Overview of Redevelopment Activities in City of South Lake Tahoe and the Dissolution of South Tahoe Redevelopment Agency

Presentation to Oversight Board

April 26, 2012

Redevelopment

- Provided over $600 million in private investment
- *Remodeled much of South Shore*
- Provided over $60 million in property tax increment
- *Funded over $12 million for affordable housing*

AB x1 26 Eliminates Redevelopment

AB 1x 26 "AB 26" enacted by State, upheld by Supreme Ct:

- Dissolved Redevelopment Agency as of February 1, 2012
- There is <u>no option</u> to continue redevelopment under AB 26 (other forms of redevelopment are currently in pending legislation).
- South Tahoe Redevelopment Agency has two Project Areas:
  - *Project Area No. 1: Stateline Area to Ski Run (adopted June 28, 1988)*
  - *Project Area No. 2: Ski Run to Y (adopted November 30, 2010)*
  - *Project Area No. 2 can be merged w/ Area No. 1, or dissolved .*

RDA Funded/Assisted Projects

- Redevelopment Agency collected Tax Increment, which was used to finance projects, build infrastructure and provide affordable housing.
- The funding was utilized for the following projects
  - Embassy Suites (1991) 400 hotel room
  - Ski Run Marina (1997) remodeled marina area
  - Ski Run / Diamond Resorts (1996, 2008) lakefront hotel/time shares
  - Heavenly Village (2008), 17 acre project completed in phases between 2000 – 2005, includes Gondola Base Station, 199 Marriot Grand Residence club, 261 Marriot Timber Lodge Units, Heavenly Village
  - Heavenly Village Parking Garage, 422 parking spaces
  - Village Center remodeling (old Crescent V) (2008)
  - New Fire Station (Ski Run and Pioneer)
  - Many environmental projects (SEZ restoration Osgood/Paradise Avenues, 4 acres), BMPs in project areas, reduced coverage, drainage basin installations.

RDA Housing Funded Projects

- Redevelopment Agency was required to set aside 20% of Tax Increment, those funds were utilized for:
- The funding was utilized for the following projects
  - 296 units of affordable housing (low to moderate income housing)
  - 78 units specifically for seniors (Tahoe Senior Housing , Kelly Ridge)
  - 18 units specifically designed for disabled persons (Sky Forest Acres)
  - 68 community members obtained low-interest loans through the First Time and Moderate Income Homebuyer Program
  - 60 community members rehabilitated their homes w/ housing funds
  - $3M in housing funds obtained by leveraging matching housing funds
  - Housing funds supplement the cost of Multi-family inspection program, illegal housing unit inspection and conversion program, housing hotline assistance.

AB x1 26: STRA / City Response

- Upon the signing of AB x1 26, City Council/ South Tahoe Redevelopment Agency Board of Directors adopted a conservative approach to the legislation:
  - Did not enter into or modify any agreements or contacts.
  - Adopted a strict adherence to the legislation.
  - Continued to administer the obligations of the agency; did not incur new debt .
  - Did not continue working on projects in preliminary phases.
  - Continued to administer the obligations of the agency; did not incur new debt .
  - City employees working on Redevelopment Agency activities were reassigned to other departments or no longer working for the City.

Actions Taken Following AB x1 26

- September 27, 2011, City Council adopted resolution electing to serve as the STRA Successor Agency.
- December 29, 2011, State Supreme Court upheld AB x1 26.
- January 17, 2012, City Council workshop, reviewed Supreme Court ruling directed staff to dissolve the STRA on February 1.
- January 30, 2012, at City Council special meeting following actions taken:
  - Adopted Resolution Reestablishing City of South Lake Tahoe Housing Authority to administer housing programs (formerly administered by RDA).
  - Adopted Resolution reaffirming to Tax Allocation Bond Holders the commitment of Transient Occupancy Tax to the Tax Allocation Bonds only.
  - Appointed Councilmember Hal Cole to the Oversight Board; Nancy Kerry appointed on April 3, 2012.
  - Adopted Resolution affirming the RDA has not forgiven any debts.
  - Resolution Amending EOPS (req'd by Health & Safety Code 34177).
  - Resolution Establishing Redevelopment Obligation Retirement Fund (34170.5).

