

# AGENDA

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## JOINT GONZALES CITY COUNCIL AND GONZALES REDEVELOPMENT AGENCY

### SPECIAL MEETING

CITY COUNCIL CHAMBERS - 117 FOURTH STREET

GONZALES, CALIFORNIA 93926

**MONDAY, JANUARY 30, 2012**

6:00 P.M.

#### CALL TO ORDER

#### PLEDGE OF ALLEGIANCE

#### 1. ROLL CALL- (City Council and Redevelopment Agency)

Mayor Pro Tem Scott Funk, Liz Silva, Jose G. Lopez, Jack L. Reed, Mayor Maria Orozco

\* Redevelopment Agency Item

#### REGULAR AGENDA

- \* 2. Consider Approval of Resolution No. R-2012-01, A Resolution of the Gonzales Redevelopment Agency Amending the Enforceable Obligation Payment Schedule Pursuant to Health and Safety Code 34169
- a. Staff Report
  - b. Public Comment
  - c. Agency Discussion
  - d. Agency Action
- Staff Recommended Action**-Adopt Resolution No. R- 2012-01 as presented or amend as necessary
3. Consider Applying for a California Solar Initiative Grant for the Gonzales Solar Project
- a. Staff Report
  - b. Public Comment
  - c. Council Discussion
  - d. Council Action
- Staff Recommended Action**-Authorize the City Manager to apply for a California Solar Initiative Grant for the Gonzales Solar Project and pay the application fee of \$10,000

#### ADJOURNMENT

In compliance with the American With Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk at (831) 675-5000. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (CFR 35.102-35.104 ADA Title II).

Any writing or documents provided to a majority of the City Council regarding any item on this agenda will be made available for public inspection at City Hall located at 147 Fourth Street, Gonzales, California, during normal business hours



# City of Gonzales

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**AGENDA  
ITEM**

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## EXECUTIVE DIRECTOR'S OFFICE

### STAFF REPORT

**TO:** Honorable Chairperson Orozco and Board Members

**DATE:** January 30, 2012

**FROM:** René L. Mendez, Executive Director

**SUBJECT:** Amendment to the Enforceable Obligation Payment Schedule

#### **RECOMMENDATION**

It is recommended that the Agency Board:

- Receive the staff report; and
- Adopt Resolution No. R-2012-01, "A Resolution of the Gonzales Redevelopment Agency Amending the Enforceable Obligation Payment Schedule Pursuant to Health and Safety Code 34169", as presented or amend as necessary.

#### **BACKGROUND**

With the Supreme Court's decision to uphold the validity of AB 1x 26 ("The Dissolution Act" or "The Act" as set forth in California Health and Safety Code Sections 33500, 33501, 33607.5, 33607.7, and 34170 et seq.) and to invalidate AB 1x 27, Redevelopment Agencies ("RDA") and Cities are now faced with the reality of complying with the provisions of the Act. The involved dissolution procedures are complex, and made all the more confusing because in many instances they lack sufficient detail.

One of the many requirements of the Act is for the Agency to adopt an Enforceable Obligation Payment Schedule (EOPS) which essentially sets forth the spending plan (budget) for the Successor Agency. As the Board may recall at the January 17, 2012 meeting, the City Council passed a resolution establishing the City as the Successor Agency for both general and housing purposes. An EOPS was adopted by the Agency Board back on August 25, 2011. However, as a result of the Court's decision, and a reanalysis of the obligations that need to be included, the EOPS needs to be amended.

#### **REVIEW & ANALYSIS**

Staff utilized Urban Futures to compile the amended EOPS, which is attached to the recommended resolution. The EOPS lists all the expected obligations of the former Agency that will be transferred to the City as the Agency's Successor Agency on February 1, as well as additional expenditures the Successor Agency will incur in fulfilling its obligations in bringing the former Agency's activities to a close. In addition, it is important to note that if necessary, as more of the very confusing and messy

ACT is deciphered, the EOPS can be amended by the Successor Agency. The EOPS will also be the basis of the Successor Agency's Recognized Obligation Payment Schedule, which must be prepared and submitted to the Successor Agency's Oversight Board by March 1, 2012.

