

Lompoc Successor Agency

TO THE DISSOLVED LOMPOC REDEVELOPMENT AGENCY

Meeting Date: January 17, 2017

TO: Patrick Wiemiller, Executive Director

FROM: Melinda Wall, Financial Services Manager
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SUBJECT: Recognized Obligation Payment Schedule for Fiscal Year 2017-2018

Recommendation:

Staff recommends the City of Lompoc (City), acting as Successor Agency (SA) to the Dissolved Lompoc Redevelopment Agency (RDA), accept the attached annual Recognized Obligation Payment Schedule (ROPS) for Fiscal Year (FY) 2017-2018 and authorize its submittal to the Successor Agency Oversight Board (Board) for approval.

Background:

The RDA was dissolved with the passage of Assembly Bill X126 (AB X126) in 2011. Pursuant to Health and Safety Code section 34177(o)(1), each successor agency is required to submit a Board-approved ROPS annually to the Department of Finance (DOF) and the Santa Barbara County Auditor Controller (CAC) on February 1 of each year. (DOF will make its determination by April 15 of each year to approve items on the ROPS.)

At the time of the dissolution of the RDA, it had committed to a Low-Mod Income Housing agreement with Laurel Crossing to construct eligible units within their housing development. (That commitment was included as line item #40 in the ROPS.) The Laurel Crossing development was completed during the FY 2016-2017.

In general, prior ROPS consisted of enforceable obligations and other items that have been approved by the Board and the DOF. The SA receives confirmation of approval of a submitted ROPS through the DOF. CAC is informed of the approval and is directed to disburse funds accordingly.

The amounts requested for authorized debt service enforceable obligations follow the original debt service schedule for the 2004 and 2010 tax increment bonds such that the first lien on property taxes of the two bond issues are satisfied. As ordered by DOF, Redevelopment Property Tax Trust Fund (RPTTF) funds received for future debt service payments will be forwarded to the SA trustee upon receipt.

Discussion:

ROPS FY 2017-2018 covers the period from July 1, 2017, through June 30, 2018, and identifies all the existing payment obligations known at the time of submittal. No new obligations can be entered into unless specifically allowed by the DOF.

With the completion of the Laurel Crossing development, line item #40 of the ROPS will be retired this year as the commitment has been met. The Laurel Crossing developer utilized \$465,000 of the original commitment of \$535,000 in completing the project. The remaining commitment of \$70,000 is proposed in the ROPS FY 2017-2018 to be applied towards SA administrative costs which otherwise would be paid for using RPTTF resources.

Administration costs to manage the SA are provided for in the ROPS process from RPTTF. The annual maximum allowance for administrative costs is \$250,000 for the ROPS FY 2017-2018; that allowance amount has not been adjusted since the inception of the ROPS process and the dissolution of the RDA. The SA takes into account other funds available for administrative costs in determining the amount of funds required from RPTTF resources during each ROPS cycle. Administrative costs are calculated based on budgeted costs for the SA. Resources requested for administrative costs first come from SA program income, adjusted for reconciliations of previous budgeted administrative costs received to actual costs expended. Any remaining administrative costs not provided for from the above sources are then provided from RPTTF sources.

After extensive consultation with its members, the Board meeting was scheduled for January 23, 2017, to review and approve the ROPS FY 2017-2018 so it can be forwarded to the DOF by the February 1, 2017, deadline.

Fiscal Impact:

The purpose of the ROPS is to identify the amount of the RPTTF needed by the SA to pay for enforceable obligations as defined by DOF and approved by the Board during the period of the ROPS. The amount required by the SA to satisfy enforceable obligations includes:

- debt service (principal and interest) from the 2004 Tax Increment Bond,
- debt service (principal and interest) 2010 Tax Allocation Note,
- related bond expenses (bank fees, arbitrage rebate fees),
- administrative costs of the SA up to \$250,000 as provided by AB X126.

The amount of RPTTF requested on ROPS FY 2017-2018 for the above enforceable obligations is \$1,060,284.

Once the ROPS 2017-2018 is approved by the Board and the DOF, the requested \$1,060,284 of RPTTF should be distributed to the SA on June 1, 2017, by CAC.

The amount requested from RPTTF resources are as follows:

- \$461,172 for principal and interest payments on the 2004 bonds,
- \$599,112 for principal and interest payments on the 2010 bonds.

Amounts not being requested from RPTTF as part of the ROPS FY 2017-2018 are other enforceable obligations related to the 2004 and 2010 bond issues, as well as the anticipated administrative costs of the SA. For the ROPS FY 2017-2018 cycle only, those costs can be paid for from non-RPTTF resources such as the remaining obligation for Laurel Crossing, the difference between the administrative costs actually incurred compared with the advance of administrative costs from previous ROPS cycles and earnings of the SA during the ROPS FY 2016-2017 cycle.

Any amount of RPTTF distributions that is not used by the SA in the period covered by the subject ROPS will be carried over to pay for future ROPS costs.

For the ROPS FY 2017-2018, non-RPTTF resources are available to pay for costs of the SA as well as some costs of enforceable obligations. Non-RPTTF funds come from reserves the SA has due to lower than budgeted costs, from interest earnings or other payments from former loans, and interest on cash balances held by the bond trustee for the SA. The SA has performing non-residential loans in its portfolio which resumed making regular payments in July 2013. Principal and income earned by the SA on those loans are recognized on the ROPS FY 2017-2018.

Conclusion:

The SA must comply with AB X126 to the best of its ability, while still ensuring it can meet the former RDA's enforceable obligations. The submittal of the ROPS FY 2017-2018 completes that requirement. The SA must submit ROPS FY 2017-2018 to the DOF after Board approval by February 1, 2017.

Respectfully submitted,

Melinda Wall, Financial Services Manager

APPROVED FOR SUBMITTAL TO THE EXECUTIVE DIRECTOR:

Brad Wilkie, Management Services Director

APPROVED FOR SUBMITTAL TO THE SUCCESSOR AGENCY:

Patrick Wiemiller, Executive Director

Attachment: ROPS FY 2017-2018