



Chairperson, Belinda V. Faustinos, Los Angeles County

Vice Chairperson, Brent A. Tercero, City of Pico Rivera

Board Members:

René Bobadilla, City of Pico Rivera

Karling Aguilera-Fort, Los Angeles County Board of Education

Armando V. Moreno, Los Angeles County

Vicky Santana, Los Angeles County, Rio Hondo Community College

Thursday, January 25, 2018

Special Meeting 4:00 p.m.

Council Chambers

6615 Passons Blvd.

Pico Rivera, California

Resolution No. OB-18-25

Agreement No. OB-003

TELECONFERENCE NOTICE

Pursuant to Government Code Section 54953, Subdivision (b), the following Oversight Board meeting will include teleconference participation by Boardmember Bobadilla from:

**1049 Via Romales
San Dimas, California 91773**

The Notice and Agenda will be posted at the teleconference location, Public comment from this address shall be allowed pursuant to Government Code section 54954.3.

PLEDGE OF ALLEGIANCE:

PUBLIC COMMENTS: (Speakers have three (3) minutes to make their remarks on agenda items only.)

AGENDA ITEMS:

1. Minutes.

Recommendation:

- Approve special meeting of Oversight Board of the Successor Agency to the Pico Rivera Redevelopment Agency minutes of March 6, 2017.

2. Consideration of Resolution Approving the 2018-19 Recognized Obligation Payment Schedule, Amending the Fiscal Year 2018-19 Administrative Budget and Approving the Fiscal Year 2018-19 Administrative Budget. (1500)

Recommendation:

1. Staff is recommending that the Oversight Board adopt the resolution of the Successor Agency to the Pico Rivera Redevelopment Agency (Successor Agency) establishing the Recognized Obligation Payment Schedule (ROPS) for the July 1, 2018 to June 30, 2019 period (18-19 ROPS), reserving funds from the January-June 2019 period to be spend in the July-December 2019 period, and approving the Administrative Budget for Fiscal Year 2018-19.

Resolution No. _____ A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE PICO RIVERA REDEVELOPMENT AGENCY, ESTABLISHING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE 18-19 FOR JULY 1, 2018 THROUGH JUNE 30, 2019 AND APPROVING THE EXPENDITURE OF RESERVE FUNDS FROM THE JANUARY THROUGH JUNE 2018 ROPS PERIOD ON PAYMENT OF AN ENFORCEABLE OBLIGATION IN THE JULY TO DECEMBER 2018 ROPS PERIOD, AND APPROVING THE ADMINISTRATIVE BUDGET FOR FISCAL YEAR 2018-19

OTHER ITEMS:

ADJOURNMENT:

AFFIDAVIT OF POSTING

I, Anna Jerome, City Clerk, for the City of Pico Rivera, DO HEREBY CERTIFY, under penalty of perjury under the laws of the State of California, that the foregoing notice was posted at the Pico Rivera City Hall bulletin board, Pico Rivera website, the Pico Rivera Post Office and Pico Rivera Parks (Pico, Smith and Rivera) on this the 22nd, day of January 2018.

Dated this 22nd, day of January, 2018

A handwritten signature in black ink that reads "Anna M. Jerome". The signature is written in a cursive style and is contained within a rectangular box.

Anna M. Jerome, CMC
City Clerk

SB343 NOTICE

In compliance with and pursuant to the provisions of SB343 any public writing distributed by the City Clerk to at least a majority of the City Council Members regarding any item on this regular meeting agenda will be available on the back table at the entrance of the Council Chamber at the time of the City Council meeting and at the counter of City Hall at 6615 Passons Boulevard, Pico Rivera, California during normal business hours.



