

SPECIAL EL CERRITO MUNICIPAL SERVICES CORPORATION MEETING

AGENDA

Tuesday, June 17, 2014

**Immediately Following the Adjournment of the 7:00 p.m. Concurrent City Council / Public
Financing Authority / Employee Pension Board Meeting
City Council Chambers**

Meeting Location
El Cerrito City Hall
10890 San Pablo Avenue, El Cerrito

Janet Abelson – Chairperson

Vice Chairperson Rebecca Benassini
Boardmember Mark Friedman
Boardmember Scott Hanin

Boardmember Jan Bridges
Boardmember Greg Lyman
Boardmember Karen Pinkos

ROLL CALL

CONVENE SPECIAL MUNICIPAL SERVICES CORPORATION MEETING

1. BOARD / STAFF COMMUNICATIONS

2. ORAL COMMUNICATIONS FROM THE PUBLIC

All persons wishing to speak should sign up with the Board Secretary. Remarks are limited to 3 minutes per person and are limited to items listed on this special Municipal Services Corporation meeting agenda only.

3. PRESENTATIONS – None

4. ADOPTION OF THE CONSENT CALENDAR – Item No. 4

Approval of Minutes

Approve the May 6, 2014 special meeting minutes.

5. POLICY MATTERS

A. Fiscal Year 2014-15 and FY 2015-16 Proposed Budget

Adopt a resolution approving the Corporation's Fiscal Year 2014-15 and FY 2015-16 budget.

B. Election of Officers

Adopt a resolution electing and appointing Officers of the Corporation.

6. ADJOURN SPECIAL MUNICIPAL SERVICES CORPORATION MEETING

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk, (510) 215-4305. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35.102-35.104 ADA Title I).

SPECIAL EL CERRITO MUNICIPAL SERVICES CORPORATION MEETING

MINUTES

Tuesday, May 6, 2014

**Immediately Following the Adjournment of the 7:00 p.m. City Council Meeting
City Council Chambers**

Meeting Location

El Cerrito City Hall
10890 San Pablo Avenue, El Cerrito

Janet Abelson – Chairperson

Vice Chairperson Rebecca Benassini
Boardmember Mark Friedman
Boardmember Scott Hanin

Boardmember Jan Bridges
Boardmember Greg Lyman
Boardmember Karen Pinkos

ROLL CALL

Present: Directors Benassini, Bridges, Hanin, Lyman, Pinkos and Chair Abelson
all present.

Absent: Director Friedman

CONVENE SPECIAL MUNICIPAL SERVICES CORPORATION MEETING

Chair Abelson convened the Special Municipal Services Corporation meeting at 9:54 p.m.

- 1. BOARD / STAFF COMMUNICATIONS – None**
- 2. ORAL COMMUNICATIONS FROM THE PUBLIC – None**
- 3. PRESENTATIONS – None**
- 4. ADOPTION OF THE CONSENT CALENDAR – Item No. 4**

Moved, seconded (Lyman/Pinkos; Ayes – Directors Benassini, Bridges, Hanin, Lyman, Pinkos and Chair Abelson; Noes – None; Abstain – None; Absent – Director Friedman) to approve the Consent Calendar as indicated below.

Approval of Minutes

Approve the April 1, 2014 special meeting – closed session minutes.

Action: Approved minutes.

5. POLICY MATTERS

**Amend Existing Exclusive Negotiating Rights Agreement and Approve a
Term Sheet with Build, Inc. for the Development of the Mayfair Block**

Adopt a resolution authorizing an amendment of the existing Exclusive Negotiating

Rights Agreement (ENRA) with Build, Inc. (Developer) for the development of the Mayfair block and for endorsement of a term sheet. *Extension of the ENRA and endorsement of the proposed term sheet is not a project pursuant to CEQA. Execution of the DDA will require that the project complies with CEQA. Project-specific review of the project will be reliant on, and completed after, the San Pablo Avenue Specific Plan's Programmatic EIR is certified.*

Presenters: Melanie Mintz, Community Development Director.

Action: Moved, seconded (Lyman/Bridges; Ayes – Directors Benassini, Bridges, Hanin, Lyman, Pinkos and Chair Abelson; Noes – None; Abstain – None; Absent – Director Friedman) and carried to adopt MSC Resolution No. 2014–01 as revised to add 1925 Kearney Street into the first recital of the resolution and the recital A of Exhibit A to the resolution; a reformatted Exhibit B to the ENRA and a revised Exhibit C to the ENRA which modifies Item No. 8 in the following way: 8. ~~Design Review Board Approval of Project Design~~ Project Entitlement.

Moved, seconded (Lyman/Benassini; Ayes – Directors Benassini, Hanin, Lyman and Chair Abelson; Noes – Director Bridges; Absent – Director Friedman) and carried to extend the meeting to 11:00 p.m.

6. ADJOURNED SPECIAL MUNICIPAL SERVICES CORPORATION MEETING at 10:43 p.m. in memory of Joe Witherell, former El Cerrito Community Services Director, who served the City from December 16, 1972 through August 31, 1994.

