

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

Meeting Date: 01/30/2012		Item Number: <u>J-6</u>	
JOINT CITY COUNCIL AND REDEVELOPMENT AGENCY BOARD AGENDA ITEM:			
(1) City Council and Redevelopment Agency Board Adoption of the Amended and Restated Enforceable Obligation Payment Schedule for the Period January 1, 2012 through June 30, 2012, Pursuant to Section 34169(h) of the Health and Safety Code, (2) City Council and Redevelopment Agency Board Adoption of the Draft Recognized Obligation Payment Schedule for the Period January 1, 2012 through June 30, 2012, Pursuant to Section 34169(h) of the Health and Safety Code, and (3) City Council and Redevelopment Agency Board Authorization Allowing the City Manager/Executive Director to Make Such Payments on Behalf of the City and Agency Utilizing Available Agency Revenues, Including, but not Limited to, Newly Received Tax Increment Proceeds.			
Contact Person/Dept.:		Phone Number:	
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Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☐ No ☒	
Public Hearing: ☐		Action Item: ☒ Attachments: ☒	
Commission Action Required: Yes ☐ No ☒		Date: _____	
Public Notification: (E-Mail) Meetings and Agendas – City Council (01/27/2012); (E-Mail) Meetings and Agendas – Redevelopment Agency (01/27/12)			
Department Approval: Sol Blumenfeld (01/26/12)		City Attorney Approval: Carol Schwab (by H. Baker) (01/26/12) Agency General Counsel Approval: Murray Kane (01/25/12)	
Chief Financial Officer Approval: Jeff Muir (by N. Kimball)(01/26/12)		City Manager Approval: John Nachbar (01/26/12)	
<u>RECOMMENDATION:</u> Staff recommends the City Council and the Redevelopment Agency Board (1) adopt the proposed Amended and Restated Enforced Obligation Payment Schedule (EOPS) for the period covering January 1, 2012 through June 30, 2012; and (2) adopt the proposed Draft Recognized Obligation Payment Schedule (ROPS) for the period covering January 1, 2012 through June 30, 2012, as required under Section 34169(h) of the Health and Safety Code; and (3) provide authorization to the City Manager/Executive Director to make such payments on behalf of the City and Agency utilizing available Agency revenues and assets transferred to the City, including, but not limited to, newly received tax increment proceeds. <u>BACKGROUND:</u> In June, 2011, as part of the state budget approval process, the California legislature passed ABx1 26, a bill intended to capture tax increment generated by			

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Redevelopment Agencies. On December 29, 2011 the State Supreme Court upheld the constitutionality of ABx1 26 and set February 1, 2012 as the date for its implementation. ABx1 26 requires the assets of dissolved redevelopment agencies to be transferred to each agency's successor entity. The successor entities will then administer the shutdown of the redevelopment agencies under the supervision of several oversight bodies unrelated to the successor entity.

The Enforceable Obligation Payment Schedule and the Recognized Obligation Payment Schedule are the mechanisms by which a successor agency identifies projects it is legally obligated to complete during the dissolution of the Redevelopment Agency and the funding requirements for those projects.

Subject to approval by the oversight boards, projects already underway may be completed by the successor agency using limited future tax increment revenue and existing Redevelopment Agency assets transferred to the successor agency. On January 9, 2012, City Council passed a resolution naming the City as successor agency to the Redevelopment Agency.

On August 22, 2011, pursuant to ABx1 26, the City Council and Agency Board adopted a Preliminary Draft Enforceable Obligation Payment Schedule, and on September 26, 2011 the City Council and Agency Board adopted a Preliminary Draft Recognized Obligation Payment Schedule. The Preliminary Draft EOPS and Preliminary Draft ROPS ensured the Agency's authority to continue making payments on existing obligations while the court considered the legality of ABx1 26.

The adoption of the proposed Amended and Restated EOPS and Draft ROPS now presented for consideration will permit the Agency and its successor entity, the City, to continue specified payments for those projects and activities that are allowed to be continued during dissolution of the Agency.

DISCUSSION:

Attachment No. 1 is the proposed Amended and Restated EOPS to establish those payments which will be made by the City and Agency for the specified period. Agency General Counsel recommends that the list of obligations include, without limitation, inter-agency agreements and cooperation agreements, to the extent payments will be due during the period of January 1, 2012 through June 30, 2012, and that the following information be identified for each payment:

- The Project name associated with the obligation;
- The payee;
- A short description of the nature of the work, product, service, facility, or other thing of value for which the payment is to be made; and,
- The amount of payments obligated to be made, preferably by month.

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The legislation requires that all obligations be listed with specific payment schedules. However, some obligations to implement agreements that are considered recognized obligations have yet to be established. For example, a contract for construction has not been issued for aspects of the Hayden Tract Spur project, but the MOU with the Spur owners requires the Agency to take these steps. Therefore, the payment schedule will list budgeted amounts that are obligated through enforceable contracts.

Attachment No. 2 is the proposed Draft ROPS. Adoption of the proposed Draft ROPS for the specified period allows the City and Agency to pay for those projects and activities permitted to be completed during dissolution of the Agency.

The proposed Amended and Restated EOPS and Draft ROPS, though containing identical information, are separate documents and must be adopted through separate motions. The Draft ROPS must be submitted to the oversight board no later than March 1. Once approved by the oversight board, the ROPS must be submitted to the county auditor-controller, State Controller and State Department of Finance no later than April 15, 2012.

FISCAL ANALYSIS:

Funding for all agreements, contracts and projects included in the proposed Amended and Restated EOPS and ROPS is included in the Fiscal Year 2011-12 Adopted Budget.

ATTACHMENTS:

1. Proposed Amended and Restated Enforceable Obligation Payment Schedule for the period January 1, 2012 through June 30, 2012.
2. Proposed Draft Recognized Obligation Payment Schedule for the period January 1, 2012 through June 30, 2012.

MOTION:

That the City Council:

1. Adopt the Proposed Amended and Restated Enforceable Obligations Payment Schedule for the Period January 1, 2012 through June 30, 2012; and,
2. Adopt the Proposed Draft Recognized Obligations Payment Schedule for the Period January 1, 2012 through June 30, 2012; and,

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3. Authorize the City Manager and Chief Financial Officer to make such payments on behalf of the City utilizing former Agency assets in the case that sufficient Agency revenues are unavailable.

AND

That the Agency Board:

1. Adopt the Proposed Amended and Restated Enforceable Obligations Payment Schedule for the Period January 1, 2012 through June 30, 2012; and,
2. Adopt the Proposed Draft Recognized Obligations Payment Schedule for the Period January 1, 2012 through June 30, 2012; and,
3. Authorize the Executive Director to file the Recognized Obligations Payment Schedule with the State of California Department of Finance with copy to the State Controller's Office and the Los Angeles County Auditor/Controller; and,
4. Designate the Chief Financial Officer as the liaison to the State of California Department of Finance; and,
5. Authorize the Executive Director to make such payments on behalf of the Agency utilizing available Agency revenues, including, but not limited to, newly received tax increment proceeds.