City of Culver City, California
Agenda Item Report

Meeting Date: 02/10/2014	Item Number: C-2
SUCCESSOR AGENCY TO THE CULVER CITY REDEVELOPMENT AGENCY AGENDA ITEM: (1) Adoption of a Resolution Approving the Recognized Obligation Payment Schedule (ROPS) from July 1, 2014 Through December 31, 2014; (2) Adoption of a Resolution Approving the Successor Agency Administrative Budget from July 1, 2014 Through December 31, 2014; 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 [X] No []	
Public Hearing: [] Action Item: []	Attachments: [X]
Department Approval: Jeff Muir (02/03/14)	Successor Agency General Counsel Approval: Carol Schwab (by H. Baker) (02/03/14)
Chief Financial Officer Approval: Jeff Muir (02/04/14)	Executive Director Approval: John M. Nachbar (02/04/14)

RECOMMENDATION:

Staff recommends the Successor Agency Board (1) adopt a resolution approving the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2014 through December 31, 2014; (2) adopt a resolution approving the Successor Agency Administrative Budget from July 1, 2014 through December 31, 2014; and (3) authorize the Executive Director to make such payments on behalf of the Successor Agency.

BACKGROUND / DISCUSSION:

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.

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 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.

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.

Low/Moderate Income Housing Funds

Health and Safety Code (HSC) Section 34191.4 (b) (2) (B) requires any outstanding amounts borrowed from or owed to the Low and Moderate Income Housing Fund (LMIHF) for purposes of the SERAF/ERAF to be retired prior to requesting repayment for RDA/sponsoring entity loans. Pursuant to HSC section 34176(e)(6)(B), the repayments related to SERAF/ERAF are subject to restrictions on the total amount that can be repaid in each ROPS period. Specifically, the maximum repayment amount authorized each fiscal year shall be equal to one-half of the increase between "the amount distributed" to the taxing entities in the current fiscal year and the amount distributed to taxing entities in fiscal year 2012-13 (base year).

Further, pursuant to HSC Section 34171(d)(1)(G), amounts borrowed from, or payments owing to the LMIHF are enforceable obligations, provided the Agency's Oversight Board approves a repayment schedule. Since the repayment is restricted to the formula outlined in HSC Section 34176(e)(6)(B), the Department of Finance has indicated that it would not be opposed to a repayment schedule that indicated the repayment amount for each fiscal year will be equal to the maximum amount allowed pursuant to HSC section 34176(e)(6)(B). Therefore, staff will recommend to the Oversight Board of the Successor Agency to the Culver City Redevelopment Agency that they adopt such a resolution.

FISCAL ANALYSIS:

The preparation and submittal of ROPS 14-15A is for the purpose of allowing the Successor Agency to pay its enforceable obligations for the period from July 1, 2014 to December 31, 2014. The funding source for the payments of enforceable obligations listed on ROPS 14-15A 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 July 1, 2014 through December 31, 2014; and,

2. Adopt a resolution approving the Administrative Budget for the period July 1, 2014 through December 31, 2014; 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).