

# THE SUCCESSOR AGENCY

*OF THE DISSOLVED LOMPOC REDEVELOPMENT AGENCY*

## **Lompoc Successor Agency Agenda Item**

**Successor Agency Meeting Date:** February 18, 2014

**TO:** Patrick Wiemiller, Executive Director

**FROM:** Melinda Wall, Financial Services Manager  
[m\\_wall@ci.lompoc.ca.us](mailto:m_wall@ci.lompoc.ca.us)

**SUBJECT:** Review and Acceptance of Lompoc Recognized Obligation Payment Schedule (ROPS) for the Period of July 1 to December 31, 2015 (Lompoc ROPS 14-15A)

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### **Recommendation:**

Staff recommends the Successor Agency Board accept the attached ROPS report that will be incorporated into the ROPS 14-15A and authorize it to be sent in final form to the Oversight Board (OB) for its February 24, 2014, meeting. The OB will then review and consider for adoption a Resolution approving the ROPS for the period of July 1, 2014, to December 31, 2014. If approved, the Resolution and associated ROPS will be sent to the Department of Finance (DOF) for final consideration by March 3, 2014.

### **Background:**

The Lompoc Redevelopment Agency was dissolved with the passage of SB X1 26. SB X1 26 requires a semi-annual report (the ROPS) to be submitted by each Successor Agency (SA) to request disbursement of tax increment sufficient to pay for enforceable obligations in the next six month period. In general, prior ROPS consisted of enforceable obligations and other items that have been approved by the OB and DOF. The City, acting as the SA, receives confirmation of approval of a submitted ROPS through the State of California DOF. The local county is informed of the approval and is directed to disburse funds accordingly.

The DOF has developed a web-based application known as the Redevelopment Agency Dissolution Web Application (RAD App), for use in preparation of future ROPS, beginning with the ROPS 14-15A. With the RAD App, preparation of current and future ROPS are easier to complete and more easily reviewed at the DOF level. After approval, the ROPS 14-15A, along with the approved Resolution from the OB, will be submitted directly to the DOF using the RAD App. Executed paper copies of each document will still be e-mailed

to the State Controller's Office and the County Auditor Controller, as required by the dissolution law.

**Discussion:**

The ROPS 14-15A form consists of five pages. Line numbers entered on prior ROPS forms remain the same as originally entered on the ROPS for consistency. Those lines where the enforceable obligations have been completed are now being eliminated.

The first page presented is the Summation of the ROPS Detail form and Prior Period Adjustments form. The second page is the Cash Balances form. This form starts with the beginning balances prior to ROPS 13-14A, then summarizes ROPS 13-14B, outlining the revenues that were actually received with our associated anticipated costs. The RAD App automatically generates an estimated cash balance and then adds our estimated 13-14B revenues and expenditures to get to an estimated beginning Cash Balance amount for 14-15A, to arrive at an estimated available cash balance for the ROPS 14-15A.

The third page is the ROPS 14-15A Detail form for anticipated expenditures for July 1, 2014, to December 31, 2014. This page accounts for the current request of Redevelopment Property Tax Trust Fund (RPTTF) monies to be distributed in June 2014.

The fourth page is comparison of the prior period estimated obligations versus actual payments for ROPS 13-14A that covered the period of July 1, 2013, to December 31, 2013. This page is the source for the information shown on the Fund Balances form. The purpose of this form is to true up expected payments with the actual expenditure for all items on the ROPS 13-14A.

The fifth page is a Note page to allow for further details or notes for the ROPS 14-15A.

The following discussion is the detailed information of the current ROPS 14-15A, page 3.

**Recognized Obligation Payment Schedule Detail (ROPS Detail) Form**

Information entered on the ROPS Detail form can be grouped by funding into two categories: Non-RPTTF and RPTTF funding sources.

In the Non-RPTTF funding category, there are three sources of funds: Bond Proceeds, Reserve Balance and Other. The three Non-RPTTF categories are more fully described below with specific Lompoc-related activity.

**Bond Proceeds:**

The Agency funded the 2010 Tax Allocation Bond (TAB) issue in June 2010. TAB proceeds funded items from prior ROPS (not attached) that were listed on lines 18-39.

