

OVERSIGHT BOARD
OF THE SUCCESSOR AGENCY
TO THE REDEVELOPMENT AGENCY
OF THE CITY OF SANTA ROSA

TO: CHAIRMAN AND OVERSIGHT MEMBERS
FROM: DEBORAH LAUCHNER, CHIEF FINANCIAL OFFICER – FINANCE
DEPARTMENT
SUBJECT: APPROVAL OF ANNUAL ROPS 17-18

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Finance Department that the Oversight Board, by resolution, adopt the Recognized Obligation Payment Schedule (ROPS) for the period of July 2017 – June 2018, entitled Annual ROPS 17-18, pursuant to Health and Safety (H&S) Code §34177(j)-(l).

EXECUTIVE SUMMARY

Pursuant to H&S Code §34177 (o) (1), commencing with the Recognized Obligation Payment Schedule (ROPS) covering the period from July 1, 2016 to June 30, 2017 and thereafter, agencies shall submit an Oversight Board approved annual ROPS to the California Department of Finance (DOF) and the County Auditor-Controller by February 1, 2016 and each February 1 thereafter.

The Successor Agency is required to prepare an annual ROPS which sets forth (a) the nature, amount, and source(s) of payment for all “enforceable obligations” of the former Redevelopment Agency (as defined by law) to be paid by the Successor Agency; and (b) an Administrative Budget that includes the estimated amounts for Successor Agency administrative costs for the period. The Administrative Budget is included in the Annual ROPS 17-18.

The Successor Agency is required to submit the ROPS, including the Administrative Budget, to the Oversight Board to the Successor Agency (“Oversight Board”) for its approval. Once approved by the Oversight Board, the ROPS must be submitted to the DOF and the Sonoma County Auditor-Controller (CAC). The due date for submittal of the Annual ROPS 17-18 to the DOF and CAC is February 1, 2017.

BACKGROUND

AB 1484, signed into law by Governor Jerry Brown on June 27, 2012, requires Successor Agencies to complete certain tasks by specific dates, and submission of the Annual ROPS 17-18 by February 1, 2017 is the next task and due date.

The ROPS is not deemed valid unless it is approved by the Oversight Board and a copy of the approved ROPS is submitted to the DOF and CAC, and posted on the Successor Agency's web site.

The City, in its capacity as Successor Agency, has prepared the ROPS covering the period from July 1, 2017 – June 30, 2018. The ROPS must be adopted by the Successor Agency, approved by the Oversight Board, and submitted to the CAC and DOF by February 1, 2017. The ROPS 17-18 was approved by the Successor Agency on January 24, 2017. The DOF has until April 15, 2017 to review the ROPS and to object to any items that do not meet its definition of an Enforceable Obligation.

“Enforceable Obligations” listed in the ROPS may include the following: bonds, loans legally required to be repaid pursuant to a payment schedule or other mandatory repayment terms; payments required by the federal government; preexisting obligations to the state or obligations imposed by state law; judgments, settlements or binding arbitration decisions against the former Redevelopment Agency; legally binding and enforceable agreements or contracts; costs of maintenance of assets prior to disposition; and agreements to purchase or rent office space, equipment and supplies.

Successor Agencies are entitled to an administrative allowance subject to approval of the Oversight Board. The administrative allowance allowed under dissolution law is up to five percent (5%) of the eligible property tax allocated to the Successor Agency for Fiscal Year (FY) 2011-12 and three percent (3%) each year thereafter. The dissolution law further states the administrative cost allowance shall not be less than \$250,000 for any fiscal year unless agreed to by the Successor Agency. Pursuant to these provisions, the Successor Agency to the Redevelopment Agency for the City of Santa Rosa receives an Administrative Cost Allowance of \$250,000.

PRIOR SUCCESSOR AGENCY REVIEW

The Successor Agency has approved the prior ROPS submittals.

ANALYSIS

H&S Code §34177 (o) (1) requires the Successor Agency to prepare an Annual ROPS beginning with FY 2016-17. This resolution allows the Successor Agency to submit the Annual ROPS 17-18 to the DOF and CAC by the February 1, 2017 deadline.

The Successor Agency does not have other viable alternatives, as there is a substantial

penalty (\$10,000 per day) for late submittal of the ROPS. Additionally, the Successor Agency is requesting approximately \$4.3M of Redevelopment Property Tax Trust Funds (RPTTF) on the ROPS to pay debt-service related enforceable obligations; this funding is subject to approval by the DOF and allocation by the CAC.

FISCAL IMPACT

H&S Code 34177 (o)(1) requires the Successor Agency to submit the ROPS by the scheduled deadline, or the Successor Agency is subject to a penalty of \$10,000 per day for every day that the ROPS is not submitted to the DOF; and if the ROPS is not submitted within 10 days of the deadline, the Successor Agency administration allowance will be reduced by 25%.

The Enforceable Obligations listed on the Annual ROPS 17-18 will be paid with the funding sources indicated on the ROPS, unless otherwise directed by the DOF after their review.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENT

- Resolution/Exhibit A (Annual ROPS 17-18)

CONTACT

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