



Successor Agency Staff Report

DATE: July 11, 2012 UNFINISHED BUSINESS

SUBJECT: Amendment and Transmittal of Recognized Obligations Payment Schedule (ROPS) Pursuant to Section 34169(g)(1) of California Health & Safety Code

FROM: David H. Ready, City Manager

BY: Community & Economic Development Department

SUMMARY:

Under AB X1 26, the former Redevelopment Agency is required to approve 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 ROPS for the period January 1, 2013 to June 30, 2013 is due at the State by September 1, 2012.

RECOMMENDATION:

Adopt Resolution No. _____, "A RESOLUTION OF CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA, ACTING SOLELY IN ITS CAPACITY AS SUCCESSOR AGENCY TO THE PALM SPRINGS COMMUNITY REDEVELOPMENT

ITEM NO. 48

AGENCY AUTHORIZING THE APPROVAL AND TRANSMITTAL OF A RECOGNIZED OBLIGATIONS PAYMENT SCHEDULE (ROPS) PURSUANT TO ASSEMBLY BILL X1 26

The Initial Recognized Obligation Payment Schedule (IROPS) was approved by Oversight Board and submitted to County Auditor, State Controller's Office and State Department of Finance by April 15, 2012. The final ROPS must also be certified by County Auditor-Controller by the designated External Auditor (which is the auditor hired County Auditor-Controller to prepare an "agreed procedures audit" of the former RDA and shall be Brown Armstrong Accountancy Corporation of Bakersfield, California).

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 form of the ROPS is prescribed by the State Department of Finance and adapted by the Riverside Auditor-Controller's Office.

Given the timing of the April 15, 2012 deadline to submit the ROPS to the State Department of Finance and the County Auditor-Controller, and the late engagement of Brown Armstrong to undertake the audit, which is required for final certification, 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 return to the Oversight Board for review and amendment. No action has been taken to date by the County or State on the IROPS and the County audit is just getting underway.

The new ROPS is much more consolidated as the Successor Agency has 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 new ROPS must be submitted to the State and County by May 11, 2012 for their review as well, and will also be reviewed by the County's auditor for consistency with AB X1 26.

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 also presented on this agenda.

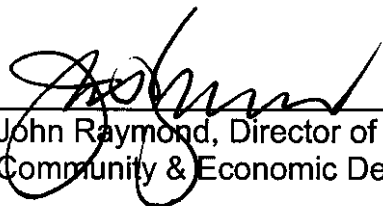
In late June Governor Brown signed into law Assembly Bill 1484, a budget trailer bill that makes substantial changes to the redevelopment agency dissolution process implemented by Assembly Bill 1X 26. As with all budget trailer bills, AB 1484 went into effect immediately upon signature by the Governor. 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 will immediately affect 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. It 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. The practice in Palm Springs has been to have the City Council acting as the Successor Agency also review and approve the ROPS.

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, it is imperative that the Successor Agency have an opportunity to review and approve the ROPS 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.


John Raymond, Director of
Community & Economic Development


Geoffrey Kiehl, Director of Finance/
City Treasurer


David H. Ready, Executive Director


Tom Wilson, Assistant City Manager


Douglas C. Holland, City Attorney

Attachments:

1. Resolution
2. Recognized Obligation Payment Schedule (ROPS) (Exhibit "A" to the Resolution)

RESOLUTION NO. _____

A RESOLUTION OF CITY COUNCIL OF THE CITY OF PALM SPRINGS, CALIFORNIA, ACTING SOLELY IN ITS CAPACITY AS SUCCESSOR AGENCY TO THE PALM SPRINGS COMMUNITY REDEVELOPMENT AGENCY AUTHORIZING THE APPROVAL AND TRANSMITTAL OF A RECOGNIZED OBLIGATIONS PAYMENT SCHEDULE (ROPS) PURSUANT TO ASSEMBLY BILL X1 26

