

**CITY OF ALBANY  
CITY COUNCIL AGENDA  
STAFF REPORT**

Agenda Date: 5/7/2012

Reviewed by: BP

**SUBJECT:** Loan Reauthorizations between the Successor Agency to the Albany Community Reinvestment Agency and the City of Albany

**REPORT BY:** Judy Lieberman, Projects Director

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**STAFF RECOMMENDATION**

Authorize the City Manager of the City of Albany to re-enter into loan agreements for the following:

- 1) Loan Reauthorization Agreement #1 - Pierce Street Parcel purchase (\$850,000)
- 2) Loan Reauthorization Agreement #2 - City Advances (\$491,336)
- 3) Loan Reauthorization Agreement #3 – Agency Formation 1996 (\$194,867)

**BACKGROUND**

The Albany Community Reinvestment Agency was created in 1988, in accordance with §33490 of the California Redevelopment Law (CRL--Health and Safety Code, §33000 *et seq.*). In Albany, the redevelopment area was a total of approximately 37 acres that run north-south along the city's western edge. The annual tax increment in 2011 was approximately \$500,000.

Redevelopment was a financial tool designed to encourage and facilitate improvements and economic revitalization in blighted areas within the City. Property tax increases that occurred as the properties within the area improved would be set aside in a special fund. A portion of these funds were passed through to other agencies, a portion were set aside for low income housing, and the remainder was used by the Redevelopment Agency (the "Albany Community Reinvestment Agency" or ACRA), to directly fund or to enable financing of debt for improvements to the redevelopment area. The redevelopment agencies were dissolved by the State of California as of February 1, 2012.

**DISCUSSION**

Since Albany's redevelopment area was small, the amount of funds available at any one time was limited. As part of the implementation of improvements and projects, the City of Albany loaned funds to the ACRA, which were then repaid with the annual tax increment. This was an efficient and low cost way to fund improvements. Improvements included the following:

- Buchanan-Eastshore connection, bringing in significant revenue generating businesses on Eastshore Highway

- Bicycle/Pedestrian Path development and planning
- Traffic Signalization on Eastshore Highway
- Traffic Safety enhancements on Buchanan Overcrossing
- Acquisition of the Pierce Street Parcel from CalTrans for proposed Park, Trail and Maintenance Facility
- Signage and other smaller infrastructure improvements

When the Redevelopment Agencies were dissolved by the State, a successor agency was chosen to be the responsible entity for the former Redevelopment agency. The City of Albany is the successor agency to the ACRA, and the City Manager is the Executive Director of the Successor Agency. In addition, each successor agency is required to have an Oversight Board. The Albany Oversight Board was formed and met on April 9, 2012. Per the statutory requirements, the Albany Oversight Board consists of two representatives from Alameda County, and one representative each from the Albany City Council, Albany Unified School District, AC Transit, the Peralta Community Colleges, and one former ACRA staff member.

It is the responsibility of the Oversight Board is to approve or disapprove the successor agency's Recognized Obligation Payment Schedule, or ROPS. The ROPS is the document required by the California Department of Finance that lists the financial obligations of the ACRA to the Successor Agency. This will allow the Redevelopment Property Tax Trust Fund to be used to pay the financial obligations.

The Redevelopment Dissolution statute provides that agreements between the former redevelopment agency and its sponsoring city are null and void as of February 1, 2012 except in certain circumstances. However, the Statute also provides that the Successor Agency and the City can enter into or re-enter into these agreements with the approval of the Oversight Board. Two of the agreements attached were approved in concept by the Oversight Board at its April 9, 2012 meeting when they approved the ROPS, including the reentry of the City and the Successor Agency into agreements for the City loans. The third agreement, regarding the loan related to the project area formation needs to be approved by the Oversight Board. In order to complete the review of the ROPS by the DOF, the formal agreements need to be entered into between the City and the Successor Agency.

The three loan reauthorizations attached to this document are all listed on the Albany ROPS (Attachment #1).

- 1) Loan Reauthorization Agreement 1, Pierce Street Property Purchase 2011: In June of 2011 the purchase of a 4.5 acre parcel of surplus Caltrans property from the State was completed. The purchase agreement and negotiations were in development since October of 2008, when Caltrans submitted their initial price offer. Feasibility assessments for use and development took place in 2009/2010 and the purchase plan was included in the adopted Five Year Implementation Plan of the ACRA in November of 2010. At this stage the city's formal due diligence began with the completion of environmental documentation. The purchase draft agreement was adopted in January 2011 and Escrow was closed at the end of June 2011. The State of California (Caltrans) received \$1.9

million for the parcel, of which \$850,000 was a loan from the City to ACRA for the property. The Oversight Board approved this item as part of the ROPS.

- 2) Loan Reauthorization Agreement 2, Cash Advances: During the early years of the ACRA, prior to development of the Eastshore Highway area, very little funds were received as tax increment. The City loaned funds for the operations of the agency and for the local match needed for grant of \$2 million in federal funds for the Buchanan Eastshore Connection and the related improvements. This realignment made the Eastshore Highway area accessible, enabling significant economic development to the area, including the location of Target, Toyota, and other businesses. Once these businesses came into the area, the ACRA began to accumulate enough funds to begin repayments and to move forward on further development. The Oversight Board approved this item as part of the ROPS.
- 3) Loan Reauthorization Agreement 3, Agency Formation, 1996: These are funds which were loaned by the City for the creation of the Albany Community Reinvestment Agency (ACRA) and the adoption of the redevelopment plan, prior to the availability of any tax increment funds. This loan reauthorization will need to be approved by the Oversight Board at its next meeting.

### **SUSTAINABILITY IMPACT**

Loss of these funds, particularly Loan Agreement 1, the Pierce Street parcel, may have a negative impact upon the creation of the park and bicycle trail.

### **FISCAL IMPACT**

If the loan reauthorization agreements are not approved, the City General Fund will not receive repayment for the loans made to the ACRA. This will have an impact on the ability to fund future capital project that were dependent upon this funding source, in particular the Pierce Street parcel, as well as other improvements that were scheduled for the Cleveland Avenue area.

#### **Attachments:**

1. Albany Recognized Obligation Payment Schedule (ROPS)
2. Loan Reauthorization Agreement 1, Pierce Street Parcel Purchase
3. ACRA/City Loan Agreement for Pierce Street Parcel Purchase
4. Loan Reauthorization Agreement 2, Cash Advances
5. Loan Reauthorization Agreement 3, Agency Formation