SUPPLEMENTAL REPORTS AND COMMUNICATIONS

Item No. 5 Amend Existing Exclusive Negotiating Rights Agreement and Approve a Term Sheet with Build, Inc. for the Development of the Mayfair Block

1. Revised Resolution (Attachment 1), Term Sheet (Exhibit B), and Performance Schedule (Exhibit C) – *Submitted by Melanie Mintz, Community Development Director.*

***El Cerrito
Municipal Services Corporation***

Agenda Report

Item No.5(A)

Date: June 17, 2014
To: El Cerrito Municipal Services Corporation Board
From: Lori Treviño, Senior Financial Analyst, City of El Cerrito
Lisa Malek-Zadeh, Chief Financial Officer
Subject: FY 2014-15 and FY 2015-16 Proposed Budget

ACTION REQUESTED

Adopt a Resolution approving the Corporation's FY 2014-15 and FY 2015-16 Budget.

BACKGROUND

The purpose of the El Cerrito Municipal Services Corporation (Corporation) is to benefit and support the El Cerrito community, by lessening the burden of government; pursuing projects and programs that create, support, and retain a strong and diverse economic base; provide housing and employment opportunities; increase sales and property tax revenue; and provide desired goods and services to the community.

The most significant role of the Corporation is responsibility for economic development and redevelopment projects and programs on behalf of the former El Cerrito Redevelopment Agency (RDA). In particular, the Corporation's activities implement the RDA's goals and objectives within the City of El Cerrito Redevelopment Project Area (Project Area) as described in the RDA's Redevelopment Plan (Redevelopment Plan) and its last Five-Year Implementation Plan.

The Corporation's implementation responsibilities and the RDA's corresponding funding obligations are contained in the Public Improvement and Cooperation Agreement for the City of El Cerrito Redevelopment Project Area (Cooperation Agreement). The RDA agreed to provide the Corporation with the funds necessary for such activities and projects from its available resources, including tax increment funds allocated to the RDA. However, due to the dissolution of the RDA, funding for the Cooperation Agreement has become uncertain, as discussed below. While the Corporation may use other revenues for these and other activities, its other funding sources are limited.

REDEVELOPMENT DISSOLUTION

On February 1, 2012, the State dissolved redevelopment agencies statewide. The RDA was replaced by the El Cerrito Redevelopment Agency Successor Agency (Successor Agency), which is responsible for paying the RDA's debts and funding its obligations. The Successor Agency's actions are subject to

review and approval by a local Oversight Board and the State Department of Finance (DOF). Through the Cooperation Agreement, the RDA was obligated to fund the Corporation's implementation of projects and programs.

The Successor Agency has included the Cooperation Agreement on its Recognized Obligations Payment Schedule (ROPS), which has been approved repeatedly by the Oversight Board, only to be denied by DOF. Additionally, DOF made a determination during its Due Diligence Review (DDR) of the Successor Agency that previous payments by the RDA to the Corporation under the Cooperation Agreement were not permitted and the funds must be returned. However, the Corporation has already expended funds it received from the RDA prior to dissolution, consistent with its Cooperation Agreement obligations. The Successor Agency and Corporation have filed litigation over DOF's DDR determination and its denial of post-dissolution payments for the Cooperation Agreement on ROPS. As these legal issues remain unresolved, the proposed budget does not include revenue from the Cooperation Agreement.

REVIEW OF FY 2013-14

The Corporation's revenues in FY 2013-14 were about \$111,000, somewhat less than expected due to reduced Cerrito Theater percentage rent. To the extent possible, the Corporation scaled back expenditures, but had unexpected property-related expenses and is therefore projected to use more than half of its available reserves to fund operations. The Corporation's FY 2013-14 revenue, expenditures, activities, and accomplishments are described in more detail in the Proposed Budget, which is Exhibit A to the Resolution that is Attachment 1 to this report.

OVERVIEW OF FY 2014-15 AND FY 2015-16

FY 2014-15 and FY 2015-16 revenues increase slightly, as the main factor reducing the Cerrito Theater lease payments in FY 2013-14 was a one-time occurrence and the Build Inc. payment is new revenue. Expenses decrease in FY 2014-15, and are funded partly through use of reserves. FY 2015-16 expenses increase only slightly, so the Corporation can maintain the reserve. Proposed expenditure authority is \$147,332 for FY 2014-15 and \$150,277 for FY 2015-16. Proposed activities include limited funding of economic development programs and redevelopment projects; and funding of property-related, litigation, and administrative expenses. The Corporation's proposed expenditures and activities are described in more detail in the Proposed Budget.

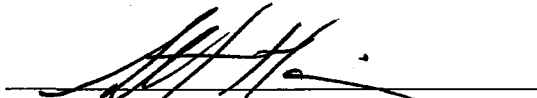
LEGAL CONSIDERATIONS

The actions being considered are consistent with California Corporations Law, the Corporation's public and charitable purposes, its Amended and Restated Bylaws, and the Board's previous actions.

