

Orange Countywide Oversight Board

Agenda Item No. 15g

Date: 9/22/2020

From: Successor Agency to the Santa Ana Redevelopment Agency

Subject: Straw Vote of the Countywide Oversight Board Regarding Administrative Budget

Recommended Action:

Hold a straw vote regarding FY 2021-22 Administrative Budget for the Santa Ana Successor Agency

The Santa Ana Successor Agency requests a straw vote of the Administrative Budget for Fiscal Year 2021-22. The Successor Agency shall return in January with a request for final approval of the Administrative Budget with the Recognized Obligation Payment Schedule (ROPS).

The authorized distribution from the Redevelopment Property Tax Trust Fund (RPTTF) for the ROPS 2020-21 period, less administrative costs is \$2,795,322. Pursuant to Section 34171 (b) (3), the administrative allowance for FY 2021-22 is 3% of the adjusted RPTTF distribution from ROPS 20-21 (\$83,860), or the minimum amount of \$250,000. The Santa Ana Successor Agency anticipates that the minimum \$250,000 will be the administrative budget for FY 2021-22 and prepared the budget accordingly.

The administrative cost allowance for the 2021-22 period will be used for salaries and benefits for staff involved in successor agency activities, legal and consulting expenses, information technology support, insurance, facility costs, and supplies. Additional descriptions of the various line items are provided in Attachment 1 (a). Please note that this budget is only a draft and subject to change, pending employee labor contract negotiations, increases in CalPERS employer contribution rates, unfunded accrued liability, etc.

Since dissolution of the former RDA, the Santa Ana Successor Agency has made every effort to minimize the use of the administrative cost allowance and has spent less than the total amount authorized in any given ROPS period. The table below reflects the actual expenditures compared to the authorized budget for the past four years as reported (or to be reported) on the Prior Period Adjustment:

ROPS Period	Authorized	Final Expenditures	Difference	Expenditure as % of Budget
2016-17	\$250,000	\$246,753	\$ 3,247	98.7%
2017-18	564,672	341,955	222,717	60.6%
2018-19	254,742	195,477	59,265	76.7%
2019-20	289,698	215,582	74,116	74.4%

Staff Contact(s)

Susan Gorospe, Principal Management Analyst

Phone: (714) 647-5376

E-mail: sgorospe@santa-ana.org

Attachments

1. Draft Administrative Budget for ROPS 21-22
 - a. Descriptions of line items
2. DOF Letter dated April 13, 2020 – approval of Administrative Budget for ROPS 20-21
3. DOF Letter dated April 9, 2019 – approval of Administrative Budget for ROPS 19-20

ATTACHMENT 1

**City of Santa Ana
 Successor Agency to the former Community Redevelopment Agency
 FY 2021-22
 Administrative Allowance Budget**

<u>Direct Personnel Costs</u>	<u>Department *</u>	<u>Hourly Rate</u>	<u>Successor</u>	<u>SA</u>	<u>% of Time</u>
			<u>Agency</u>	<u>Administration</u>	<u>Spent on</u>
			<u>Hours</u>	<u>Administration</u>	<u>SA Issues</u>
Executive Director	CDA	\$ 114.54	144	16,494	6.92%
Principal Management Analyst	CDA	82.04	1,140	93,526	54.81%
Management Analyst	CDA	55.76	180	10,037	8.65%
Senior Accounting Assistant	CDA	50.90	204	10,384	9.81%
Community Development Commission Secretary	CDA	45.54	300	13,662	14.42%
Accounting Manager	FMSA	73.50	-	-	0.00%
Senior Accountant	FMSA	65.82	96	6,319	4.62%
Senior Accounting Assistant	FMSA	50.90	48	2,443	2.31%
Assistant City Attorney	CAO	97.34	48	4,672	2.31%
Total Direct Personnel Costs			2,160	157,536	
 <u>Other Direct Costs</u>					
Benefits Overhead - Shared cost allocation				600	
Building Rental/Maintenance - Shared cost allocation				8,100	
Communications - Shared cost allocation				1,200	
Consultants - Outside legal counsel / Financial / etc.				5,500	
Copier Lease - Shared cost allocation				1,000	
Delivery Charges - Shared cost allocation				400	
Employee parking				1,020	
Insurance Charges - Shared cost allocation				10,950	
IT Maintenance Charge - Shared cost allocation				7,200	
Laserfiche - Shared cost allocation for document management software				1,000	
Supplies, printing, misc. items				2,261	
Training / Mileage				100	
Unfunded Accrued Liability - Shared cost allocation				39,000	
Total Other Direct Cost				78,331	
 <u>Indirect Costs (based on direct salary charges)</u>					
Indirect Costs - 10.63% for FY 20/21; rate for FY 21/22 TBD				14,133	
Includes City Manager's Office, Human Resources, Accounting, Purchasing, Treasury, Management & Support services.					
Total Indirect Cost				14,133	
 Total Successor Agency Admin Allowance Cost				\$ 250,000	

