

AGENDA REPORT

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

MEETING DATE: January 21, 2016

SUBJECT/ACTION: REVIEW AND APPROVAL OF RECOGNIZED OBLIGATION
PAYMENT SCHEDULE FOR THE 16-17 A-B ANNUAL FISCAL
PERIOD OF JULY 1, 2016 TO JUNE 30, 2017

RECOMMENDED ACTION

Adopt Oversight Board Resolution No. 16-XX Approving the Recognized Obligation Payment Schedule 16-17 A-B for the Fiscal Period of July 1, 2016 to June 30, 2017, Including the FY 16-17 Administrative Budget Included therewith, Subject to Submittal to, and Review by the DOF pursuant to California Health and Safety Code, Division 24, Part 1.85; Authorizing the Posting and Transmittal Thereof; and Authorizing 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.

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 including most recently by Senate Bill 107 effective on September 22, 2015 ("SB 107") (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 this seven-member Oversight Board.

At previous meetings of the Successor Agency, pursuant to the Dissolution Law, all prior Recognized Obligation Payment Schedules ("ROPS") were approved and thereafter submitted to the DOF, and ultimately approved with modifications. All prior ROPS were for six-month fiscal periods, but SB 107 modified the ROPS process and establishes an *annual* ROPS, and this is the first annual ROPS. Under Section 34171(h) of Part 1.85, as amended by SB 107, the ROPS is "the document setting forth the minimum payment amounts and due dates of payments required by enforceable obligations for each fiscal year as provided in subdivision (o) of Section 34177."

Under the dates in the Dissolution Law, the Successor Agency is required to consider and adopt the ROPS for the 16-17 A-B fiscal period of July 1, 2016 to June 30, 2017, and submit such approved ROPS 16-17 A-B to the DOF on or before February 1, 2016.

Section 34177(l) of Part 1.85, as amended by SB 107, requires the Successor Agency to take actions with regard to each ROPS as follows:

“(l) (1) ... 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.

...

(o) (1) Commencing with the Recognized Obligation Payment Schedule covering the period from July 1, 2016, to June 30, 2017, inclusive, and for each period from July 1 to June 30, inclusive, thereafter, a successor agency shall submit an oversight board-approved Recognized Obligation Payment Schedule to the department and to the county auditor-controller no later than February 1, 2016, and each February 1 thereafter...”

SB 107 also made other administrative changes, including that the Successor Agency and Oversight Board no longer have to submit separately to the DOF the administrative budget that is a part of each ROPS. New subsection (h)(1) to Section 34179 provides:

“Without abrogating the department’s authority to review all matters related to the Recognized Obligation Payment Schedule pursuant to Section 34177, oversight boards are not required to submit the following oversight board actions for department approval:

- (A) Meeting minutes and agendas.
- (B) Administrative budgets.
- (C) Changes in oversight board members, or the selection of an oversight board chair or vice chair.
- (D) Transfers of governmental property pursuant to an approved long-range property management plan.
- (E) Transfers of property to be retained by the sponsoring entity for future development pursuant to an approved long-range property management plan.

The draft ROPS 16-17 A-B attached to the Oversight Board resolution included with this agenda report sets forth comparable listings of the Enforceable Obligations listed in prior

ROPS and includes a copy of the FY 16-17 administrative budget of \$250,000. Successor Agency staff is available to explain ROPS 16-17 A-B and answer any questions the Board may have about this ROPS and related Successor Agency matters.

The timing for DOF's review of each annual ROPS also was amended by SB 107. Now, new subsection (o) of Section 34177 provides that for each ROPS:

“the department shall make its determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations no later than April 15, 2016, and each April 15 thereafter. Within five business days of the department's determination, a successor agency may request additional review by the department and an opportunity to meet and confer on disputed items, except for those items which are the subject of litigation disputing the department's previous or related determination. An untimely submittal of a Recognized Obligation Payment Schedule may result in a meet and confer period of less than 30 days. The department shall notify the successor agency and the county auditor-controller as to the outcome of its review at least 15 days before the date of the first property tax distribution for that period.”

Staff recommends that the Oversight Board adopt the attached Resolution approving ROPS 16-17 A-B, including the FY 16-17 Administrative Budget, and authorizing the Assistant Finance Director and her designees to transmit to the DOF, with copies to the County Auditor-Controller, the County Administrative Officer, and the State Controller's Office as required by the Dissolution Law. Further, the Assistant Finance Director and her authorized designees, in consultation with legal counsel, shall be authorized to request and complete meet and confer session(s) with the DOF and authorized to make augmentations, modifications, additions or revisions as may be necessary or directed by DOF, and changes, if any, will be reported back to the Successor Agency and the Oversight Board.

Respectfully submitted,

Successor Agency to the
Costa Mesa Redevelopment Agency

Attachments:

1. [Successor Agency Resolution Approving ROPS 16-17 A-B of January 19, 2016](#)
2. [Recognized Obligations Payment Schedule for the 16-17 A-B Annual Fiscal Period of July 1, 2016 to June 30, 2017](#)
3. [Oversight Board Resolution No. 16-XX](#)