

Orange Countywide Oversight Board

Agenda Item No. 12a

Date: 9/22/2020

From: Successor Agency to the La Palma Redevelopment Agency

Subject: Resolution of the Countywide Oversight Board Approving Amendment to the Recognized Obligation Payment Schedule (ROPS)

Recommended Action:

Approve resolution approving amendment to FY 2020-21 ROPS for the La Palma Successor Agency

The La Palma Successor Agency requests approval of the Amended Recognized Obligation Payment Schedule (ROPS) 20-21B for the second half of Fiscal Year 2020-21. The amendment would add a City loan repayment (ROPS Item #4) in the amount of \$204,526.

On January 28, 2020, the Oversight Board approved the ROPS for Fiscal Year 20-21. Subsequent to the approval, staff at La Palma noted that they had neglected to include a City Loan repayment (ROPS Item #4) even though State Law allowed for a repayment in the amount of \$204,526. The only proposed change is the payment of \$204,526 for the City Loan (ROPS Item #4).

Approvals for Amended ROPS

The La Palma Successor Agency approved the Amended ROPS 20-21 at the August 4, 2020 City of La Palma Successor Agency regularly scheduled meeting. Successor Agency approval is subject to submittal to and approval by the Orange Countywide Oversight Board and then by the State Department and Finance (DOF). The Successor Agency also requests authorization to post the approved Amended ROPS on the City's website and to transmit the Amended ROPS 2020-21 to the DOF. Further, the City of La Palma's City Manager and his designees, in consultation with legal counsel, shall be authorized to make augmentations, modifications, additions or revisions as may be necessary or directed by DOF.

Impact on Taxing Entities

The proposed Amended ROPS 20-21 will reduce the residual RPTTF to the taxing entities from the January 2, 2021 distribution by \$204,526. The proposed amendment is to fund an allowable City loan repayment.

Staff Contact(s)

Mike Matsumoto, Financial Consultant
michaelm@cityoflapalma.org
714-690-3318

Lori Rake, Accounting Supervisor
Lorir@cityoflapalma.org
714-690-3321

Attachments

1. Oversight Board Resolution approving the Amended ROPS 20-21
 - a. Exhibit A Amended 20-21 Recognized Obligation Payment Schedule
2. La Palma Successor Agency Resolution approving the ROPS 20-21 Amendment
3. DOF 2020-21 ROPS Determination Letter

RESOLUTION NO. _____

A RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD WITH OVERSIGHT OF THE SUCCESSOR AGENCY TO THE LA PALMA REDEVELOPMENT AGENCY APPROVING THE AMENDED RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) 20-21

WHEREAS, the Community Development Commission of the City of La Palma (Former Agency) was activated by the City Council of the City of La Palma as redevelopment agency , under the California Community Redevelopment Law (Health & Safety Code Section 33000 et seq.); and

WHEREAS, Assembly Bill x1 26 added Parts 1.8 and 1.85 to Division 24 of the California Health and Safety Code (HSC), 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 by other subsequent legislation (“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 under HSC Section 34171(g), the Successor Agency to the Community Development Commission (Successor Agency) administers the enforceable obligations of the Former Agency and otherwise unwinds the Former Agency’s affairs; and

WHEREAS, prior to July 1, 2018 under the Dissolution Law, in particular HSC Sections 34179 and 34180, certain actions of the Successor Agency were subject to the review and approval by a local seven-member oversight board, which oversaw and administered the Successor Agency’s activities during the period from dissolution until June 30, 2018; and

WHEREAS, as of, on and after July 1, 2018 under the Dissolution Law, in particular HSC Section 34179(j), the County of Orange through the Orange County Auditor-Controller established the single Orange Countywide Oversight Board in compliance with HSC Section 34179(j), which serves as the oversight board to the 25 successor agencies existing and operating in Orange County, including the Successor Agency; and

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

WHEREAS, HSC Section 34177(l)(1) requires the Successor Agency to prepare a Recognized Obligation Payment Schedule (ROPS) and submit to the Oversight Board pursuant to HSC Sections 34177(l)(2)(B) for approval; and

WHEREAS, HSC Sections 34177(o) and 34179 provide that each Recognized Obligation Payment Schedule (“ROPS”) is submitted by the Successor Agency to the Oversight Board and

then reviewed and approved by the Oversight Board before final review and approval by the California Department of Finance (“DOF”); and

WHEREAS, the Amended Recognized Obligation Payment Schedule (Amended ROPS 20-21) has been prepared and presented for consideration to the Orange Countywide Oversight Board; and

WHEREAS, the Orange Countywide Oversight Board has reviewed and duly considered the Amended ROPS 20-21, and other evidence and testimony presented related thereto.

