

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

BOARD REPORT

MEETING DATE: August 7, 2012

NEW BUSINESS

TITLE: APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) FOR THE PERIOD OF JANUARY 1, 2013 THROUGH JUNE 30, 2013 PURSUANT TO SECTION 34169(g)(1) OF CALIFORNIA HEALTH AND SAFETY CODE

INITIATED: Department of Community & Economic Development

RECOMMENDATION:

Adopt Resolution No. 009, "A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE PALM SPRINGS COMMUNITY REDEVELOPMENT AGENCY APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) FOR THE PERIOD OF JANUARY 1, 2013 THROUGH JUNE 30, 2013 PURSUANT TO SECTION 34169(g)(1) OF CALIFORNIA HEALTH AND SAFETY CODE."

BACKGROUND AND ANALYSIS:

Under AB X1 26, the former Redevelopment Agency is required to approve the Recognized Obligation Payment Schedule (ROPS) every six months and submit them to the County Auditor-Controller, the State Department of Finance, and the State Controller's Office; the first "IROPS" was due by September 30, 2011; an updated IROPS was due by January 31, 2012, the last day of operation of the Agency. After review and approval by the City as the Successor Agency, the ROPS must then be approved by the Oversight Board created and appointed under Section 34179 of the Health & Safety Code. The first schedule covered the period from January 1, 2012 to June 30, 2012 and was approved by the Oversight Board on April 3, 2012.

It was submitted to the Department of Finance and County Auditor-Controller prior to the deadline of April 15, 2012.

This second ROPS, from the period July 1, 2012 to December 31, 2012, was approved by the Oversight Board on May 1, 2012 and submitted to the State by the May 11, 2012 deadline. The State Department of Finance approved both ROPS simultaneously and issued a letter on May 27, 2012.

The final ROPS was also certified by County Auditor-Controller and by the designated External Auditor (which was the auditor hired County Auditor-Controller to prepare an

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"agreed procedures audit" of the former RDA, Brown Armstrong Accountancy Corporation of Bakersfield, California). Staff recommended the Oversight Board approve the ROPS for transmittal to the State and County, subject to the audit and review by Brown Armstrong. The conclusion of the audit and any findings, and any changes to the ROPS based on the audit, would have returned to the Oversight Board for review and amendment. No action of the Oversight Board was necessary from the Brown Armstrong report. The transmittal letter from Brown Armstrong is included for Oversight Board review.

The ROPS is the document used to determine the amount of what was previously called tax increment the Agency will be allowed to retain on a six month basis as well as the amount of the Successor Agency's allowable administrative budget. §34177(J)(2). A new ROPS must be adopted for each successive six-month fiscal period. The second ROPS was more consolidated as the Successor Agency removed several items that were on the EOPS and ROPS as carryover items from the prior fiscal year; these items no longer were tied to outstanding contracts or existing obligations.

The ROPS also references the Administrative Cost Allowance granted under AB X1 26, as well as other administrative cost items that could be paid from Property Taxes (RPTTF) with the consent of the Oversight Board. These items conform to the Successor Agency budget previously approved by the Oversight Board and the State.

In late June, Governor Brown signed into law Assembly Bill 1484, a budget trailer bill that makes substantial changes to the redevelopment agency dissolution process implemented by Assembly Bill 1X 26. As with all budget trailer bills, AB 1484 went into effect immediately upon signature by the Governor. The bill is lengthy and complex, and will require careful consideration by cities and successor agencies. However, there are some key provisions of the bill that have immediately affected the redevelopment agency dissolution process.

One clarification in the law was the establishment of the deadline for the submittal of the January 1–June 30, 2013 ROPS, which must be submitted to DOF and the State Controller's office, after approval by the Oversight Board, no later than September 1, 2012. As such, the ROPS must be prepared and submitted to the Oversight Board by the Successor Agency. On July 11, 2012, the Palm Springs City Council, acting as the Successor Agency, approved the preparation of the Jan-Jun 2013 ROPS and the submission of the ROPS to the Oversight Board at its regularly scheduled August meeting.

If the ROPS is not submitted in the required timeframe, the host city is subject to a \$10,000 fine for every day the ROPS is late and the administrative cost allowance for the successor agency is reduced by 25%. Therefore, the Successor Agency wanted to ensure there was no delay in getting the ROPS to the Oversight Board in order to allow time for the Oversight Board to meet and approve the ROPS.