WHEREAS, the City Council of the City of Palm Springs ("Council") and the Agency Board of the Palm Springs Community Redevelopment Agency ("Agency") approved and adopted the Amended and Restated Redevelopment Plans for the Merged Project Areas No. 1 and No. 2 ("Redevelopment Plan") covering properties within the Agency (the "Project Areas"); and

WHEREAS, since the dates of adoption of the Redevelopment Plan, the Agency undertook redevelopment projects in the Project Area to eliminate blight, to improve public facilities and infrastructure, to renovate and construct affordable housing, and to enter into partnerships with private industries to create jobs and expand the local economy; and

WHEREAS, as part of the 2011-12 State budget bill, the California Legislature enacted and the Governor signed AB X1 26, requiring that each redevelopment agency be dissolved unless the community that created it enacts a resolution committing it to making certain payments; and

WHEREAS, on December 29, 2011, the California Supreme Court upheld AB X1 26, which dissolves all of the redevelopment agencies in the State of California, and struck down AB1X 27; and

WHEREAS, as part of this wind-down process, all redevelopment agencies were required to file a schedule of "enforceable obligations" that require payments to be made through the end of the calendar year 2011; and

WHEREAS, Health and Safety Code Section 34169(h), which is set forth in Part 1.8, required a redevelopment agency to prepare a preliminary draft of an Initial Recognized Obligation Payment Schedule, which must list the minimum amounts that must be paid by the successor agency over a six (6) month period to fulfill its *enforceable obligations* during that period, with the first schedule covering the period from January 1, 2012 to June 30, 2012; and

WHEREAS, at a meeting of January 4, 2012, the City of Palm Springs took action to designate itself as the Successor Agency and the Housing Successor Agency to the Community Redevelopment Agency, as provided in California Health and Safety Code §§ 34173 and 34176; and

WHEREAS, the City as Successor Agency finalized the IROPS and presented it to the Oversight Board for approval on April 3, 2012, and submitted for approval by the California Department of Finance and County Auditor-Controller prior to April 15, 2012; and

WHEREAS, the ROPS for July 1, 2012 through December 31, 2012 must be submitted to the same agencies prior to May 11, 2012, with approval of the Oversight Board; 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 January 1 – June 30, 2013 ROPS, 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~~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%.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Palm Springs, acting solely in its capacity as the Successor Agency of the Community Redevelopment Agency of the City of Palm Springs, does resolve as follows:

Section 1. The Recitals set forth above are true and correct and incorporated herein by reference.

Section 2. The Recognized Obligation Payment Schedule, attached hereto and incorporated herein by reference as "Exhibit A", is hereby adopted, subject to all reservations of rights and contingencies set forth above, providing that the City Manager staff may alter the format and, but not the content, consistent with the intent and general provisions of previously adopted ROPS Schedules, as may be reasonably necessary to ensure compliance with all applicable state laws, of the Schedule as necessary.

Section 3. The City Manager or designee 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 Successor Agency's website, and the provision of notice of adoption of this Resolution and such Schedule to the County Auditor-Controller, the State Controller and the State Department of Finance.

PASSED, APPROVED, AND ADOPTED at a regular adjourned meeting of the Community Redevelopment Agency of the City of Palm Springs, California, on this 11th day of July, 2012.

STEPHEN P. POUCKET
MAYOR

ATTEST:

JAMES THOMPSON
CITY CLERK

STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE) ss.
CITY OF PALM SPRINGS)

I, James Thompson, City Clerk of the City of Palm Springs, California, hereby certify that Resolution No. _____ was adopted by the Palm Springs City Council at a regular meeting held on the 11th of July, 2012, and that the same was adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

JAMES THOMPSON
CITY CLERK

THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) WAS NOT AVAILABLE AT TIME OF PUBLICATION AND WILL BE MADE AVAILABLE ONCE COMPLETED.

MATERIALS TO FOLLOW