NOW, THEREFORE, BE IT RESOLVED THAT THE ORANGE COUNTYWIDE OVERSIGHT BOARD does hereby resolve as follows:

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

SECTION 2. Pursuant to the Dissolution Law, the Oversight Board hereby approves the Amended Recognized Obligation Payment Schedule (Amended ROPS 20-21); provided however, that the Amended ROPS 20-21 is subject to the condition that such ROPS is to be submitted to and reviewed by the DOF. Further, the City Manager and/or his authorized designees, in consultation with legal counsel, shall be authorized to discuss this matter with the DOF and make augmentations, modifications, additions, or revisions to the Amended ROPS 20-21 as may be necessary or directed by the DOF.

SECTION 3. The Oversight Board authorizes transmittal of the Amended ROPS 20-21 to the DOF, with copies to the County Administrative Office, the County Auditor-Controller, and the State Controller’s Office.

SECTION 4. The City Manager and/or his authorized designee is directed to post this Resolution, including the Amended ROPS 20-21, on the City/Successor Agency website pursuant to the Dissolution Law.

SECTION 5. Under HSC 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 Orange Countywide Oversight Board shall certify to the adoption of this resolution.

**Amended Recognized Obligation Payment Schedule (ROPS 20-21B) - Summary
Filed for the January 1, 2021 through June 30, 2021 Period**

Successor Agency: La Palma

County: Orange

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	ROPS 20-21B Authorized Amounts	ROPS 20-21B Requested Adjustments	ROPS 20-21B Amended Total
A Enforceable Obligations Funded as Follows (B+C+D)	\$ 407,500	\$ -	\$ 407,500
B Bond Proceeds	-	-	-
C Reserve Balance	407,500	-	407,500
D Other Funds	-	-	-
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G)	\$ 489,563	\$ 204,526	\$ 694,089
F RPTTF	436,013	204,526	640,539
G Administrative RPTTF	53,550	-	53,550
H Current Period Enforceable Obligations (A+E)	\$ 897,063	\$ 204,526	\$ 1,101,589

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

RESOLUTION NO. SA 2020-08

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
LA PALMA ACTING AS THE SUCCESSOR AGENCY TO
THE DISSOLVED COMMUNITY DEVELOPMENT
COMMISSION OF THE CITY OF LA PALMA AMENDING
THE 2020-21 RECOGNIZED OBLIGATION PAYMENT
SCHEDULE (ROPS) 20-21**

WHEREAS, the Community Development Commission of the City of La Palma (Former Agency) was activated by the City Council of the City of La Palma as redevelopment agency , under the California Community Redevelopment Law (Health & Safety Code Section 33000 et seq.); and

WHEREAS, Assembly Bill x1 26 added Parts 1.8 and 1.85 to Division 24 of the California Health and Safety Code (HSC), 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 by other subsequent legislation ("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 under HSC Section 34171(g), the Successor Agency to the Community Development Commission (Successor Agency) administers the enforceable obligations of the Former Agency and otherwise unwinds the Former Agency's affairs; and

WHEREAS, HSC Section 34177(l)(1) requires the Successor Agency to prepare a Recognized Obligation Payment Schedule (ROPS) and submit to the Oversight Board pursuant to HSC Sections 34177(l)(2)(B) for approval; and

WHEREAS, the 2020-21 Recognized Obligation Payment Schedule (ROPS 20-21 A/B) has been prepared and presented for consideration to the Successor Agency; and

WHEREAS, Health and Safety Code Section 34177(o)(1) requires a successor agency to submit an oversight board-approved ROPS to the Department of Finance and the County Auditor-Controller no later than February 1 of each year; and

WHEREAS, as of, on and after July 1, 2018, under the Dissolution Law, in particular HSC Section 34179(j), the County of Orange through the Orange County Auditor-Controller established the single Orange Countywide Oversight Board in compliance with HSC Section 34179(j), which serves as the oversight board to the 25 successor agencies existing and operating in Orange County, including the Successor Agency; and

WHEREAS, the City Council acting as the Successor Agency has reviewed and duly considered the Staff Report for amending the ROPS 20-21 and other evidence and testimony presented related thereto.

