



## Legislation Text

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**File #:** 14-007OB, **Version:** 1

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Recommendation to adopt resolution approving the decision of the City of Long Beach, as the Successor Agency to the Redevelopment Agency of the City of Long Beach, to approve the draft Recognized Obligation Payment Schedule 14-15B, for the period of January 1, 2015 through June 30, 2015.

Section 34177(1)(2)(A) of the California Health and Safety Code, as adopted by AB 1 x 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 January 1 through June 30, 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

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 January 2, 2015, so the Recognized Obligation Payment Schedule 14- 15B must be submitted to the Department of Finance prior to October 3, 2014.

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 January 2, 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 May 1 through December 31, 2014.

Additionally, pursuant to Section 34177(0) 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 January 1 through June 30, 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 January 1 through June 30, 2015.

The proposed Administrative Budget from January 1 through June 30, 2015, is approximately \$337,348, or 2.7 percent of the \$12,827,074 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. Due to the changing nature of the Department of Finance decisions, however, 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 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.

This matter will be considered by the Successor Agency to the Redevelopment Agency of the City of Long Beach on September 16, 2014.

Oversight Board action is requested on September 22, 2014. Upon the Oversight Board's approval, the January 1 through June 30, 2015 Recognized Obligation Payment Schedule will be transmitted to the California Department of Finance for certification prior to the October 3, 2014 deadline for submission.

Approve recommendation.

AMY J. BODEK, AICP  
DIRECTOR OF DEVELOPMENT SERVICES

APPROVED:

PATRICK H. WEST  
EXECUTIVE DIRECTOR