How Recommendation Supports the Vision

***Gonzales will continue to be a safe, clean, family-friendly community, diverse in its heritage, and committed to working collaboratively to preserve and retain its small town charm.***

**Explain:** While this item ministerial in nature because it has to be done, it is necessary to make sure that the appropriate resources from the Gonzales Redevelopment Agency are maintained locally to maximize the ability for the Successor Agency to cover all the obligations of the former Agency after February 1, 2012.

Explain how the Recommendation Directly Implements the Mission

*The City Council and Staff of the City of Gonzales will realize our Vision by providing the leadership, commitment and resources necessary to provide excellent services that enhance the quality of life of our diverse community.*  Yes  No

**Explain:** See Vision above.

*City services will be delivered in a cost-effective, respectful and friendly manner to insure the safety and well being of the residents and the promotion of business, recreational, housing and employment opportunities in an environmentally sustainable manner.*  Yes  No

**Explain:** See Vision above.

*Strong fiscal policies allow us to provide appropriate infrastructure for:*

- *Public Safety*             Yes     No     NA
- *Housing*                     Yes     No     NA
- *Recreation*               Yes     No     NA
- *Environment*             Yes     No     NA
- *Education*                 Yes     No     NA

**Explain:** See Vision above.

**ALTERNATIVES**

The Board could choose not to amend the existing EOPS or provide other direction to staff. However, this is not recommended because it is very important that the document reflect all the obligations of the soon to be defunct agency that will be carried out by the Successor Agency.

**BUDGET IMPACT**

The EOPS is needed to make sure that the General Fund is protected as much as possible from the work that will need to be carried out by the Successor Agency. For example, to the extent that we can get the administrative costs resulting from the unwinding of the Gonzales Redevelopment Agency and all the debt cover, the financial impact to the General Fund will be significantly reduced and or eliminated.

Work is underway to develop a preliminary impact to the General Fund as a result of the elimination of Redevelopment. As mentioned previously, there is a lot of uncertainty, but staff is attempting to outline it all out. If a preliminary outline is ready, it will be presented at the next meeting.

## **CONCLUSION**

It is recommended that the Agency Board:

- Receive the staff report; and
- Adopt Resolution No. R-2012-01, “A Resolution of the Gonzales Redevelopment Agency Amending the Enforceable Obligation Payment Schedule Pursuant to Health and Safety Code 34169”, as presented or amend as necessary.

**RESOLUTION NO. R-2012-01**

**A RESOLUTION OF THE GONZALES REDEVELOPMENT AGENCY AMENDING  
THE ENFORCEABLE OBLIGATION PAYMENT SCHEDULE PURSUANT TO  
HEALTH AND SAFETY CODE 34169**

**WHEREAS**, the Redevelopment Agency of the City of Gonzales (“Agency”) is a redevelopment agency formed, existing and exercising its powers pursuant to California Community Redevelopment Law (“CCRL”), Health and Safety Code Section 33000 et seq; and

**WHEREAS**, pursuant to subdivision (g) of Section 34169(g) of the CCRL (enacted pursuant to AB x1 26), the Agency is required to adopt an Enforceable Obligation Payment Schedule (“EOPS”) that lists all of the obligations that are “enforceable obligations” within the meaning of subdivision (d) of Section 34167 of the CCRL and which includes the following information about each such obligation:

- (a) The project name associated with the obligation
- (b) The payee
- (c) A short description of the nature of the work, product, service, facility, or other thing of value for which payment is being made
- (d) The amount of payments obligated to be made by month, through June 30, 2012; and

**WHEREAS**, the Agency adopted an EOPS on August 25, 2011, by adopting Resolution No. R-2011-11; and

**WHEREAS**, on December 29, 2011, the California Supreme Court held that AB 1x 26 was a proper exercise of the power vested in the Legislature by the State Constitution; and

**WHEREAS**, as a result of the Court’s action, and reconsideration of the definition of enforceable obligations, adoption of an amended EOPS, a copy of which has been attached hereto, has been deemed appropriate before Agency dissolution; and

**WHEREAS**, the Agency Board is familiar with the content of the proposed amended EOPS, and has received the Executive Director’s recommendation to approve and adopt the amended EOPS.

