

RESOLUTION NO. OB-15-18

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE PICO RIVERA REDEVELOPMENT AGENCY, PURSUANT TO CALIFORNIA HEALTH AND SAFETY CODE SECTIONS 34180 AND 34117, ESTABLISHING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE 15-16A FOR JULY THROUGH DECEMBER 2015, APPROVING THE CARRYOVER OF RESERVE FUNDS FROM THE PRECEDING ROPS PERIOD TO BE SPENT ON PAYMENT OF AN ENFORCEABLE OBLIGATION IN THE CURRENT ROPS PERIOD, AND APPROVING THE ADMINISTRATIVE BUDGET FOR FY 2015-16.

WHEREAS, on June 28, 2011, the Governor of California signed Assembly Bill (“AB”) x1 26, which added Health and Safety Code (“HSC”) Section 34170 et seq., leading to the dissolution of all Redevelopment Agencies in California as of February 1, 2012; and

WHEREAS, the City of Pico Rivera (“City”) elected to serve as the Successor Agency to the Pico Rivera Redevelopment Agency (“Successor Agency”); and

WHEREAS, pursuant to HSC Section 34177(l), each successor agency is required to adopt a Recognized Obligation Payment Schedule (“ROPS”) before each six month fiscal period establishing its enforceable obligations for that period, identifying sources to satisfy those obligations, and tracking its fund balances; and

WHEREAS, pursuant to Health & Safety Code Section 34177(j), successor agencies are required to submit an administrative budget to the Oversight Board; and

WHEREAS, in accordance with HSC Section 34180, the Oversight Board of the Successor Agency (“Oversight Board”) is authorized and required to review and approve actions taken by the Successor Agency, including the establishment of the ROPS and the administrative budget; and

WHEREAS, the ROPS for the period from July 1 through December 31, 2015 (“15-16A”), attached hereto as Exhibit A, is required to be approved by the Oversight Board and transmitted to the California Department of Finance (“DOF”), the California State Controller’s Office, and the Los Angeles County Auditor-Controller no later than March 3, 2015 pursuant to HSC Section 34177(m); and

WHEREAS, pursuant to Health & Safety Code Section 34187(a)(2), a successor agency may retain and reserve property tax revenue from one ROPS period that otherwise would be distributed to affected taxing entities to the extent that DOF determines the successor agency requires those funds for the payment of enforceable obligations in a following ROPS period; and

WHEREAS, the Successor Agency was approved by DOF to retain \$250,000 in Redevelopment Property Tax Trust Fund revenue from the previous ROPS period to pay the enforceable obligation of the 2001 tax allocation bond debt service payment in the ROPS 15-16A period; and

WHEREAS, the ROPS 15-16A is needed so the County can properly disburse property taxes on June 1, 2015.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board of the Successor Agency to the Pico Rivera Redevelopment Agency, California as follows:

SECTION 1. The Recitals set forth above are true and correct and incorporated herein by reference.

SECTION 2. The Oversight Board establishes the Recognized Obligation Payment Schedule (“ROPS”) for the period from July 1 through December 31, 2015 (“15-16A”), as amended per direction by the Oversight Board, attached hereto as Exhibit A, subject to the approval of the California Department of Finance (“DOF”).

SECTION 3. The Oversight Board approves the expenditure of \$250,000 from ROPS 14-15B for the debt service payment of the 2001 Tax Allocation Bond as shown in ROPS 15-16A, attached as Exhibit A.

SECTION 4. The Oversight Board approves the Administrative Budget (Exhibit B) that is included in the Recognized Obligation Payment Schedule.


SECTION 5. Successor Agency staff is directed to post the ROPS 15-16A on the City of Pico Rivera’s website and submit the ROPS 15-16A to DOF, the California State Controller’s Office, and the Los Angeles County Auditor-Controller prior to March 3, 2015 as required by law.

SECTION 6. The City Clerk of the City of Pico Rivera shall attest to the passage of this Resolution and it shall be in full force and effect.


APPROVED AND ADOPTED this 26th day of February, 2015.

