

Orange Countywide Oversight Board

Date: January 22, 2019 Agenda Item No. 5B

From: Successor Agency to the Costa Mesa Redevelopment Agency

Subject: Resolution of the Countywide Oversight Board Approving Annual Recognized Obligation Payment Schedule (“ROPS”) 19-20 and Administrative Budget for Fiscal Year 2019-20

Recommended Action:

Adopt Orange Countywide Oversight Board resolution (Attachment 1) approving the ROPS 19-20 (Attachment 2) and Fiscal Year 2019-20 Administrative Budget (Attachment 3) for the Successor Agency to the Costa Mesa Redevelopment Agency

Discussion

The Successor Agency to the Costa Mesa Redevelopment Agency (“Successor Agency”) requests approval of its Recognized Obligation Payment Schedule 19-20 A-B for the annual fiscal period of July 1, 2019 to June 30, 2020 (“ROPS 19-20 A-B”) and approval of the Administrative Budget for Fiscal Year 2019-20, subject to submittal to and review by the State of California, Department of Finance (“DOF”).

Under the Dissolution Law, Division 24, Parts 1.8 and 1.85 of the California Health and Safety Code (“Dissolution Law”), in particular Section 34171(h), each ROPS is "the document setting forth the minimum payment amounts and due dates of payments required by enforceable obligations for each fiscal year as provided in subdivision (o) of Section 34177." Under the mandatory dates in the Dissolution Law, the Successor Agency must submit a copy of ROPS 19-20 A-B, after approval from the Orange Countywide Oversight Board (“Oversight Board”), and transmittal to the County Administrative Officer (“CAO”), County Auditor Controller (“CAC”), State Controller’s Office (“SCO”), and DOF by February 1, 2019.

ROPS 19-20 A-B contains many of the same enforceable obligations listed on the ROPS 18-19 A-B. There are no new line items on the ROPS 19-20 A-B; the primary funding is for:

Line Item 6. *Promissory Note Payable City/Former Agency Loan.* Under HSC 34191.4 the reinstated loan is a DOF-approved enforceable obligation for which RPTTF funds have been approved and remitted each year since reinstatement in 2014. The Successor Agency is requesting \$1,326,021 under this line item.

Line Item 37. *Administrative Costs.* The Administrative Budget consists of personnel and professional services costs necessary to fulfill the Successor Agency’s administrative requirements. The administrative cost allowance is limited to the greater of \$250,000 per year, or three percent (3%) of the Redevelopment Property Tax Trust Fund (“RPTTF”) distributed in the prior fiscal year, excluding the administrative allowance and any City/Former Agency loan repayments. However, under Section 34171(b)(4) the administrative allowance cannot exceed 50

percent (50%) of RPTTF distributed in the prior fiscal year, excluding the administrative allowance and any City/Former Agency loan repayments on the reinstated loan(s). The Successor Agency is requesting \$29,974 under this line item.

The Successor Agency adopted a resolution (Attachment 4) approving the ROPS 19-20 A-B and Fiscal Year 2019-20 Administrative Budget at its meeting on January 15, 2019. After review and action by this Oversight Board, if approved, then Successor Agency staff will transmit ROPS 19-20 A-B to the DOF, with copies to the CAO, CAC, and SCO. Upon receipt of an oversight board-approved ROPS, DOF has 45 days to make its determination of the enforceable obligations, including amounts and funding sources. Within five business days of DOF's determination, the Successor Agency may request additional review and an opportunity to meet and confer on disputed items. DOF has until 15 days prior to the date for property tax distribution to make its final decision after the meet and confer. The RPTTF distribution dates for the ROPS 19-20A period and 19-20B period are on or about June 1, 2019 and January 2, 2020, respectively.

Impact on Taxing Entities

If approved, the Successor Agency's proposed ROPS 19-20 A-B will reduce the RPTTF distribution to all other taxing entities by \$1,341,008 in the 19-20 A period and by \$14,987 in the 19-20 B period.

