



**CITY OF GLENDALE, CALIFORNIA
REPORT TO THE:**

Joint City Council Housing Authority Successor Agency

Los Angeles County Consolidated Oversight Board, Fifth District

January 14, 2021

AGENDA ITEM

Report: Recognized Obligation Payment Schedule for July 2021 - June 2022
(ROPS 21-22)

- 1) Los Angeles County Consolidated Oversight Board, Fifth District
Resolution to adopt Recognized Obligation Payment Schedule for July 2021 through June 2022 (ROPS 21-22) including Administrative Budget for same period.

COUNCIL ACTION

Public Hearing Ordinance Consent Calendar Action Item Report Only

Approved for _____ calendar

ADMINISTRATIVE ACTION

Signature

Submitted by:

Philip Lanzafame, Director of Community Development

Prepared by:

Yolanda Valtierra, Administrative Officer

Approved by:

Roubik R. Golanian, P.E., Interim City Manager

Reviewed by:

Michael J. Garcia, City Attorney

Jennifer Hiramoto, Acting Assistant Director of Community Dev.

RECOMMENDATION

Staff recommends the Los Angeles County Consolidated Oversight Board, Fifth District (“Oversight Board”) adopt a resolution approving the Recognized Obligation Payment Schedule for July 2021 through June 2022 (ROPS 21-22) including Administrative Budget for same period.

BACKGROUND/ANALYSIS

RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS)

The Dissolution Act requires a Successor Agency to prepare annual payment schedules known as Recognized Obligation Payment Schedules (ROPS) in order to receive tax increment funding (referred to as Redevelopment Property Tax Trust Fund or “RPTTF”). The ROPS documents the financial obligations of the Successor Agency and is used as the Agency’s spending plan for the fiscal year (July 1 through June 30).

In addition to RPTTF, the Agency has the following funding sources available to pay for ROPS obligations: Bond proceeds, unused RPTTF from prior periods, and “other funds” consisting loan payments and interest revenue. The Agency is required to use all unrestricted funding sources to fund its financial obligations before requesting RPTTF.

The ROPS consists of the following 4 sections:

- **Summary** – Summarizes the proposed ROPS funding including funding sources, total RPTTF requested, and administrative costs;
- **ROPS Detail** – Details all of the funding items and funding sources for the proposed ROPS;
- **Report of Cash Balances** – Estimates the cash resources available to fund the proposed ROPS. This spreadsheet complies with a template provided by Department of Finance (DOF) and only reports the fiscal year 18-19 period. It excludes fiscal years 19-20 and 20-21 and therefore does not show the actual cash balances as of June 30, 2021 available to fund the ROPS 21-22 starting July 1, 2021. DOF does not allow any changes to their template, so this information is available upon request; and
- **Notes** - Provides clarifying information about ROPS Detail line items.

Staff has prepared ROPS 21-22 covering enforceable obligation payments due during July 1, 2021 through June 30, 2022 (Exhibit 1). The Glendale Successor Agency approved the ROPS on December 8, 2020. If approved by the Consolidated Oversight Board, it will be submitted to the State and County agencies and posted on the Successor Agency's website by February 1, 2021, the statutory deadline. A late ROPS submittal can expose the City to \$10,000 per day in penalties, and if the ROPS is more than 10 days late, the Successor Agency’s administrative cost allowance will be reduced by 25%. Staff has prepared the ROPS and has readied it for timely submission

pending approvals by the Consolidated Oversight Board. To date, staff has always timely submitted the ROPS to avoid the penalties.

ROPS FUNDING REQUESTS

The chart in Exhibit 2 summarizes the ROPS funding requests and the corresponding funding sources. The majority of ROPS funding requests represent payments for debt service on the bonds or use of bond proceeds. Of the total ROPS funding request of approximately \$15M, bond debt service payments represent approximately \$11M.

Other spending requests on the ROPS include several long-term agreements requiring annual payments including the Disney agreement (ROPS lines 17, 18, and 73) and the City-Agency loan (ROPS line 89). The City-Agency loan annual payment amount is determined by a formula in the Dissolution Act. The formula is based upon residual RPTTF distribution to the taxing entities in the prior two ROPS periods.

The remaining items on the ROPS reflect contractual services and administrative costs associated with operating and completing the wind-down activities of the Agency.

The ROPS payments noted are best estimates at the time of preparation. The payees noted on this ROPS are those under contract for the period noted. The vendors may change over time as necessary and appropriate to meet changes in circumstances related to necessary services. Any unspent money is calculated at the end of the ROPS period and reported back to the State. This money is then placed into reserves and spent on obligations on the following year's ROPS.

COMPLETED/RETIRED LINE ITEMS

As projects or funding obligations are completed, the DOF requires the corresponding ROPS line items be "retired;" thus, with each ROPS, the number of line items is reduced. With the 21-22 ROPS cycle, 6 new items are being retired because in the ROPS 20-21 cycle, Glendale defeased the 2011 Bonds – removing all related obligations from the ROPS. Also retired was the Reserve line related to the 2013 Bonds as this represents the final years of debt service on the 2013 Bonds and a Reserve will no longer be necessary. The Agency has had up to 143 ROPS line items in the past and currently has 21 remaining.

NEXT STEPS

The ROPS is due to DOF by February 1, 2021. The DOF must complete its review by April 15, 2021 and issue an Initial Determination Letter. If the Successor Agency disagrees with DOF's Initial Determination, the Agency can request a Meet and Confer session with DOF within five days of receiving the DOF's Determination Letter. The purpose of the Meet and Confer is to allow for a two-way dialogue between the Successor Agency and the DOF. Past Meet and Confers have often proven successful in the Agency being able to get initially disapproved funding items reinstated. Once the Meet and Confer takes place, the DOF will issue a Final Determination Letter by May 17, 2021. This is the statutory deadline to ensure RPTTF distribution by June 1, 2021 to fund ROPS 21-22 obligations. Although the ROPS is being prepared on an annual basis, RPTTF distribution will still occur on June 1 and January 2 each year.

FISCAL IMPACT

As summarized on the “Summary” page of ROPS 21-22, the total spending authority requested is \$14,699,576 with \$11,140,157 coming from RPTTF, \$73,919 from bond proceeds, \$3,227,500 from reserves (consisting of RPTTF requested in the prior ROPS period and held as reserves to be expensed in the following ROPS period for bond debt service payments), and \$258,000 from other funds (GUSD loan repayment).

CAMPAIGN DISCLOSURE

N/A

EXHIBITS

Exhibit 1: Recognized Obligation Payment Schedule for July 2021 through June 2022 (ROPS 21-22)

Exhibit 2: Chart of ROPS Funding Requests by Funding Source

Exhibit 3: Admin Allowance Budget