

**City of Culver City, California
Agenda Item Report**

Meeting Date: 09/22/2014		Item Number: <u>C-2</u>	
SUCCESSOR AGENCY TO THE CULVER CITY REDEVELOPMENT AGENCY AGENDA ITEM: (1) Adoption of a Resolution Approving the Recognized Obligation Payment Schedule (ROPS) from January 1, 2015 Through June 30, 2015; (2) Adoption of a Resolution Approving the Successor Agency Administrative Budget from January 1, 2015 Through June 30, 2015; and (3) Authorization to the Executive Director to Make Such Payments on Behalf of the Successor Agency.			
Contact Person/Dept.: Jeff Muir		Phone Number: (310) 253-5865	
Fiscal Impact: Yes ☒ No ☐			
Public Hearing: ☐		Action Item: ☐ Attachments: ☒	
Commission Action Required: Yes ☐ No ☒ Date: _____			
Public Notification: Meetings and Agendas – Successor Agency (09/18/14).			
Department Approval: Jeff Muir (09/18/14)		Successor Agency General Counsel Approval: Carol Schwab (by H. Baker) (09/18/14)	
Chief Financial Officer Approval: Jeff Muir (09/18/14)		Executive Director Approval: John M. Nachbar (09/18/14)	
<u>RECOMMENDATION:</u> Staff recommends the Successor Agency Board (1) adopt a resolution approving the Recognized Obligation Payment Schedule (ROPS) for the period of January 1, 2015 through June 30, 2015; (2) adopt a resolution approving the Successor Agency Administrative Budget from January 1, 2015 through June 30, 2015; and (3) authorize the Executive Director to make such payments on behalf of the Successor Agency. <u>BACKGROUND / DISCUSSION:</u> Pursuant to AB X1 26, the Successor Agency must prepare a ROPS and administrative budget for each six-month fiscal period (commencing each January 1 and July 1), listing the payments to be made by the Successor Agency during such period. The ROPS must be submitted to the Oversight Board for review and approval. Each Oversight Board-approved ROPS must be submitted to the State Department of Finance (DOF) for review by March 1st and October 1st for the following 6 month period. On June 27, 2012, the Governor signed the State budget trailer bill AB 1484, which imposed some additional requirements on successor agencies and clarified the roles and responsibilities of the different agencies involved in the dissolution process. Pursuant to AB 1484, the Successor Agency must submit the ROPS to the DOF electronically in the manner of DOF's choosing. A copy of the Oversight Board-approved ROPS must be posted on the Successor Agency's website.			

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The DOF may eliminate or modify any items on the ROPS before approving the ROPS. The DOF must make its determination regarding the enforceable obligations and the amount and funding source for each enforceable obligation listed on a ROPS no later than 45 days after the ROPS is submitted. Within five business days of the DOF's determination, the Successor Agency may request to "meet and confer" with the DOF on disputed items.

The Los Angeles County Auditor-Controller may object to the inclusion of any item on the ROPS that is not demonstrated to be an enforceable obligation and may object to the funding source proposed for any item. The Los Angeles County Auditor-Controller must provide notice of its objections to the DOF, the Successor Agency, and the Oversight Board by 60 days prior to the date of the next property tax distribution. Property tax is distributed on January 1 and June 1 of each year.

If the Successor Agency does not submit an Oversight Board-approved ROPS by 90 days prior to the date of the next property tax distribution, the City of Culver City will be subject to a civil penalty of \$10,000 per day for every day that the ROPS is not submitted to the DOF. The penalty is to be paid to the Los Angeles County Auditor-Controller for distribution to the taxing entities. If the Successor Agency does not timely submit a ROPS, creditors of the Successor Agency, the DOF, and affected taxing entities may request a writ of mandate to require the Successor Agency to immediately perform this duty.

If the Successor Agency fails to submit an Oversight Board-approved ROPS to the DOF within five business days of "the date upon which the ROPS is to be used to determine the amount of property tax allocations," the DOF may determine whether the County Auditor-Controller should distribute any of the property tax revenues to the taxing entities, or whether any amount should be withheld for enforceable obligations pending approval of the ROPS. It is not clear what is "the date upon which the ROPS is to be used to determine the amount of property tax allocations."

Administrative Budget

Pursuant to AB 26 and AB 1484, an "Administrative Cost Allowance" is paid to the Successor Agency from property tax revenues allocated by the Los Angeles County Auditor-Controller. The Administrative Cost Allowance is defined as an amount, subject to the approval of the Oversight Board, which is up to 3% of the property tax allocated for enforceable obligations from the Redevelopment Property Tax Trust Fund (RPTTF). The amount shall not be less than \$250,000 for any fiscal year unless the Oversight Board reduces this amount.

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The Administrative Budget being presented includes reimbursement for City staff time, reimbursement to the City for indirect overhead costs, and operating and contract service costs necessary to facilitate the wind down of the former Culver City Redevelopment Agency.

FISCAL ANALYSIS:

The preparation and submittal of ROPS 14-15B is for the purpose of allowing the Successor Agency to pay its enforceable obligations for the period from January 1, 2015 to June 30, 2015. The funding source for the payments of enforceable obligations listed on ROPS 14-15B is the RPTTF (formerly Tax Increment).

ATTACHMENTS:

1. Proposed Resolution, including ROPS as Exhibit A; and
2. Proposed Resolution, including Administrative Budget as Exhibit A.

MOTION:

That the Successor Agency Board:

1. Adopt a resolution approving the Recognized Obligation Payment Schedule for the period January 1, 2015 through June 30, 2015; and,
2. Adopt a resolution approving the Administrative Budget for the period January 1, 2015 through June 30, 2015; and,
3. Authorize the Executive Director to make payments included on the ROPS on behalf of the Successor Agency (subject to approval of the ROPS and Administrative Budget by the Oversight Board and the State Department of Finance).