Enforceable Obligations

- **Total obligations: $199,502,413 (amortized)**
- January 30, 2012, Successor Agency adopted an amended Enforceable Obligation Payment Schedule (EOPS); on February 17, 2012 , Recognized Obligation Payment Schedule (ROPS) submitted to County Auditor; once approved by OB will be submitted to DOF/State Controller.
- Enforceable Obligations include the following:
  - Pass-through Payments (Tax Sharing 33401) LTUSD $9,584,555
  - EDC Annual Administration fee $6,791,000
  - Pass-throughs (EDC, Water, PUD, Sch Superintendent) $17,119,000
  - AB 1290 statutory payments (see report) $10,230,000
  - Tax Allocation Bonds (1999, 2003, 2004, 2005, 2007) $155,201,647
  - Kennedy Settlement (Lawsuit obligation) $150,000
  - 2010/11 SERAF Housing Fund Repayment $426,210 (one time)

  Annual obligations:
  - Financial Services (disclosure reports, trustee) $74,000
  - Insurance (PARSAC) $8,000
  - Legal Services (Richards/Watson; Boutin Jones) $50,000
  - Successor Agency Administration Costs $250,000
  - County Administration Costs taken out before TI transferred to SA

Redevelopment Obligation Retirement Fund

The Budget

- Upon dissolution of the RDA, all assets (fund balances) were to be transferred to the Redevelopment Obligation Retirement Fund (RORF).

- Those assets (tax increment and fund balances) are the revenue for the EOPS/ROPS first period payment schedule.
  - *(January 1, 2012 to June 30, 2012).*

- Tax Increment collected in Project Area No. 1 is approximately $5.7M per year.
  - *The annual payment to the Tax Allocation Bond holders is approximately $5.7M per year.*
  - *The amount of TI collected is currently insufficient to pay the annual bond debt service, in addition to the other obligations of the agency, on an annual basis.*
  - *Due to fund balances in the accounts at the time of dissolution, along with housing fund balance of $1.5M, there are sufficient resources to pay the annual payments for the first year.*
  - *The Housing Fund Balance of $1.5M may be transferred to Housing Authority.*

SUCCESSOR AGENCY EOPS (January to June, 2012)
PRELIMINARY NUMBERS PROVIDED IN JAN, 2012

Successor Agency Resources		
RDA Fund Balance	$	760,280
Tax Increment Revenue (Project Area No. 1)	$	5,175,735
RDA Convention Center Project Fund Balance (Tax Increment collected from those parcels) (*one-time fund balance transfer*)	$	337,528
Project Area No. 2 Fund Balance (*one-time fund balance transfer*)	$	153,844
Low to Moderate Income Housing Fund Balance (LMIHF)	$	1,600,000
LMIHF balance expected to transfer to Housing Authority (projecting Steinberg bill passing)	$	(1,600,000)
Total Resources	***$***	***6,427,387***
Successor Agency Obligations		
Pass Thru and Debt Payment Obligations		
Repay SERAF Loan (AB 26 requirement)	$	426,210
El Dorado County Admin Fee	$	148,902
Pass Through Payments (Section 33676)	$	313,252
Pass Through Negotiated (LTUSD & LTCC)	$	150,000
Tax Allocation Bonds (*next period payment is $3,656,092)*	**$**	**2,090,779**
Subtotal Pass Thru and Debt Payment Obligations	*$*	*3,129,143*
Other Payment Obligations		
Contracted Financial Services	$	37,500
Kennedy Settlement	$	50,000
Administration Costs (City of South Lake Tahoe)	$	132,500
Contracted Legal Costs	$	50,000
Subtotal Other Payment Obligations	*$*	*270,000*
Total Obligations	***$***	***$3,407,141***
Available Carry Forward Fund Balance for Required Debt and Obligations in next period (July 2012 to Dec 2012)	**$**	**3,020,244**

Recognized Obligation Payment Schedule (ROPS)

- The ROPS are adopted twice each year for two time periods: (1) Jan to June and (2) July to December.
- ROPS identify the revenues and obligations (payments) of the Successor Agency.
- For South Lake Tahoe, the ROPS are limited to Pass-Throughs, Bond Payments, fiscal/legal services, administration fees.

