

AGENDA REPORT

Oversight Board of the Successor Agency to the Costa Mesa Redevelopment Agency

MEETING DATE: September 17, 2015

SUBJECT/ACTION: REVIEW AND APPROVAL OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE 15-16B SIX-MONTH FISCAL PERIOD OF JANUARY 1, 2016 TO JUNE 30, 2016 (“ROPS 15-16B”)

RECOMMENDED ACTION

Adopt Oversight Board Resolution No. 15-__ Approving the Recognized Obligation Payment Schedule 15-16B for the Six-Month Fiscal Period of January 1, 2016 to June 30, 2016, Subject to Submittal to, and Review by the DOF pursuant to California Health and Safety Code, Division 24, Part 1.85; Authorize Posting And Transmittal Thereof; and Authorize the Assistant Finance Director, in Consultation with Legal Counsel, to Request and Complete Meet and Confer Session(s) with the DOF and Make Augmentations, Modifications, Additions or Revisions as May Be Necessary or Directed by DOF.

(Note: pursuant to Section 34177(m) for each ROPS submitted to the DOF, the DOF shall make its determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations on each ROPS submitted no later than 45 days after submittal.)

BACKGROUND AND DISCUSSION

The Successor Agency to the Costa Mesa Redevelopment Agency is performing its functions under the Dissolution Law, Parts 1.8 and 1.85 of the Health and Safety Code, as amended by Assembly Bill 1484 and other subsequent legislation (together, the “Dissolution Law”), to administer the enforceable obligations and otherwise unwind the former Agency's affairs, all subject to the review and approval by the seven-member Oversight Board.

At prior meetings of the Oversight Board, pursuant to the Dissolution Law Recognized Obligation Payment Schedules I, II, III, 13-14A, 13-14B, 14-15A, 14-15B an 15-16A (each a "ROPS") were approved and thereafter submitted to the DOF, and ultimately approved with modifications. 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 the Dissolution Law the Successor Agency is required to consider and adopt Recognized Obligation Payment Schedule 15-16B (“ROPS 15-16B”) on or before October 1, 2015.

Section 34177(l) of Part 1.85 requires the Successor Agency to take actions with regard to each ROPS as follows:

- “(l)(1) Before each six-month fiscal period, prepare a Recognized Obligation Payment Schedule in accordance with the requirements of this paragraph. For each recognized obligation, the Recognized Obligation Payment Schedule shall identify one or more of the following sources of payment:
 - (A) Low and Moderate Income Housing Fund.
 - (B) Bond proceeds.
 - (C) Reserve balances.
 - (D) Administrative cost allowance.
 - (E) The Redevelopment Property Tax Trust Fund, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or by the provisions of this part.
 - (F) Other revenue sources, including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the former redevelopment agency, as approved by the oversight board in accordance with this part.
- (2) A Recognized Obligation Payment Schedule shall not be deemed valid unless all of the following conditions have been met:
 - (A) A Recognized Obligation Payment Schedule is prepared by the successor agency for the enforceable obligations of the former redevelopment agency. ...
 - (B) The Recognized Obligation Payment Schedule is submitted to and duly approved by the oversight board. The successor agency shall submit a copy of the Recognized Obligation Payment Schedule to the county administrative officer, the county auditor-controller, and the Department of Finance at the same time that the successor agency submits the Recognized Obligation Payment Schedule to the oversight board for approval.
 - (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. ...”

Attachment 1 to this agenda report is ROPS 15-16B, which includes comparable listings of Enforceable Obligations in the DOF-approved ROPS I, II, III, 13-14A, 13-14B, 14-15A, 14-15B and 15-16A. Further, this ROPS also adds back the “housing entity administrative cost allowance” of \$150,000 per fiscal year for the housing authority acting as the housing successor as authorized by Section 34171(p). This item has been previously listed by staff and approved by the Successor Agency and Oversight Board on prior ROPS, but the DOF has denied funding for this line item. However, there are several cases pending in the Sacramento Superior Court challenging DOF’s denial of this housing entity administrative cost allowance, including a tentative ruling in favor the Montclair Successor Agency and its housing successor, the Montclair Housing Authority, for which a hearing occurred on August

21 and that presiding Judge Frawley took under submission. While the DOF may again deny this line item, the Successor Agency staff and legal counsel recommend continuing to list and include on the ROPS the housing entity administrative cost allowance pursuant to Section 341717(p). During the presentation of this agenda item, Successor Agency staff will explain enforceable obligations and administrative budget set forth in the ROPS 15-16B.

The Successor Agency recommends that the Oversight Board adopt the attached Resolution approving the ROPS 15-16B and authorizing the Successor Agency's Assistant Finance Director, in consultation with legal counsel, to request and complete meet and confer session(s) with the DOF and make augmentations, modifications, additions or revisions as may be necessary or directed by DOF, and changes, if any, will be reported back to the Oversight Board. Further, the Successor Agency will cause transmittal of the ROPS 15-16B as approved by the Oversight Board to the State Controller's Office, the CAC, and the DOF.

Pursuant to Section 34177(m) for each ROPS submitted to the DOF, the DOF shall make its determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations on each ROPS submitted no later than 45 days after submittal.

Respectfully submitted,

Successor Agency to the
Costa Mesa Redevelopment Agency

Attachments:

1. [Successor Agency Resolution Adopting ROPS 15-16B](#)
2. [Recognized Obligations Payment Schedule for the 15-16B Six-Month Fiscal Period of January 1, 2016 to June 30, 2016](#)
3. Oversight Board Resolution No. 15-__