**WHEREAS**, in adopting the EOPS, the Agency does not intend to waive, nor shall the Agency be deemed to have waived any rights the Agency or its Successor Agency may have pursuant to or in connection with any obligation listed on such schedule, including without limitation, the right to modify, amend, terminate or challenge any obligation listed on the EOPS.

**NOW THEREFORE, BE IT HEREBY RESOLVED** by the Board of the Redevelopment Agency of the City of Gonzales as follows:

1. The recitals set forth above are true and correct and are incorporated herein by reference.
2. The Amended Enforcement Obligation Payment Schedule, attached hereto and incorporated herein by reference as “Exhibit A”, is hereby adopted, subject to all reservations of rights and contingencies as set forth above.
3. The Executive Director or designee is authorized to take all actions necessary to implement this Resolution, including without limitation, the posting of this Resolution and the Amended Enforceable Obligation Payment Schedule on the Agency’s website, and the provision of notice of adoption of this Resolution and such schedule to the County-Auditor-Controller, the State Controller and the State Department of Finance.

**PASSED AND ADOPTED** this 30<sup>th</sup> day of January, 2012 by the following vote:

**AYES:            AGENCY MEMBERS:**

**NOES:            AGENCY MEMBERS:**

**ABSENT:        AGENCY MEMBERS:**

**ABSTAIN:       AGENCY MEMBERS:**

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**Maria Orozco, Chairperson**

**ATTEST:**

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**René L. Mendez, Agency Clerk**

### ENFORCEABLE OBLIGATION PAYMENT SCHEDULE

Per AB 26 - Section 34167 and 34169 (\*)

Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	Payments by month						
					Jan. 2012	Feb.	March	April	May	June	Total
1) 2003 Tax Allocation Bonds	US Bank	Bonds	13,092,446.30	596,266.26					200,633.13		\$ 200,633.13
2) 2003 Trust Indenture**	Various	Obligations under the Trust Indenture	Per Indenture								
3) 2011 Tax Allocation Bonds	US Bank	Bonds	5,067,800.00	122,800.00					61,400.00		\$ 61,400.00
4) 2011 TABs Trust Indenture**	Various	Obligations under the Trust Indenture	Per Indenture								
5) 2011 Lease Rev Tr. Indenture**	Various	Obligations under the Trust Indenture	Per Indenture								
6) Reimbursement Agreement	City of Gonzales	Police Station Project / 2011 Bonds	11,037,930.37	368,148.91					149,074.46		\$ 149,074.46
7) Loan Agreement	City of Gonzales	Police Station Project / 2011 Bonds	1,160,000.00	20,000.00						20,000.00	\$ 20,000.00
8) Annual Continuing Disclosure	Urban Futures, Inc.	Continuing Disclosure Services for Bonds	Per Contract	3,600.00							\$ -
9) Bond Paying Agent Fees	US Bank	Per Trust Indenture	Per Contract	4,000.00							\$ -
10) Fiscal Consulting Services	Urban Futures, Inc.	RDA Wind-down and Economic Development	30,000.00	9,000.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	\$ 9,000.00
11) Employee Costs	Agency Employees	Payroll and Benefits	Per Budget	128,295.00	10,691.25	10,691.25	10,691.25	10,691.25	10,691.25	10,691.25	\$ 64,147.50
12) Professional Services	Various	Legal, Accounting, Other	Per Contract	28,000.00			14,000.00				\$ 14,000.00
13) Office Expenses	Various	Utilities, Supplies, Other	Per Budget	24,100.00	2,008.33	2,008.33	2,008.33	2,008.33	2,008.33	2,008.33	\$ 12,049.98
14) Oversight Board	City of Gonzales	Oversight Board Legal & other exp.	Per AB X1 26	30,000.00		2,000.00	2,000.00	4,000.00	11,000.00	11,000.00	\$ 30,000.00
15) Successor Agency Admin.	City of Gonzales	Administration Allowance	Per AB X1 26	250,000.00						250,000.00	\$ 250,000.00
16) SERAF Repayment	Housing Successor	LMI Funds used for SERAF pmt.	102,069.00								\$ -
17)											\$ -
18)											\$ -
19)											\$ -
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31)											\$ -
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Totals - This Page			\$ 30,490,245.67	\$ 1,584,210.17	\$ 14,199.58	\$ 16,199.58	\$ 30,199.58	\$ 18,199.58	\$ 436,307.17	\$ 295,199.58	\$ 810,305.07
Totals - Page 2			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals - Page 3			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals - Page 4			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals - Other Obligations			\$ 19,714,364.00	\$ 239,693.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 119,846.50	\$ 119,846.50
Grand total - All Pages			\$ 50,204,609.67	\$ 1,823,903.17	\$ 14,199.58	\$ 16,199.58	\$ 30,199.58	\$ 18,199.58	\$ 436,307.17	\$ 415,046.08	\$ 930,151.57

