

**OVERSIGHT BOARD
CITY OF PACIFICA AS SUCCESSOR AGENCY
TO THE CITY OF PACIFICA REDEVELOPMENT AGENCY**

January 30, 2017 – 6:30 PM

Meeting in the City Council Chambers – 2212 Beach Blvd – Pacifica, CA 94044

www.cityofpacifica.org

For those wishing to address the Board on any Item on the Agenda or under Oral Communications, please complete a Speaker Card located at the rear of the Chambers and submit to a staff member as early in the meeting as possible.

AGENDA

1. Roll Call, Welcome and Introductions

2. Board – Reorganization – Designation of Chair and Vice Chair

The composition of the Oversight Board has changed since in the past year. The Chair and Vice Chair are to be selected from among the members of the Board.

Recommendation: That the Members of the Board select a Chair and Vice Chair

3. Minutes: January 26, 2016

Recommendation: Approve the Minutes for the Meeting of January 26, 2016

4. Consideration and approval of Recognized Obligation Payment Schedule (ROPS) 17-18 Including an Administrative Budget for the time period of July 1, 2017 – June 30, 2018

The dissolution process requires Oversight Board review and approval of each Recognized Obligation Payment Schedule, which will cover twelve months of expenses for the Successor Agency.

Recommendation: Adopt Resolution approving the 2017-2018 Recognized Obligation Payment Schedule (ROPS) and directing staff to submit to the Department of Finance (DOF)

5. Informational Report: Future Preparation And Submittal Of “Last And Final” Recognized Obligation Payment Schedule (ROPS) Including Scheduled Payments of Outstanding Obligations

This is an informational report. Beginning July 1, 2016 revisions to the State Dissolution process allow an Oversight Board to present a Last and Final Recognized Obligation Payment Schedule (ROPS). This streamlines the process eliminating the need for annual Oversight Board meetings and also includes a financial incentive to the City. Staff discussed with DOF Staff the option, and would recommend moving forward once DOF has adjusted their reporting system to accept payment schedules extending beyond FY 2046/2047.

Recommendation: Receive the report and direct staff to schedule consideration of a Last and Final ROPS, after Department of Finance (DOF) confirms that their system can accommodate the City of Pacifica extended repayment schedule.

6. Public Comments:

Note: Speakers are limited to three minutes, unless modified by the Chairperson. The Board cannot take action on any matter raised under this item.

7. Board Comments

8. Adjourn

The City of Pacifica will provide assistance for disabled citizens upon at least 24 hours advance notice to the City Manager’s Office (650) 738-7301, or send request via email to: o’connellk@ci.pacificaca.us If you need sign language assistance or written material printed in a larger font or taped, advance notice is necessary. All meeting rooms are accessible to the disabled.



**CITY OF PACIFICA
OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY
OF THE REDEVELOPMENT AGENCY
(January 30, 2017)**

Agenda Item No. 2

SUBJECT: Board – Reorganization – Designation of Chair and Vice Chair

ORIGINATED BY: Paul Rankin, Finance Advisor – Regional Government Services

DISCUSSION:

The Oversight Board has been structured with two officers to be selected by the members of the Board. The officers are the Chair and Vice Chair.

The Chair shall preside at all meetings of the Board and shall sign all documents necessary to carry out the business of the Board. The Vice Chair is designated to perform the duties of the Chair in the absence of the Chair. In an action recorded February 11, 2015 the Board designated Mary Ann Nihart as the Chair and Mike Callagy as the Vice Chair. In January 2017, the Mayor appointed Councilmember John Keener to replace Ms. Nihart.

It is appropriate for the Board Members determine the Board Chair and Vice Chair by motion, a second, and a recorded vote.

FISCAL IMPACT: None

ATTACHMENTS: None

BOARD ACTION REQUESTED: That the Members of the Oversight Board select a Chair and Vice Chair.

Minutes of the Pacifica Oversight Board Meeting Date: January 26, 2016 Page 1 of 2	Minutes Were Presented (Item #3) Board Meeting January 30, 2017 Motion To Accept: _____, Second By: _____ Voting Yes Board Members: Voting No: Abstain:
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The meeting of January 26, 2016 was called to order at 6:05 p.m.

