City of Culver City, California
Agenda Item Report

Meeting Date: 02/4/2013	Item Number: C-1
SUCCESSOR AGENCY TO THE CULVER CITY REDEVELOPMENT AGENCY AGENDA ITEM: (1) Adoption of a Resolution Approving the Recognized Obligation Payment Schedule (ROPS) for the Period of July 1, 2013 Through December 31, 2013 and Approving Certain Related Actions; (2) Adoption of a Resolution Approving the Successor Agency Administrative Budget for the Period of July 1, 2013 Through December 31, 2013 and Approving Certain Related Actions; and (3) Authorize 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 (01/30/13)	Successor Agency General Counsel Approval: Carol Schwab (by H. Baker) (01/30/13)
Chief Financial Officer Approval: Jeff Muir (01/30/13)	Executive Director Approval: John Nachbar (01/30/13)

RECOMMENDATION:

Staff recommends the Successor Agency Board (1) adopt a Resolution approving the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2013 through December 31, 2013 and approving certain related actions; (2) adopt a Resolution approving the Successor Agency Administrative Budget for the period of July 1, 2013 through December 31, 2013 and approving certain related actions; and (3) authorize the Executive Director to make such payments on behalf of the Successor Agency.

BACKGROUND / DISCUSSION:

Pursuant to Assembly Bill X1 26 ("AB 26"), the Successor Agency must prepare a Recognized Obligation Payment Schedule ("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 no fewer than ninety (90) days before the date of property tax distribution (i.e. dates of distribution are January 2 and June 1 of each year). In connection with the ROPS for the period of July 1, 2013 through June 30, 2013 (hereinafter the "ROPS 13-14A"), the ROPS 13-14A shall be submitted to the DOF by March 1, 2013..

On June 27, 2012, the Governor signed the State budget trailer bill Assembly Bill No. 1484 ("AB 1484") which amends AB 26 and, imposes additional requirements on successor agencies, and clarifies the roles and responsibilities of the different agencies involved in the dissolution process. Pursuant to AB 26 as amended by 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 Oversight Board-approved 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 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 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 2 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 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 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."

<u>Administrative Budget</u>

Pursuant to AB 26, as amended by AB 1484, the Successor Agency is required to prepare an administrative budget for each six-month fiscal period and submit the administrative budget to the Oversight Board for approval. The administrative budget shall include all of the following: (i) estimated amounts for Successor Agency administrative costs for the upcoming six-month fiscal period; (ii) proposed sources of payment for Successor Agency administrative costs; and (iii) proposals for arrangements for administrative and operations services provided by the City or other entity. In addition, AB 26 as amended by AB 1484 requires the Successor Agency to provide to the County Auditor-Controller for each six-month fiscal period the administrative cost estimates from its approved administrative budget that are to be paid from property tax revenues (i.e. former tax increment revenues) deposited in the County's Redevelopment Property Tax Trust Fund (RPTTF) established for the Successor Agency.

Pursuant to AB 26 as amended by AB 1484, an "Administrative Cost Allowance" is paid to the Successor Agency from property tax revenues allocated by the 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 RPTTF for each fiscal year, subject to a minimum amount of $250,000 unless the Oversight Board reduces this amount.

Since City staff performs the administrative and operational functions of the Successor Agency, 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.

It is important to note that ROPS 13-14A includes a proposed loan from the City to the Successor Agency in an amount up to $1,500,000 to pay for bond debt service and administrative costs, which costs the Successor Agency currently has no other means of funding (see item 28 on the ROPS). That loan and a respective Loan Agreement is being considered by the City and the Successor Agency prior to the Successor Agency's consideration of ROPS 13-14A, but at the same public meeting as consideration of ROPS 13-14A, and more detail regarding the proposed loan and the Loan Agreement can be found in item JC-1. According to its own terms, the Loan Agreement will take effect upon approval by the Oversight Board and, following that approval, at the time and in the manner prescribed in California Health & Safety Code Section 34179(h). In addition, the City has no obligation to disburse the subject loan to the Successor Agency until the DOF approves the Loan Agreement or it is otherwise deemed approved pursuant to the Dissolution Act or State law.

FISCAL ANALYSIS:

The preparation and submittal of ROPS 13-14A is for the purpose of allowing the Successor Agency to pay its enforceable obligations for the period of July 1, 2013 through December 31, 2013. The funding source for the payments of enforceable obligations listed on ROPS 13-14A 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.

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MOTION:

That the Successor Agency Board:

1. Adopt a Resolution approving the Recognized Obligation Payment Schedule for the of Period July 1, 2013 through December 31, 2013 (ROPS 13-14A) and approving certain related actions; and,

2. Adopt a Resolution approving the Administrative Budget for the period of July 1, 2013 through December 31, 2013 and approving certain related actions.