



SUBJECT: Approval and Adoption of a Recognized Obligation Payment Schedule for July 2016 through June 2017 ("ROPS 16-17")

DEPARTMENT: Administrative Services

MEETING DATE: January 27, 2016

SUBMITTED BY: Successor Agency

RECOMMENDATION: It is recommended that the Oversight Board:

1. Adopt the attached resolution approving the Recognized Obligation Payment Schedule for the period of July 1, 2016 through June 30, 2017 ("ROPS" 16-17") and the incorporated administrative allowance and budget.

BACKGROUND:

As of February 1, 2012, all redevelopment agencies throughout the State were required to dissolve as a result of the passage of ABX1-26 and the subsequent Matosantos case ruling by the California Supreme Court. On June 27, 2012, AB 1484 became law. AB 1484 amended many components of ABX1-26 and revised several operating procedures.

A complete summary of the major provisions of AB 1484 prepared by the League of California Cities was previously provided to the Board. Several lawsuits were filed relative to specific provisions contained in AB 1484. The League of California Cities filed a lawsuit on September 24, 2012, challenging the constitutionality of the sales tax and property tax clawback and other provisions of AB 1484. On December 9, 2013, the Court issued its final ruling that: (1) determined the sales and use tax offset provisions violated Article XIII, Section 24(b) of the California Constitution; (2) affirmed its original ruling denying relief as to the property tax reduction provision of Section 34179.6(h)(1)(C); and (3) affirmed its original ruling denying relief related to unconstitutional delegation and alleged underground regulations.

Current Issue:

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), effective July 1, 2016, ROPS are required to be prepared by successor agencies and approved by oversight boards for prospective annual periods (shown as two six-month periods) and are the budgetary documents upon which auditor-controllers distribute what was formerly tax increment to successor agencies to allow them to pay approved enforceable obligations and administrative costs during the following year. In short, auditor-controllers deposit what would previously have been deemed tax increment if redevelopment agencies had not dissolved into a new account, the RPTTF. Any RPTTF dollars not required to pay

enforceable obligations and approved administrative costs during each six-month period (January and June disbursement dates) are to be retained and distributed by auditor-controllers to the affected taxing entities, such as schools, special districts and the like.

HSC section 34177 (o) (1) requires that the annual prospective ROPS for the period of July 1, 2016 through June 30, 2017 must be adopted by the Oversight Board and transmitted to the Department of Finance (DOF) prior to February 1, 2016. The Riverside Auditor-Controller has not yet provided estimates of available funding to successor agencies prior to the preparation of this ROPS cycle. As such, we find ourselves in the same position we were when we prepared previous ROPS', i.e., having to prepare and submit an annual ROPS without benefit of an estimate from the Riverside Auditor-Controller of the maximum RPTTF distribution to which we might be entitled.

As a reminder, AB1484 allows successor agencies to reserve funds from one RPTTF period to another if necessary to meet annualized bond debt payments. In our case, this will be necessary from the January 2017 disbursement as the required bond debt service in the July through December 2017 period of the next annual ROPS cycle will be significantly higher than that required during the January through June 2017 period. Specifically, bond payments and fiscal agent fees required during the January – June 2017 ROPS cycle will be approximately \$4.18 million while these same bond payments and fiscal agent fees required during the July through December 2017 ROPS cycle will be approximately \$10.56 million. As such, the January through June 2017 ROPS cycle will include a Reserve for Bond Debt Service enforceable obligation to be funded from the RPTTF in the amount of \$2,314,043. This reservation for August bond payments will generally be required annually from January disbursements made by the County.

Now that the ROPS has changed to an annual submission, pursuant to HSC section 34177 (o) (1) (E), once per ROPS period, the agency may submit one amendment to the ROPS approved by DOF and is subject to the following:

- The amended ROPS must be approved by the OB and is due to DOF no later than October 1.
- The OB must make a finding that the revision is necessary for payment of approved enforceable obligations during the second half of the ROPS period (January 1 to June 30).
- The agency may only amend the amounts requested for payment of approved enforceable obligations.
- DOF's determination will be issued at least 15 days before the date of the property tax distribution.

Other noteworthy changes in this July 1, 2016 through June 30, 2017 ROPS cycle from those prepared and approved for previous ROPS cycles reflects the following:

- Retiring outstanding obligations related to the Mary Pickford Theatre and the reserve for tax allocation bond payments – August 2016.