To: Oversight Board

From: Michael Solorza, Director of Administrative Services

Meeting Date: January 25, 2018

Subject: CONSIDERATION OF RESOLUTION APPROVING THE 2018-19 RECOGNIZED OBLIGATION PAYMENT SCHEDULE, AMENDING THE FISCAL YEAR 2018-19 ADMINISTRATIVE BUDGET AND APPROVING THE FISCAL YEAR 2018-19 ADMINISTRATIVE BUDGET

Recommendation:

1. Staff is recommending that the Oversight Board adopt the resolution of the Successor Agency to the Pico Rivera Redevelopment Agency (Successor Agency) establishing the Recognized Obligation Payment Schedule (ROPS) for the July 1, 2018 to June 30, 2019 period (18-19 ROPS), reserving funds from the January-June 2019 period to be spent in the July-December 2019 period, and approving the Administrative Budget for Fiscal Year 2018-19.

Fiscal Impact:

To meet the Successor Agency's obligations for the period of July 1, 2018 through June 30, 2019, the 18-19 ROPS requests Redevelopment Property Tax Trust Funds (RPTTF) and the use of designated debt service payment reserves. Since redevelopment was dissolved statewide effective January 31, 2012, the State Department of Finance (DOF) has required successor agencies to submit ROPS in order to request former tax increment funds (i.e., RPTTF) to pay for enforceable obligations such as debt service and related expenses.

If approved by the Successor Agency, Oversight Board and DOF, the 18-19 ROPS would provide necessary funding to meet the enforceable obligations (see Exhibit A), along with permitted administrative expenses for the period of July 1, 2018 to June 30, 2019.

Discussion:

The City of Pico Rivera, acting as the Successor Agency to the Pico Rivera Redevelopment Agency (Successor Agency), continues to prepare ROPS to ensure the former Redevelopment Agency's financial obligations are met.

OVERSIGHT BOARD AGENDA MEMORANDUM – MEETING OF JANUARY 25, 2018
CONSIDERATION OF RESOLUTION APPROVING THE 2018-19 RECOGNIZED
OBLIGATION PAYMENT SCHEDULE, AMENDING THE FISCAL YEAR 2018-19
ADMINISTRATIVE BUDGET AND APPROVING THE FISCAL YEAR 2018-19
ADMINISTRATIVE BUDGET

Page 2 of 5

The Oversight Board is being asked to consider approval of the accompanying ROPS, (attached as Exhibit A), and once approved, transmit it to the California Department of Finance (DOF) to allow for disbursement of revenue to meet upcoming debt service payments and related enforceable obligations.

Form of the ROPS

DOF provided the Successor Agency with a partially completed ROPS form to standardize the form and make it consistent with the automated tracking system. DOF continues to make minor annual changes to the ROPS forms and process for submitting the ROPS. The ROPS no longer contains a Prior Period Adjustment tab. Commencing October 1, 2018 and annually thereafter, the differences between actual payments and past estimated and approved obligations on the ROPS shall be submitted by the Successor Agency to the Los Angeles County Auditor-Controller for review and adjustment to future distributions.

ROPS Expenditure Requests

The Successor Agency is proposing payment of three enforceable obligations including the administrative cost allowance and the reserve for the next period of bond repayment on the 18-19 ROPS. In total, enforceable obligations are \$4,240,546 as shown on the ROPS Summary, Line H. These obligations are divided between two periods: 18-19A (July-December 2018) and 18-19B (January-June 2019). These two periods correspond to the biannual disbursement of Redevelopment Property Tax Trust Fund (RPTTF) dollars from the County Auditor Controller to the Successor Agency (i.e., January and June each year).

The Successor Agency's enforceable obligations consist of the following items:

Line 1: 2001 Tax Allocation Refunding Bond Debt Service

The ROPS A period obligations are greater than the B period since the 2001 Bond principal payments are due during the A period. The ROPS A period debt service payment also is much greater than the RPTTF typically disbursed for these obligations, meaning that the Successor Agency must each year reserve cash to carry over to the A period to have sufficient resources to make the full debt service payment due.