These line items have been completed and eliminated from the ROPS. These lines included the Aquatic Center Dehumidification and Renovation Project (Aquatic Center Project) and the Dick DeWees Community and Senior Center (DeWees Center Project). The date of acceptance for completion of the construction portion of the Aquatic Center Project was July 17, 2012. A notice of cessation was filed on the construction portion of the DeWees Center Project on October 9, 2012. While the construction portions of the two projects have been finished, neither project was entirely completed by the time the Agency was dissolved and TAB proceeds were effectively frozen.

Under AB1484, following receipt of a DOF Finding of Completion, an SA is clearly authorized to spend, in a manner consistent with the original bond covenants, excess bond proceeds (proceeds not already committed to satisfy approved enforceable obligations) from bonds issued prior to 2011. Such expenditures of excess pre-2011 bond proceeds are considered enforceable obligations, to be separately listed on the ROPS submitted by the SA. The DOF Finding of Completion was issued on June 7, 2013, to the City of Lompoc's SA.

In compliance with AB1484, new obligation line items were added to the ROPS 13-14B for eligible projects utilizing available bond proceeds.

The line items for the Aquatic Center Project that were added to the 13-14B ROPS can be found on lines 46-50, for a total of \$96,601. These items include new ADA-compliant doors, bleachers, sound system, wall replacement and other miscellaneous items needed to complete the Aquatic Center Project. The sound system and bleachers will directly benefit the LUSD in their use of the facility for competition events.

Line items 51 and 52 have been reserved for future Bond-funded projects that have not yet been allocated funds from bond proceeds.

Line items 53-66 include a total of \$84,970 for the completion and furnishing of the DeWees Center Project. The identified items were originally planned and budgeted to be purchased from bond proceeds, but, as their purchase was not considered an enforceable obligation, the acquisition of the items was put on hold until after the Finding of Completion was received and the ROPS 13-14B was approved by the DOF.

Line 67 is a new line added for ROPS 14-15A. At the time of this report, there is a balance of \$929,815. The amount of \$181,571 has been committed in ROPS 13-14B to complete some of the work in the Aquatic Center and the DeWees Senior and Community Center. This line shows the remaining bond proceeds in the amount of \$748,244. The City of Lompoc has been listed as the Vendor and with approval of the SA and the City, the City will enter into a contractual agreement with the SA to take the SA priority list and carry out the recreation projects, according to the purpose for which the bonds were issued and in compliance with the existing law. If the SA gives staff

direction to proceed, then the contractual agreement can be brought back in a future meeting and the total amount of \$748,244 will be listed on the ROPS.

Reserve Balance:

Line item 40 was approved on the ROPS I (the initial ROPS) for the approved enforceable obligation with West Pointe Homes to fund a portion of construction for low and moderate income homes in the Laurel Crossing project. The original loan amounts were \$285,000 for an affordable housing incentive program and \$215,000 for a housing revolving loan fund. As of September 5, 2013, there is a balance of \$144,352 in loans that West Pointe Homes can draw down on. Funds for this obligation have been placed in the SA's reserves.

Other:

Other funding can come from rents, grants, interest earnings or any other source. At this time, the SA does not have any other types of funding listed.

In the RPTTF funding category, there are two types of requests for funds: Non-Administrative and Administrative. The two RPTTF categories are more fully described below with specific Lompoc related activity.

Non-Administrative:

The Non-Administrative costs are the amounts paid by RPTTF to cover costs associated with bonds, loans, and other obligations listed in items 1-6 and are consistent with the items shown and approved on the ROPS 13-14A schedule. Line 7 was the CalHFA Help loan and because of the outcome of the Due Diligence Review / Agreed Upon Procedure (DDR/AUP) review, the SA was able to pay off the complete loan in April 2013 utilizing a combination of reserves and RPTTF funds without incurring penalties.

