



Legislation Text

File #: 15-006SA, **Version:** 1

Recommendation to approve the draft Recognized Obligation Payment Schedule 15-16A, for the period of July 1 through December 31, 2015. (Citywide)

Section 34177(l)(2)(A) of the California Health and Safety Code, as adopted by AB1x 26 (the "Dissolution Act"), requires the Successor Agency to prepare a draft Recognized Obligation Payment Schedule forward looking to each six-month fiscal period. Each Recognized Obligation Payment Schedule must list dates, amounts, and payment sources of the former Redevelopment Agency's enforceable obligations. The attached draft Recognized Obligation Payment Schedule represents the anticipated enforceable obligations for the period of July 1 through December 31, 2015 (Exhibit A).

The Recognized Obligation Payment Schedule is based on the Enforceable Obligation Payment Schedule, a list of the total outstanding debts and obligations of the former Long Beach Redevelopment Agency, which was certified by the California Department of Finance on March 30, 2012.

The Recognized Obligation Payment Schedule 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, interest earnings, and asset sale proceeds

This Recognized Obligation Payment Schedule requires Oversight Board approval as well, and will be agendized for its review on February 23, 2015. Additionally, in accordance with Assembly Bill 1484, each Recognized Obligation Payment Schedule must be submitted to the California Department of Finance for review and certification no later than 90 days prior to the next scheduled property tax distribution date. The next distribution date is June 1, 2015, so the Recognized Obligation Payment Schedule 15-16A must be submitted to the Department of Finance prior to March 3, 2015.

Upon certification, the Department of Finance will transmit a copy of the Recognized Obligation Payment Schedule to the Los Angeles County Auditor-Controller (Auditor-Controller). On June 1, 2015, the Auditor-Controller will distribute property tax revenue to the Successor Agency from the Redevelopment Property Tax Trust Fund for approved payments listed on the Recognized Obligation Payment Schedule. This distribution will be from property

taxes the Auditor-Controller received from former Long Beach redevelopment project areas from January 1 through April 30, 2015.

Additionally, pursuant to Section 34177(j) of the Dissolution Act, the Successor Agency is allowed an administrative allowance, subject to Oversight Board approval. The allowance is capped at three percent of the property tax from the Redevelopment Property Tax Trust Fund allotted to the Successor Agency for the period of July 1, 2015 through December 31, 2015.

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 Agency's affairs; preparation of the Recognized Obligation Payment Schedule and Administrative Budgets; and operational costs associated with these actions. Exhibit B outlines the proposed Administrative Budget for the Successor Agency for the period of July 1 through December 31, 2015.

This matter was reviewed by Deputy City Attorney Richard Anthony and Budget Management Officer Victoria Bell on January 28, 2015.

Successor Agency action is requested on February 17, 2015 to allow sufficient time for the transmittal of the Recognized Obligation Payment Schedule to the Oversight Board for approval on February 23, 2015, and to the California Department of Finance for certification prior to the March 3, 2015 deadline for submission.

The proposed Administrative Budget from July 1 through December 31, 2015, is approximately \$149,963 or 3 percent of the \$5,030,890 in RPTTF funds requested in the Recognized Obligation Payment Schedule. Challenges to the validity of any of the enforceable obligations by the Oversight Board or Department of Finance could reduce the amount of the administrative allowance paid by the Auditor-Controller.

The proposed Administrative Budget conforms to the administrative cost allowance prescribed by AB1x 26 and the Successor Agency's FY 15 budget. However, due to the changing nature of the Department of Finance decisions, it is difficult to predict the administrative costs that will actually be allowed and reimbursed. In the event that all of the administrative costs on the attached budget are not reimbursed, other Successor Agency revenues are budgeted to help address the shortfall. The adoption of the recommended actions allows the Successor Agency to meet its obligations to continue dissolution of the former Redevelopment Agency.

Approve recommendation.

AMY J. BODEK, AICP
DIRECTOR OF DEVELOPMENT SERVICES

APPROVED:

PATRICK H. WEST
CITY MANAGER