\* Commencing February 1, 2012.  
 \*\* Includes all rights and responsibilities under the Trust Indenture

Name of Redevelopment Agency: Gonzales Redevelopment Agency  
 Project Area(s) Gonzales Redevelopment Project

**OTHER OBLIGATION PAYMENT SCHEDULE**  
 Per AB 26 - Section 34167 and 34169 (\*)

	Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	Payments by month						Total
						Jan. 2012	Feb.	March	April	May	June	
1)	Statutory Pass Through Pmts.	Various	Per H & S Code Section 33607.5	19,714,364.00	239,693.00	0.00	0.00	0.00	0.00	0.00	119,846.50	\$ 119,846.50
2)												\$ -
3)												\$ -
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27)												\$ -
28)												\$ -
<b>Totals - Other Obligations</b>				<b>\$ 19,714,364.00</b>	<b>\$ 239,693.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 119,846.50</b>	<b>\$ 119,846.50</b>

\* Commencing February 1, 2012.

June 1	loan amount:	1,000,000.00	Inter Rate	2.00%
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2012	0.00	20,000.00	20,000.00	
2013	0.00	20,000.00	20,000.00	
2014	0.00	20,000.00	20,000.00	
2015	0.00	20,000.00	20,000.00	
2016	0.00	20,000.00	20,000.00	
2017	200,000.00	20,000.00	220,000.00	
2018	200,000.00	16,000.00	216,000.00	
2019	200,000.00	12,000.00	212,000.00	
2020	200,000.00	8,000.00	208,000.00	
2021	200,000.00	4,000.00	204,000.00	
	<hr/>	<hr/>	<hr/>	
	1,000,000.00	160,000.00	1,160,000.00	



# City of Gonzales

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**AGENDA  
ITEM**

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## SPECIAL PROJECTS

### STAFF REPORT

**TO:** Honorable Mayor Orozco and City Council

**DATE:** January 30, 2012

**FROM:** Harold R. Wolgamott, Emergency Services Director/Special Projects Analyst

**THROUGH:** René L. Mendez, City Manager

**SUBJECT:** California Solar Initiative Program

#### **RECOMMENDATION**

Staff recommends the City Council authorize the City Manager to apply for a California Solar Initiative Grant for the Gonzales Solar Project and pay the application fee of \$10,000.

#### **BACKGROUND**

Chevron Energy Service (Chevron ES) has been working with the City and School District in Gonzales to bring sustainable energy to the area as part of our and their sustainability programs.

Chevron ES and City staffs have developed a Solar Project that will provide enough energy to power nearly 90% of all power needed to run the Water System and all of the power required to run the Sanitary Sewer Treatment Facility.

On October 17, 2011, the City Council approved Resolution 2011-80 authorizing use of Government Code 4217 in considering an Alternative Energy Services Contract. This allowed Chevron ES and staff to develop the project in the best interest of the City without formal bidding the project.

On November 7, 2011, the City Council approved Resolution 2011-84 regarding a contract with Chevron Energy Services and the financing of the project.

Staff has been working with Constellation Wines US to finalize a lease of their roof top for the proposed solar panels and the space to run the wiring to Well #4 located on their property.