<u>Actions Required</u>

- Oversight Board must adopt the January to June ROPS today (was required to be adopted prior to April 15, 2012).
- Oversight Board must adopt the July to December ROPS at a special meeting within the next two weeks and submitted to DOF, County no later than May 11, 2012.
- ROPS must be adopted twice each year thereafter *(Perez's assembly bill will amend this requirement)*

South Tahoe Redevelopment Successor Agency

Recognized Payment Obligation Schedule (ROPS) (Jan – June 2012)

Revenues/Resources	Description	Total Resource or Obligation	Period Total
Prior Period Fund Balance Reserved for Debt Service	As of December 31, 2011		772,995
Property Tax Increment	From 2011-12 Tax Levy		5,175,735
Low/Moderate Income Housing Fund *note: pending legislation could result in these funds being transferred to Housing Authority*	Fund Balance		1,566,564
Convention Center Project Fund	Fund Balance		337,528
Project Area #2 Fund	Fund Balance loaned Project Area #1		156,844
Future Receivable from South Tahoe Joint Powers Parking Financing Authority [1]		585,000	-
	Total Revenue/Resources	**585,000**	**8,009,666**

This document is in Agenda Packet

South Tahoe Redevelopment Successor Agency

Recognized Payment Obligation Schedule (ROPS) (Jan – June 2012)

		Total Revenue/Resources		**8,009,666**

Expenses/Uses		**Description**	**Total Resource or Obligation**	**Period Total**
Property Tax Administration Fee	El Dorado County Auditor/Controller's Office	Fee for annual property tax levy, collection, accounting and disbursement		148,900
Section 33676 Allocations	Various taxing entities	Pass Through Payments paid directly by El Dorado County		313,252
Other Allocations	Lake Tahoe Unified School District	Negotiated Pass Through Agreement		75,000
Other Allocations	Lake Tahoe Community College	Negotiated Pass Through Agreement		75,000
1999 Refunding Revenue Bonds - Series A	Bondholders paid by Trustee (Bank of New York Mellon)	Bond issues to fund non-housing projects	$ 14,987,937	216,339
2004 Refunding Revenue Bonds - Series A	Bondholders paid by Trustee (Bank of New York Mellon)	Bond issues to fund non-housing projects	$ 21,041,873	271,783
2003 Refunding Revenue Bonds - Series A	Bondholders paid by Trustee (Bank of New York Mellon)	Bond issues to fund non-housing projects	$ 22,214,011	287,568
2005 Refunding Revenue Bonds - Series A	Bondholders paid by Trustee (Bank of New York Mellon)	Bond issues to fund non-housing projects	$ 56,429,250	833,750
2007 Refunding Revenue Bonds - Series A	Bondholders paid by Trustee (Bank of New York Mellon)	Bond issues to fund non-housing projects	$ 40,528,576	481,339
Contracted Financial Services	Bank of NY Mellon , Wildan, Fraser & Associates	Trustee services, arbitrage rebate calculations, continuing disclosure reports, pass through calculations)		37,500
Project Area 1 (Park Avenue)	Tricia Kennedy	Lawsuit Settlement	$ 150,000	50,000
Repay Loan from Low/Mod Income Housing Fund for 2010-11 SERAF Payment	Low/Mod Income Housing Fund	Per AB X126	$ 426,210	426,210
Insurance	PARSAC	Asset Insurance Drainage Basins		8,000
Administration Costs	City of South Lake Tahoe	Costs to Administer Successor Agency (internal debt administration, accounting, financial reporting, legal, and banking fees)		132,500
Contracted Legal Services	Tonon & Assoc., Richards Watson Gershon, and Boutin Jones	Convention Center Project bankruptcy ongoing legal costs pending resolution of lawsuit		50,000
		Total Expenses/Uses	**$ 155,777,857**	**3,407,141**
Period Ending Fund Balance Required to be Reserved for Subsequent Period Debt Service				**4,602,525**

Note: Difference between EOPs/ ROPs is $1.5M housing funds, which may be transferred to Housing Authority