ROPS 19-20 has \$120,000 authorized, but the bulk of the work anticipated during this fiscal year was completed in FY 18-19
- Amount requested is \$30,000, bringing the total for ROPS 19-20 to \$150,000
 - The \$131,200 overage from FY 18-19 would be reported as a cost in ROPS 19-20
 - The remaining \$18,800 would cover anticipated closeout costs to be incurred during the ROPS 19-20 period

Item 13 – WI-TOD Environmental Oversight

- The California Department of Toxic Substances Control (DTSC) has oversight responsibility for the park site environmental remediation project
- ROPS 18-19 had \$72,150 available to meet the costs for this item
- The pace and nature of DTSC's work resulted in invoices exceeding the available amount by \$46,780
- Amount requested is \$46,780, bringing the total for ROPS 19-20 to \$66,780
 - The \$46,780 overage from FY 18-19 would be reported as a cost in ROPS 19-20
 - The remaining (original) \$20,000 would cover anticipated closeout costs to be incurred during the ROPS 19-20 period

Item 111 – Environmental Monitoring for CDC Properties

- The former Redevelopment Agency entered into development agreements that in some cases resulted in ongoing environmental monitoring
- ROPS 18-19 had \$12,350 available to meet the costs for this item
- Consultant has been working to seek closure with respect to the ongoing monitoring of certain properties on Bay Marina Drive
 - Invoices received exceeded the available amount by \$5,874
- Amount requested is \$5,874, bringing the total for ROPS 19-20 to \$35,874
 - The \$5,874 overage from FY 18-19 would be reported as a cost in ROPS 19-20
 - The remaining (original) \$30,000 would cover anticipated costs to be incurred during the ROPS 19-20 period

Item 182 – 2017 Tax Allocation Refunding Bond – Series B Principal Payment

- The Successor Agency's tax allocation bonds were refunded in September 2017
- ROPS 18-19 included \$199,000 for this item based on the debt service schedule provided to the Successor Agency, but the trustee bank, based on the indenture, invoiced the Successor Agency for \$202,000
- Subsequent review identified small differences between the debt service schedule and the indenture, resulting in the debt service schedule being adjusted to match the indenture
- Amount requested is \$3,000, bringing the total for ROPS 19-20 to \$201,000
 - The \$3,000 overage from FY 18-19 would be reported as a cost in ROPS 19-20
 - The remaining (original) \$198,000 is the correct principal payment for the ROPS 19-20 period



OVERSIGHT BOARD GUIDELINES FOR PROPERTY DISPOSITION

BRIAN HAGERTY

SEPTEMBER 19, 2019

GOVERNING LEGISLATION

- **ABxI 26 / AB 1484: Dissolution of Redevelopment Agencies, effective February 1, 2012**
- **SB 107: Consolidation of Oversight Boards in 2018, revision of administrative cost allowances, new ROPS guidelines**
- **Health & Safety Code**
 - **Section 34177: Successor Agencies**
 - **Section 34179: Oversight Boards**
 - **Section 34182: Duties of the Auditor-Controller**
 - **Section 34191: Post-Compliance Provisions**

SUCCESSOR AGENCY RESPONSIBILITIES

HSC § 34177

- **Prepare and submit Recognized Obligation Payment Schedule (ROPS) and administrative budget by stated deadlines for approval**
- **Make payments and comply with other terms of approved ROPS obligations**
- **Dispose of assets and properties “expeditiously and in a manner aimed at maximizing value”**
- **Prepare contracts and other items for Oversight Board review**
- **Negotiate compensation agreements with affected taxing entities (ATEs)**
- **Various other administrative duties**

OVERSIGHT BOARD RESPONSIBILITIES

HSC § 34179

- **Maintain seven-member board appointed by authorities listed in HSC § 34179(j)**
- **Hold public meetings as a local entity in accordance with the Ralph M. Brown Act, the California Public Records Act, and the Political Reform Act of 1974**
- **Review and approve ROPS, administrative budgets, contractual agreements, and other items presented by successor agencies pursuant to HSC § 34180**
- **Prepare resolutions for submission to DOF where required by statute**

DEPARTMENT OF FINANCE RESPONSIBILITIES

- **Approve Long Range Property Management Plans (LRPMPs)**
- **Review and approve all Oversight Board actions required by statute**
- **Conduct Meet & Confer sessions regarding disputed ROPS items**
- **Provide procedural guidance on case-by-case basis for successor agency and oversight board staff, including property disposition**

AUDITOR-CONTROLLER RESPONSIBILITIES

- **Estimate and distribute redevelopment-related revenues to successor agencies (for ROPS and administrative costs) and affected taxing entities (pass-through and residual revenues)**
- **Review prior period adjustment data on behalf of successor agencies**
- **Under certain circumstances, distribute former redevelopment property sale proceeds to affected taxing entities**

LONG-RANGE PROPERTY MANAGEMENT PLANS

HSC § 34191.5

- **Requirements**
 - List all real properties, including key identifying information and history
 - Address intended use or disposition of all properties
- **Amendments**
 - **DOF** could direct changes
 - **Successor agency** could add properties and details previously omitted
- **Final DOF Approval – January 1, 2016 (no further amendments allowed)**
- **Implementation**

FOUR POSSIBLE PROPERTY USES / DISPOSITIONS

HSC § 34191.5(c)(2)

- Retain for Future Development
- Retain for Government Use
- Sale (“Liquidation”)
- Fulfillment of Enforceable Obligation

PRACTICES IN OTHER COUNTIES

Riverside County

- **Property disposition that adheres to approved LRPMP**
 - **Oversight Board approval ***
 - **No DOF approval required**
- **Property disposition that deviates from approved LRPMP [HSC § 34181(a)]**
 - **Oversight Board approval ***
 - **Sent to DOF for review (40-day period)**

** Not explicitly authorized under HSC, per San Diego Countywide Oversight Board counsel*

NEXT STEPS

- **Oversight Board Staff will contact Successor Agencies for status update on all properties listed in approved LRPMPs**
- **Staff will report results to Oversight Board at a future meeting, possibly November 21, 2019**