RECOMMENDATION

Approve Resolution 2014-XX, adopting the Proposed Budget for FY 2014-15 and FY 2015-16.

Reviewed by:


Scott Hanin, Executive Director

Attachments:

1. Resolution 2014-XX, adopting the Proposed Budget for FY 2014-15 and FY 2015-16

MUNICIPAL SERVICES CORPORATION RESOLUTION NO. 2014-XX

RESOLUTION OF THE BOARD OF DIRECTORS OF THE EL CERRITO MUNICIPAL
SERVICES CORPORATION ADOPTING ITS FY 2014-15 AND FY 2015-16 BUDGET

WHEREAS, the El Cerrito Municipal Services Corporation (the “Corporation”) is a nonprofit public benefit corporation organized under the California Nonprofit Public Benefit Corporation Law for charitable purposes; and

WHEREAS, the specific charitable and public purposes for which the Corporation is organized are to benefit and support the City of El Cerrito (the “City”) and the El Cerrito Redevelopment Agency (the “Agency”), in accordance with Section 509(a)(3) of the Internal Revenue Code of 1986, as amended, and to lessen the burdens of government of the City and the Agency; and

WHEREAS, the Corporation prepares and adopts a budget with the intent of implementing and/or funding projects and programs consistent with its charitable purposes and a financial system to carry out the projections and programs; and

WHEREAS, the Board of Directors of the Corporation (the “Board”) has reviewed the Corporation’s reviewed the Proposed Budget for FY 2014-15 and FY 2015-16, attached as Exhibit A to this Resolution, in a public review session; and

WHEREAS, the proposed budget represents anticipated revenues to and proposed expenditures by the Corporation.

NOW THEREFORE, BE IT RESOLVED, AS FOLLOWS:

1. The Board of Directors finds that the above recitals are true and correct.
2. The Board of Directors hereby adopts the Corporation’s FY 2014-15 Budget with an appropriation limit of \$147,332 and the Corporation’s FY 2015-16 Budget with an appropriation limit of \$150,277.
3. This Resolution shall become effective immediately upon its adoption.

I CERTIFY that at a regular meeting on June 17, 2014, the Board of Directors of the El Cerrito Municipal Services Corporation passed this Resolution by the following vote:

AYES: BOARD MEMBERS:
NOES: BOARD MEMBERS:
ABSENT: BOARD MEMBERS:

IN WITNESS of this action, I sign this document on June __, 2014.

Agenda Item No. 5(A)
Attachment 1

Cheryl Morse, Secretary

APPROVED:

Rebecca Benassini, Board Vice-Chair

Exhibit A

EL CERRITO MUNICIPAL SERVICES CORPORATION

PROPOSED BUDGET

FISCAL YEARS 2014-15 & 2015-16

Board of Directors

Janet Abelson, Chairperson

Rebecca Benassini, Vice Chairperson

Jan Bridges, Board Member

Mark Friedman, Board Member

Scott Hanin, Executive Director

Greg Lyman, Chairperson

Karen Pinkos, Board Member

Officers

Lisa Malek-Zadeh, Chief Financial Officer

Cheryl Morse, Secretary

The El Cerrito Municipal Services Corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the California Nonprofit Public Benefit Corporation Law for charitable purposes.

The general purpose of this Corporation is to have and exercise all rights and powers conferred on nonprofit corporations under the laws of California, provided that this Corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the primary purposes of this Corporation.

FISCAL YEARS 2014-15 & 2015-16 BUDGET

EL CERRITO MUNICIPAL SERVICES CORPORATION

To serve its purpose of benefiting and supporting the City of El Cerrito and the El Cerrito Redevelopment Agency, the mission of the El Cerrito Municipal Services Corporation is to lessen the burden of government by pursuing projects and programs that create, support, and retain a strong and diverse economic base; provide housing and employment opportunities; increase sales and property tax revenue; and provide desired goods and services to the community throughout the City and the Redevelopment Project Area.

INTRODUCTION

This document presents the Proposed Budget for Fiscal Years 2014-15 & 2015-16 for the El Cerrito Municipal Services Corporation (Corporation). The Corporation is a California nonprofit public benefit corporation. While the Corporation has existed since 1982, assisting the City of El Cerrito (City) with public outreach activities and lease financing arrangements for public facilities, its more recent activities have been in support of economic development and redevelopment activities on behalf of the City and the El Cerrito Redevelopment Agency (Agency).

As stated in the Corporation's charter, the charitable and public purposes for which the Corporation is organized are to benefit and support the City and Agency by: (1) utilizing private and public funding sources to combat community blight and deterioration in the City and contribute to the physical improvement of the City; (2) providing and expanding economic opportunities for low and moderate income households in the City; (3) encouraging and stimulating economic development within the City by assisting the Agency to eliminate blight within the Agency's project areas; and (4) implementing and assisting the Agency in redevelopment activities and programs that will lessen neighborhood tensions, and combat community deterioration.

In February 2012, the State of California dissolved redevelopment agencies statewide, which has led to financial challenges for the Corporation, as it attempts to fulfill these charitable and public purposes. This budget document outlines the Corporation's proposed activities and funding, given the uncertain financial environment.