Roll Call was taken as entered below:

Name	Present	Absent	Name	Present	Absent
Lorenzo Hines Jr (Representing: City of Pacifica RDA Employees)	√		Penny Bennett-resigned (Representing: San Mateo County)	n/a	
Pete DeJarnatt (Representing: San Mateo County Library JPA)	√		Josie Peterson (Representing: Pacifica School District)	√	
Raymond Chow (Representing: San Mateo Community College District)	√		Mary Ann Nihart - Chair (Representing: City of Pacifica)	√	
Mike Callagy (Representing: San Mateo County)	√				

Others Attending:

Cindy Mosser, Financial Services Manager

Craig Labadie, Oversight Board Legal Counsel via phone

ITEM #2. Minutes: November 30, 2015

A motion was made by Board Member Lorenzo Hines to adopt as presented the Minutes of the Board Meeting of November 30, 2015. The motion was seconded by Board Member Raymond Chow. Board Member Josie Peterson abstained due to her absence from the previous meeting. This motion passed by unanimous vote.

ITEM #3. Adoption of Amended and Restated Resolution Establishing Amounts Advanced By The City Of Pacifica As Enforceable Obligations

Cindy Mosser presented the staff report, which updated past action by the Board to establish amounts owed to the City of Pacifica for Loans made to the former Redevelopment Agency. The update accounted for interest owed based on repayments to the City prior to the dissolution legislation. The action also updated the interest rate to 3 percent in accordance with recent legislation.

Chair Mary Ann Nihart wanted to know if 20% of loan payments are required to go to the County's Housing Authority. Cindy Mosser responded that 20% would have to go to the County's Housing Authority as required by SB107. After discussion a motion was made by Board Member Lorenzo Hines to adopt the Resolution Amending and restating the resolution establishing amounts advanced by the City Of Pacifica as enforceable obligations. The motion was seconded by Board Member Josie Peterson and passed by unanimous vote.

Minutes of the Pacifica Oversight Board Meeting Date: January 26, 2016 Page 2 of 2	Minutes Were Presented (Item #3) Board Meeting January 30, 2017 Motion To Accept: _____, Second By: _____ Voting Yes Board Members: Voting No: Abstain:
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ITEM #4. Consideration and approval of Recognized Obligation Payment Schedule (ROPS) 16-17 Including an Administrative Budget for the time period of July 1, 2016 – June 30, 2017

Cindy Mosser presented the staff report. The dissolution process requires Oversight Board review and approval of each Recognized Obligation Payment Schedule, which based on revised legislation will cover twelve months of expenses for the Successor Agency. Enforceable obligations included the scheduled Bond principal and interest as well as an allowed payment to the City of Pacifica. The Board also approved an Administrative Budget for the period July 1, 2016 through June 30, 2017.

After discussion a motion was made by Board Member Pete DeJarnatt to adopt the Resolution approving the 2016-17 ROPS and directing Staff to file the report with the required entities. The motion was seconded by Board Member Mike Callagy and passed by unanimous vote.

ITEM #5. Adoption of a Resolution Authorizing Transfer of Public Parking Lot Properties to the City of Pacifica as provided for in the Amended Long Range Property Management Plan (LRPMP).

Cindy Mosser presented the staff report. The former RDA owned parcels used as public parking lots, and legal title transferred to the Successor Agency when the RDA was dissolved. On November 30, 2015 the Oversight Board approved an amended LRPMP, which was subsequently approved by the Department of Finance. The Board received a resolution authorizing the City Manager as Executive Director of the Successor Agency to execute documents which will complete the property transfer to the City of Pacifica.

After discussion a motion was made by Board Member Raymond Chow to adopt the Resolution Authorizing transfer of public parking lot properties to the City of Pacifica as provided for in the Amended Long Range Property Management Plan (LRPMP). The motion was seconded by Board Member Peter DeJarnatt and passed by unanimous vote.