It must also be noted that AB 1484 significantly changed the ROPS approval process. Once prepared, the ROPS must be transmitted electronically to the County Administrative Officer, the County Auditor-Controller and to DOF concurrently with transmittal to the Oversight Board. Effective with ROPS 13-14B, once the ROPS is approved by the Oversight Board, it must be uploaded along with the OB Resolution to the DOF using the Redevelopment Agency Dissolution Web Application (RAD). It must also be electronically transmitted to the County Auditor-Controller and the State Controller's Office, and posted on the website. Pursuant to HSC section 34177 (o) (1) DOF has until April 15 of each year to render a decision on the submitted ROPS. If an Oversight Board desires to contest DOF's decision, it must request to "meet and confer" within five business days of receiving notification of DOF's decision. The "meet and confer" is to occur within a 30-day period. DOF shall notify the successor agency and the county auditor-controller as to the outcome of its review at least 15 days before the date of the first property tax distribution for that period.

Fiscal Impact: If adopted, the July 1, 2016 through June 30, 2017 ROPS will authorize payments of \$18,403,181 of enforceable obligations (excluding the administrative cost allowance) during this time period, of which \$15,100,043 will be funded from the RPTTF, with the balance funded from bond proceeds or other (which includes rental income, interest, etc.). It will also approve an administrative budget totaling \$405,462, which is equivalent to 3% of the prior year's distribution from the RPTTF as allowed by law. The administrative budget will also be funded from the RPTTF.

ATTACHMENTS: Attachment One: Resolution
Attachment Two: ROPS 16-17

RESOLUTION NO. _____

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF CATHEDRAL CITY APPROVING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD COMMENCING JULY 1, 2016 THROUGH JUNE 30, 2017, AS REQUIRED BY HEALTH & SAFETY CODE SECTION 34177(l) AND ADOPTING AN ADMINISTRATIVE BUDGET

WHEREAS, in accordance with the provisions of the California Community Redevelopment Law (Health and Safety Code Section 33000, *et seq.* ("CRL"), the City Council of the City of Cathedral City previously established the Redevelopment Agency of the City of Cathedral City, a public body, corporate and politic ("Agency") to carry out the purposes of and exercise the powers granted to community redevelopment agencies in accordance with the CRL; and

WHEREAS, on February 1, 2012, the Agency was dissolved in accordance with Assembly Bill 1X26 (Stats. 2011, 1st Ex. Sess., Ch. 5) ("AB 26"), and its rights, powers, duties and obligations were transferred to a "successor agency" (as defined by CRL Section 34171(j) and Section 34173); and

WHEREAS, in accordance with AB 26, the City Council took official action electing to become both the Agency's successor agency ("Successor Agency") and its successor for housing functions in accordance with CRL Sections 34173 and 24176; and

WHEREAS, in pursuant to Section 34177(l) the Successor Agency is required to prepare "Recognized Obligation Payment Schedules" (each such Schedule, a "ROPS") that must be submitted to the County Auditor-Controller and the State Department of Finance; and

WHEREAS, in accordance with CRL Section 34177(o)(1), each ROPS must identify, on a prospective annual basis, the funds required by the Successor Agency to satisfy the Agency's enforceable obligations and to pay administrative expenses; and

WHEREAS, the ROPS for the period commencing July 1, 2016 through June 30, 2017 (the "ROPS 16-17") was prepared in accordance with the requirements of CRL Section 34177(l) and other applicable law and, in accordance with CRL Section 34180(j), has been previously transmitted electronically to the Riverside County Administrative Officer, the Riverside County Auditor-Controller and the State Department of Finance and is attached hereto as Exhibit "A".

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY OF THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF CATHEDRAL CITY AS FOLLOWS:

Section 1. The Successor Agency recommended Oversight Board approval of the ROPS 16-17.

Section 2. The Successor Agency-recognized ROPS 16-17 serves as the budget document for the Successor Agency during the designated operative period and appropriates funds as identified.

Section 3. The Successor Agency is required to submit the ROPS 16-17 to the Oversight Board for approval.

Section 4. The Successor Agency has prepared an administrative budget for the approval of the Oversight Board in accordance with CRL Section 34171(b) and said administrative budget is equal to three percent of the property tax actually allocated by the Riverside County Auditor-Controller to the Successor Agency's Redevelopment Obligation Retirement Fund for the 2015-16 fiscal year and allocated appropriately between each six-month period prepared for the 2016-17 fiscal year, excluding any administrative costs that can be paid from bond proceeds or from sources other than property tax.

Section 5. The Oversight Board has received the ROPS 16-17 and approves the ROPS 16-17 inclusive of said administrative budget, a copy of which is incorporated herein as Exhibit "A," and all the underlying agreements.