COOPERATION AGREEMENT

In March 2011, the Corporation entered into an agreement with the City and the Agency, which assigned portions of the City's implementation responsibilities and the Agency's corresponding funding that were contained in their Public Improvement and Cooperation Agreement for the City of El Cerrito Redevelopment Project Area (Cooperation Agreement). Under the assigned Cooperation Agreement, the Corporation

is responsible for economic development programs and redevelopment projects on behalf of the Agency, with funding to be provided by the Agency from its available resources.

The Corporation also acquired properties from the Agency in March 2011, each subject to deeds of trust with certain obligations. The properties included:

- two sites with performance deeds of trust committing to their redevelopment;
- one site with a performance deed of trust committing to its redevelopment, and including a parcel with a third party deed of trust to pay off a note secured by the parcel if the parcel is sold; and
- the renovated Cerrito Theater, with a performance deed of trust for its continued operation as a theater and restaurant, and subject to a lease agreement with Pleasantown Motion Picture Company.

The activities and projects included in the Cooperation Agreement are consistent with the goals and objectives in the Agency's Redevelopment Plan for the City of El Cerrito Redevelopment Project Area, its Five-Year Implementation Plan, and the Corporation's obligations to the Agency related to the properties acquired. A complete list of projects and programs that the Corporation agreed to undertake on behalf of the Agency over the life of the Redevelopment Plan is included in this budget document as Appendix A. The Agency agreed to provide the Corporation with the funds necessary for such activities and projects from the Agency's available resources, including its annual tax increment revenue. The Corporation agreed to use Agency funds for the completion of projects and programs, which may include predevelopment, program, staffing, and/or administrative costs. The Agency funded the Corporation's activities in FY 2010-11 and adopted a budget to do so for FY 2011-12.

However, in July 2011, the State of California enacted the Dissolution Act, which suspended redevelopment agencies' ability to undertake new activities and required them to create a list of enforceable obligations incurred prior to suspension, subject to review by the State. The Agency included the Cooperation Agreement on its list of enforceable obligations and was able to fulfill a portion of its FY 2011-12 funding commitment to the Corporation. Ultimately, redevelopment agencies were dissolved on February 1, 2012 and the legislation established a new system for allocation of the tax increment revenues previously received by redevelopment agencies. Upon dissolution, the Agency's assets and liabilities were assumed by the El Cerrito Redevelopment Agency Successor Agency (Successor Agency). The Successor Agency is responsible for disposing of the Agency's assets, paying its debts, and funding its obligations, but only with approval from a local Oversight Board and the California Department of Finance (DOF).

Under the Dissolution Act, the Successor Agency has included the Cooperation Agreement on its Recognized Obligations Payment Schedules. It has been approved repeatedly by the Oversight Board, only to be disapproved by the DOF, so the Corporation has not received any funding from the Successor Agency. Additionally, DOF and the California State Controller (SCO) have concluded in their reviews that the assets purchased by the Corporation from the Agency and the funds paid to the Corporation by the Agency under the Cooperation Agreement prior to dissolution were not permitted

under the Dissolution Act. As the City, Successor Agency, and Corporation are attempting to comply with the terms of the various contractual arrangements entered into by the Agency prior to its dissolution, they are pursuing litigation against the DOF and the SCO challenging their determinations that pre-dissolution transactions were not permitted under the Dissolution Act, and the DOF's determination that the Cooperation Agreement is not an enforceable obligation of the Successor Agency after dissolution.

FINANCIAL OVERVIEW

The Corporation's ability to meet its contractual obligations to the former Redevelopment Agency relies on receiving ongoing funding for the Cooperation Agreement, but no payments have been received since dissolution. The Corporation has limited its expenditures, as it has received insufficient revenues to meet its financial obligations in the past two fiscal years. Instead, the Corporation relied primarily on its reserves to fund its operations.

Table 1 shows the Corporation's balances, revenues, and expenditures since FY 2010-11, as well as the adopted and project amounts for FY 2013-14.

Table 1
Balances, Revenues and Expenditures
FY 2011-12 Actual through FY 2013-14 Projected

	2010-11 Actual	2011-12 Actual	2012-13 Actual	2013-14 Adopted	2013-14 Projected
Designated Funds	\$ -	\$ -	\$ 350,000	\$ 350,000	\$ 350,000
Undesignated Balance	\$ -	\$ 636,320	\$ 1,678,408	\$ 288,615	\$ 288,615
Revenue	\$ 1,377,538	\$ 3,296,499	\$ 123,661	\$ 121,000	\$ 110,894
Program Fees	\$ 1,350,892	\$ 1,031,340	\$ -	\$ -	\$ -
Use of Property	\$ 26,646	\$ 2,265,159	\$ 123,661	\$ 121,000	\$ 85,500
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ 25,394
Expense	\$ 742,641	\$ 2,254,411	\$ 1,163,454	\$ 288,800	\$ 288,553
Professional Services	\$ 703,033	\$ 734,716	\$ 834,176	\$ 130,000	\$ 39,558
Property Services	\$ 13,883	\$ 33,000	\$ 160,510	\$ 158,500	\$ 218,603
Supplies	\$ 5,726	\$ 56,911	\$ 18,769	\$ 300	\$ 3,508
Equipment	\$ -	\$ -	\$ -	\$ -	\$ 21,014
Loans & Grants	\$ 20,000	\$ 1,429,784	\$ 150,000	\$ -	\$ 5,870
Annual Balance/(Deficit)	\$ 636,320	\$ 1,042,088	\$ (1,039,793)	\$ (167,800)	\$ (177,659)
Ending Balance	\$ 636,320	\$ 1,678,408	\$ 288,615	\$ 120,815	\$ 110,956

