



# City of Huntington Beach

**File #:** 18-610

**MEETING DATE:** 1/22/2019

## REQUEST FOR SUCCESSOR AGENCY ACTION

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

**SUBMITTED BY:** Fred A. Wilson, Executive Director

**PREPARED BY:** Kellee Fritzal, Deputy Director of Economic Development

**Subject:**

**Adopt Resolution Nos. 2019-01 and 2019-02 approving the Recognized Obligation Payment Schedule (ROPS) and Administrative Budget for the Huntington Beach Successor Agency for the period of July 1, 2019 through June 30, 2020, 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, 2019, through June 30, 2020. An approved ROPS must be submitted to the County of Orange Oversight Board by January 23, 2019, and then to the Department of Finance (DOF) by February 1, 2019. This is the third year that the Successor Agency is submitting an annual ROPS in-lieu-of the previous six-month ROPS period. This is the first year that the Successor Agency is submitting the 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 \$15,936,825 in funds to support existing legally required enforceable obligations.

**Successor Agency Recommended Action:**

- A) Adopt Resolution No. 2019-01, "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, 2019, through June 30, 2020;" and,
- B) Adopt Resolution No. 2019-02, "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, 2019 - June 30, 2020 ('ROPS 19-20')."

**Alternative Action(s):**

Do not adopt the Resolutions and direct staff accordingly. Per Health and Safety Code Section 34177 (m)(2), the Successor Agency will 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.

**Analysis:**

As a result of the California Supreme Court's ruling on the Dissolution Act, all redevelopment agencies in California were dissolved effective February 1, 2012. The Dissolution Act and AB 1484 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 Recognized Obligation Payment Schedule for July 1, 2019, through June 30, 2020, requests payment for enforceable obligations associated with the former Redevelopment Agency's Tax Allocation bonds, development agreements, legal services, administrative, and other miscellaneous costs. The DOF has the authority to review the ROPS and return it to the Successor Agency for reconsideration and modification.

In 2017, the Governor signed Senate Bill 107, which provided additional "clean-up" to the dissolution legislation of the former redevelopment agencies. Some of the items within the legislation include the retention of the City's Oversight Board through June 2018 and changing the bi-annual ROPS to an annual submittal. Pursuant to HSC Section 34177 (o)(1), commencing with the ROPS in 2016/2017 and thereafter, agencies shall submit an Oversight Board-approved annual ROPS to DOF by February 1. The State DOF will make its determination by April 15, 2019, and each April 15 thereafter. Therefore, the ROPS shall not be effective until approved by the State DOF.

The County Auditor-Controller has established a new Countywide Oversight Board for review and approval of the ROPS prior to submittal to the DOF.

The Successor Agency and City are pursuing legal action to begin repayment of former redevelopment agency loans from the City. The DOF has denied the repayment of these legitimate redevelopment loans on three separate occasions totaling \$71 million.

The Administrative Budget for the July 1, 2019, through June 30, 2020, period 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:**

Strengthen economic and financial sustainability

**Attachment(s):**

1. Resolution No. 2019-01, "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, 2019, through June 30, 2020;" and,

2. Resolution No. 2019-02, "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, 2019 - June 30, 2020 ('ROPS 19-20')."