There are numerous other amendments made by AB 1484 that will have significant impacts on the dissolution process for all successor agencies, including the requirement to adopt a Long-Range Property Management Plan that governs the disposition and use of the former redevelopment agency property, and further requirements by the State for the "sweep" of unobligated Agency funds. These include very severe penalties for non-compliance with these provisions, but once the Successor Agency does pay the full amount of unobligated funds, the redevelopment agency may receive a "Finding of Completion" which entitles the successor agency to certain "safe harbor" provisions that affect the ownership of property and the repayment of certain City loans.

The new ROPS contains several cleanup provisions, including a reconciliation of "estimated" expenditures and "actual" expenditures from prior ROPS.

RESOLUTION NO. 009

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE PALM SPRINGS COMMUNITY REDEVELOPMENT AGENCY APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) FOR THE PERIOD OF JANUARY 1, 2013 THROUGH JUNE 30, 2013 PURSUANT TO SECTION 34169(g)(1) OF CALIFORNIA HEALTH AND SAFETY CODE.

WHEREAS, The Community Redevelopment Agency of the City of Palm Springs ("Redevelopment Agency") was a redevelopment agency in the City of Palm Springs ("City"), duly created pursuant to the California Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the California Health and Safety Code) ("Redevelopment Law"); and

WHEREAS, AB X1 26 and AB X1 27 were signed by the Governor of California on June 28, 2011, making certain changes to the Redevelopment Law, including adding Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) ("Part 1.85") to Division 24 of the California Health and Safety Code ("Health and Safety Code"); and

WHEREAS, on February 1, 2012, all California redevelopment agencies were dissolved, successor agencies were established to the former redevelopment agencies pursuant to Health and Safety Code Section 34173, and successor agencies are tasked with paying, performing and enforcing the enforceable obligations of the former redevelopment agencies and winding down the affairs of the former redevelopment agencies; and

WHEREAS, Health & Safety Code Section 34177(1) requires the Successor Agency to prepare a Recognized Obligation Payment Schedule (ROPS) listing the enforceable obligations of the former Redevelopment Agency; and

WHEREAS, Section 34177(1) also provides that the ROPS: (i) shall be reviewed and certified by the Riverside County Auditor-Controller ("County Auditor-Controller"); (ii) submitted to and duly approved by the Oversight Board; (iii) posted on the Successor Agency's website; and (iv) submitted to the County Auditor-Controller, the State Controller and the State Department of Finance ("Department of Finance"); and

WHEREAS, in June, 2012 the Governor signed into law Assembly Bill 1484, a budget trailer bill which established the deadline for the submittal of the ROPS for the period January 1 – June 30, 2013, which now must be submitted to DOF and the State Controller's office, after approval by the Oversight Board, no later than September 1, 2012; and

WHEREAS, Assembly Bill 1484 also establishes that if the ROPS is not submitted in the required timeframe, the Successor Agency is subject to a \$10,000 fine for every day the ROPS is late and the administrative cost allowance for the successor agency is reduced by 25%; and

WHEREAS, all other legal prerequisites to the adoption of this Resolution have occurred.

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 Oversight Board hereby finds and determines that the foregoing recitals are true and correct.

SECTION 2. The ROPS for the period of January 1, 2013 through June 30, 2013, which is attached hereto and incorporated by reference, is hereby approved and adopted.

SECTION 3. Future resolution of any non-allowed items will be accommodated and addressed by amending the ROPS for the appropriate time period.

SECTION 4. The Clerk/Secretary is authorized to take all actions necessary to implement this Resolution, including without limitation, the posting of this Resolution and the Recognized Obligation Payment Schedule on the Oversight Board's website, and the provision of notice of adoption of this Resolution and such Schedule to the County Auditor-Controller's Office, the State Controller's Office and the State Department of Finance.

SECTION 5. This Resolution shall be effective three (3) business days after adoption.

PASSED, APPROVED AND ADOPTED BY THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE PALM SPRINGS COMMUNITY REDEVELOPMENT AGENCY THIS 7TH DAY OF AUGUST, 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. 009 is a full, true and correct copy, and was duly adopted at a regular meeting of the Oversight Board on August 7, 2012, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

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

RECOGNIZED OBLIGATION PAYMENT SCHEDULE
WILL BE PROVIDED UNDER SEPARATE COVER