Reserve Balances

The Corporation began FY 2013-14 with about \$639,000 in reserves, of which about \$289,000 was available to fund its operations. The other \$350,000 was a payment received from Safeway in FY 2011-12, as part of a real estate transaction through which the Corporation also assumed responsibility for future traffic mitigations on Hill Street related to a Safeway development project completed in 2011. This payment and obligation are represented by the designated balance, which is not available for the Corporation's regular operations. (These balances do not include refundable deposits from tenants or developers.) At the end of FY 2013-14, the Corporation is projected to have about \$111,000 in undesignated fund balances available for its operations.

Revenues

Payments from the former Redevelopment Agency under the Cooperation Agreement are reflected as Program Fees in the first two fiscal years. Revenues from Use of Property include interest, lease and license payments, and proceeds from real estate transactions. Lease revenue from the Cerrito Theater unexpectedly declined in FY 2013-14, as prior year supplemental property tax bills paid by the tenant were deducted from the percentage rent payments, consistent with the terms of the lease. Miscellaneous revenues in FY 2013-14 include a developer fee for an exclusive negotiating agreement on the Mayfair Block and the sale of equipment from the Cerrito Theater.

Expenses

Expenditures in each fiscal year included the cost of professional services and supplies for projects and program costs in the Cooperation Agreement, as well as administration; tenant improvements to the Cerrito Theater; other property-related expenses, including property taxes; a forgivable commercial rehabilitation loan; and various grants.

FY 2013-14 expenses were scaled back due to uncertain revenues, but included professional services and supplies for programs and negotiation with Build Inc. for disposition and development of the Mayfair Block; property services, taxes, and improvements; litigation costs; and a small grant. Property services also reflects unanticipated prior year supplemental property tax bills on the Corporation's development sites, so expenditures in other categories were further limited in order to stay within the overall authorized budget.

ACTIVITIES AND ACCOMPLISHMENTS

Despite these funding and legal challenges, the Corporation was able to accomplish many of its objectives during FY 2013-14. Specifically, the Corporation supported the El Cerrito community through the following activities:

- Business recruitment, retention and marketing programs
- Entrepreneur training workshops

- Graffiti abatement program
- Leasing of Corporation-owned properties for temporary uses that are beneficial to the community, including lay-down yards for contractors installing public improvements in the area, and that provide the Corporation revenue for other programs
- Collaboration with key property owners on San Pablo Avenue on potential development, redevelopment or other improvements to their properties
- Coordination with Pleasantown Motion Picture Company on tenant improvements to the Cerrito Theater as provided in the Cerrito Theater Lease Agreement
- Negotiation with Build Inc. for the development rights on Corporation-owned properties in the Del Norte area and securing an annual option payment to cover the Corporation's costs during the negotiation period.
- Completing the manufacture and installation of street banners

PROJECTS AND PROGRAMS

The FY 2014-15 and FY 2015-16 Proposed Budget is based on further scaling back of projects and programs originally listed in the Cooperation Agreement and similarly scaled-back revenues. (For reference, Appendix A includes the exhibit to the original Cooperation Agreement, "List of Projects and Schedule of Performance and Payment.") The Corporation will continue to pursue economic development programs in a limited manner. Focus will be placed on development of the Mayfair Block and other properties. The proposed budget does not currently include funding of the Revitalization Grant Program.

The Corporation will be undertake, support, or participate in the following activities:

- Continue evaluation of the developer proposal by Build Inc. for the Mayfair Block to ensure it meets the Corporation's development and financial goals for the property
- Negotiate a Disposition and Development Agreement with Build Inc., while the development proposal goes through the City's entitlement process
- Collaborate with the City on completion of the City's San Pablo Avenue Specific Plan, supporting economically feasible, transit-oriented development and parking standards
- Pursue revenue-generating, temporary uses for the Corporation's vacant properties, such as storage and parking
- Evaluate how the Corporation may meet its traffic impact mitigation obligations on Hill Street, possibly through funding the City's installation of pedestrian and circulation improvements and/or development of parking programs and multi-modal traffic standards

- Pursue predevelopment activities on other Corporation-owned properties, particularly with interested adjacent property owners
- Continue the graffiti abatement program
- Collaboration with key property owners on San Pablo Avenue on potential development, redevelopment or other improvements to their properties

BUDGET OVERVIEW

Revenues from the Agency under the Cooperation Agreement were to be based on tax increment generated within the City of El Cerrito Redevelopment Project Area that were not pledged to other Agency obligations. To set the value of the original Cooperation Agreement, City staff had projected the Agency's total likely tax increment revenue remaining through the end of the Redevelopment Plan. Upon dissolution, the Agency lost all redevelopment powers and tax increment was replaced by Redevelopment Property Tax (RPT) revenue to the Successor Agency, calculated in the same manner.

