



AGENDA REPORT

OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO
THE SAN CLEMENTE REDEVELOPMENT AGENCY
MEETING DATE: FEBRUARY 24, 2014

Agenda Item 7-A
Approvals:
City Manager [Signature]
Dept. Head [Signature]
Attorney _____
Finance [Signature]

Department: Finance and Administrative Services
Prepared By: Jake Rahn, Financial Services Officer

Subject: *STATUS UPDATE ON REDEVELOPMENT AGENCY DISSOLUTION*

Fiscal Impact: None.

Summary: The Successor Agency has been completing steps to dissolve the Redevelopment Agency (RDA). These steps include the distribution of assets that were held by the RDA and paying enforceable obligations that existed as of February 1, 2012 (date of dissolution). This report outlines steps completed and the remaining steps to be approved by the Oversight Board prior to dissolution.

Background: As part of the State of California FY 2012 budget, legislation was passed dissolving redevelopment agencies. This legislation, and related subsequent legislation, provides procedures to dissolve redevelopment agencies statewide. This report provides a brief status on what the City has completed to dissolve the operations of the San Clemente RDA.

The following activities have been completed as part of the dissolution process:
April 4 and 16, 2012: The Oversight Board 1) approved the Administrative requirements for the Oversight Board, 2) approved the Recognized Obligation Payment Schedule (ROPS) for the period from January 1, 2012 to June 30, 2012, and 3) authorized the transfer of the public use assets to the City of San Clemente as a part of a review of the assets of the former Agency (asset management plan).

June 27, 2012: The Oversight Board approved the ROPS for the period from July 1, 2012 to December 31, 2012.

July 10, 2012: The Successor Agency, based on an invoice by the County, made a payment to auditor-controller in the amount of \$1,161,479 from the Redevelopment Agency as required under AB 1484.

August 1, 2012: The Housing Successor Agency prepared and submitted to the Department of Finance (DOF) a list of housing assets transferred to the Successor Agency from February 1, 2012 to August 1, 2012.

August 23, 2012: The Oversight Board approved the ROPS for January 1, 2013 through June 30, 2013, which was submitted electronically to DOF.

December 10, 2012: The Oversight Board reviewed and approved the Low and Moderate Income Housing Fund (LMIHF) agreed upon procedures, which was subsequently transmitted to the DOF and the auditor-controller.

January 4, 2013: DOF completed the review of LMIHF audit and reported findings. Determinations allowed \$13,595 of payments to qualify as enforceable.

January 11, 2013: The Successor Agency requested a "meet and confer" to resolve disputes based on the DOF review of the LMIHF audit.

January 28, 2013: The "meet and confer" was held and additional information was requested from the Successor Agency staff. This information was subsequently provided in electronic format to the DOF.

February 8, 2013: The DOF reissued a revised letter allowing \$87,051 of payments to qualify as enforceable.

February 26, 2013: The Oversight Board approved the ROPS for the period of July 1, 2013 to December 31, 2013, which was submitted electronically to the DOF.

March 12, 2013: The Successor Agency submitted to Oversight Board, County Auditor-Controller, State Controller, and DOF results of the agreed upon procedures report of all other Redevelopment Agency funds and account balances by a licensed accountant.

May 29, 2013: DOF completed the other Redevelopment Agency funds agreed upon procedures report review and made adjustments totaling \$376,577. The adjustments were for loan payments of \$292,316 made from January 1, 2011 to January 1, 2012 and \$84,261 related to accounts payable at June 30, 2012, which was paid from the FY 2013 tax increment allocation.

June 5, 2013: The Successor Agency made a payment of \$412,450, which included the adjustments listed above totaling \$376,577 and a residual balance of \$35,873.

June 18, 2013: A Finding of Completion was requested from the State of California.

June 20, 2013: A Finding of Completion was received from the DOF, which allowed for the inclusion of the General Fund loan to be listed as an Enforceable Obligation on the ROPS upon Oversight Board approval.

June 3-6, 2013: California State Controller's Office review and assessment of asset transfers fieldwork was performed.

July 3, 2013: A finding was approved by the Oversight Board that the General Fund Loan was used for legitimate redevelopment agency purposes.

September 25, 2013: The Oversight Board approved the ROPS for January 1, 2014 through June 30, 2014, which was submitted electronically to DOF.

September 25, 2013: The Oversight Board approved the Long Range Property Management Plan, which was subsequently provided to the DOF.

January 16, 2014: The State Controller Office issued the Asset Transfer Review Report and noted in the report that no further action is required.

February 2014: Oversight Board is presented the ROPS for July 2014 through December 31, 2014.

In the future, the Successor Agency will bring before the Oversight Board the following items to advance the dissolution of the RDA:

- The DOF review of the Long-Range Property Management Plan needs to be completed, and
- The Successor Agency must pay the enforceable obligations as listed on the ROPS.

Discussion: Staff has prepared information as part of the steps to dissolve the former RDA. The Long Range Property Management Plan, the Recognized Obligation Payment Schedules and the related steps have not yet been concluded and the future actions are listed below:

Long-Range Property Management Plan (LRPMP):

The LRPMP was completed within 6 months of the Finding of Completion and is currently under review by the DOF. The LRPMP addresses the disposition and use of the real properties of the former RDA.

Upon completion of the review of the LRPMP a letter will be issued by the Department of Finance reflecting the approval or objection to the LRPMP. This information will be communicated to the Oversight Board with any follow-up action that may be required.

Enforceable Obligations (as listed on the ROPS):

The ROPS lists the outstanding financial obligations of the redevelopment agency including the General Fund loan, the operating lease agreement maintenance costs for the Casa Romantica, and the administrative costs for dissolving the RDA. The General Fund loan was authorized for repayment, however payment of the liability is subject to limitations under State law.

The administrative costs related to the dissolution of the RDA are also listed on the ROPS, subject to the annual threshold allowed under State law of \$250,000. However, only actual costs incurred to dissolve the RDA are paid.

Recommended

Action: STAFF RECOMMENDS THAT the Oversight Board:
1) Receive and file the report.