Attachments

1. Orange Countywide Oversight Board Resolution Approving the ROPS 19-20
2. Exhibit A: Recognized Obligation Payment Schedule 19-20 A-B
3. Exhibit B: Fiscal Year 2019-20 Administrative Budget
4. Successor Agency Resolution Approving ROPS 19-20 A-B

Resolution No. 19-_____

A RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD WITH OVERSIGHT OF THE SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE 19-20 A-B FOR THE ANNUAL FISCAL PERIOD OF JULY 1, 2019 TO JUNE 30, 2020, INCLUDING THE FY 2019-20 ADMINISTRATIVE BUDGET INCLUDED THEREWITH, SUBJECT TO SUBMITTAL TO, AND REVIEW BY THE DOF UNDER THE CALIFORNIA HEALTH AND SAFETY CODE, DIVISION 24, PART 1.85; AUTHORIZE POSTING AND TRANSMITTAL THEREOF; AND AUTHORIZE THE FINANCE DIRECTOR OR HER AUTHORIZED DESIGNEE, IN CONSULTATION WITH LEGAL COUNSEL, TO REQUEST AND COMPLETE MEET AND CONFER SESSION(S), IF ANY, WITH THE DOF AND MAKE AUGMENTATIONS, MODIFICATIONS, ADDITIONS OR REVISIONS AS MAY BE NECESSARY OR DIRECTED BY DOF.

WHEREAS, the former Costa Mesa Redevelopment Agency (“Agency”) was established as a redevelopment agency that was previously organized and existing under the California Community Redevelopment Law, Health and Safety Code Section 33000, *et seq.* (“CRL”), and previously authorized to transact business and exercise powers of a redevelopment agency pursuant to action of the City Council of the City of Costa Mesa (“City”); and

WHEREAS, Assembly Bill x1 26 chaptered and effective on June 27, 2011 added Parts 1.8 and 1.85 to Division 24 of the California Health & Safety Code, which caused the dissolution of all redevelopment agencies and wind down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484 and other subsequent legislation (together, the “Dissolution Law”); and

WHEREAS, as of February 1, 2012 the former Agency was dissolved under the Dissolution Law, and as a separate public entity, corporate and politic the Successor Agency to the Costa Mesa Redevelopment Agency (“Successor Agency”) administers the enforceable obligations of the former Agency and otherwise unwinds the former Agency’s affairs, all subject to the review and approval by a seven-member oversight board; and

WHEREAS, pursuant to Section 34179(j) of the Dissolution Law, in every California county there shall be only one oversight board that is staffed by the county’s auditor-controller; and

WHEREAS, as of and after July 1, 2018, the Orange Countywide Oversight Board (“Oversight Board”) has jurisdiction over the Successor Agency and all other successor agencies in Orange County; and

WHEREAS, every oversight board, both the prior local oversight board and this newly established Oversight Board, have fiduciary responsibilities to the holders of enforceable obligations and to the taxing entities that benefit from distributions of property tax and other revenues pursuant to Section 34188 of the Dissolution Law; and

WHEREAS, Sections 34177(m), 34177(o) and 34179 provide that each ROPS is submitted to, reviewed and approved by the Successor Agency and then reviewed and approved by the Oversight Board before final review and approval by the State Department of Finance (“DOF”); and

WHEREAS, Section 34177(o) of the Dissolution Law requires that the annual ROPS for the 19-20 A-B fiscal period of July 1, 2019 to June 30, 2020 (“ROPS 19-20 A-B”) shall be submitted to the DOF by the Successor Agency, after approval by the Oversight Board, no later than February 1, 2019; and

WHEREAS, the ROPS 19-20, in the form required by DOF, is attached as Exhibit A and the Fiscal Year (“FY”) 2019-20 Administrative Budget is attached as Exhibit B, and both attachments are fully incorporated by this reference; and

WHEREAS, the Oversight Board held a regular meeting on January 22, 2019, which agenda items includes this Successor Agency’s ROPS 19-20; and

WHEREAS, the Oversight Board has reviewed and considered the Successor Agency’s ROPS 19-20 A-B and desires to approve it and authorize and direct the Successor Agency staff to transmit the ROPS 19-20 A-B to the DOF, with copies to the County Executive Officer (“CEO”), County Auditor-Controller (“CAC”), and the State Controller’s Office (“SCO”) as required under the Dissolution Law;

NOW, THEREFORE, BE IT RESOLVED BY THE ORANGE COUNTYWIDE OVERSIGHT BOARD:

Section 1. The foregoing recitals are incorporated into this Resolution by this reference, and constitute a material part of this Resolution.