ATTEST:

OVERSIGHT BOARD




Anna Jerome, City Clerk



Belinda Faustinos, Chairperson

AYES: Camacho, Galindo, Kreimann, Moreno
NOES: None
ABSENT: Bobadilla, Santana, Faustinos
ABSTAIN: None

APPROVED AS TO FORM:



Edward Z. Kotkin, Law Offices of Edward Z. Kotkin
Board Counsel

Recognized Obligation Payment Schedule (ROPS 15-16A) - Summary

Filed for the July 1, 2015 through December 31, 2015 Period

Name of Successor Agency: Pico Rivera
 Name of County: Los Angeles

Current Period Requested Funding for Outstanding Debt or Obligation	Six-Month Total
Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF) Funding	
A Sources (B+C+D):	\$ 250,000
B Bond Proceeds Funding (ROPS Detail)	-
C Reserve Balance Funding (ROPS Detail)	250,000
D Other Funding (ROPS Detail)	-
E Enforceable Obligations Funded with RPTTF Funding (F+G):	\$ 2,104,425
F Non-Administrative Costs (ROPS Detail)	2,104,425
G Administrative Costs (ROPS Detail)	-
H Current Period Enforceable Obligations (A+E):	\$ 2,354,425

Successor Agency Self-Reported Prior Period Adjustment to Current Period RPTTF Requested Funding

I Enforceable Obligations funded with RPTTF (E):	2,104,425
J Less Prior Period Adjustment (Report of Prior Period Adjustments Column S)	-
K Adjusted Current Period RPTTF Requested Funding (I-J)	\$ 2,104,425

County Auditor Controller Reported Prior Period Adjustment to Current Period RPTTF Requested Funding

L Enforceable Obligations funded with RPTTF (E):	2,104,425
M Less Prior Period Adjustment (Report of Prior Period Adjustments Column AA)	-
N Adjusted Current Period RPTTF Requested Funding (L-M)	2,104,425

Certification of Oversight Board Chairman:
 Pursuant to Section 34177 (m) 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 agency.

Gustavo Camacho, Vice Chairperson

	Name
	Title
/s/	Signature
	Date

Recognized Obligation Payment Schedule (ROPS 15-16A) - Notes July 1, 2015 through December 30, 2015	
Item #	Notes/Comments
14	There is currently no outstanding debt amount for this item, but it is not retired. We anticipate having an outstanding debt for this item in every "B" ROPS period for the next ten years.



From: Lalo Trujillo, Director of Finance

Meeting Date: February 26, 2015

Subject: RECOGNIZED OBLIGATION PAYMENT SCHEDULE 15-16A AND ADMINISTRATIVE BUDGET FOR FY 2015-16

Recommendation:

Adopt the resolution of the Oversight Board of the Successor Agency to the Pico Rivera Redevelopment Agency establishing the Recognized Obligation Payment Schedule (“ROPS”) for the July 1, 2015 to December 31, 2016 time period (“15-16A”), and approving the Administrative Budget for the 2015-16 fiscal year.

Fiscal Impact:

Funding is needed to cover obligations from July through December 2015. During this period, the primary obligation is the December 1, 2015 bond payment of \$2,354,425.

Discussion:

The City of Pico Rivera (“City”), acting as the Successor Agency to the Pico Rivera Redevelopment Agency (“Successor Agency”), continues to prepare ROPS every six months to ensure the former Redevelopment Agency’s financial obligations are met. Each ROPS currently covers a six-month period, which allows for receipt of revenues and payment of enforceable obligations, as follows¹:

<u>ROPS Period</u>	<u>Time Period Covered</u>	<u>ROPS Due</u>	<u>\$ Received for ROPS</u>
“A”	July 1 – December 31	March 3	June 1
“B”	January 1 – June 30	October 3	January 2

¹ Dates for when the ROPS are due and when funds are received for the ROPS differ by up to two days based on whether the identified dates occur on weekdays or weekends.

The “A” period begins July 2015 and the Oversight Board is scheduled to consider approval of the accompanying ROPS, attached as Exhibit A, and administrative budget and transmit this to the California Department of Finance (“DOF”) to allow for collection of revenue to meet upcoming obligations.

Additionally, the Oversight Board will consider the annual administrative budget for fiscal year 2015-16 as this time. The administrative budget would cover both ROPS periods A and B in fiscal year 2015-16.

Legal Requirements for ROPS and Administrative Budgets

Pursuant to Health and Safety Code (“HSC”) Section 34177(l), DOF provides a ROPS form that each successor agency must use to report enforceable obligations for each six month fiscal period. The completed and Oversight Board-approved ROPS 15-16A must be transmitted to DOF, the California State Controller’s Office, and the Los Angeles County Auditor-Controller no later than March 3, 2015. In addition, the Successor Agency is to post the ROPS to its website.