ITEM #6. Public Comments:

There were no comments from the public.

ITEM #7. Board Comments

A question was asked if this meeting would be the last Oversight Board meeting before the County would take over the duties. Oversight Board Council Craig Labadie answered that the meeting would continue until 2018. There were no other comments from the board.

ITEM #8. Adjournment

The Board meeting adjourned at 6:15 p.m. in memory of Carol Clatt, former Councilmember and community leader of Daly City, who passed away last week.



**CITY OF PACIFICA
OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY OF THE REDEVELOPMENT
AGENCY
(January 30, 2017)**

Agenda Item No. 4

SUBJECT: Adoption of Oversight Board Resolution Approving Recognized Obligation Payment Schedule (ROPS) No. 17-18 and the Administrative Budget of the Successor Agency

ORIGINATED BY: Paul Rankin, Finance Advisor – Regional Government Services

DISCUSSION:

State law dissolved all redevelopment agencies effective February 1, 2012. The Pacifica City Council determined that the City would serve as the Successor Agency. Successor Agencies are required to prepare and submit to the Department of Finance (DOF), a Recognized Obligation Payment Schedule (ROPS) for the period July 1, 2017 through June 30, 2018 (ROPS 17-18). The Successor Agency is required to prepare a proposed administrative budget and submit it to the Oversight Board for approval.

DISCUSSION & ANALYSIS

Based on legislation signed by the Governor in September 2015, the process for submitting the ROPS was changed to an annual ROPS submittal. Prior to ROPS 16-17 submittals were made for six month periods. This is the second “Annual ROPS”. The ROPS 17-18 will be used to determine the allowed costs and whether funding will be needed by the Successor Agency from the Redevelopment Property Tax Trust Fund (RPTTF). This fund is administered by the County Auditor-Controller. The Successor Agency may claim expenses for: 1) Redevelopment Debt Service costs (Non-Administrative); and 2) Administrative costs.

Transition To Annual ROPS - Prior Period Adjustments

The previous ROPS process used a rolling six month analysis, whereby funds distributed that were not required are reflected as adjustments in the corresponding period the following year. The Department of Finance has temporarily suspended the submittal of the Prior Period Adjustment Form while they transition to the new annual filing. As part of the current reporting period they have announced that agencies will be required beginning in October 2018 to retroactively report Prior Period Adjustments for the periods when reporting was suspended.

The format of the report for 2017-18 also includes a revised format for the Cash Balance Worksheet. The report is limited to an accounting for actual expenses incurred in the January – June 2016 period (ROPS 15-16B). As presented the Trust Fund held by the City is estimated to have a positive balance of \$7,117 as of June 30, 2016. Previous ROPS submittal had projected a potential deficit. Based on savings in Administrative Costs compared to budget estimates a deficit did not occur.

Non-Administration Expenses (Enforceable Obligations)

Included in the Non-Administrative Costs are enforceable obligations, which consist of debt service payments for the 2004 Tax Allocation Bonds (TAB) and General Fund Loans from the City of Pacifica.

For the purpose of the 2004 TAB costs the amounts requested reflect the January 1, 2018 scheduled payment and the July 1, 2018 payment. Funding for the July 2018 payment must be requested at this time since the funds must be transmitted to the Trustee in June 2018, in advance of the debt payment date. Similarly last year, the July 1, 2017 payment was funded in advance by ROPS 2015-16B (January 1, 2016 – June 30, 2016).

For the ROPS Period 17-18 (July 2017 – June 2018) the Agency is requesting \$70,954 which will be a repayment to the City of Pacifica reducing the balance owed on loans made by the City of Pacifica General Fund. In accordance with State law there is a formula, which compares the 2012/2013 Base Year residual RPTTF funding to residual funds distributed by the County in 2016/2017. Fifty percent of the growth is the maximum amount that can be distributed for repayment of General Fund Loans. Based on the formula repayments made to date repayments have been applied to Loan #4 in the following amounts:

2014-15A ROPS = Zero
2015-16 A ROPS = \$100,902
2016-17 ROPS \$112,853

The total owed to the General Fund is \$3,786,309 including accrued interest. Interest approved by the Oversight Board in accordance with State law accrues at the rate of 3% simple interest.