* CDA = Community Development Agency
 FMSA = Finance & Management Services Agency
 CAO = City Attorney's Office

ATTACHMENT 1 (a)

**City of Santa Ana Successor Agency
FY 2021-22
Administrative Allowance
Description of Personnel Positions and Functions**

<u>Position</u>	<u>Department</u>	<u>Summary of Job Duties Pertaining to Successor Agency</u>	<u>Hours</u>	<u>Frequency (Months)</u>	<u>Total</u>
Executive Director	CDA	Oversees the entire dissolution process as City Manager's designee. Attends Successor Agency, Oversight Board and Meet and Confer meetings and updates City management on RDA dissolution. Meets weekly with staff to review wind down activities.	12	12	144
Principal Management Analyst	CDA	Prepares all staff reports and attachments for, and attends all Successor Agency and Oversight Board meetings. Administers all enforceable obligations on a daily basis. Approves all invoices. Prepares journal entries as needed. Reconciles projects expenses. Prepares ROPS & PPA and works with other departments.	95	12	1140
Management Analyst	CDA	Backup to the Principal Management Analyst. Provides assistance in reconciliation, analysis, and oversight of enforceable obligations. Assists with document management of former RDA records.	15	12	180
Senior Accounting Assistant	CDA	Posts attendance for payroll charges to Successor Agency accounts for 24 pay periods. Sets up projects and activities in financial system. Prepares and processes any travel related requests. Assists in preparation of journal entries.	17	12	204
Community Development Commission Secretary	CDA	Assists in the preparation, submission, and tracking of Successor Agency staff reports to Clerk of the Council. Assists with filing, scanning, and other records retention related tasks for former RDA and current Successor Agency files on an on-going basis.	25	12	300
Total Community Development Agency					1968
Accounting Manager	FMSA	Review final ROPS cash balance worksheet. Reconciles monthly bank statements related to Successor Agency transactions. Reviews and makes final approval of all journal entries for monthly closing. Additional hours during July - December for financial statements, addressing audit questions, and CAFR preparation.	0	12	0
Senior Accountant	FMSA	Prepares ROPS Cash Balance worksheet. Approves direct payment vouchers for payment of invoices. Reviews monthly fund balance and analyzes for month end closing. Reviews and processes journal entries as needed. Approves set up of projects and activities in financial system. Prepares all fiscal year end transactions. Additional hours during July - December for financial statements, addressing audit questions, and CAFR preparation.	8	12	96
Senior Accounting Assistant	FMSA	Processes direct payment vouchers for Successor Agency invoices.	4	12	48
Total Finance & Management Services Agency					144
Assistant City Attorney	CAO	Provides legal guidance on Dissolution Act and former RDA agreements/issues. Drafts and reviews Successor Agency resolutions. Attends Successor Agency meetings as necessary.	4	12	48
Total City Attorney's Office					48

ATTACHMENT 1 (a)

**City of Santa Ana Successor Agency
 FY 2021-22
 Administrative Allowance
 Description of Other Direct and Indirect Costs**

<u>Line Item</u>	<u>Description</u>
Benefits Overhead	Shared cost allocation of health care, dental, life insurance, LTD, etc. services provided by HR / Benefits
Building Rental / Maintenance	Shared cost allocation of City Hall building maintenance, janitorial services, utilities, and security guard services
Communications	Monthly telephone charges for direct lines, and allocation for shared telecommunication lines and system maintenance
Consultants	Outside legal counsel, financial consultants, appraisers, etc. on an as-needed basis
Copier Lease	Shared cost allocation of Sharp copier leases
Delivery Charges	Shared cost allocation of mail delivery services by Central Services Division
Employee Parking	Monthly parking fees for Successor Agency staff
Indirect Costs	Charges for City general overhead expense (City Manager's Office, Human Resources, Accounting, Purchasing, Treasury, Management and Support)
Insurance Charges	Shared cost allocation of premiums for Liability and Property Insurance, employee Group Insurance and Workers Compensation Insurance
IT Maintenance Charges	Shared cost allocation of computer services, maintenane of software, and a reserve for equipment replacement
Laserfiche	Shared cost allocation for document management software license and maintenance
Supplies, Printing, Misc.	Direct office supplies, materials, non-consumable items, computer-related hardware/peripherals less than \$5,000, duplication costs, postage, etc. for Successor Agency staff
Training / Mileage	Registration fees and travel related expenses for Succesor Agency staff
Unfunded Accrued Liability	Shared cost allocation of liability payment to CalPERS (employer's contribution) for former employees and current employees assigned to the former RDA