NOW, THEREFORE, the City Council of the City of La Palma Acting as the Successor Agency to the Dissolved Community Development Commission resolves as follows:

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

SECTION 2. The City Council acting as the Successor Agency, hereby approves the Amendment to the 2020-21 Recognized Obligation Payment Schedule (ROPS 20-21).

SECTION 3. The City Manager and/or his authorized designees are hereby authorized to submit the Amended ROPS 20-21 to the Orange Countywide Oversight Board for its approval.

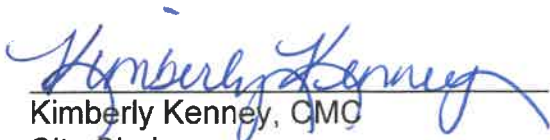
SECTION 4. The City Manager and/or his authorized designees are hereby authorized to submit the Amended ROPS 20-21 for the period July 1, 2020, to June 30, 2021, to the Orange County Auditor-Controller, the California State Controller, and the California Department of Finance, upon approval by the Orange Countywide Oversight Board and shall also post the Amended ROPS 20-21 on the City's website.

PASSED, APPROVED, AND ADOPTED this 4th day of August 2020.



Peter L. Kim
Mayor

ATTEST:



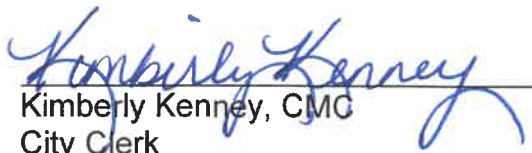
Kimberly Kenney, CMC
City Clerk

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS
CITY OF LA PALMA)

I, KIMBERLY KENNEY, City Clerk of the City of La Palma, HEREBY DO CERTIFY that the foregoing resolution was adopted at a regular meeting of the City Council of the City of La Palma, held on this 4th day of August 2020.

AYES: Goedhart, Goodman, Kim, Patel, and Steggell

NOES: None



Kimberly Kenney, CMC
City Clerk



Transmitted via e-mail

April 10, 2020

Allan Roeder, City Manager
City of La Palma
7822 Walker Street
La Palma, CA 90623

2020-21 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of La Palma Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2020 through June 30, 2021 (ROPS 20-21) to the California Department of Finance (Finance) on January 29, 2020. Finance has completed its review of the ROPS 20-21.

Based on a sample of line items reviewed and application of the law, Finance is approving all of the items listed on the ROPS 20-21 at this time. However, Finance notes the following:

The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (3). However, Finance notes the Oversight Board (OB) has approved an amount that appears excessive, given the number and nature of the obligations listed on the ROPS. HSC section 34179 (i) requires the OB to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the OB to apply adequate oversight when evaluating the administrative resources necessary to successfully wind-down the Agency.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations (prior period adjustments) for the July 1, 2017 through June 30, 2018 (ROPS 17-18) period. Reported differences in Redevelopment Property Tax Trust Fund (RPTTF) are used to offset current RPTTF distributions. The amount of RPTTF authorized includes the prior period adjustment (PPA) resulting from the County Auditor-Controller's review of the PPA form submitted by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$985,491, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2020 through December 31, 2020 period (ROPS A period), and one distribution for the January 1, 2021 through June 30, 2021 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 20-21 period the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

If the Agency disagrees with our determination with respect to any items on the ROPS 20-21, except items which are the subject of litigation disputing our previous or related determinations, the Agency may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available on our website:

http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/

The Agency must use the RAD App to complete and submit its Meet and Confer request form.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 20-21. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be deemed denied until the matter is resolved.

The ROPS 20-21 form submitted by the Agency and this determination letter will be posted on our website:

<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This determination is effective for the ROPS 20-21 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Anna Kyumba, Supervisor, or Thong Thao, Staff, at (916) 322-2985.

Sincerely,



 JENNIFER WHITAKER
Program Budget Manager

cc: Michael Matsumoto, Financial Consultant, City of La Palma
Israel M. Guevara, Administrative Manager, Property Tax Section, Orange County

Attachment

Approved RPTTF Distribution July 2020 through June 2021			
	ROPS A	ROPS B	ROPS 20-21 Total
RPTTF Requested	\$ 446,612	\$ 436,013	\$ 882,625
Administrative RPTTF Requested	53,550	53,550	107,100
Total RPTTF Requested	500,162	489,563	989,725
RPTTF Authorized	446,612	436,013	882,625
Administrative RPTTF Authorized	53,550	53,550	107,100
ROPS 17-18 prior period adjustment (PPA)	(4,234)	0	(4,234)
Total RPTTF Approved for Distribution	\$ 495,928	\$ 489,563	\$ 985,491