As the City receives repayment of these loans, 20% of the payments received are required to be used for housing purposes and will need to be forwarded to the Housing Successor Agency. The City will need to plan for and record these expenditures.

Administration Expenses

Effective July 1, 2016, State law amended the allowed amount that can be claimed for Administrative costs. The Pacifica Oversight Board has consistently requested less than the allowed minimum based on the estimated costs. By claiming lower administrative costs this allows for more funds to be available to meet enforceable obligations and/or to be available for distribution among all taxing entities as residual funds. The Administrative costs claimed for 2017-2018 are expected to be within the allowed limits.

Staff estimates that expenses of the Pacifica Successor Agency for the period July 1, 2017 - June 2018 will be \$14,000. A breakdown of the Budget is presented in Exhibit B, of the Resolution (See Attachment 1). Of this amount \$9,500 is related to contract legal services provided by Law Offices of Craig Labadie and administrative costs associated with Staff support

provided by Regional Government Services. The City is also expecting \$4,500 of allocated audit costs will be related to the Successor Agency costs.

It should be noted that the format of the Annual ROPS still requires presenting figures in six-month increments. Although this works well for scheduled payments the exact timing of administrative costs is subject to variances. It is expected that the Oversight Board is approving an Annual Budget regardless of what period the expenses may occur.

FISCAL IMPACT:

The adoption of the ROPS 17-18 will provide for payment of expenses for the period July 1, 2017 through June 30, 2018, including; administrative costs in this period; scheduled bond debt service payments; and a payment towards loans extended by the City of Pacifica General Fund.

ATTACHMENTS:

Resolution Approving the Recognized Obligation Payment Schedule of the Successor Agency for the Period July 1, 2017 to June 30, 2018

EXHIBIT A - Recognized Obligation Payment Schedule (ROPS)(4 pages)
EXHIBIT B - Administrative Budget

BOARD ACTION REQUESTED:

Staff recommends that the Pacifica Oversight Board adopt the Resolution as presented.

OVERSIGHT BOARD RESOLUTION NO. 1-2017

A RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF PACIFICA APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE OF THE SUCCESSOR AGENCY FOR THE PERIOD JULY 1, 2017 TO JUNE 30, 2018

WHEREAS, Section 34177(1)(2) of the Health and Safety Code requires the Successor Agency to the Redevelopment Agency of the City of Pacifica (“Successor Agency”) to submit to the State Department of Finance (“DOF”), the State Controller, and the San Mateo County Auditor-Controller (“County Auditor”) for review, a Recognized Obligation Payment Schedule for the period July 1, 2017 through June 30, 2018 (“ROPS”) that has been reviewed and approved by the Oversight Board for the Successor Agency City of Pacifica (“Board”); and

WHEREAS, Section 34177(m) of the Health and Safety Code requires that the ROPS be submitted, after approval by the Board, no later than February 1, 2017; and

WHEREAS, in accordance with Section 34179.7 of the Health and Safety Code the DOF has granted a “Finding of Completion” dated April 26, 2013; and

WHEREAS, on June 19, 2013 the Oversight Board adopted Resolution 2013-4 approving repayment of loans from the City of Pacifica to the former Redevelopment Agency creating an enforceable obligations pursuant to 34191.4(b) Health and Safety Code; and

WHEREAS, an annual repayment of the City of Pacifica loans been approved in previous ROPS submittals, in accordance with Section 34191.4(b)(2)(A) of the Health and Safety Code and the next opportunity for repayment to be claimed is during the 2017-18 ROPS period; and

WHEREAS, under Health and Safety Code Section 34177(j), the Oversight Board must approve the Administrative Budget for the Successor Agency.

WHEREAS, Successor Agency staff with assistance from consultants have prepared the attached ROPS and submitted it to the Oversight Board for review and approval, and at the same time have provided a copy of the attached ROPS to the County Administrative Officer, the County Auditor and DOF, all as required pursuant to Health and Safety Code Section 34177(1)(2)(B).