The amount tax increment projected to be available to fund the Cooperation Agreement was listed by the Agency on its Enforceable Obligation Payment Schedule during suspension and by the Successor Agency on its Recognized Obligations Schedule (ROPS). Regardless of the Cooperation Agreement's enforceability, dissolution of the Agency will hinder the growth of assessed values in Redevelopment Project Area, as the loss of redevelopment power means an inability to influence the development of underutilized, blighted and therefore low-valued properties. Many of the projects originally listed in the Cooperation Agreement relied on the Agency being able to use its redevelopment powers to facilitate development projects or to assist the Corporation in doing so.

Thus, redevelopment dissolution has reduced the potential RPT revenue, and therefore also the range of originally planned projects that could be undertaken, should the litigation result in funding the Cooperation Agreement. The Successor Agency has listed a \$3,787,000 outstanding balance for the Cooperation Agreement obligation on its ROPS, significantly less than was included in the contract when originally negotiated. No revenues have been listed for the Cooperation Agreement in the Corporation's proposed budget. **Table 2** presents the Corporation's FY 2014-15 and FY 2015-16 Proposed Budget and compares it to actual figures for FY 2012-13, projected figures for FY 2013-14. Also included is a projection of revenues and expenditures for FY 2016-17.

Table 2
Proposed FY 2014-15 and FY 2015-16 Proposed Budget

	2012-13 Actual	2013-14 Projected	2014-15 Proposed	2015-16 Proposed	2016-17 Projected
Revenue	\$ 123,661	\$ 110,894	\$ 147,875	\$ 150,322	\$ 152,830
Program Fees	\$ -	\$ -	\$ -	\$ -	\$ -
Use of Property	\$ 123,661	\$ 85,500	\$ 97,875	\$ 100,322	\$ 102,830
Miscellaneous	\$ -	\$ 25,394	\$ 50,000	\$ 50,000	\$ 50,000
Expense	\$ 1,163,454	\$ 288,553	\$ 191,200	\$ 147,332	\$ 150,277
Professional Services	\$ 834,176	\$ 39,558	\$ 63,000	\$ 23,000	\$ 23,460
Property Services	\$ 160,510	\$ 218,603	\$ 122,600	\$ 124,232	\$ 126,717
Supplies	\$ 18,769	\$ 3,508	\$ 100	\$ 100	\$ 100
Equipment	\$ -	\$ 21,014	\$ 5,500	\$ -	\$ -
Loans & Grants	\$ 150,000	\$ 5,870	\$ -	\$ -	\$ -
Annual Balance/(Deficit)	\$ (1,039,793)	\$ (177,659)	\$ (43,325)	\$ 2,990	\$ 2,553
Ending Balance	\$ 288,615	\$ 110,956	\$ 67,631	\$ 70,621	\$ 73,174

The Corporation's projected revenues include lease and license payments on properties and the annual option payment negotiated with Build Inc. for the Mayfair Block. Lease payments from the Cerrito Theater will increase in FY 2014-15 and thereafter, as only one year of property tax payments will be deducted from percentage rent payments. Starting in FY 2014-15, property-related revenues are projected to increase at 2.5% annually.

Expenses are projected to decline in FY 2014-15 as one-time expenditures for prior year property taxes and Cerrito Theater tenant improvements will be complete in FY 2013-14. Professional services are reduced in FY 2015-16 as a balancing measure. Professional services and property services are projected to increase by 2% thereafter.

APPENDIX A

Exhibit A to the Cooperation Agreement: List of Projects and Schedule of Performance and Payment

Exhibit A

**El Cerrito Redevelopment Project Area
List of Projects and Schedule of Performance and Payment
Assigned to the El Cerrito Municipal Services Corporation**
Cost Estimates in Millions

