



CITY COUNCIL AGENDA REPORT

MEETING DATE: FEBRUARY 21, 2012

ITEM NUMBER: 1

SUBJECT: SUCCESSOR AGENCY APPROVAL OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS)

DATE: FEBRUARY 16, 2012

FROM: FINANCE DEPARTMENT /FINANCE ADMINISTRATION

PRESENTATION BY: BOBBY YOUNG, FINANCE AND I.T. DIRECTOR

FOR FURTHER INFORMATION CONTACT: BOBBY YOUNG, FINANCE AND I.T. DIRECTOR
(714) 754-5243

RECOMMENDED ACTION

Adopt resolution of the City Council of the City of Costa Mesa, California, acting as successor agency to the Costa Mesa Redevelopment Agency, approving a Recognized Obligation Payment Schedule ("ROPS") and authorizing certain other actions pursuant to Section 34177 of Part 1.85 of the Dissolution Act.

BACKGROUND/DISCUSSION

As presented to the City Council in January 2012 the California Supreme Court's decision in *California Redevelopment Association, et al., v. Matosantos* ("Matosantos") upheld Assembly Bill x1 26, the "Dissolution Act". AB x1 26 added Parts 1.8 and 1.85 to Division 24 of the California Health & Safety Code, which laws cause the dissolution and winding down of all California redevelopment agencies. By resolution the City Council elected for the City to become and serve as the "Successor Agency" to this community's dissolved redevelopment agency ("Agency"). On and after February 1, 2012, the Agency is dissolved and the City serves as the "Successor Agency". The City will perform its functions as the successor agency under the Dissolution Act to administer the enforceable obligations of the Agency and otherwise unwind the Agency's affairs, all subject to the review and approval by a seven-member Oversight Board. Prior to its dissolution and pursuant to Part 1.8, the Agency adopted an original and an amended enforceable obligation payment schedule ("EOPS") and an initial recognized payment schedule ("IROPS") and authorized the City Manager, Finance Director and/or their authorized designees to augment or modify the EOPS and the IROPS and to transmit the EOPS and IROPS to the City (to be serving as Successor Agency) and to the County Auditor-Controller, the Department of Finance, and State Controller's Office.

Pursuant to Section 34171(g) of Part 1.85, a "Recognized Obligation Payment Schedule" means the document setting forth the minimum payment amounts and due dates of payments required by enforceable obligations for each six-month fiscal period as provided in subdivision (m) of Section 34177. Under to the dates in the Dissolution Act as reformed by the Supreme Court, every successor agency is required to consider and adopt a Recognized Obligation Payment Schedule on or before March 1, 2012, which is comparable to the IROPS previously adopted by the former Agency.

Section 34177(k) of Part 1.85 requires the Successor Agency to take actions with regard to the Recognized Obligation Payment Schedule ("ROPS") as follows:

"(2)(A) A draft Recognized Obligation Payment Schedule is prepared by the successor agency for the enforceable obligations of the former redevelopment agency by March 1, 2012. From February 1, 2012, to July 1, 2012, the initial draft of that schedule shall project the dates and amounts of scheduled payments for each enforceable obligation for the remainder of the time period during which the redevelopment agency would have been authorized to obligate property tax increment had such a redevelopment agency not been dissolved, and shall be reviewed and certified, as to its accuracy, by an external auditor designated pursuant to Section 34182.

(B) The certified Recognized Obligation Payment Schedule is submitted to and duly approved by the oversight board.

(C) A copy of the approved Recognized Obligation Payment Schedule is submitted to the county auditor-controller and both the Controller's office and the Department of Finance and be posted on the successor agency's Internet Web site.

(3) The Recognized Obligation Payment Schedule shall be forward looking to the next six months. The first Recognized Obligation Payment Schedule shall be submitted to the Controller's office and the Department of Finance by April 15, 2012, for the period of May 1, 2012, to June 30, 2012, inclusive. Former redevelopment agency enforceable obligation payments due, and reasonable or necessary administrative costs due or incurred, prior to January 1, 2012, shall be made from property tax revenues received in the spring of 2011 property tax distribution, and from other revenues and balances transferred to the successor agency."

Staff has prepared for the City Council's consideration and approval, acting as the Successor Agency, an initial ROPS, which is Attachment No. 2 to this report. If adopted, the attached Resolution (Attachment No. 1) of the City Council serving as the Successor Agency approves the ROPS and authorizes the transmittal of the ROPS to the Oversight Board when formed and to the County Auditor-Controller, the Department of Finance, and the State Controller's Office, and to cause posting of the ROPS on the City's/Successor Agency's website.

FISCAL REVIEW

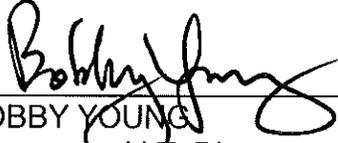
Based on the recommendation action, there is no fiscal impact.

LEGAL REVIEW

Legal has review the attachments and approved them as to form.

