

**OVERSIGHT BOARD
FOR THE SUCCESSOR AGENCY TO THE
PALM SPRINGS COMMUNITY REDEVELOPMENT AGENCY**

BOARD REPORT

MEETING DATE: May 1, 2012

NEW BUSINESS

TITLE: APPROVAL OF THE SUCCESSOR AGENCY ADMINISTRATIVE BUDGET FOR FISCAL YEAR 2012-13

INITIATED: Department of Community & Economic Development

RECOMMENDATION:

Adopt Resolution No. _____, "A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE PALM SPRINGS COMMUNITY REDEVELOPMENT AGENCY APPROVING THE ADMINISTRATIVE BUDGET FOR THE PERIOD ENDING JUNE 30, 2013."

BACKGROUND AND ANALYSIS:

Health & Safety Code Section 34177(j) requires that each successor agency prepare an administrative budget for each six-month period and submit it to its Oversight Board for approval. Due to the delay in effectiveness of the Code as a result of the Supreme Court's ruling on AB X1 26, the period for the initial budget was February 1 to June 30, 2012.

In carrying out the duties of the successor agency, AB X1 26 allowed the Successor Agency to the former Community Redevelopment Agency of the City of Palm Springs an administrative budget of up to five percent of the property tax allocated to the Successor Agency from the Redevelopment Property Tax Trust Fund (RPTTF) for fiscal year 2011/2012, and up to three percent of property tax funding allocated to the Successor Agency thereafter, or no less than \$250,000. The RPTTF is the fund to be established by the County Auditor Controller's Office (Controller) to deposit future tax increment. The Controller is to distribute funds from the RPTTF to the Successor Agency twice annually on January 16 and June 1 to pay enforceable obligations due during the six-month periods (January to June) and (July to December) as identified on the approved Recognized Obligation Payment Schedules (ROPS).

Pursuant to Health & Safety Code Section 34177(j), the administrative budget is to include all of the following: 1) Estimated amounts for Successor Agency administrative costs for the upcoming six-month fiscal period; 2) Proposed sources of payment for the costs identified; and 3) Proposals for arrangements for administrative and operations services provided by a city, county, city and county, or other entity.

ITEM NO. 3.A.

The minimum cost allowance of \$250,000 is shown in the ROPS as a disbursement to the Successor Agency toward the administrative costs of unwinding the affairs of the Agency. To reach \$250,000 in administrative cost allowance (ACA) using the 3% formula would require recognized obligations more than \$8.3 million, which is in excess of the Agency's.

The proposed administrative budget has two sections: personnel, at \$276,646 (2.0 full time equivalent positions), and other administrative costs such as bond trustee fees, audit services, insurance, legal, and building costs, at \$103,477. All of these are directly related to the activities of unwinding the Agency affairs, and do not contain any reimbursement for Finance, City Clerk, or other administrative staff of the City which are also working on Agency dissolution.

The request of the Oversight Board, in approving the Administrative Budget, is to approve the following:

Amount	Category	Source
250,000	Salaries	ACA
26,646	Salaries	RPTTF
<u>103,477</u>	<u>Other Admin</u>	<u>RPTTF</u>
380,123	Total	ACA/RPTTF

All of the administrative cost items are also listed in the ROPS; the administrative budget is not separate from the ROPS itself.

RESOLUTION NO. 006

A RESOLUTION OF THE OVERSIGHT BOARD OF THE
SUCCESSOR AGENCY TO THE PALM SPRINGS
COMMUNITY REDEVELOPMENT AGENCY
APPROVING THE ADMINISTRATIVE BUDGET FOR
THE PERIOD ENDING JUNE 30, 2013.

WHEREAS, in accordance with the provisions of the California Health and Safety Code Section 34173, the City Council of the City of Palm Springs, a public body, corporate and politic, has been designated and has accepted such designation of Successor Agency ("Successor") to the Community Redevelopment Agency of the City of Palm Springs to carry out the purposes of and exercise the powers granted to Successor Agencies in accordance with Assembly Bill X1 26 (ABX1 26), Section 1.85 of Division 24 of the Health and Safety Code; and

WHEREAS, pursuant to Section 34177(1)(2)(A), the initial DRAFT "Recognized Obligation Payment Schedule" ("ROPS") was prepared by the Successor Agency for the enforceable obligations of the former redevelopment agency by March 1, 2012; and

WHEREAS, each ROPS 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

WHEREAS, the initial draft ROPS shall be reviewed and certified, as to its accuracy, by an external auditor designated by the Riverside County Auditor-Controller pursuant to Section 34182; and

WHEREAS, the certified initial draft ROPS was submitted to and duly approved by the Oversight Board and submitted to the County Auditor Controller on or before April 15, 2012; and

WHEREAS, the Oversight Board, in accordance with the provisions of the California Health and Safety Code Section 37179 (a), has been formed to carry out the purposes and exercise the powers granted to Oversight Boards in accordance with Assembly Bill X1 26 (ABX1 26), Section 1.85 of Division 24 of the Health and Safety Code; and

WHEREAS, the Oversight Board is now in receipt of the ROPS for the period of July 1, 2012 to December 31, 2012, including the annual Administrative Budget which is contained in the ROPS; and

WHEREAS, the initial ROPS has not yet been certified by the County Auditor-Controller; and

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF PALM SPRINGS AS FOLLOWS:

SECTION 1. The City Council as the Successor Agency's governing board may establish and approve the Recognized Obligation Payment Schedule in the form attached to this Resolution as Exhibit A. The City Council, as Successor Agency, shall direct the City Clerk to cause the transmission of the ROPS to the Riverside County Auditor-Controller, the State Controller's Office, and the State Department of Finance, or alternatively to provide notice to those entities together with the address of the City's website and the posting of the ROPS to the City's website.