Projects and Programs	Project Costs	Soft Costs	Admin Costs	Total Cost	Timeframe for Performance (FY ending)	Timeframe for Payment
Facilitation of Private Investment*						
Specific Plan Completion and Implementation	0.00	0.50	0.08	0.58	2012-2021	2012-2026
Del Norte Transit-Oriented Development						
Transit/Public Infrastructure	13.00	4.00	1.10	18.10	2012-2021	2012-2026
Knott Triangle	0.87	0.13	0.13	1.13	2012-2016	2012-2016
Mayfair Block	0.10	0.10	0.13	0.33	2012-2016	2012-2016
BART Parking Lots	0.44	0.07	0.07	0.57	2012-2016	2012-2016
Hill Street Parcel	0.10	0.10	0.13	0.33	2012-2016	2012-2016
Eastshore Triangle	1.31	0.20	0.20	1.70	2012-2016	2012-2016
North Gateway	0.44	0.07	0.07	0.57	2014-2018	2014-2018
Mitsubishi Block	0.65	0.10	0.10	0.85	2012-2016	2012-2016
Wall Street North	0.22	0.03	0.03	0.28	2017-2021	2017-2021
Wall Street South	0.22	0.03	0.03	0.28	2017-2021	2017-2021
South Blake	0.33	0.05	0.05	0.42	2017-2021	2017-2021
South Potrero	0.44	0.07	0.07	0.57	2017-2021	2017-2021
Madison Blocks	0.74	0.11	0.11	0.96	2017-2021	2017-2021
San Pablo/Alameda Midtown Site	0.44	0.07	0.07	0.57	2012-2016	2012-2016
Civic Center Parcel	0.10	0.10	0.10	0.30	2012-2016	2012-2016
DMV Block	0.87	0.13	0.13	1.13	2017-2021	2017-2021
Marshall's Center	0.87	0.13	0.13	1.13	2017-2021	2017-2021
Moeser Lane Shopping Center	0.44	0.07	0.07	0.57	2012-2014	2012-2014
Bank of America Block	0.44	0.07	0.07	0.57	2017-2021	2017-2021
South Stockton	0.44	0.07	0.07	0.57	2017-2021	2017-2021
South Eureka	0.22	0.03	0.03	0.28	2014-2018	2014-2018
Avila Site	0.26	0.04	0.04	0.34	2012-2016	2012-2016
Theater Block	0.87	0.13	0.13	1.13	2012-2016	2012-2016
Plaza BART Lots	0.87	0.13	0.13	1.13	2017-2021	2017-2021
Fairmount Auto Lots	0.44	0.07	0.07	0.57	2014-2018	2014-2018
Plaza Connection Fairmount/San Pablo	0.65	0.10	0.10	0.85	2014-2018	2014-2018
South Gateway	0.44	0.07	0.07	0.57	2017-2021	2017-2021
Cerrito Theater Property	1.00	0.15	0.15	1.30	2012-2021	2012-2026
Subtotal	27.17	6.38	3.54	37.09		

Soft costs are those costs associated with the actual design and construction of a project, including: preparation of engineering/architectural plan and specifications, design development and review, coordination of bidding processes, construction inspections, construction management and those other costs necessary to implement the design and construction of a public improvement.

Administrative Costs are those costs for services associated with the development of a public improvement or program, including: the purchase of land; negotiation and development of agreements; public outreach processes; approval and permitting processes; financial, legal and other specialized consulting services; financial compliance and other governmental reporting, including financial administrative oversight; the administration of housing projects including monitoring of affordable housing agreements and prevailing wage requirements, resale restrictions, or other covenants associated with affordable housing projects; the drafting of funding availability notices and development of affordable housing agreement documents; and additional indirect City costs associated with the administrative support needed to carry out these public improvements and programs.

* May include land acquisition and/or assembly, site preparation, disposition and development of Agency properties, project specific infrastructure, Specific Plan implementation)

Exhibit A

**El Cerrito Redevelopment Project Area
List of Projects and Schedule of Performance and Payment
Assigned to the El Cerrito Municipal Services Corporation**
Cost Estimates in Millions

Projects and Programs	Project Costs	Soft Costs	Admin Costs	Total Cost	Timeframe for Performance (FY ending)	Timeframe for Payment
Business Recruitment and Retention						
Business Attraction, Retention and Expansion	0.72	0.00	0.34	1.06	2012-2021	2012-2026
Community Promotion and Events	0.20	0.00	0.10	0.30	2012-2021	2012-2026
Commercial Building Rehabilitation Assistance	1.20	0.00	0.57	1.77	2012-2021	2012-2026
Graffiti Abatement	0.40	0.00	0.19	0.59	2012-2021	2012-2026
Subtotal	2.52	0.00	1.20	3.72		
Public Improvements						
San Pablo Avenue transit & public infrastructure	1.00	0.20	0.00	1.20	2012-2021	2012-2026
Upper Fairmount streetscape improvements	0.17	0.00	0.00	0.17	2012	2012
Creekside Park Lighting	0.20	0.00	0.00	0.20	2012	2012
Fairmount/Ashbury Intersection Improvements	0.70	0.10	0.00	0.80	2012	2012
Central/Liberty Streetscape Enhancements	1.10	0.20	0.00	1.30	2012	2013
Central/San Mateo Intersection (I-80)	1.30	0.20	0.10	1.60	2014-2016	2014-2016
Potrero/I-80 Intersection Improvements	0.85	0.10	0.04	0.99	2012	2013
Ohlone Greenway Urban Greening (Plaza & Safeway)	1.20	0.20	0.00	1.40	2014	2015
Ohlone Greenway Crossing Safety Projects	0.50	0.06	0.00	0.56	2012	2013
Ohlone Greenway Master Plan Implementation	3.40	0.30	0.10	3.80	2012-2020	2012-2020
New Public Safety Building	18.80	5.00	1.20	25.00	2012-2021	2012-2026
New Senior Center	7.50	2.00	0.50	10.00	2012-2021	2012-2026
County-owned Facility (New Library)	13.80	3.80	0.80	18.40	2012-2021	2012-2026
Subtotal	50.52	12.16	2.74	65.42		
TOTAL				106.23		

Soft costs are those costs associated with the actual design and construction of a project, including: preparation of engineering/architectural plan and specifications, design development and review, coordination of bidding processes, construction inspections, construction management and those other costs necessary to implement the design and construction of a public improvement.