Line items 41-43 itemize the reinstatement of Loans from the City to the Agency. AB 1484 provides for, following receipt of a Finding of Completion, the OB to authorize the SA to repay the City for loans it made to the former Agency. Loan agreements entered into between the former Agency and the City are deemed to be enforceable obligations if the OB makes a finding that the loan was for legitimate redevelopment purposes and approves to include the loans on the ROPS. As enforceable obligations, the loan repayments would be listed on future ROPS. However, loan amounts must be recalculated back to their inception at the LAIF interest rate in effect at the time the loans are approved, to be added to the ROPS by the OB. Going forward, the interest rate on the loans must not exceed the LAIF rate then in effect. No loan repayments have been allowed until this current ROPS. In addition, tax increment must grow sufficiently to allow for distribution to the SA to pay the current debt service on the loans. Finally, 20 percent of any repayment amounts received by the SA would have to be set aside for affordable

housing. There are no amounts requested on this ROPS. There are questions concerning the method of applying the LAIF interest to the loan principal outstanding and available funds from tax increment for the repayment of the loans, so no amounts have been added to start any payment for those loans.

Administrative:

The amount requested for Administrative costs includes the semi-annual amount of \$125,000, as prescribed by dissolution law. Items 8-13 and 44 are for the administrative allowance, including personnel costs, office and administrative charges, legal services for both the SA and the OB, and auditing services. Those charges are estimated in the amount totaling \$125,000.

Prior Period Adjustments Form (PPA Form)

The PPA Form is the comparison of the prior period estimated obligations versus actual payments for ROPS 13-14A that covered the period of July 1, 2013, to December 31, 2013.

The amount paid from RPTTF included bond payments on the Agency's 2004 and 2010 TAB bonds and the lease payment on GE Capital Energy (now a Bank of America lease) efficiency project loan as estimated. Trustee or arbitrage fees have been charged for this period. Administrative allowance costs utilized the amount requested at the amount allowed by dissolution law, \$125,000.

Conclusion:

The attached Lompoc ROPS 14-15A report reflects the required form and format of the DOF. The total amount of RPTTF requested for ROPS 14-15A is \$636,712. This consists of \$716,627 for Non-Administrative costs and \$125,000 for Administrative costs, less a carryover amount from the 13-14A ROPS of \$204,915. The largest amount of the carryover is \$186,012. That was the amount that had been requested for the CalHFA loan of \$916,411 due by April 1, 2013. At the time of submission of the ROPS 13-14A in March 2013, for the period of July through December 2013, the SA had money in reserves and requested it to be spent in the DDR, but did not have DOF approval. There had not been enough RPTTF in ROPS III, so the SA had requested the balance to be paid with RPTTF in the ROPS 13-14A. The DOF had approved the amount on the ROPS 13-14A and in the DDR, so the SA utilized the reserves and carried over the amount from the ROPS 13-14A.

The amount requested of Non-RPTTF funds is \$572,923 and consists of \$428,571 for Bond proceeds funding and the use of reserves approved in the Low/Mod Housing AUP of \$144,352, for the agreement with the Laurel Crossing project. Those are items carried over from the ROPS 13-14B, as they have not been spent as of the date of this report.

Line item 67 has been added as a place marker and depending on the how the SA governing board directs staff, this line will be modified prior to the OB's meeting on February 24, 2014, to agree with the approved direction of the SA.

The SA must submit the ROPS 14-15A for the period of July 1, 2014, through December 31, 2014, to the DOF after OB approval (Health and Safety Code Subsection 34177(m)) by March 3, 2014. If a successor agency does not submit a ROPS by the due date, DOF or any taxing entity may request a writ of mandate and may request the court to impose a civil penalty of \$10,000 per day for every day the schedule is late.

Respectfully submitted,

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Melinda Wall, Financial Services Director

**APPROVED FOR SUBMITTAL TO THE SUCCESSOR AGENCY EXECUTIVE DIRECTOR:**

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Brad Wilkie, Management Services Director/Finance Director to the Successor Agency

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Teresa Gallavan, Economic and Community Development Director/  
Deputy Director of Successor Agency

**APPROVED FOR SUBMITTAL TO THE SUCCESSOR AGENCY BOARD:**

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Patrick Wiemiller, Executive Director

Attachment: [Exhibit A: Draft Lompoc ROPS 14-15A](#)