SECTION 2. The Successor Agency has found and determined that the establishment of a ROPS is not a "project" requiring environmental review under the California Environmental Quality Act (Public Resources Code Section 21000, et seq.) because it pertains to governmental fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant impact on the environment.

SECTION 3. The Successor Agency has recognized that the ROPS, including the Administrative Budget, shall serve as the budget document for the Successor Agency during the designated operative period and appropriated funds as identified.

SECTION 4. The Successor Agency is required to submit the Administrative Budget to the Oversight Board for approval.

SECTION 5. The Oversight Board hereby approves the Administrative Budget for the Successor Agency for the period July 1, 2012 to December 31, 2012, a copy of which is attached as Exhibit A to this Resolution.

The Clerk/Secretary is hereby authorized and directed to approve line item budget transfers to the Administrative Budget, insofar as such transfers do not increase the overall Administrative Budget, upon the recommendation of the City of Palm Springs Director of Finance and Director of Community and Economic Development, acting in their capacities as officers and directors of the Successor Agency to the Palm Springs Community Redevelopment Agency.

SECTION 6. Subject to its adoption by the Successor Agency in the form shown in Exhibit "A" to this resolution, the Oversight Board directs the Clerk/Secretary to cause the transmission of the Administrative Budget to the Riverside County Auditor-Controller, the State Controller's Office, and the State Department of Finance, or alternatively to provide notice to those entities together with the address of the City's website and the posting of the Administrative Budget to the City's website.

SECTION 7. The Resolution will become effective three business days after its adoption.

PASSED, APPROVED AND ADOPTED BY THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE PALM SPRINGS COMMUNITY REDEVELOPMENT AGENCY THIS 1ST DAY OF MAY, 2012.

CHAIRPERSON

ATTEST:

CLERK/SECRETARY

CERTIFICATION

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
CITY OF PALM SPRINGS)

I, JAMES THOMPSON, Clerk/Secretary, to the Oversight Board of the Successor Agency to the Palm Springs Community Redevelopment Agency, hereby certify that Resolution No. 006 is a full, true and correct copy, and was duly adopted at a special meeting of the Oversight Board on May 1, 2012, by the following vote:

AYES:
NOES
ABSTAIN
ABSENT

James Thompson, Clerk/Secretary
City of Palm Springs, California

			5,916	5,916	5,916	5,916	5,916	5,916	5,916	5,916	29,580
41600 P.E.R.S. Contribution	70,992	ACA	5,916	5,916	5,916	5,916	5,916	5,916	5,916	5,916	29,580
41900 Fringe Benefits	37,976	ACA	3,165	3,165	3,165	3,165	3,165	3,165	3,165	3,165	15,823
41920 RHS	300	ACA	25	25	25	25	25	25	25	25	125
Total Personnel Services	295,102	ACA	24,592	122,959							
OTHER NON-ACA ADMIN COSTS	Annual Budget	Source									
49000 Insurance	19,736	ACA	4,934	4,934	4,934	4,934	4,934	4,934	4,934	4,934	9,868
49010 Administrative Charges	292,241	ACA	73,060	73,060	73,060	73,060	73,060	73,060	73,060	73,060	146,121
Materials and Supplies	35,069	ACA	4,054	4,054	4,054	4,054	4,054	4,054	4,054	4,054	20,270
Building Rental	16,000	ACA	-	-	-	-	-	-	-	-	-
43250 Audit Services	11,000	ACA	3,000	3,124	3,124	3,124	3,124	3,124	3,124	3,124	6,124
43220 General Legal Counsel	57,700	ACA	6,656	6,656	6,656	6,656	6,656	6,656	6,656	6,656	33,280
43220 Redevelopment Special Counsel	14,402	ACA	-	-	-	-	-	-	-	-	-
43200 Contractual Services		ACA	-	-	-	-	-	-	-	-	-
Harrell & Company Advisors	20,000	ACA	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	20,000
Harrell & Company Advisors	6,657	ACA	6,657	6,657	6,657	6,657	6,657	6,657	6,657	6,657	6,657
49600 Paying Agent/Trustee Fee		ACA	143	143	143	143	143	143	143	143	143
Bank of New York Mellon Trus	13,000	ACA	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200
43960 Property Tax	8,400.00	ACA	103,504	23,034	15,710	88,704	15,710	15,710	15,710	15,710	246,563
	494,205										

Total Administrative Budget Feb-Jun 2012 369,622
Total Recognized Obligations (P. 2 + P.3) 7,434,716

Percentage of Total 4.97%