



City of Culver City

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Staff Report

File #: 24-546, **Version:** 1

Item #: C-11.

SA - CONSENT ITEM: (1) Adoption of a Resolution Approving the Recognized Obligation Payment Schedule (ROPS) from July 1, 2024 through June 30, 2025; (2) Adoption of a Resolution Approving the Successor Agency Administrative Budget from July 1, 2024 through June 30, 2025; and (3) Authorization to the Executive Director to Make Such Payments on Behalf of the Successor Agency.

Meeting Date: January 8, 2024

Contact Person/Dept.: Lisa Soghor/Finance

Phone Number: (310) 253-5835

Fiscal Impact: Yes ☒ No ☐

General Fund: Yes ☐ No ☒

Attachments: Yes ☒ No ☐

Public Notification: (E-Mail) Meetings and Agendas - Successor Agency (01/03/2024)

Department Approval: Lisa Soghor, Chief Financial Officer (12/27/2023)

RECOMMENDATION

Staff recommends the Successor Agency Board (1) adopt a resolution approving the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2024 through June 30, 2025; (2) adopt a resolution approving the Successor Agency Administrative Budget from July 1, 2024 through June 30, 2025; and (3) authorize the Executive Director to make such payments on behalf of the Successor Agency.

BACKGROUND / DISCUSSION

Pursuant to AB X1 26 as amended by AB 1484 and SB 107 ("Dissolution Law"), the Successor Agency must prepare a ROPS and administrative budget for each fiscal period (commencing each 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 February 1st each year.

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 April 15th. 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 2 and June 1 of each year.

If the Successor Agency does not submit an Oversight Board-approved ROPS by February 1st, 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.

Administrative Budget

Pursuant to AB X1 26 and AB 1484 and SB 107, an "Administrative Cost Allowance" is paid to the Successor Agency from property tax revenues remitted 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 remitted for enforceable obligations from the Redevelopment Property Tax Trust Fund (RPTTF) in the preceding fiscal year. 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.

ROPS 24-25

As previously mentioned, ROPS 24-25 includes payments that are required to be made between July 1, 2024 and June 30, 2025. A summary of the payments to be made is in the table below:

Item #	Payee	Description	Amount
6	US Bank - 2011 Tax Allocation Bonds	Bond issued to fund non-housing projects	\$2,270,000
7	US Bank	Trustee fees for debt service administration	\$5,000
8	Bond Logistix LLC	Debt service related payment for required arbitrage calculations. (Loan)	\$10,000
9	Urban Futures Inc. (UFI)	File continuing disclosure documents related to outstanding bond issuances.	\$7,000
10	KBB	Legal services for preparing purchase/sale agreements and other legal docs related to property disposition. <u>Also</u> for existing litigation. (Loan)	\$200,000
14	Culver City	Admin Cost Allocation (see Admin Budget 24-25A & B).	\$446,370
54	US Bank	Amount required for Debt Service Payments for outstanding 2017 TABs	\$11,870,625
55	US Bank	Establishment of Reserve for amount required for November 2022 Debt Service Payment for outstanding 2017 TABs.	\$6,426,625
Total Request			\$21,235,620

FISCAL ANALYSIS

The preparation and submittal of ROPS 24-25 is for the purpose of allowing the Successor Agency to pay its enforceable obligations for the period from July 1, 2024 to June 30, 2025. The funding source for the payments of enforceable obligations listed on ROPS 24-25 is the RPTTF (formerly Tax Increment) and certain other revenues available to the Successor Agency. RPTTF funds in the amount of \$9,560,575 will be used. The amount of \$341,045 will be paid from other funds, and \$11,314,000 will be paid from reserves.

ATTACHMENTS

1. 2024-01-16_ATT - SA Resolution ROPS 24-25
2. 2024-01-16_ATT - SA Resolution Admin Budget 24-25

MOTIONS

That the Successor Agency Board:

1. Adopt a resolution approving the Recognized Obligation Payment Schedule for the

period July 1, 2024 through June 30, 2025; and,

2. Adopt a resolution approving the Administrative Budget for the period July 1, 2024 through June 30, 2025; 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).