



Legislation Details (With Text)

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Title: Recommendation to approve the draft Recognized Obligation Payment Schedule 19-20, for the period of July 1, 2019 through June 30, 2020. (Citywide)

Sponsors:

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Attachments: 1. 010819.sa.item2.pdf

Date	Ver.	Action By	Action	Result
1/8/2019	1	As the Successor Agency to the Redevelopment Agency of the City of Long Beach	approve recommendation	Pass

Recommendation to approve the draft Recognized Obligation Payment Schedule 19-20, for the period of July 1, 2019 through June 30, 2020. (Citywide)

Section 34177(o)(1) of the California Health and Safety Code, as adopted by AB1x 26 (the "Dissolution Act") and most recently amended by Senate Bill (SB) 107, requires the Successor Agency to the Redevelopment Agency of the City of Long Beach (Successor Agency) to prepare a draft Recognized Obligation Payment Schedule (ROPS) covering the period from July 1, 2019 to June 30, 2020, and for each period from July 1 to June 30 thereafter. Each ROPS must list dates, amounts, and payment sources of the former Redevelopment Agency of the City of Long Beach's (Agency) enforceable obligations. The attached draft ROPS represents the anticipated enforceable obligations for the period of July 1, 2019 through June 30, 2020 (Exhibit A).

The ROPS is based on the Enforceable Obligation Payment Schedule, a list of the total outstanding debts and obligations of the Agency, which was certified by the California Department of Finance (DOF) on March 30, 2012.

The ROPS must identify the source of payment for each obligation from among the following:

- The Redevelopment Property Tax Trust Fund - RPTTF (maintained by the County)
- Bond Proceeds
- Reserve Balances
- Administrative Cost Allowance
- Other revenue sources including rents and interest earnings

This ROPS requires the Oversight Board to the Successor Agency of the City of Long Beach approval as well, and will be agendized for its review on January 15, 2019. In accordance with SB 107, each annual ROPS must be submitted to the DOF for review and certification no later than February 1, 2019, and each February 1 thereafter.

Upon certification, the DOF will transmit a copy of the ROPS to the Los Angeles County Auditor-Controller (Auditor-Controller). Prior to July 1, 2019, the Auditor-Controller will distribute property tax revenue to the Successor Agency from the RPTTF for approved payments listed on the ROPS. This distribution will be from property taxes the Auditor-Controller received from former Long Beach redevelopment project areas from January 1, 2019 through April 30, 2019. Another distribution is anticipated on January 1, 2020, from property taxes collected from May 1, 2019 through December 31, 2019.

ROPS 19-20 includes the fourth and final loan repayment by the Successor Agency to the City. Originally AB1x26, the "Dissolution Act," voided loan agreements between cities and redevelopment agencies; however, later legislation (AB 1484) provided that City/Agency loans could be deemed enforceable obligations under certain circumstances. On March 11, 2016, the DOF found that four loans totaling \$34,635,279 were enforceable obligations.

Additionally, pursuant to Section 34171(b)(3) of the Dissolution Act, the Successor Agency is allowed an administrative allowance, subject to Oversight Board approval. The allowance is capped at 3 percent of the actual property tax allocated to the Successor Agency, less the administrative allowance and any loan payments made to the City during the prior fiscal year.

The administrative cost allowance includes items such as salaries, including citywide and departmental overhead costs for Successor Agency and other City staff carrying out the necessary actions to wind down the Successor Agency's affairs, and operational costs associated with these actions. Exhibit B outlines the proposed Administrative Budget for the Successor Agency for the period of July 1, 2019 through June 30, 2020.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on December 3, 2018 and by Revenue Management Officer Geraldine Alejo on December 11, 2018.

Successor Agency action is requested on January 8, 2019, to allow for the transmittal of the ROPS to the Oversight Board for approval on January 15, 2019, and to the DOF prior to the February 1, 2019 deadline for submission.

The Proposed Administrative Budget from July 1, 2019 through June 30, 2020, is approximately \$755,449, or 3 percent of the \$25,181,620, which represents RPTTF funds, less the administrative allowance remitted to the Successor Agency and City loan repayment made during the prior fiscal year. The final loan repayment will be made during this fiscal year and will total \$10,741,313, of which 20 percent, or \$2,148,262, will go to the Housing Successor Fund.

Approve recommendation.

LINDA F. TATUM, FAICP
DIRECTOR OF DEVELOPMENT SERVICES

APPROVED:

PATRICK H. WEST
CITY MANAGER