CONCLUSION

Staff recommends the City of Costa Mesa, acting as successor agency of the Costa Mesa Redevelopment Agency, adopt the attached Recognized Obligation Payment Schedule and authorize certain other actions pursuant to Part 1.85 of the Dissolution Act.



BOBBY YOUNG
Finance and I.T. Director

- Attachment(s): Attachment 1: City Council Resolution, acting as Successor Agency Resolution
Attachment 2: Recognized Obligation Payment Schedule

RESOLUTION NO. ____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COSTA MESA ACTING AS SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY APPROVING A RECOGNIZED OBLIGATION SCHEDULE AND AUTHORIZING CERTAIN OTHER ACTIONS PURSUANT SECTION 34177 OF PART 1.85 OF THE DISSOLUTION ACT

WHEREAS, the Costa Mesa Redevelopment Agency ("Agency") was established as a community redevelopment agency that was previously organized and existing under the California Community Redevelopment Law, Health and Safety Code Sections 33000, *et seq.* ("CRL"), and previously authorized to transact business and exercise the powers of a redevelopment agency pursuant to action of the City Council ("City Council") of the City of Costa Mesa ("City"); and

WHEREAS, Assembly Bill x1 26 added Parts 1.8 and 1.85 to Division 24 of the California Health & Safety Code, which laws cause the dissolution and wind down of all redevelopment agencies ("Dissolution Act"); and

WHEREAS, on December 29, 2011, in the petition *California Redevelopment Association v. Matosantos*, Case No. S194861, the California Supreme Court upheld the Dissolution Act and thereby all redevelopment agencies in California were dissolved as of and on February 1, 2012 under the dates in the Dissolution Act that were reformed and extended thereby ("Supreme Court Decision"); and

WHEREAS, the Agency is now a dissolved community redevelopment agency pursuant to the Dissolution Act; and

WHEREAS, by a resolution considered and approved by the City Council at an open public meeting the City chose to become and serve as the "successor agency" to the dissolved Agency under the Dissolution Act; and

WHEREAS, as of and on and after February 1, 2012, the City serves as the "Successor Agency" will perform its functions as the successor agency under the Dissolution Act to administer the enforceable obligations of the Agency and otherwise unwind the Agency's affairs, all subject to the review and approval by a seven-member Oversight Board formed thereunder; and

WHEREAS, under Part 1.8 of the Dissolution Act, the Agency prior to its dissolution adopted an original and an amended enforceable obligation payment schedule ("EOPS") and authorized the City Manager and/or Finance Director or their authorized designee to augment or modify the EOPS and transmitted the EOPS to the City (to be serving as Successor Agency) and to the County Auditor-Controller, the Department of Finance and the State Controller's Office; and

WHEREAS, under Part 1.8 of the Dissolution Act, the Agency prior to its dissolution adopted an initial recognized payment schedule ("IROPS") and authorized the City Manager and/or Finance Director or their authorized designee to augment or modify the IROPS and

transmitted such IROPS to the City (to be serving as Successor Agency) and to the County Auditor-Controller, the Department of Finance and the State Controller's Office the City, serving as Successor Agency; and

WHEREAS, pursuant Part 1.85 of the Dissolution Act, Section 34171(g), a "Recognized Obligation Payment Schedule" means the document setting forth the minimum payment amounts and due dates of payments required by enforceable obligations for each six-month fiscal period as provided in subdivision (m) of Section 34177; and

WHEREAS, pursuant to the dates in the Dissolution Act, Section 34177(k), as reformed by the Supreme Court Decision, every successor agency is required to consider and adopt a Recognized Obligation Payment Schedule by March 1, 2012, which, as attached to this Resolution, is comparable to the IROPS previously adopted by the former Agency; and

WHEREAS, the City as Successor Agency has prepared its initial Recognized Obligation Payment Schedule ("ROPS"), appended as Attachment No. 1 to this Resolution and incorporated herein by this reference; and

WHEREAS, by this Resolution, the City Council, serving as and on behalf of the Successor Agency, approves the ROPS and authorizes the transmittal of the ROPS to the Oversight Board when formed; and

WHEREAS, pursuant to Section 34177 a copy of the ROPS also is submitted to the County Auditor-Controller for review and certification, as to its accuracy, by an external auditor designated pursuant to Section 34182; and

WHEREAS, pursuant to Section 34177 a copy of the ROPS also is submitted to the State Controller's Office and the Department of Finance and shall be posted on the Successor Agency's Internet Web site.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL SERVING AS THE SUCCESSOR AGENCY:

Section 1. The foregoing recitals are incorporated into this resolution by this reference, and constitute a material part hereof.

Section 2. The ROPS is approved together with such augmentation, modification, additions or revisions as the City Manager and/or the Finance Director or their authorized designees may make thereto.

Section 3. The City Manager or his authorized designees on behalf of the Successor Agency shall cause the ROPS to be transmitted to the Oversight Board at such time as the Oversight Board has been established and to be transmitted to the County Auditor-Controller, the State Controller's Office, and the Department of Finance; further, the City Manager or his authorized designees on behalf of the Successor Agency shall cause the ROPS to be posted on the City's website.