Administrative Costs are those costs for services associated with the development of a public improvement or program, including: the purchase of land; negotiation and development of agreements; public outreach processes; approval and permitting processes; financial, legal and other specialized consulting services; financial compliance and other governmental reporting, including financial administrative oversight; the administration of housing projects including monitoring of affordable housing agreements and prevailing wage requirements, resale restrictions, or other covenants associated with affordable housing projects; the drafting of funding availability notices and development of affordable housing agreement documents; and additional indirect City costs associated with the administrative support needed to carry out these public improvements and programs.

***El Cerrito
Municipal Services Corporation***

**Agenda Report
Item No. 5(B)**

Date: June 17, 2014
To: El Cerrito Municipal Services Corporation Board
From: Lori Treviño, Senior Financial Analyst, City of El Cerrito
Subject: Election of Officers

ACTION REQUESTED

Adopt a resolution electing and appointing Officers of the Corporation.

ELECTION OF OFFICERS

Consistent with the proposed Second Amended and Restated Bylaws, the officers of the Corporation shall be a chairperson, a vice chairperson, an executive director, a secretary, and a chief financial officer. The officers of the Corporation shall be those individuals holding the following positions with the City of El Cerrito:

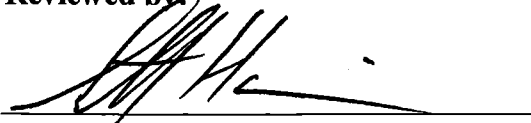
1. Chairperson – Mayor
2. Vice Chairperson – Mayor Pro Tempore
3. Executive Director – City Manager
4. Secretary – City Clerk
5. Chief Financial Officer – Treasurer

Attachment 1 to this report is a resolution electing and appointing the Corporation's officers for the current year.

LEGAL CONSIDERATIONS

The actions being considered are consistent with California Corporations Law, the Corporation's public and charitable purposes, its First and Second Amended and Restated Bylaws, and the Board's previous actions.

Reviewed by:

A handwritten signature in black ink, appearing to read 'S. Hanin', is written over a horizontal line.

Scott Hanin, Executive Director

Attachments:

1. Resolution electing and appointing Officers of the Corporation

MUNICIPAL SERVICES CORPORATION RESOLUTION NO. 2014-XX

RESOLUTION OF THE BOARD OF DIRECTORS OF THE EL CERRITO MUNICIPAL SERVICES CORPORATION ELECTING AND APPOINTING THE OFFICERS OF THE CORPORATION

WHEREAS, the Municipal Services Corporation is a nonprofit public benefit corporation organized under the California Nonprofit Public Benefit Corporation Law for charitable purposes; and

WHEREAS, the specific charitable and public purposes for which the Corporation is organized are to benefit and support the City of El Cerrito (the “City”) and the El Cerrito Redevelopment Agency (the “Agency”), in accordance with Section 509(a)(3) of the Internal Revenue Code of 1986, as amended, and to lessen the burdens of government of the City and the Agency; and

WHEREAS, the Corporation’s bylaws provide for the election of the Officers of the Corporation from those individuals designated as qualified to stand for election, and appointment of additional Officers of the Corporation as may be required; and

WHEREAS, the Board desires to elect and appoint the Officers of the Corporation.

NOW THEREFORE, BE IT RESOLVED, AS FOLLOWS:

1. The Board of Directors finds that the above recitals are true and correct.
2. The Board of Directors hereby elects and appoints the Officers of the Corporation as follows:

Chairperson	Janet Abelson, Mayor, City of El Cerrito
Vice Chairperson	Rebecca Benassini, Mayor Pro Tempore, City of El Cerrito
Executive Director	Scott Hanin, City Manager, City of El Cerrito
Secretary	Cheryl Morse, City Clerk, City of El Cerrito
Chief Financial Officer	Lisa Malek-Zadeh, City Treasurer, City of El Cerrito
3. This Resolution shall become effective immediately upon its adoption.

I CERTIFY that at a regular meeting on June 17, 2014, the Board of Directors of the El Cerrito Municipal Services Corporation passed this Resolution by the following vote:

AYES:	BOARD MEMBERS:
NOES:	BOARD MEMBERS:
ABSENT:	BOARD MEMBERS:

Agenda Item No. 5(B)
Attachment 1

IN WITNESS of this action, I sign this document on June __, 2014.

APPROVED:

Cheryl Morse, Secretary

Rebecca Benassini, Vice Mayor