NOW, THEREFORE, THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF PACIFICA DOES RESOLVE AS FOLLOWS:

1. The Recognized Obligation Payment Schedule for the period July 1, 2017 through June 30, 2018, in the form attached to this resolution (Exhibit A – 4 Pages) and incorporated herein by reference, is hereby approved.

2. In accordance with the Dissolution Act, the Oversight Board hereby approves the Proposed Administrative Budget in the form presented to the Oversight Board and attached

hereto as Exhibit B (the “Administrative Budget”) and incorporated herein by reference, is hereby approved. Further the Board authorizes the Successor Agency to incur costs for the general administrative activities and functions described in the Administrative Budget.

3. Oversight Board acknowledges that the Administrative Budget includes a projection of expenses for a twelve month period and the timing of the expenses may differ from the period shown, provided the budget is not exceeded.

4. Oversight Board hereby acknowledges and approves the inclusion in the Non-Administration funding request an amount to address 2004 Tax Allocation Bond debt service payments, and a payment to reduce the obligation for loans made by the City General Fund to the Redevelopment Agency prior to dissolution.

5. The staff of the Successor Agency is hereby directed to submit the ROPS to DOF, the State Controller and the County Auditor and post the ROPS on the Successor Agency’s website in accordance with Health and Safety Code Section 34177(1)(2)(C), and to cooperate with DOF to the extent necessary to obtain DOF’s acceptance of the ROPS, including, if necessary, making modifications to the ROPS determined by the Successor Agency’s City Manager to be reasonable and financially feasible to meet its legally required financial obligations.

PASSED AND ADOPTED at a regular meeting of the Oversight Board for the Successor Agency to the Redevelopment Agency of the City of Pacifica, California held on January 30, 2017, by the following vote of the members thereof:

- AYES:** Board Members –
- NOES:** Board Members –
- ABSTAIN:** Board Members –
- ABSENT:** Board Members –

, Chair

ATTEST:

Clerk of the Board – Lorenzo Hines, Jr.

Recognized Obligation Payment Schedule (ROPS 17-18) - Summary

Filed for the July 1, 2017 through June 30, 2018 Period

Successor Agency:	Pacifica
County:	San Mateo

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	17-18A Total (July - December)	17-18B Total (January - June)	ROPS 17-18 Total
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):	\$ 115,233	\$ 100,204	\$ 215,437
F RPTTF	107,233	94,204	201,437
G Administrative RPTTF	8,000	6,000	14,000
H Current Period Enforceable Obligations (A+E):	\$ 115,233	\$ 100,204	\$ 215,437

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/	Date
Signature	Date

Pacifica Recognized Obligation Payment Schedule (ROPS 17-18) - Report of Cash Balances
(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, [see Cash Balance Tips Sheet](#).

A	B	C	D	E	F	G	H	I	
		Fund Sources							
		Bond Proceeds		Reserve Balance		Other	RPTTF		
	Cash Balance Information by ROPS Period	Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS period balances and DDR RPTTF balances retained	Prior ROPS RPTTF distributed as reserve for future period(s)	Rent, grants, interest, etc.	Non-Admin and Admin	Comments	
ROPS 15-16B Actuals (01/01/16 - 06/30/16)									
1	Beginning Available Cash Balance (Actual 01/01/16)	129,852					8,849	\$129,852 is Debt Service Reserve held by Trustee.	
2	Revenue/Income (Actual 06/30/16) RPTTF amounts should tie to the ROPS 15-16B distribution from the County Auditor-Controller during January 2016						96,976	RPTTF is 15-16B recorded in GL 12/30/15 \$25000+\$71,976	
3	Expenditures for ROPS 15-16B Enforceable Obligations (Actual 06/30/16)						98,708	Legal Admin \$4,098.50; Gen Admin \$2,517.50; TAB Bond 7/1/16 Debt Service payment that was delivered to Trustee in June 2016 (\$55,000 Principal and \$37,091.88 Interest) (Debt Service is recorded in City GL as an expense 7/1/2016 date of scheduled debt payment.	
4	Retention of Available Cash Balance (Actual 06/30/16) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)								
5	ROPS 15-16B RPTTF Balances Remaining	No entry required							
6	Ending Actual Available Cash Balance C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)	\$ 129,852	\$ -	\$ -	\$ -	\$ -	\$ 7,117		