Section 4. This Resolution shall be effective immediately upon adoption.

Section 5. The City Clerk on behalf of the Successor Agency shall certify to the adoption of this Resolution.

APPROVED AND ADOPTED this ____ day of February 2012.

**CITY OF _____ SERVING AS
SUCCESSOR AGENCY**

Mayor

(SEAL)

ATTEST:

City Clerk on behalf of Successor Agency

APPROVED AS TO FORM:

City Attorney on behalf of Successor Agency

STATE OF CALIFORNIA)
COUNTY OF _____) ss.
CITY OF _____)

I, _____, City Clerk of the City of _____,
hereby certify that the foregoing resolution was duly adopted by the City Council of the City,
serving as Successor Agency, at its regular [special] meeting held on the ____ day of
February, 2012, and that it was so adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

City Clerk on behalf of Successor Agency

(SEAL)

ATTACHMENT NO. 1

(attach ROPS)

RECOGNIZED OBLIGATION PAYMENT SCHEDULE

Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	Payments by month						Total
					Jan	Feb	Mar	Apr	May	June	
1) TAB Refunding 2003	Bank of New York	Bonds issued for non-housing projects	4,818,000.00	690,362.50		78,087.50				607,681.00	\$ 685,788.50
2) Contract for consulting services	Bank of New York	Fiscal Agent Services	3,000.00	3,000.00						1,198.00	\$ 1,198.00
3) Employee Costs	Employees of CM RDA	Payroll for employees	670,323.00	670,323.00	55,861.00	55,861.00	55,861.00	55,861.00	55,861.00	55,861.00	\$ 335,166.00
4) County Property Tax Admin Fee	County of Orange	Charge for Administering property tax system	40,000.00	40,000.00			20,000.00				\$ 20,000.00
5) Contract for consulting services	Mayer, Hoffman, McCann	Annual Audit Services	11,000.00	11,000.00						2,445.00	\$ 2,445.00
6) Promissory Note Payable	City of Costa Mesa	Original Loan to establish RDA	19,495,569.00	1,299,705.00							\$ -
7) Rental Revenue Agreement	City of Costa Mesa-CDBG	Remittance of rental revenue from CDBG housing proj	123,669.00	123,669.00						123,669.00	\$ 123,669.00
8) Loan from CDBG Fund	City of Costa Mesa-CDBG	Loan from CDBG for housing project	161,613.00	10,204.00						10,204.00	\$ 10,204.00
9) 1901 Newport Housing Project	Fairfield Residential	Assistance for low-mod housing project	892,500.00	892,500.00						892,500.00	\$ 892,500.00
10) Contract for attorney services	Stradling, Yocca, Carlson & Rauth	Contract Attorney services for RDA	75,000.00	75,000.00	10,000.00	10,000.00	10,000.00	10,000.00	5,000.00	5,000.00	\$ 50,000.00
11) Contract for consulting services	Keyser Marston	Financial Consulting	120,000.00	120,000.00	14,331.00	10,000.00	20,000.00	20,000.00	20,000.00	20,000.00	\$ 104,331.00
12) Contract for consulting services	Barr & Clark Environmental	Environmental review services	15,000.00	15,000.00						15,000.00	\$ 15,000.00
13) Contract for monitoring	Keyser Marston	Monitoring and enforcing existing covenants and obl	15,000.00	15,000.00							\$ -
14) Davis Field Lighting Project	Dream Engineering	Design work on Davis Field Project	1,040.00	1,040.00							\$ -
15) Davis Field Lighting Project	Musco Sports Lighting, LLC	Lighting equipment and structures for proj	156,971.00	156,971.00							\$ -
16) Davis Field Lighting Project	R&M Electrical Contracting	Electrical work to install lighting	335,000.00	335,000.00							\$ 24,099.74
17) Davis Field Lighting Project	Green Product Sales	Field restoration materials	25,000.00	25,000.00		24,099.74					\$ 25,000.00
18) Davis Field Lighting Project	Midfort Gardens Inc	Testing of field turf as required	8,379.00	8,379.00							\$ -
19) Neighborhood Stabilization Program	Mercy Housing	Affordable housing project	360,000.00	360,000.00						360,000.00	\$ 360,000.00
20)											\$ -
21)											\$ -
22)											\$ -
23)											\$ -
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Totals - This Page			\$ 27,327,064.00	\$ 4,852,153.50	\$ 80,192.00	\$ 99,960.74	\$ 185,948.50	\$ 105,861.00	\$ 80,861.00	\$ 80,861.00	\$ 2,664,381.24
Totals - Page 2			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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Totals - Page 4			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals - Other Obligations			\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grand total - All Pages			\$ 27,327,064.00	\$ 4,852,153.50	\$ 80,192.00	\$ 99,960.74	\$ 185,948.50	\$ 105,861.00	\$ 80,861.00	\$ 80,861.00	\$ 2,664,381.24