



AGENDA REPORT
OVERSIGHT BOARD OF THE SUCCESSOR AGENCY
TO THE SAN CLEMENTE REDEVELOPMENT AGENCY
MEETING DATE: APRIL 4, 2012

Agenda Item _____
Approvals: _____
 City Manager _____
 Dept. Head _____
 Attorney _____
 Finance _____

Department: Finance & Administrative Services
Prepared By: Jake Rahn, Financial Services Manager

Subject: **APPROVAL OF THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS)**

Summary: Under Health and Safety Code Section 34180, certain actions of the Successor Agency (City) require approval of the Oversight Board. As part of the requirement to dissolve the Redevelopment Agency, the City Council is required to take actions under AB 26. These include the approval of the Recognized Obligation Payment Schedule (ROPS) and the Successor Agency's Administrative Budget.

The ROPS was presented at the February 21, 2012 City Council meeting and approved for submission to the Oversight Board. The ROPS is for the period February through June 2012. At the time the AB 26 was upheld by the California Supreme Court, several projects were already underway. The ROPS schedule lists the financial obligations of the redevelopment agency that were outstanding, including payments related to contracts and agreements; project specific costs; debt payments; and other miscellaneous payments. Included on the schedule are costs related to the dissolution of outstanding obligations of the former Redevelopment Agency. These outstanding obligations include the Casa Romantica Lease Obligation, General Fund Advance, obligations under the Pier Bowl Sidewalk Project, approved affordable housing assistance agreements and dissolution administrative costs.

Information on each of the items listed on the ROPS follows:

Casa Romantica Lease Obligation. This obligation relates to the rental agreement with the Casa Romantica Cultural Center (CRCC). The former RDA is obligated to perform certain maintenance items specified and do an exterior painting every 10 years; with the first painting currently due. This amount is based on an annual maintenance requirement of \$30,000 annually and \$80,000 twice during the estimated life of the original redevelopment agency.

General Fund Advance. In July 2002, the RDA refinanced outstanding debt that was used to purchase the Casa Romantica historical site and related improvements. The loan (advance) was refinanced with the General fund balance in an original amount of \$3.4 million with an interest rate of 2.9% and a term of 16 years, with annual payments equal to \$269,830. This loan was to be paid with property tax increment.

Pier Bowl Lighting and Landscape Project. This project was completed approximately in May of 2011, however due to outstanding issues funds were held in retention. The project is

wrapping up the construction management and these outstanding issues with full acceptance of the project anticipated in the near future. Upon final acceptance of outstanding payments will be completed and made on this project.

Affordable Housing Assistance. These assistance agreements were approved prior to the approval of AB26 and are related to Low and Moderate Income Housing funds to provide transitional assistance and affordable housing to individuals.

Administrative Budget. The City has detailed the estimated administrative costs (as listed in Attachment B) related to the dissolution of the Agency which will be submitted to the Oversight Board as required under Health & Safety Code Section 34177(j). AB 26 provides for an administrative allowance to allow a successor agency to wind down the former redevelopment agency and administer an oversight board. The allowance covers staff time, attorney and consultant time, rent, supplies, audit fees, record-keeping costs, etc. The law allows 5% of the amount listed on the fiscal year 2011-2012 ROPS for administrative costs (with a minimum allowance of \$250,000), and then 3% of the ROPS for the following fiscal years.

In addition to the current ROPS, a future ROPS will need to be prepared for additional costs relating to the period of July 2012 through December 2012.

Recommended

Action:

STAFF RECOMMENDS THAT THE OVERSIGHT BOARD

- 1) Approve the Recognized Obligation Payment Schedule (ROPS) as presented.
- 2) Approve the Administrative budget for operations from February 1, 2012 to June 30, 2012 in relation to the dissolution of the former Redevelopment Agency.

Fiscal Impact:

These costs are available for funding through the former Redevelopment Agency's funds.

Attachments:

Attachment "A" - Preliminary Draft of the Recognized Obligation Payment Schedule
Attachment "B" - Listing of Administrative Overhead

PRELIMINARY DRAFT of the RECOGNIZED OBLIGATION PAYMENT SCHEDULE (Amended)
Per AB 26 - Section 34167 and 34169 (*)

Project Area #1 Debt Obligation	Payee	Description	Funding Source(s)*	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	Payments by Month					
						Feb-12	Mar-12	Apr-12	May-12	Jun-12	Total
Administrative Budget	City of San Clemente	Admin costs (see admin budget)	RPTTF	104,166	104,166	20,833	20,833	20,834	20,833	20,833	\$ 104,166
Loan July 1, 2003 (1994 loan refinance)	City of San Clemente	Loan for prior capital projects/Casa Romantica (2.88% interest rate)	RPTTF	1,778,345	1,778,345	-	-	-	-	1,778,345	\$ 1,778,345
Cooperative Agreement-June 2010	Legacy Construction	Pier Bowl Sidewalk Project (11/4/2010 contract)	RPTTF	77,081	77,081	-	-	77,081	-	-	\$ 77,081
Cooperative Agreement-June 2010	RBF Consulting	Pier Bowl Sidewalk Project	RPTTF	6,500	-	-	2,000	2,000	2,500	-	\$ 6,500
Lease Agreement	Casa Romantica Cultural Center	Annual Maintenance under Agreement (annual routine maint. \$30,000)	RPTTF	600,000	30,000	-	10,000	10,000	5,000	5,000	\$ 30,000
Lease Agreement	Casa Romantica Cultural Center	Exterior Painting under Agreement every 10 years (20 yrs left on agreement)	RPTTF	160,000	80,000	-	40,000	40,000	-	-	\$ 80,000
Affordable Housing Assistance	Illumination Foundation	Housing assistance	LMHIF	3,500	3,500	-	-	-	-	3,500	\$ 3,500
Affordable Housing Assistance	Friendship Shelter, Inc.	Housing assistance	LMHIF	7,800	7,800	-	-	-	-	7,800	\$ 7,800
Affordable Housing Assistance	Family Assistance Ministries	Housing assistance	LMHIF	2,295	2,295	-	-	-	-	2,295	\$ 2,295
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Grand total - All Pages				\$ 2,739,687	\$ 2,083,187	\$ 20,833	\$ 72,833	\$ 149,915	\$ 28,333	\$ 1,817,773	\$ 2,089,687

* "LMHIF" - Low and Moderate Income Housing Fund
 "Bonds" - Tax allocation bond proceeds
 "Res." - Reserve balances
 "ACA" - Administrative cost allowance
 "RPTTF" - Redevelopment Property Tax Trust Fund
 "Other" - Other revenue sources (interest earnings, etc.)

Attachment "B" - Listing of Administrative Costs

CITY OF SAN CLEMENTE
SUCCESSOR AGENCY ADMINISTRATIVE COSTS
FEBRUARY 1, 2012 TO JUNE 30, 2012

	<u>Totals</u>
Staffing	21,540
General Fund Overhead	45,230
Duplicating	440
Information Technology	900
Communications	450
Negocio Rent	600
Insurance charges	14,290
Legal/Contractual/Auditing	20,000
Other costs	716
Total Administration Budget	<u><u>104,166</u></u>