



Legislation Text

File #: 13-007SA, **Version:** 1

Recommendation to approve the draft Recognized Obligation Payment Schedule for the period of July 1 through December 31, 2013; and

Approve the proposed Administrative Budget for the period of July 1 through December 31, 2013.
(Citywide)

Section 34177(1)(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, 2013 (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
- Low- and Moderate-Income Housing Fund
- 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 Monday, February 25, 2013. 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 1st. so the Recognized Obligation Payment Schedule IV must be submitted to the Department of Finance prior to March 1 st.

Upon certification, the Department of Finance will transmit a copy of the Recognized Obligation

Payment Schedule to the Los Angeles County Auditor-Controller (AuditorController). On June 1, 2013, 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 for the period of January 1 through April 30, 2013.

Additionally, pursuant to Section 341770) 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 through December 31, 2013. While the Administrative Budget is included in the Recognized Obligation Payment Schedule, it must also be presented as a stand-alone document for the purposes of Auditor-Controller certification and Oversight Board approval.

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, 2013.

This matter was reviewed by Deputy City Attorney Richard Anthony and by Budget Management Officer Victoria Bell on January 31, 2013.

Successor Agency action is requested on February 19, 2013 to allow sufficient time for the transmittal of the Recognized Obligation Payment Schedule and Administrative Budgets to the Oversight Board for approval on February 25, 2013, and to the California Department of Finance for certification prior to the March 1, 2013 deadline.

The proposed Administrative Budget from July 1 through December 31, 2013, is approximately \$1 million, and exceeds the prescribed three percent by an estimated \$248,000. The Recognized Obligation Payment Schedule identifies approximately \$25.1 million in obligations to be paid by the Redevelopment Property Tax Trust Fund, which converts to a three percent administrative cost allocation of \$753,576. Oversight Board and Department of Finance challenges to the validity of any of these obligations could reduce the amount of the administrative allocation paid by the Auditor-Controller.

The proposed Administrative budgets do not conform to the administrative cost allowance prescribed by AB1x26, however, due to the changing nature of the Department of Finance decisions, it is difficult to predict the actual administrative costs. In the event that all of the administrative costs on the attached budget are not reimbursed, other Successor Agency revenues could help address the shortfall, or administrative or staffing reductions will occur. Costs not covered by the administrative allocation or other potential sources, may require funding from the General Fund to close the gap. Before that occurs, all efforts will be made to reduce administrative costs to minimize any impact to the General Fund. The adoption of the recommended actions allows the Successor Agency to meet its obligations to continue dissolution of the former Redevelopment Agency.

Approve recommendation.

APPROVED:

PATRICK H. WEST
CITY MANAGER