OVERSIGHT BOARD
SUCCESSOR AGENCY
TO THE WEST HOLLYWOOD
COMMUNITY DEVELOPMENT COMMISSION
DISCUSSION ITEM

MAY 21, 2012

SUBJECT: APPROVE SUCCESSOR AGENCY ADMINISTRATIVE BUDGET FOR THE PERIOD FROM JULY 1, 2012 THROUGH DECEMBER 31, 2012

INITIATED BY: SUCCESSOR AGENCY
(Elizabeth Savage, Acting Director - Rent Stabilization and Housing) ES
(David Wilson, Interim Director - Finance) DW
(John Leonard, Project Development Administrator) JRL
(Beth Rosen, Information Technology Management Analyst) BR

STATEMENT ON THE SUBJECT:

The Oversight Board will consider approval of the Successor Agency Administrative Budget for the period from July 1, 2012 through December 31, 2012.

RECOMMENDATION:

Adopt Resolution No. --- "A RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE WEST HOLLYWOOD COMMUNITY DEVELOPMENT COMMISSION ADOPTING ADMINISTRATIVE BUDGETS PURSUANT TO HEALTH AND SAFETY CODE SECTION 34180"

BACKGROUND ANALYSIS:

Assembly Bill x1 26 ("AB x1 26") requires that each successor agency must prepare an administrative budget for each six month period and shall submit that administrative budget to their oversight board for approval. Health and Safety Code Section 34177(j) requires that administrative budgets include the following three items:

1) Estimated amounts for successor agency administrative costs for the upcoming six-month period;
2) Proposed sources of payment for the costs identified in the administrative budget; and
3) Proposals for arrangements for administrative and operations services provided by a city, county, city and county, or other entity.

In addition to detailing the contents required in each administrative budget, AB x1 26 also details the administrative cost allowance provided to each successor agency. Pursuant to Health and Safety Code Section 34171(b) the administrative cost allowance provided to each successor agency can be up to 5 percent of the property tax allocated to the successor agency for the 2011-12 fiscal year and up to 3 percent of the property tax allocated to the Redevelopment Obligation Retirement Fund, for the successor agency, for each fiscal year thereafter. However, the same section provides that the amount shall not be less than two hundred and fifty thousand dollars ($250,000) for any fiscal year. Lastly, AB x1 26 provides that the administrative amount detailed above shall exclude any administrative costs that can be paid for from bond proceeds or from sources other than property tax.

The Successor Agency to the West Hollywood Community Development Commission ("Successor Agency") has prepared a proposed Administrative Budget for the period from July 1, 2012 through December 31, 2012 ("Administrative Budget"), which is included as Attachment A. The Administrative Budget includes estimates of administrative costs and sources of payment, as required by AB x1 26. The Administrative Budget is based on a $250,000 cost allowance, excluding any amounts which can be paid from bond proceeds or from sources other than property tax. Staff determined that both the "3 percent" and "5 percent" calculations, as detailed previously, would yield an administrative cost allowance of less than $250,000, thus, the minimum amount of $250,000, as provided in AB x1 26, was used.

For the period July 1, 2012 through December 31, 2012, the Successor Agency estimates an Administrative Budget in the amount of $126,455.28. The budget includes Successor Agency staffing costs, overhead costs, as well as other contract and legal services. All staffing costs associated with projects funded through bond proceeds were not included on the Administrative Budget. Administrative Budget costs will be paid for with one-half of the Successor Agency $250,000 administrative cost allowance for the fiscal year 2012-13. Upon approval of the Administrative Budget the Successor Agency will request $125,000 in administrative cost allowance funds from the Los Angeles County Auditor-Controller, one-half of the $250,000 administrative cost allowance for fiscal year 2012-13, to pay for the costs associated with the Administrative Budget.

FISCAL IMPACT:

The Successor Agency will request $125,000 from the Los Angeles County Auditor-Controller to pay for the items detailed in the Administrative Budget; one-half of the minimum $250,000 administrative cost allowance, for fiscal year 2012-13.

ATTACHMENTS:

Attachment A: Successor Agency Administrative Budget for the period from July 1, 2012 through December 31, 2012.