Pacifica Recognized Obligation Payment Schedule (ROPS 17-18) - Notes July 1, 2017 through June 30, 2018

Item #	Notes/Comments
1	DETAIL ITEM No. 1 Total Debt Outstanding is balance per Debt Service Schedule as of 6/30/2017. (Does not account for balance held as part of 2016/17B ROPS due 7/1/2017) 2017-18A ROPS - TAB DEBT = \$34,204.38 Interest Payable 1/1/2018 - Transferred to Trustee December 2017 AND 2017-18 B is (\$60,000Principal + 34,204.38 = \$94,204.38) Payable 7/1/2018 Transferred to Trustee June 2018.
2	DETAIL LINE ITEM No. 3 - Annual Audit - Amount based on discussion with new auditors regarding appropriate allocation of costs and work effort.
3	DETAIL ITEM LINE 4 - Administrative costs are shown as split between the two periods however this is an annual estimate and the timing of expenditures may differ by ROPS.
4	DETAIL LINE ITEM No. 7 Legal Counsel costs are an estimate of review required and support, to prepare a 2017/18 ROPS and transition to Countywide Oversight Board. Actual timing of expense may differ between Period A & B depending on DOF Review of Last & Final.
5	DETAIL ITEM 11 - Reso 17-88 - Loan #4 From General Fund. City has Finding of Completion and OB adopted Reso. Amounts recorded as presented in Oversight Board Report January 2016 (including - Origination date amended as part of interest calculation to align with payments made prior to dissolution). Accrued Interest Updated at 3% simple. 2018 ROPS request is maximum sponsoring entity payment is requested for oldest loan.
6	DETAIL ITEM 12 -Reso 19-89 - Loan #5 From General Fund. City has Finding of Completion and OB adopted Reso. Amounts recorded as presented in Oversight Board Report January 2016 - (including origination date amended as part of interest calculation to align with payments made prior to dissolution). Loan Updated to accrue 3% simple interest on unpaid balance.
7	DETAIL ITEM 13 -Reso 20-90 - Loan #6 From General Fund. City has Finding of Completion and OB adopted Reso. Amounts recorded as presented in Oversight Board Report January 2016 - (including origination date amended as part of interest calculation to align with payments made prior to dissolution). Loan Updated to accrue 3% simple interest on unpaid balance.
8	DETAIL ITEM 14- Reso 9-91 - Loan #7 From General Fund. City has Finding of Completion and OB adopted Reso. Amounts recorded as presented in Oversight Board Report January 2016 - (including origination date amended as part of interest calculation to align with payments made prior to dissolution). Loan Updated to accrue 3% simple interest on unpaid balance.
9	DETAIL ITEM 15 -Reso 1-92 - Loan #8 From General Fund. City has Finding of Completion and OB adopted Reso. Amounts recorded as presented in Oversight Board Report January 2016 - (including origination date amended as part of interest calculation to align with payments made prior to dissolution). Loan Updated to accrue 3% simple interest on unpaid balance.
10	DETAIL ITEM 16 - Reso 15-94 - Loan #10 From General Fund. City has Finding of Completion and OB adopted Reso. Amounts recorded as presented in Oversight Board Report January 2016 - (including origination date amended as part of interest calculation to align with payments made prior to dissolution). Loan Updated to accrue 3% simple interest on unpaid balance.

