

REPORT to the Los Angeles Fifth Supervisorial District Consolidated Oversight Board

DATE: January 14, 2021

SUBJECT: Approval of the Successor Agency to the Community Redevelopment Agency of the City of Palmdale's Resolution No. OB 2021-001 and OB 2021-002 approving the Recognized Obligation Payment Schedule ("ROPS 21-22") and Administrative Budget for the period of July 1, 2021 through June 30, 2022.

FROM: Successor Agency to the Community Development Agency of the City of Palmdale

SUMMARY

Issues:

Should the Los Angeles Fifth Supervisorial District Consolidated Oversight Board approve Resolution No. OB 2021-001 and OB 2021-002 Resolutions of the Successor Agency to the Community Redevelopment Agency of the City of Palmdale authorizing the adoption of the Recognized Obligation Payment Schedule ("ROPS 21-22") and the Administrative Budget for the Period of July 1, 2021 Through June 30, 2022?

Recommendation:

On January 12, 2021, the Successor Agency to the Community Redevelopment Agency of the City of Palmdale approved and adopted Resolution No. SA 2021-001 and SA 2021-002. It is recommended that the Los Angeles Fifth Supervisorial District Consolidated Oversight Board approve Resolution No. OB 2021-001 and OB 2021-002 Resolutions of the Successor Agency to the Community Redevelopment Agency of the City of Palmdale Authorizing the Adoption of the Recognized Obligation Payment Schedule ("ROPS 21-22") and Administrative Budget for the Period of July 1, 2021 Through June 30, 2022.

Fiscal Impact:

The total payments estimated during the one year period of ROPS 21-22 is \$17,865,272, of which \$10,840,234 is expected to be funded by Redevelopment Property Tax Trust Funds (RPTTF) to be received from the Los Angeles County Auditor Controller (including Administrative Cost Allowance), \$6,576,324 is from reserve balance funds, and \$448,624 is from other funds. Amounts are budgeted in various areas of the Successor Agency to the Community Redevelopment Agency of the City of Palmdale budgets.

The Administrative Budget for the period of July 1, 2021 through June 30, 2022 totals \$393,916. These funds will be included in various line items of the Successor Agency to the Community Redevelopment Agency of the City of

Palmdale budgets in the fiscal year 2021-22 budget and are included on the Recognized Obligation Payment Schedule (ROPS).

BACKGROUND

Assembly Bill 1X 26 (AB 26) was signed by the Governor on June 28, 2011 and upheld as constitutional by the California Supreme Court. On June 27, 2012 the Governor signed Assembly Bill 1484 (AB 1484). AB 26 and AB 1484 (together the Dissolution Bills) made sweeping changes to California Redevelopment Law eliminating redevelopment agencies state wide, establishing successor agencies, and requiring the successor agencies to pay, perform and enforce the enforceable obligations of the former redevelopment agencies and to wind down the affairs of the former redevelopment agencies.

On January 4, 2012 the City of Palmdale City Council adopted resolution No. CC 2012-002 declaring itself as the Successor Agency to the Community Redevelopment Agency of the City of Palmdale ("Successor Agency") upon the dissolution of the Redevelopment Agency.

Section 34177(l) of the Dissolution Bills requires the Successor Agency to the Community Redevelopment Agency of the City of Palmdale prepare a Recognized Obligation Payment Schedule (ROPS) listing the enforceable obligations of the former Redevelopment Agency. The Successor Agency to the Community Redevelopment Agency of the City of Palmdale held a meeting on January 14, 2020 approving the ROPS 20-21 and the Administrative Budget for the period of July 1, 2020 through June 30, 2021.

Pursuant to Health and Safety Code Section 34179 (q), commencing on and after July 1, 2018, the County of Los Angeles, where more than 40 oversight boards were created by the Dissolution Act, shall have five consolidated oversight boards each encompassing the five supervisorial districts. As a result, the Fifth Supervisorial District Consolidated Oversight Board ("Fifth District Consolidated Oversight Board") has jurisdiction over the Successor Agency to the Redevelopment Agency of the City of Palmdale.