Line 2: Loan from former Redevelopment Agency's Low and Moderate Income Housing Fund for the 2010 Supplemental ERAF Payment

Based on the authority under Health and Safety Code (H&SC) Sections 34171(d)(1)(G) and 34191.4(b), the Successor Agency is permitted to pay up to \$119,214 in FY 2017-18 on the 2010 Supplemental Education Revenue

OVERSIGHT BOARD AGENDA MEMORANDUM – MEETING OF JANUARY 25, 2018
CONSIDERATION OF RESOLUTION APPROVING THE 2018-19 RECOGNIZED
OBLIGATION PAYMENT SCHEDULE, AMENDING THE FISCAL YEAR 2018-19
ADMINISTRATIVE BUDGET AND APPROVING THE FISCAL YEAR 2018-19
ADMINISTRATIVE BUDGET
Page 3 of 5

Augmentation Fund (SERAF) loan owed to the City of Pico Rivera Housing Successor Agency.

The formula that determines the maximum allowable SERAF loan repayment in any given year, as described in H&SC 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 amount disbursed in FY 2012-13. The Successor Agency’s Residual in FY 2012-13 was \$0. Therefore, the first SERAF loan repayment occurred by way of ROPS 17-18 and shall be \$489,021 for ROPS 18-19.

Line 6: Administrative Cost Allowance

This amount pertains to the annual administrative budget of up to \$250,000 annually.

Line 14: Reserve for Next Period of Bonds Payment

Pursuant to H&SC 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.

The Successor Agency can expect a shortfall of \$260,000 in the ROPS 19-20A Period to pay the \$2,501,025 of projected Obligations. Therefore, the reserve of funds of \$260,000 shall be requested from 18-19B to be spent in 19-20A.

Last and Final ROPS

With a desire to conclude pursuant to H&SC Section 34191.6(a), beginning January 1, 2016, agencies that have received a Finding of Completion may submit a Last and Final ROPS if all the following conditions are met:

- 1) The remaining debt is limited to administrative costs and payments pursuant to enforceable obligations with defined payment schedules including, but not limited to, debt service, loan agreements, and contracts.

OVERSIGHT BOARD AGENDA MEMORANDUM – MEETING OF JANUARY 25, 2018
CONSIDERATION OF RESOLUTION APPROVING THE 2018-19 RECOGNIZED
OBLIGATION PAYMENT SCHEDULE, AMENDING THE FISCAL YEAR 2018-19
ADMINISTRATIVE BUDGET AND APPROVING THE FISCAL YEAR 2018-19
ADMINISTRATIVE BUDGET

Page 4 of 5

- 2) All remaining obligations have been previously listed on the ROPS and approved for payment by the DOF pursuant to H&SC section 34177 (m) or (o).
- 3) The agency is not a party to outstanding/unresolved litigation, except as specified in H&SC section 34191.6 (a) (3).

A Last and Final ROPS is intended to be just that – with only two opportunities to ever amend the ROPS under the Dissolution Act (AB1X26/AB1484). A Last and Final ROPS would reduce the administrative burden on the Successor Agency and eliminate the need for Oversight Board approval of subsequent ROPS.

To alleviate the ongoing administrative burden, staff explored the option of preparing and submitting a Last and Final ROPS, but is not recommending that the Successor Agency proceed until such time as the following matters are resolved:

- 1) Under the Dissolution Act, the repayment of two SERAF Loans (Items 2 and 3 on the ROPS) must be repaid pursuant to a formula based on available RPTTF each year. Until these loans are paid off, the Successor Agency is not eligible for a Last and Final ROPS. As noted herein, the Successor Agency made its first payment on the 2010 SERAF loan in FY 2017-18.
- 2) The Successor Agency has yet to legitimize and define a payment schedule on two City loans (Items 4 and 5). The Successor Agency must take such action before submitting a Last and Final ROPS.
- 3) The Successor Agency has outstanding litigation with the County of Los Angeles with respect to deferral repayments. The Successor Agency has not yet reached an agreement with the County of Los Angeles with respect to any amounts payable from RPTTF for any previous deferral of pass through. Should this be resolved, any payments due could be documented on a debt service schedule for future consideration by the Oversight Board and ultimately placed on the ROPS.