Section 6. The Oversight Board directs the City Manager to cause the transmission of the ROPS 16-17 to the Riverside County Auditor-Controller, the State Department of Finance, the County Administrative Office, and State Controller's Office or alternatively to provide notice to those entities together with the address of the City's website and the posting of the ROPS 16-17 to the City's website.

Section 7. This Resolution will become effective in accord with CRL Section 34177(o) and Section 34179(h).

* * * * *

The foregoing Resolution was duly and regularly adopted at a regular meeting of the Oversight Board to the Successor Agency of the Redevelopment Agency of Cathedral City held on January 27, 2016 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

CHAIR

ATTEST:

Oversight Board Secretary

EXHIBIT A

**Recognized Obligation Payment Schedule
ROPS 16-17**

Recognized Obligation Payment Schedule (ROPS 16-17) - Summary

Filed for the July 1, 2016 through June 30, 2017 Period

Successor Agency: _____
 County: _____
 Cathedral City
 Riverside

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)		16-17A Total	16-17B Total	ROPS 16-17 Total
Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF) Funding Sources (B+C+D):				
A	Sources (B+C+D):	\$ 2,639,206	\$ 258,470	\$ 2,897,676
B	Bond Proceeds Funding	819,206	255,470	1,074,676
C	Reserve Balance Funding	1,820,000	-	1,820,000
D	Other Funding	-	3,000	3,000
Enforceable Obligations Funded with RPTTF Funding (F+G):				
E	Funding (F+G):	\$ 8,781,209	\$ 6,724,296	\$ 15,505,505
F	Non-Administrative Costs	8,578,478	6,521,565	15,100,043
G	Administrative Costs	202,731	202,731	405,462
H	Current Period Enforceable Obligations (A+E):	\$ 11,420,415	\$ 6,982,766	\$ 18,403,181

Certification of Oversight Board Chairman:
 Pursuant to Section 34177 (c) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named successor agency.

 Name Title
 /s/_____
 Signature Date

Cathedral City Recognized Obligation Payment Schedule (ROPS 16-17) - Report of Cash Balances
(Report Amounts in Whole Dollars)

A	B						H	I	
	C	D	E	F	G	RPTTF			
									Fund Sources
Bond Proceeds		Reserve Balance		Other		RPTTF			
Bonds issued on or before 12/31/10		Prior ROPS and DDR RPTTF balances retained		Prior ROPS RPTTF distributed as reserve for future period(s)		Rent, grants, interest, etc.		Non-Admin and Admin	
Cash Balance Information by ROPS Period									
ROPS 15-16A Actuals (07/01/15 - 12/31/15)									
1	Beginning Available Cash Balance (Actual 07/01/15)	10,222,801	23,603	1,045,036	2,816,358	71,070	-	-	
2	Revenue/Income (Actual 12/31/15) RPTTF amounts should tie to the ROPS 15-16A distribution from the County Auditor-Controller during June 2015	6,851	18	-	-	99,690	8,659,177	LRPMP revenues - \$99,000	
3	Expenditures for ROPS 15-16A Enforceable Obligations (Actual 12/31/15)								
4	Retention of Available Cash Balance (Actual 12/31/15) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)	1,647,227	23,602	1,045,036	2,816,358	160,328	7,294,952	LRPMP remittances to County - \$99,000	
5	ROPS 15-16A RPTTF Balances Remaining								
6	Ending Actual Available Cash Balance C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)	\$ 8,582,425	\$ 19	\$ -	\$ -	\$ 10,432	\$ -	\$ 1,364,185	
ROPS 15-16B Estimate (01/01/16 - 06/30/16)									
7	Beginning Available Cash Balance (Actual 01/01/16) (C, D, E, G = 4 + 6, F = H4 + F4 + F6, and H = 5 + 6)	\$ 8,582,425	\$ 19	\$ -	\$ -	\$ 10,432	\$ 1,364,185		
8	Revenue/Income (Estimate 06/30/16) RPTTF amounts should tie to the ROPS 15-16B distribution from the County Auditor-Controller during January 2016	4,500					5,298,978		
9	Expenditures for ROPS 15-16B Enforceable Obligations (Estimate 06/30/16)	5,345,181				2,750	4,524,013		
10	Retention of Available Cash Balance (Estimate 06/30/16) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)								1,820,000
11	Ending Estimated Available Cash Balance (7 + 8 - 9 - 10)	\$ 3,241,744	\$ 19	\$ -	\$ -	\$ 7,682	\$ 319,150		

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see CASH BALANCE TIPS SHEET.