HSC Section 34177(j) requires the Successor Agency to prepare an annual Administrative Budget and submit it to the Oversight Board for approval. The attached Administrative Budget, Exhibit B, is for the fiscal year 2015-16. Since it is not likely that funding will be available in the 15-16A period for the administrative costs, these costs will be included on the following ROPS (15-16B).

The administrative expenditures summary table, attached as Exhibit C, shows how the Successor Agency has spent administrative funds recently and expects to spend these funds through fiscal year 2015-16. The estimated distribution of future administrative expenditures is for the Oversight Board’s information and is not binding. Funds may be spent differently as long as the annual total does not exceed \$250,000. Any unspent administrative funds are either spent on other enforceable obligations, such as the bond payments, or distributed to taxing entities.

ROPS 15-16A

The only enforceable obligation on ROPS 15-16A is the \$2,354,425 debt service payment for the 2001 Tax Allocation Bond. The ROPS A period obligations are much greater than in the B period because the 2001 Bond principal payments are due during the A period only. Although only a single enforceable obligation, the Successor Agency has needed

to manage cash flow from prior period ROPS to cover what is normally a higher amount of obligations during the A period than the B period.

First, the Successor Agency uses cash retained during the prior ROPS to cover the shortfall during the ROPS A period. Anticipating that the 15-16A Redevelopment Property Tax Trust Fund (“RPTTF”) (estimated at approximately \$1,837,000), would be insufficient to cover the entire debt service due during the period, the Successor Agency received Oversight Board and DOF approval to retain \$250,000 from the 14-15B RPTTF distribution to cover part of the difference. The remaining difference, if any, will be paid from a reserve of funds approved in the Due Diligence Review for this purpose. This reserve has a current balance of \$1,288,786 and needs to last for the next ten years when the debt service payments peak at \$2,906,600 in 2024-25A.

Second, the Successor Agency plans to defer receipt of any administrative cost allowance to the ROPS B period, when it will have funds available to cover administrative costs. For ROPS 15-16B, all of the \$250,000 administrative budget will therefore be requested in the 15-16B period.

Previous ROPS items, Retiree Medical Obligations and Unfunded Pension Obligations (line items #7 and #8), were paid off and retired during the ROPS 13-14B period. The Successor Agency’s only remaining obligations are the debt service payment (including reserves from one six-month period for the following six-month period), SERAF and City loan repayments, and administrative costs. DOF provided the template form for ROPS 15-16A and has excluded items previously retired or removed by the Successor Agency.

Other changes from the prior enumeration of enforceable obligations on the 15-16A ROPS include line items #9, #12, and #13, which the Successor Agency now includes in the administrative budget as DOF determined in November 2014 that such obligations are administrative costs and not separate enforceable obligations.

Prior Period Adjustments

Each ROPS includes reporting of a comparison between estimated and actual expenditures for the most recently completed six month fiscal period, in this case July 1 through December 31, 2015 (“14-15A”). The Successor Agency spent all of the available RPTTF funds in this period, so there is no Prior Period Adjustment (“PPA”) amount for this period.

In addition, while the Successor Agency expected a PPA of \$54,991 for the previous period, the available RPTTF funds were insufficient to reach this PPA amount.

SERAF Loan Repayment

With continued cash flow limitations in fiscal year 2014-15, the Successor Agency does not have funds available for repayment of SERAF loans during fiscal year 2015-16, as previously planned and approved by the Oversight Board with Resolution OB 13-14 on September 12, 2013.

The formula that determines the maximum allowable SERAF loan repayment in any given year, as described in HSC Section 34191.4 (b), limits such repayment to one half the difference between the amount distributed to the taxing entities after all County administrative fees, pass through payments, and enforceable obligations have been paid (the “Residual”) during the previous fiscal year and the Residual in fiscal year 2012-13. The Successor Agency’s Residual in fiscal year 2012-13 was \$0. Therefore, the SERAF loan repayment may begin in ROPS 16-17B if RPTTF revenue in fiscal year 2015-16 reaches expectations.