Over the past several months, staff has engaged in ongoing discussions with County officials and the Department of Finance as part of the Successor Agency's efforts to resolve the disputed deferral claim. To date, an agreement acceptable to all parties has not yet been reached but discussions are ongoing.

OVERSIGHT BOARD AGENDA MEMORANDUM – MEETING OF JANUARY 25, 2018
CONSIDERATION OF RESOLUTION APPROVING THE 2018-19 RECOGNIZED
OBLIGATION PAYMENT SCHEDULE, AMENDING THE FISCAL YEAR 2018-19
ADMINISTRATIVE BUDGET AND APPROVING THE FISCAL YEAR 2018-19
ADMINISTRATIVE BUDGET

Page 5 of 5

Oversight Board Consolidation

As a matter background, oversight boards have broad authority to set administrative budgets, approve the transfer of properties pursuant to a long range property management plan, approve enforceable obligations, and otherwise direct the successor agency to perform activities to wind down the former redevelopment agencies.

The Dissolution Act (specifically Health and Safety Code Section 34179(j-q)), provides that local oversight boards are succeeded by a single Countywide oversight board (with the exception of Los Angeles County, where 5 oversight boards would be created) on July 1, 2018. The Auditor-Controller's office is responsible for coordinating the creation of these new succeeding oversight boards. The next annual ROPS and Administrative Budget prepared by the Successor Agency will be approved by this new Los Angeles County Oversight Board.

Conclusion:

Staff recommends that the Oversight Board adopt the resolution establishing the Recognized Obligation Payment Schedule ("ROPS") for the July 1, 2018 to June 30, 2019 period ("18-19"), approving the reserve of funds from the January through June 2019 period to be spent on payment of an enforceable obligation in the July to December 2019 ROPS period, and approving the administrative budget for fiscal year 2018-19.



Michael Solorza

RB:MS:ey

Enclosure: 1) Resolution establishing the Recognized Obligation Payment Schedule 18-19 (Exhibit A: ROPS 18-19, Exhibit B: Administrative Budget)

RESOLUTION NO. _____**A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE PICO RIVERA REDEVELOPMENT AGENCY, ESTABLISHING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE 18-19 FOR JULY 1, 2018 THROUGH JUNE 30, 2019 AND APPROVING THE EXPENDITURE OF RESERVE FUNDS FROM THE JANUARY THROUGH JUNE 2018 ROPS PERIOD ON PAYMENT OF AN ENFORCEABLE OBLIGATION IN THE JULY TO DECEMBER 2018 ROPS PERIOD, AND APPROVING THE ADMINISTRATIVE BUDGET FOR FISCAL YEAR 2018-19.**

WHEREAS, pursuant to the dissolution of redevelopment agencies per Assembly Bill (“AB”) ABX1 26 (Chapter 5, Statutes of 2011) and ABX1 27 (Chapter 6, Statutes of 2011), and subsequent legislation, AB 1484 (Chapter 26, Statutes of 2012) (altogether, “Dissolution Act”), the City of Pico Rivera (“City”) adopted Resolution No. 6652 on January 10, 2012, electing to serve as Successor Agency to the Pico Rivera Redevelopment Agency (“Successor Agency”); and

WHEREAS, pursuant to HSC Section 34177(o), beginning in 2016 each successor agency is required to adopt a Recognized Obligation Payment Schedule (“ROPS”) before each annual fiscal period establishing its enforceable obligations for that period, identifying sources to satisfy those obligations, and tracking its fund balances; 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

WHEREAS, the Successor Agency is required to prepare the ROPS for the period from July 1, 2018 through June 30, 2019 (“18-19”), attached hereto as Exhibit A, and transmit it to the Oversight Board, the California Department of Finance (“DOF”), the California State Controller’s Office, and the Los Angeles County Auditor-Controller (“County”) no later than February 1, 2018 for their approval pursuant to HSC Section 34177(o); and

WHEREAS, on March 29, 2013, the DOF approved the retention of \$2,226,463 of former Redevelopment Agency affordable housing funds held in reserve for bond debt service payments in the Successor Agency’s Redevelopment Obligation Retirement Fund to assist with the payment of future Successor Agency bond debt service payments; 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 estimates it will need to retain up to \$260,000 in Redevelopment Property Tax Trust Fund revenue from the January through June 2019 ROPS period to pay the enforceable obligation of the 2001 Tax Allocation Bond debt service payment in the July through December 2019 (19-20A) ROPS period; and

WHEREAS, the Successor Agency approved the ROPS 18-19 and the expenditure of previously reserved funds at its meeting on January 23, 2018; 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 approval of an administrative budget.

