

Lompoc Successor Agency

TO THE DISSOLVED LOMPOC REDEVELOPMENT AGENCY

Meeting Date: December 19, 2017

TO: Patrick Wiemiller, Executive Director

FROM: Melinda Wall, Financial Services Manager
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SUBJECT: Acceptance of Recognized Obligation Payment Schedule for Fiscal Year 2018-2019 and Authorization for Submission to the Successor Agency Oversight Board

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) 2018-2019 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.)

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) amounts received for future debt service payments will be forwarded to the SA trustee upon receipt.

Discussion:

ROPS FY 2018-2019 covers the period from July 1, 2018, through June 30, 2019, 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.

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 from the above sources are then provided from RPTTF sources.

The Community Development Department is coordinating a meeting of the Board in order to act on the ROPS FY 2018-2019. The Board meeting will be scheduled after December 19, 2017, but prior to February 1, 2018, once the ROPS FY 2018-2019 is approved by the SA. The Board is required to review and approve the ROPS FY 2018-2019 so it can be forwarded to the DOF by the February 1, 2018, deadline.

The DOF provides the template for producing annual ROPS. Only the approved DOF template can be submitted for ROPS obligations of the SA. Due to the timing of the delivery of the ROPS template to the City – the end of the day on December 1, and the cancellation of the first City Council meeting of 2018 – January 2, 2018, the timeframe for delivering the ROPS worksheet to the various required agencies is limited. The December 1 delivery of the ROPS template prohibited the completion of the ROPS FY 2018-2019 in time for delivery of the report to the SA at the December 5, 2017, City Council meeting. To provide for adequate time to call a quorum of the Board before the ROPS FY 2018-2019 is due to the DOF on February 1, the ROPS FY 2018-2019 is being brought to the SA at the December 19, 2017, City Council meeting so that the SA can act on it to allow the Board to then meet with a quorum before February 1, 2018, the delivery deadline. The Community Development Department is polling Board members for dates of availability as early as the first week of January, 2018.

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 the 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), and
- Administrative costs of the SA up to \$250,000 as provided by AB X126.

The amount of RPTTF requested on ROPS FY 2018-2019 for the above enforceable obligations is \$1,201,012. Once the ROPS 2018-2019 is approved by the SA, the Board and the DOF, the approved RPTTF is required to be distributed to the SA in two installments. The initial installment is typically distributed around June 1, by CAC. The second instalment is typically distributed the following December. In the case of the ROPS FY 2018-2019, distributions are anticipated in June 2018 and December 2018.

The amount requested from RPTTF resources are as follows:

- \$457,573 for principal and interest payments on the 2004 bonds,
- \$605,788 for principal and interest payments on the 2010 bonds,
- The amount requested from Administrative RPTTF resources is \$137,651.

For the ROPS FY 2018-2019, non-RPTTF resources, such as loan repayments from existing economic improvement loans of the SA, the difference between the administrative costs actually incurred are compared with the advance of administrative costs from previous ROPS cycles and earnings of the SA during the ROPS FY 2017-2018 cycle. The non-RPTTF resources used to offset obligations reduces the use of RPTTF resources necessary to comply with contractual obligations and allows additional RPTTF resources to be distributed to the taxing entities.

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 2018-2019, 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. Principal and income earned by the SA on those loans are recognized on the ROPS FY 2018-2019.

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 2018-2019 completes that requirement. The SA must submit ROPS FY 2018-2019 to the DOF after Board approval by February 1, 2018.

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 2018-2019](#)