ATTACHMENT 2



DEPARTMENT OF
FINANCE

GAVIN NEWSOM ■ GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

Transmitted via e-mail

April 13, 2020

Susan Gorospe, Principal Management Analyst
City of Santa Ana
60 Civic Center Plaza, M-25
Santa Ana, CA 92701

2020-21 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Santa Ana 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 30, 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 \$2,814,465, 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.

ATTACHMENT 2

Susan Gorospe
April 13, 2020
Page 2

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 Satveer Ark, Staff, at (916) 322-2985.

Sincerely,



 JENNIFER WHITAKER
Program Budget Manager

cc: Steven A. Mendoza, Executive Director of Community Development
Israel M. Guevara, Administrative Manager, Property Tax Section, Orange County

ATTACHMENT 2

Susan Gorospe
April 13, 2020
Page 3

Attachment

Approved RPTTF Distribution July 2020 through June 2021			
	ROPS A	ROPS B	ROPS 20-21 Total
RPTTF Requested	\$ 1,308,841	\$ 1,486,481	\$ 2,795,322
Administrative RPTTF Requested	125,000	125,000	250,000
Total RPTTF Requested	1,433,841	1,611,481	3,045,322
RPTTF Authorized	1,308,841	1,486,481	2,795,322
Administrative RPTTF Authorized	125,000	125,000	250,000
ROPS 17-18 prior period adjustment (PPA)	(230,857)	0	(230,857)
Total RPTTF Approved for Distribution	\$ 1,202,984	\$ 1,611,481	\$ 2,814,465

ATTACHMENT 3



GAVIN NEWSOM - GOVERNOR
STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

April 9, 2019

Ms. Susan Gorospe, Principal Management Analyst
City of Santa Ana
60 Civic Center Plaza, M-25
Santa Ana, CA 92701

Dear Ms. Gorospe:

Subject: 2019-20 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Santa Ana Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2019 through June 30, 2020 (ROPS 19-20) to the California Department of Finance (Finance) on January 30, 2019. Finance has completed its review of the ROPS 19-20.

Based on a sample of line items reviewed and application of the law, Finance is approving all of the items listed on the ROPS 19-20 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. Reported differences in Redevelopment Property Tax Trust Fund (RPTTF) are used to offset current RPTTF distributions. The amount of RPTTF approved in the table on Page 3 includes the prior period adjustment resulting from the County Auditor-Controller's review of the prior period adjustment form submitted by the Agency.

If the Agency disagrees with our determination with respect to any items on the ROPS 19-20, except items that 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/](http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is \$5,836,773 as summarized in the Approved RPTTF Distribution table on Page 3 (see Attachment).

ATTACHMENT 3

RPTTF distributions occur biannually, one distribution for the July 1 through December 31 period (ROPS A period), and one distribution for the January 1 through June 30 period (ROPS B period) based on Finance approved amounts. Since this determination is for the entire ROPS 19-20 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 19-20. 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 denied until the matter is resolved.

The ROPS 19-20 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 19-20 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 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 Nichelle Jackson, Supervisor, or Alexander Watt, Lead Analyst, at (916) 322-2985.

Sincerely,



JENNIFER WHITAKER
Program Budget Manager

cc: Mr. Steven A. Mendoza, Executive Director of Community Development, City of Santa Ana
Mr. Israel M. Guevara, Administrative Manager, Property Tax Section, Orange County

ATTACHMENT 3

Attachment

Approved RPTTF Distribution For the period of July 1, 2019 through June 30, 2020			
	ROPS A Period	ROPS B Period	ROPS 19-20 Total
RPTTF Requested	\$ 4,240,980	\$ 1,355,380	\$ 5,596,360
Administrative RPTTF Requested	144,849	144,849	289,698
Total RPTTF Requested	4,385,829	1,500,229	5,886,058
RPTTF Authorized	4,240,980	1,355,380	5,596,360
Administrative RPTTF Authorized	144,849	144,849	289,698
Total RPTTF Authorized for Obligations	4,385,829	1,500,229	5,886,058
Prior Period Adjustment	(49,285)	0	(49,285)
Total RPTTF Approved for Distribution	\$ 4,336,544	\$ 1,500,229	\$ 5,836,773