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 hereby establishes the Recognized Obligation Payment Schedule ("ROPS") for the period from July 1, 2018 through June 30, 2019 ("18-19"), attached hereto as Exhibit A, subject to the approval of the Oversight Board and the California Department of Finance ("DOF").

SECTION 3. The Oversight Board the reserve of up to \$260,000 from the January through June 2019 ROPS period for the debt service payment of the 2001 Tax Allocation Bond in the July through December 2019 ROPS period, as shown in 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, upon the Oversight Board's approval, post the ROPS 18-19 on the City of Pico Rivera's website and submit the ROPS 18-19 to DOF, the California State Controller's Office, and the Los Angeles County Auditor-Controller prior to February 1, 2018 as required by law.

RESOLUTION NO. _____
Page 3 of 3

SECTION 4. The Oversight Board Secretary shall certify to the passage and adoption of this Resolution and hereafter the same shall be in full force and effect.

APPROVED AND ADOPTED this 25th day of January, 2018 by members of the Oversight Board to the Successor Agency to the Pico Rivera Redevelopment Agency, voting as follows:

Belinda Faustinos, Chairperson

ATTEST:

APPROVED AS TO FORM:

Anna M. Jerome, Agency Secretary

Oversight Board Counsel

AYES:
NOES:
ABSENT:
ABSTAIN:

Recognized Obligation Payment Schedule (ROPS 18-19) - Summary

Filed for the July 1, 2018 through June 30, 2019 Period

Successor Agency: Pico Rivera
County: Los Angeles

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)		18-19A Total	18-19B Total	ROPS 18-19 Total
		(July - December)	(January - June)	
A	Enforceable Obligations Funded as Follows (B+C+D):	- \$	- \$	
B	Bond Proceeds	-	-	
C	Reserve Balance	-	-	
D	Other Funds	-	-	
E	Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	2,501,025 \$	1,739,521 \$	4,240,546
F	RPTTF	2,501,025	1,578,521	4,079,546
G	Administrative RPTTF	-	161,000	161,000
H	Current Period Enforceable Obligations (A+E):	2,501,025 \$	1,739,521 \$	4,240,546

Certification of Oversight Board Chairman:
Pursuant to Section 34177 (o) 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

**Pico Rivera Successor Agency
Administrative Expenditures Summary
Fiscal Years 2016-17 through 2018-19**

Expenditure	FY 16-17* Actual	FY 17-18 Estimated	FY 18-19 Projected
Salary & Benefits	\$ 128,292	\$ 141,000	\$ 134,600
Rutan & Tucker, legal counsel	\$ 2,457	\$ 2,700	\$ 2,700
RSG, successor agency consultants	\$ 23,351	\$ 26,600	\$ 20,000
Alliant Insurance Services, Oversight Board Insurance	\$ 1,485	\$ 1,500	\$ 1,500
Oversight Board legal counsel	\$ 1,485	\$ 1,500	\$ 1,500
Miscellaneous	\$ 876	\$ 700	\$ 700
TOTAL	\$ 157,946	\$ 174,000	\$ 161,000

*The Pico Rivera Successor Agency, in Fiscal Year 2015-16, exceeded the \$250,000 limit by \$16,400. In the interest of transparency and to abide by proper accounting guidelines, the Successor Agency reduced the FY 2016-17 administrative budget by \$16,400 so that the total administrative budget between both years (2015-16 and 2016-17) will not exceed the annual statutory cap of \$250,000.