



## Legislation Details (With Text)

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<b>File created:</b>	1/6/2023	<b>In control:</b>	City Council/Public Financing Authority
<b>On agenda:</b>	1/17/2023	<b>Final action:</b>	1/17/2023
<b>Title:</b>	Adopt Successor Agency Resolution Nos. 2023-01 and 2023-02 approving the Recognized Obligation Payment Schedule (ROPS) and Administrative Budget for the Huntington Beach Successor Agency for the period of July 1, 2023, through June 30, 2024, in accordance with Health and Safety Code Section 34177 and related actions		
<b>Attachments:</b>	1. Att 1 - Resolution 2023-01 Admin Budget 2023-24, 2. Att 2 - Resolution 2023-02 ROPS 2023-24, 3. Att 3 - FINAL FY 23-24 ROPS Presentation		

Date	Ver.	Action By	Action	Result
1/17/2023	1	City Council/Public Financing Authority	approved	Pass

## REQUEST FOR SUCCESSOR AGENCY ACTION

**SUBMITTED TO:** Honorable Chair and Board Members

**SUBMITTED BY:** Al Zelinka, Executive Director

**VIA:** Sunny Rief, Acting Chief Financial Officer

**PREPARED BY:** Sunny Rief, Acting Chief Financial Officer

### Subject:

**Adopt Successor Agency Resolution Nos. 2023-01 and 2023-02 approving the Recognized Obligation Payment Schedule (ROPS) and Administrative Budget for the Huntington Beach Successor Agency for the period of July 1, 2023, through June 30, 2024, in accordance with Health and Safety Code Section 34177 and related actions**

### Statement of Issue:

The Successor Agency is requested to approve the Recognized Obligation Payment Schedule (ROPS) and Administrative Budget for the period of July 1, 2021 through June 30, 2022. An approved ROPS must be submitted to the County of Orange Oversight Board by January 24, 2023, and then to the Department of Finance (DOF) by February 1, 2023. This is the fifth year that the Successor Agency is submitting the annual ROPS to the Countywide Oversight Board.

### Financial Impact:

The ROPS provides the County Auditor-Controller with the amount of the former Redevelopment Agency's enforceable obligations for which the Successor Agency anticipates incurring expenditures. Once approved by DOF, the Successor Agency will be entitled to receive property tax revenue up to the amount of the DOF-approved enforceable obligations included in the Payment Schedule. The ROPS requests \$13,029,888 in funds to support existing legally required enforceable obligations for

FY 2023/24.

**Successor Agency Recommended Action:**

A) Adopt Resolution No. 2023-01, "A Resolution of the Successor Agency to the Redevelopment Agency of the City of Huntington Beach Approving the Successor Agency Administrative Budget for the Period July 1, 2023, through June 30, 2024;" and,

B) Adopt Resolution No. 2023-02, "A Resolution of the Successor Agency to the Redevelopment Agency of the City of Huntington Beach Approving the Recognized Obligation Payment Schedule for the Period July 1, 2023 - June 30, 2024 ('ROPS 23-24')." "

**Alternative Action(s):**

Do not approve the recommended action(s) and direct staff accordingly. Per Health and Safety Code Section 34179(j), the Successor Agency is required to submit the ROPS to the Countywide Oversight Board and the Department of Finance by February 1<sup>st</sup> of each year. Per Health and Safety Code Section 34177 (m)(2), the Successor Agency would be assessed a \$10,000 per-day penalty for failure to submit the ROPS on a timely basis. Additionally, failure to submit the ROPS within ten (10) days of the deadline may result in a 25% reduction of the Successor Agency's maximum administrative cost allowance for the period covered by the delinquent ROPS. Should the Agency fail to submit the ROPS, expenditures totaling \$6,192,043 would need to be covered through alternate sources of funding in Fiscal Year 2023-24. The Agency would also postpone the receipt of \$6,837,845 in loan repayment funds to the Fiscal Year 2024-25 ROPS.

**Analysis:**

As part of the 2011 Budget Act, as recommended by then Governor Jerry Brown, Legislature approved the dissolution of the State's Redevelopment Agencies. After litigation, the California Supreme Court's ruled on the Dissolution Act that all redevelopment agencies in California were dissolved effective February 1, 2012.

The Dissolution Act, AB 1484, and related legislation describe the procedures to wind down the affairs of the former redevelopment agencies. These provisions include the continued payment of recognized enforceable obligations as defined in the law. The ROPS for July 1, 2021, through June 30, 2022, requests payment for enforceable obligations associated with the former Redevelopment Agency's Tax Allocation bonds, development agreements, legal services, administrative, and other miscellaneous costs. Of note, the ROPS also includes a request for funds in the amount of \$6,837,845 for repayment of a loan from the City to the former Redevelopment Agency for the purchase of real property in 2009, approved as an enforceable obligation by the California Superior Court on April 22, 2022. The amount is comprised of \$5,170,931 in principal and \$1,667,454 in accrued interest at the three percent interest rate permitted by Health and Safety Code Section 34191.4(3). The County Oversight Board and DOF has the authority to review the ROPS and return it to the Successor Agency for reconsideration and modification, or to disallow payment for a listed obligation.

The County Oversight Board will review and approve the City's current ROPS during its January 24, 2023 meeting. The City must submit to the State DOF by February 1, 2023. The State DOF will make its determination by April 15<sup>th</sup>. The City's ROPS will not be effective until approved by the State DOF.

The Administrative Budget for the July 1, 2023, through June 30, 2024, budget reflects a total of \$250,000, which represents the maximum reimbursement to cities allowed by law for costs associated with administering these obligations.

**Environmental Status:**

Not applicable.

**Strategic Plan Goal:**

Financial Sustainability, Public Safety or Other

**Attachment(s):**

1. Resolution No. 2023-01, "A Resolution of the Successor Agency to the Redevelopment Agency of the City of Huntington Beach Approving the Successor Agency Administrative Budget"
2. Resolution No. 2023-02, "A Resolution of the Successor Agency to the Redevelopment Agency of the City of Huntington Beach Approving the Recognized Obligation Payment Schedule for the Period July 1, 2023 - June 30, 2024 ('ROPS 23-24')"
3. Recognized Obligation Payment Schedule (ROPS) FY 2023-24 Summary Slides