



Staff Report

Date: January 28, 2019

To: Oversight Board

From: John Montagh, Economic Development Manager

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Subject: **Adopt Resolution No. 2019-42 approving the Administrative Budget for the July 1, 2019 through June 30, 2020 of the Successor Agency to the Redevelopment Agency of the City of Concord.**

Report in Brief

The Oversight Board is required to review and take action on the administrative budget for the Successor Agency to the Redevelopment Agency of the City of Concord as it relates to the Recognized Obligation Payment Schedule (ROPS) for the July 1, 2019 through June 30, 2020 time period. The proposed administrative budget is the annual (fiscal year) ROPS cycle. Once approved by the Oversight Board, Successor Agency staff will forward the approved ROPS and administrative budget to the State Department of Finance (DOF), State Auditor Controller, County Administrator and County Auditor Controller for these agencies respective review by February 1, 2019. If approved by the DOF, ROPS 19-20 will be in place for the Successor Agency to make payments on agreements Successor Agency administration and enforceable obligations of the former Redevelopment Agency for that period of time. Total amount of funds requested for the 2019-20 administrative budget is \$250,000.

Recommended Action

Staff recommends that the Oversight Board hear staff's presentation of administrative budget, take public comments, deliberate and adopt Resolution No. 2019-42 approving

the administrative budget for the period covering July 1, 2019 to June 30, 2020 and direct staff to submit the administrative budget to the Department of Finance and other agencies as required.

Background

On February 1, 2012, redevelopment agencies throughout the state were dissolved pursuant to Assembly Bill 1X 26. All of the non-housing assets and obligations of the former Redevelopment Agency of the City of Concord were transferred by operation of law to the Successor Agency of the City of Concord. Health and Safety Section 34179 provides for establishment of an Oversight Board to oversee the closeout and wind down of the former redevelopment agency.

On June 27, 2012, the Governor signed into law AB 1484 which modified the dissolution law affecting the winding down of redevelopment agencies throughout the State. As part of this law, successor agencies are required to submit an Oversight Board approved ROPS to the DOF essentially three months ahead of the each ROPS period for DOF's review. The DOF has 45 days to review the Oversight Board approved ROPS and make its determination of the enforceable obligations, obligation amounts and funding sources of the enforceable obligation no later than 45 days after the ROPS is submitted.

The Governor signed the 2015/16 Budget Trailer bill which provided for annual ROPS, commencing with ROPS July 1, 2016 to June 30, 2017 and thereafter, agencies shall submit an oversight board approved annual ROPS to DOF and the County Auditor-Controller by February 1, 2016 and each February 1 thereafter.

Analysis

The Successor Agency is responsible for administering the payments appearing on the proposed ROPS, subject to the approval of the Oversight Board, which is charged with reviewing and approving administrative budget.

The administrative budget is for the time period July 1, 2019 to June 30, 2020 and is attached to this report (Attachment 1).

The Dissolution Law provides each successor agency with an administrative cost allowance equal to the greater of: (i) 3% of the property tax allocated to the Redevelopment Obligation Retirement Fund; or (ii) \$250,000; unless the amount is reduced by the Oversight Board or by agreement with the successor agency. Any amount that is not spent for actual costs incurred is returned to the County Auditor-Controller as part of the following Recognized Obligation Payment Schedule ("ROPS") true-up.

Senate Bill (SB) 107 introduced a new calculation commencing FY2016-17 for determining each successor agency's administrative cost allowance. It added a new cap on successor agency annual administrative costs. Under SB 107, a successor agency's total annual administrative costs cannot exceed 50% of the Redevelopment Property Tax Trust Fund ("RPTTF") distributed to the successor agency for the payment of approved enforceable obligations in the preceding year, reduced by the successor agency's administrative cost allowance and any City loan repayments in the preceding year.

The following summarizes the City of Concord administrative budget for 2019-20:

- Total eligible administrative cost under the SB 107 calculation for City of Concord for the time period covering ROPS 2019/20 is \$270,040
- Total amount of funds requested is \$250,000, as this is the City expects to need to administer the Successor Agency activities for the time period in question.

Attachments

1. Administrative Budget for July 1, 2019 to June 30, 2020
2. Resolution No. 2019-42