Section 2. The Oversight Board hereby approves ROPS 19-20 A-B submitted therewith and incorporated by this reference, including the FY 2019-20 Administrative Budget included herewith.

Section 3. The Oversight Board authorizes transmittal of the ROPS 19-20 A-B to the DOF, with copies to the CEO, the CAC, and the SCO.

Section 4. The City of Costa Mesa’s Finance Director or her authorized designee is directed to post this Resolution, including the ROPS 19-20 A-B, on the City/Successor Agency website pursuant to the Dissolution Law.

Section 5. Under Section 34179(h), written notice and information about certain actions taken by the Orange Countywide Oversight Board shall be provided to the DOF by electronic means and in a manner of DOF’s choosing. The Orange Countywide Oversight Board’s action shall become effective five (5) business days after notice in the manner specified by the DOF unless the DOF requests a review.

Section 6. The Clerk of the Board shall certify to the adoption of this Resolution.

ATTACHMENT 2

EXHIBIT A

**SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY
RECOGNIZED OBLIGATION PAYMENT SCHEDULE 19-20 A-B**

(attached)

**Recognized Obligation Payment Schedule (ROPS 19-20) - Summary
Filed for the July 1, 2019 through June 30, 2020 Period**

Successor Agency: Costa Mesa
County: Orange

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	19-20A Total (July - December)	19-20B Total (January - June)	ROPS 19-20 Total
A Enforceable Obligations Funded as Follows (B+C+D):	\$ -	\$ -	\$ -
B Bond Proceeds	-	-	-
C Reserve Balance	-	-	-
D Other Funds	-	-	-
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 1,341,008	\$ 14,987	\$ 1,355,995
F RPTTF	1,326,021	-	1,326,021
G Administrative RPTTF	14,987	14,987	29,974
H Current Period Enforceable Obligations (A+E):	\$ 1,341,008	\$ 14,987	\$ 1,355,995

Certification of Oversight Board Chairman:
Pursuant to Section 34177 (o) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named successor agency.

Name Title

/s/ _____
Signature Date

Costa Mesa Recognized Obligation Payment Schedule (ROPS 19-20) - ROPS Detail

July 1, 2019 through June 30, 2020

(Report Amounts in Whole Dollars)

A Item #	B Project Name/Debt Obligation	C Obligation Type	D Contract/Agreement Execution Date	E Contract/Agreement Termination Date	F Payee	G Description/Project Scope	H Project Area	I Total Outstanding Debt or Obligation	J Retired	K ROPS 19-20 Total	19-20A (July - December)					Q 19-20A Total	19-20B (January - June)					W 19-20B Total
											Fund Sources						Fund Sources					
											L Bond Proceeds	M Reserve Balance	N Other Funds	O RPTTF	P Admin RPTTF		R Bond Proceeds	S Reserve Balance	T Other Funds	U RPTTF	V Admin RPTTF	
4	Contract for consulting services	Fees	3/1/2011	12/31/2018	Harrell & Company Advisor	Prep Continuing Disclosure Report-	Downtown	\$ 7,671,069	N	\$ 1,355,995	\$ 0	\$ 0	\$ 0	\$ 1,326,021	\$ 14,987	\$ 1,341,008	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,987	\$ 14,987
6	Promissory Note Payable	City/County Loan (Prior 06/28/11), Cash exchange	9/30/1971	6/30/2024	City of Costa Mesa	Original Loan to establish RDA	Downtown	7,641,095	N	\$ 1,326,021				1,326,021		\$ 1,326,021						\$ -
37	Administrative Cost	Admin Costs	1/1/2012	6/30/2024	Not provided	Not provided	Downtown	29,974	N	\$ 29,974				14,987		\$ 14,987					14,987	\$ 14,987
52	Litigation Against DOF & County of Orange Auditor Controller	Litigation	7/1/2013	6/30/2018	Enterprise Counsel Group	Litigation against DOF & County of Orange Auditor Controller denying the RDA loan and action denying certain prior payments.	Downtown		N	\$ -						\$ -						\$ -
53	Housing Authority Admin Cost Allowance	Housing Entity Admin Cost	7/1/2015	10/1/2017	Costa Mesa Housing Authority	Costa Mesa Housing Authority Admin Cost Allowance	Downtown		N	\$ -						\$ -						\$ -
54									N	\$ -						\$ -						\$ -
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Costa Mesa Recognized Obligation Payment Schedule (ROPS 19-20) - Report of Cash Balances
July 1, 2016 through June 30, 2017
(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see [Cash Balance Tips Sheet](#).