Section 34177(l) further requires that (i) the ROPS shall be submitted to the county administrative officer, the Los Angeles County Auditor-Controller (Auditor-Controller) and the State Department of Finance (Department of Finance) at the same time that the Successor Agency submits the ROPS to the Los Angeles County Fifth Supervisorial District Consolidated Oversight Board for approval; (ii) the ROPS shall be submitted to and duly approved by the Los Angeles County Fifth Supervisorial District Consolidated Oversight Board; (iii) the approved ROPS shall be posted on the

Successor Agency's website; and (iv) the approved ROPS shall be submitted to the Auditor-Controller, the State Controller and the State Department of Finance.

Section 34180 of the Dissolution Bills (Section 34180) requires certain successor agency actions to be approved by the oversight board, including Section 34180(c) "Setting aside of amounts in reserves as required by indentures, trust indentures, or similar documents governing the issuance of outstanding redevelopment agency bonds." The attached ROPS 21-22 details amounts in accordance with Section 34180(c).

The attached ROPS 21-22 also includes an enforceable obligation for the repayment of the Educational Revenue Augmentation Fund ("ERAF") and Supplemental Educational Revenue Augmentation Fund ("SERAF") loans borrowed from the former Redevelopment Agency's Low and Moderate Income Housing Fund.

The attached Resolution No. OB 2021-001 seeks approval to the setting aside of funds as detailed in ROPS 21-22 in accordance with Section 34180(c) to comply with bond documents.

Resolution No. OB 2021-001 also seeks approval of ROPS 21-22, and authorization and direction for the Executive Director, or his designee, to: (i) submit the Successor Agency approved ROPS 21-22 to the Los Angeles County Fifth Supervisorial District Consolidated Oversight Board for its review and approval and to concurrently submit ROPS 21-22 to the county administrative officer, the Auditor-Controller and the Department of Finance; (ii) submit the Los Angeles County Fifth Supervisorial District Consolidated Oversight Board approved ROPS 21-22 to the Auditor-Controller, the State Controller, the Department of Finance and any and all other entities as necessary or appropriate; (iii) post the Los Angeles County Fifth Supervisorial District Consolidated Oversight Board approved ROPS 21-22 on the City's website; and (iv) take any and all other actions and execute any and all such other documents as are necessary, convenient or appropriate to comply with the Dissolution Bills, and to effectuate the intent of this Resolution on behalf of the Successor Agency.

Section 34177(j) of the Dissolution Bills requires the Successor Agency to the Community Redevelopment Agency of the City of Palmdale to prepare an Administrative Budget annually and submit it to the Los Angeles County Fifth Supervisorial District Consolidated Oversight Board for approval.

Section 34177(k) of the Dissolution Bills further requires the Successor Agency to the Community Redevelopment Agency of the City of Palmdale to provide the Los Angeles County Auditor-Controller the administrative cost estimates from its approved Administrative Budget that are to be paid from property tax revenues deposited in the Redevelopment Property Tax Trust Fund.

Health & Safety Code Section 34171(b)(3) states that commencing July 1, 2016, the administrative cost allowance shall be up to 3 percent of the actual property tax distributed to the successor agency by the county auditor-controller in the preceding fiscal year for payment of approved enforceable obligations, reduced by the successor agency's administrative cost allowance and loan repayments made to the city pursuant to Section 34191.4(b) during the preceding fiscal year, subject to a minimum of \$250,000, unless such amount is reduced by the Oversight Board or by agreement between the successor agency and the State Department of Finance ("Department of Finance"). Staff has estimated this amount and allocated it to various Successor Agency to the Community Redevelopment Agency of the City of Palmdale costs as detailed in Exhibit A to Resolution No. SA 2021-002.

The attached Resolution No. OB 2021-002 seeks the Los Angeles Fifth Supervisorial District Consolidated Oversight Board's approval of the Administrative Budget and their authorization to i) forward the information required by Section 34177(k) to the Los Angeles County Auditor Controller, and iii) take any and all other actions and execute any and all such other documents as are necessary, convenient or appropriate to comply with the Dissolution Bills and to effectuate the intent of this Resolution on behalf of the Successor Agency to the Community Redevelopment Agency of the City of Palmdale.

Staff recommends approval of the Successor Agency to the Community Redevelopment Agency of the City of Palmdale Resolution No. OB 2021-001 and OB 2021-002.

Submitted by:

Attachments:

1. Resolution OB 2021-001
2. Exhibit A-Resolution No. SA 2021-001
3. Recognized Obligation Payment Schedule (ROPS 21-22)
4. Resolution No. OB 2021-002
5. Exhibit A-Resolution No. SA 2021-002
6. Exhibit B-Administrative Budget