



# City of Huntington Beach

File #: 20-1301

MEETING DATE: 1/21/2020

## REQUEST FOR SUCCESSOR AGENCY ACTION

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

**SUBMITTED BY:** Oliver Chi, Executive Director

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

**Subject:**

**Adopt Successor Agency Resolution Nos. 2020-02 and 2020-01 approving the Recognized Obligation Payment Schedule (ROPS) and Administrative Budget for the Huntington Beach Successor Agency for the period of July 1, 2020, through June 3, 2021, 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, 2020, through June 30, 2020. An approved ROPS must be submitted to the County of Orange Oversight Board by January 28, 2020, and then to the Department of Finance (DOF) by February 1, 2020. This is the second 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 \$6,467,379 in funds to support existing legally required enforceable obligations.

**Successor Agency Recommended Action:**

- A) Adopt Resolution No. 2020-01, "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, 2020, through June 30, 2021;" and,
- B) Adopt Resolution No. 2020-02, "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, 2020 - June 30, 2021 ('ROPS 20-21')."

**Alternative Action(s):**

Do not adopt the Resolutions and direct staff accordingly. 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.

**Analysis:**

As part of the 2011 Budget Act, as recommended by then Governor Jerry Brown, the Legislature approved the dissolution of the state's 400 plus Redevelopment Agencies. After litigation, the California Supreme Court's ruling on the Dissolution Act, 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, 2020, through June 30, 2021, request payment for enforceable obligations associated with the former Redevelopment Agency's Tax Allocation bonds, development agreements, legal services, administrative, and other miscellaneous costs. 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 on the January 28, 2020, meeting, then the City must submit to the State DOF by February 1, 2020. The State DOF will make its determination by April 15. The City's ROPS will not be effective until approved by the State DOF.

The Successor Agency and City are pursuing legal action to begin the 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, 2020, through June 30, 2021, 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:**

Strengthen long-term financial and economic sustainability

**Attachment(s):**

1. Resolution No. 2020-01, "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, 2020, through June 30, 2021"
2. Resolution No. 2020-02, "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, 2020 - June 30, 2021 ('ROPS 20-21')