A	B	C	D	E	F	G	H
		Fund Sources					
		Bond Proceeds		Reserve Balance	Other Funds	RPTTF	
	ROPS 16-17 Cash Balances (07/01/16 - 06/30/17)	Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS RPTTF and Reserve Balances retained for future period(s)	Rent, Grants, Interest, etc.	Non-Admin and Admin	Comments
1	Beginning Available Cash Balance (Actual 07/01/16) RPTTF amount should exclude "A" period distribution amount	704,404		0	606	1,671	Prior ROPS RPTTF: \$621- 15-16A ROPS excess cash \$1,050- 15-16B ROPS excess cash
2	Revenue/Income (Actual 06/30/17) RPTTF amount should tie to the ROPS 16-17 total distribution from the County Auditor-Controller	586			27	1,733,033	AB 1484 requires 20% (\$162,275) of any loan repayment to be deducted from loan repayment amount (\$696,062) and transferred to LMI-Housing Assets Fund per HSC 34191.4 (s)(2)(c).
3	Expenditures for ROPS 16-17 Enforceable Obligations (Actual 06/30/17)	696,768			115	1,731,983	Total expenditures Successor Agency incurred in FY16-17 was \$2,428,866
4	Retention of Available Cash Balance (Actual 06/30/17) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)						
5	ROPS 16-17 RPTTF Prior Period Adjustment RPTTF amount should tie to the Agency's ROPS 16-17 PPA form submitted to the CAC	No entry required					
6	Ending Actual Available Cash Balance (06/30/17) C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)	\$ 8,222	\$ 0	\$ 0	\$ 518	\$ 2,721	\$621- 15-16A ROPS excess cash \$1,050- 15-16B ROPS excess cash \$1,050- 16-17 ROPS excess cash

ATTACHMENT 3

EXHIBIT B

**SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY
FISCAL YEAR 2019-20 ADMINISTRATIVE BUDGET**

(attached)

**SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY
ADMINISTRATIVE BUDGET
07/01/2019-06/30/2020**

Personnel Expenditures

<u>Department</u>	<u>Position</u>	<u>Annual Wages, Benefits, etc. *</u>	<u>Percent to Successor Agency Admin</u>	<u>Annual Personnel Costs 07/01/2019 - 06/30/2020</u>
City Manager Office	City Clerk	\$ 215,679	2%	\$ 4,314
Finance	Accounting Supervisor	181,173	2%	3,623
Finance	Assistant Finance Director	251,830	2%	5,037
Total Personnel Expenditures				12,974

Other Administrative Expenditures

<u>Department</u>	<u>Activity</u>	<u>Annual Other Costs</u>	<u>Percent to Successor Agency Admin</u>	<u>Annual Other Costs 07/01/2019- 06/30/2020</u>
Finance	Accounting/Audit Services	3,000	100%	3,000
Development Services	Legal - Stradling Yocca Carlson & Rauth	14,000	100%	14,000
Total Other Expenditures				17,000
Total Annual Administrative Budget				\$ 29,974

* Estimated as of December 2018

Orange Countywide Oversight Board
Placeholder for Pending Resolution

Date: 1/14/2019

From: Successor Agency to the Costa Mesa Redevelopment Agency

Subject: Resolution of the Costa Mesa City Council Approving the ROPS 19-20 A-B and Fiscal Year 2019-20 Administrative Budget

The resolution of the Costa Mesa City Council approving the ROPS 19-20 A-B and Fiscal Year 2019-20 Administrative Budget will be voted upon at their 1/15/2019 meeting. As such, the resolution is not yet available for submission but will be provided before the Countywide Oversight Board votes upon its resolution regarding the ROPS 19-20 A-B and Fiscal Year 2019-20 Administrative Budget.

ATTACHMENT 4

**Successor Agency to the Costa Mesa Redevelopment Agency Resolution
Adopting Recognized Obligation Payment Schedule
for the 2019-20 A-B Fiscal Period of July 1, 2019 to June 30, 2020**

(to be attached)