Lalo Trujillo
Director of Finance

LT

Attachment 1: Resolution establishing the Recognized Obligation Payment Schedule 15-16A

Exhibit A: ROPS 15-16A

Exhibit B: Administrative Budget

Exhibit C: Administrative Expenditures Summary

Recognized Obligation Payment Schedule (ROPS 15-16A) - ROPS Detail
July 1, 2015 through December 31, 2015
 (Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
Item #	Project Name / Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	Six-Month Total
1	2001 Tax Allocation Refunding	Bonds Issued On or Before 6/27/11	1/24/2001	12/1/2032	U.S. Bank	Bonds issued to fund projects	Project Area #1	\$ 103,022,476	N	\$ -	\$ 250,000	\$ -	\$ -	\$ -	\$ -
2	Loan from Low and Mod Hsg	SERAF/ERAF	12/8/2009	6/30/2022	Low and Mod. Housing Fund	5/2/10 loan for SERAF	Project Area #1	47,502,825	N	\$ -	\$ 250,000	\$ -	\$ 2,104,425	\$ -	\$ 2,354,425
3	Administrative Budget	Admin Costs	2/1/2012	12/31/2032	City of Pico Rivera	Payroll and other administrative costs	Project Area #1	8,750,000	N	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10	General of Pass Through Payments	City/County Loans On or Before 6/27/11	1/23/2001	6/30/2016	County	Deferral of Pass Through Payments	Project Area #1	10,000	N	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14	Reserve for Next Period of Bonds Payment	Reserves	1/24/2001	12/1/2032	City of Pico Rivera	Reserve necessary to make principal and interest payment on 2001 bonds in next ROPS period	Project Area #1	-	N	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	Oversight Board Attorney	Legal	2/24/2014	2/24/2015	The Law Offices of Edward Z. Kohn	Legal services for Oversight Board	Project Area #1	-	Y	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Exhibit B

**PICO RIVERA SUCCESSOR AGENCY
ADMINISTRATIVE BUDGET FY 2015-16
FOR JULY 1, 2015 to JUNE 30, 2016**

Expense Category	FY 2015-16 Proposed Budget
Salaries and Wages	
Salaries	\$97,000
Benefits and payroll taxes	\$33,000
TOTAL	\$130,000
Maintenance and Operation	
Postage	-
Departmental Supplies	-
Printing and Duplicating	-
Special Department Expense	-
Contracted Services	\$60,000
Insurance and Legal Services	\$60,000
TOTAL	\$120,000
TOTAL EXPENDITURES	\$250,000

Exhibit C

Pico Rivera Successor Agency
 Administrative Expenditures Summary
 Fiscal Years 2013-14 through 2015-16

Expenditure	13-14 A Actual	13-14B Actual	FY 13-14 Actual	14-15A Actual	14-15B Estimated	FY 14-15 Estimated	FY 15-16 Estimated
P/R Labor Distribution for PPE	\$ 43,988.44	\$ 33,842.38	\$ 77,830.82	\$ 66,212.43	\$ 48,360.00	\$ 114,572.43	\$ 96,434.00
PERS Retirement, Prepayment for Employer Cost Retirement	23,366.73	4,473.09	27,839.82	24,649.00	17,449.00	42,098.00	33,010.00
Rutan & Tucker, legal counsel	36,023.92	14,231.27	50,255.19	14,816.48	35,000.00	49,816.48	51,000.00
RSG, successor agency consultants	21,682.00	9,313.75	30,995.75	13,995.00	17,000.00	30,995.00	31,000.00
CA JPIA General Liability & Worker's Compensation	3,421.61	-	3,421.61	3,723.00	-	3,723.00	3,910.00
HdL, Professional Services for PR Analysis	-	-	-	3,475.00	-	3,475.00	3,649.00
Alliant Insurance Services, Oversight Board Insurance	1,488.64	-	1,488.64	1,501.34	-	1,501.34	1,577.00
Law Offices of Edward Z Kotkin, Oversight Board legal counsel	-	2,497.50	2,497.50	918.11	2,500.00	3,418.11	4,000.00
Unemployment Insurance	-	-	-	45.00	355.00	400.00	420.00
Cummins & White, former Oversight Board legal counsel	73.61	-	73.61	-	-	-	-
Property Disposition (due diligence, marketing, etc. not paid by escrow)	-	-	-	-	-	-	25,000.00
TOTAL	\$ 130,044.95	\$ 64,357.99	\$ 194,402.94	\$ 129,335.36	\$ 120,664.00	\$ 249,999.36	\$ 250,000.00