Chevron Project Managers found the opportunity for this project to receive funds from the California Solar Initiative (CSI) that is designed to incentivize solar power installations. California has determined that it is in the best interest of all that power generation through renewable sources should be distributed throughout the State, lessening power grid needs. Chevron prepared initial applications for the program and submitted them on our behalf. To have the applications reviewed, there is a \$5,000 application fee due within 30 days. We have two projects within our program; the Water Well

System and the Sanitary Sewer Treatment Facility. Copies of the applications are available for review in the City Clerk's Office.

## **REVIEW AND ANALYSIS**

The project requires cooperation and coordination of City, Constellation Wines US, Chevron ES, and Financing. The City and Chevron ES Contract was complete. It now needs a single page amendment to meet Constellation Wines US insurance requirements, which is prepared and under review by Constellation.

The Financing has changed and the revised proposal may be available by the City Council meeting on January 30. The terms are believed to be within those approved by Council, 15 year at maximum rate of 4.25%.

The City's rooftop lease with Constellation Wines US is not final yet but both parties have agreed on most items. Erik Martella, our local Manager, believes the project will proceed.

The California Solar Initiative (CSI) Program will refund the application fee if the project is approved or not. The fee will not be returned if the project is approved and not built.

The City stands to gain \$376,548 to fund the project if fully funded by the CSI. If approved by the CSI, the minimum funding is 50% or \$188,274. If not approved by the CSI, the \$10,000 deposit will be returned. The deposit must be at their office by February 3, 2012 at 5 pm.

### **Explain Recommendation and How it Supports the Vision**

***Gonzales will continue to be a safe, clean, family-friendly community, diverse in its heritage, and committed to working collaboratively to preserve and retain its small town charm.***

**Explain:** The proposed Solar Project will assist Gonzales in being fiscally and environmentally sustainable. Gonzales' ability to thrive in the current economic situation will insure we can maintain the small town charm enjoyed by all of our residents. This application will advance the financing and minimize the fiscal impact of this long-term program.

### **Explain how the Recommendation Directly Implements the Mission**

*The City Council and Staff of the City of Gonzales will realize our Vision by providing the leadership, commitment, and resources necessary to provide excellent services that enhance the quality of life of our diverse community.*

**Explain:** This application is part of the Solar Power Program that Gonzales has been leading the region towards. Completing this application for the CSI funds is part of our effort to provide the best services in a sustainable manner to maintain and enhance our quality of life.

*City services will be delivered in a cost-effective, respectful, and friendly manner to insure the safety and well being of the residents and the promotion of business, recreational, housing and employment opportunities in an environmentally sustainable manner.*

**Explain:** The CSI program should assist Gonzales in providing the most cost-effective project possible. The program should assist in funding a project that will improve our air quality by using electric power that generates no greenhouse gases during production.

*Strong fiscal policies allow us to provide appropriate infrastructure for:*

- *Public Safety*     Yes \_\_\_ No \_\_\_ NA
- *Housing*        \_\_\_ Yes \_\_\_ No  NA
- *Recreation*     Yes \_\_\_ No \_\_\_ NA
- *Environment*    Yes \_\_\_ No \_\_\_ NA
- *Education*     \_\_\_ Yes \_\_\_ No  NA

**Explain:** Gonzales’ utilities are a large part of the City’s services. Retaining funds for the utilities through sustainable power generation instead of using other more expensive and polluting power, will allow current funds to be used to improve other services and keep our utility rates reasonable.

### **ALTERNATIVES**

The City Council could choose to not submit the application fee. The CSI program would ignore our application. The risk is a chose of Council. Staff believes the chance of the project being completed is high and the risk is low that the financing or rooftop lease will not be completed. Staff recommends against the option of not submitting the application fee.

### **BUDGET IMPACT**

No budget adjustments are necessary because there are sufficient appropriations in the Water (Fund 520) and Sewer (Fund 530) Enterprise Funds to cover the \$10,000 fee.

### **CONCLUSION**

Staff recommends the City Council authorize the City Manager to apply for a California Solar Initiative Grant for the Gonzales Solar Project and pay the application fee of \$10,000.