CITY OF PACIFICA - SUCCESSOR AGENCY

EXHIBIT B - ADMINISTRATIVE BUDGET

**ROPS 2017-2018 - ANNUAL
(July 1, 2017 - June 30, 2018)**

Audit	\$ 4,500
Administrative Support / Contract Services	7,000
Contract Legal (OB / SA)	<u>2,500</u>
TOTAL	\$14,000



**CITY OF PACIFICA
OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY OF THE REDEVELOPMENT
AGENCY
(January 30, 2017)**

Agenda Item No. 5

SUBJECT: *Informational Report: Future Preparation And Submittal Of “Last And Final” Recognized Obligation Payment Schedule (ROPS) Including Scheduled Payments of Outstanding Obligations*

ORIGINATED BY: Paul Rankin, Finance Advisor – Regional Government Services

DISCUSSION:

State law dissolved all redevelopment agencies effective February 1, 2012. The Pacifica City Council determined that the City would serve as the Successor Agency. Recent changes in the laws regulating dissolution grant an option for an Agency to submit to the Department of Finance (DOF), a multi-year Last and Final - Recognized Obligation Payment Schedule (ROPS). Once adopted it will streamline the process for obtaining funds from the RPTTF and also provides certain incentives to the City. This is an informational item regarding the process based on preliminary review of the status of Pacifica obligations.

DISCUSSION & ANALYSIS

Pursuant to HSC 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:

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

The City of Pacifica meets all of the required criteria. During the last year the Legal Counsel assisted by Staff completed the implementation of the long range property management plan. The property consisted of parking lots and the plan approved by the Department of Finance allowed the parcels to be transferred to the City. Updated deeds have been recorded reflecting the City as the owner. Having this work complete makes the future tasks limited to financial record keeping and recording the status of the debt obligations.

Technical Limitation Does Not Allow Board Action Now

Staff looked into presenting a Last and Final ROPS at this time. Unfortunately the systems in place at DOF only allow for payments scheduled through Fiscal Year 2046/2047. Based on current limits placed on the maximum repayment of local loans, the preliminary analysis indicates that the repayment will continue possibly through FY 2055/2056. The DOF Staff have indicated that they are working on developing the report templates needed to submit a Last and Final ROPS that allows reported costs beyond FY 2046/2047.

Components of Last and Final ROPS

The Last and Final ROPS will list all annual payments for remaining enforceable obligations and identifies all of the former Redevelopment Agency's remaining enforceable obligations and sources of payment for those obligations. The scheduled payments that will be included in the Last and Final ROPS include debt service and administrative budgets for the period beginning July 1, 2018, in the following categories:

1. Bond payments Funded From RPTTF (Tax Allocation Bonds are fully retired in FY 2030/2031)
2. Final Bond Payments made from the Reserve Fund held by the Trustee.
3. Indebtedness obligations owed to the City of Pacifica (including loans),
4. Contracts necessary for continued administration or operation of Agency (These costs including trustee fees, audit, and staff costs will only be included through 2030/2031 when the bonded debt is fully repaid.)

Submittal Timing / Review & Approvals

A Last and Final ROPS can be submitted at any time and does not have the February 1st deadline of the Annual ROPS. Once presented and approved by the Oversight Board, the Agency must submit the approved Last and Final ROPS to the California Department of Finance (DOF) and San Mateo County Auditor-Controller.

Pursuant to the legislation, the DOF has 100 days to review and approve the Last and Final ROPS. As part of the review process the DOF staff have indicated that with the Last and Final ROPS, there is flexibility for adjustments. Upon confirmation and agreement with City Staff they can implement changes without the need for adoption of an amended document by the Oversight Board. Once approved, the Agency may submit no more than two requests to the DOF to amend the Last and Final ROPS and the amendments must be reviewed and approved by the Oversight Board prior to submittal to the DOF.

Incentives Available To The City

A primary advantage of securing an approved Last and Final ROPS is that there would no longer be a need to prepare an annual ROPS to be reviewed and approved by the Oversight

Board and the DOF. All enforceable obligations and sources of payment would be detailed in the Last and Final ROPS.

The City also would benefit from receiving a higher interest rate on City-Agency loan balances that are outstanding. The City is currently limited to accruing three percent simple interest as part of the Annual ROPS. If the City obtains approval of a Last and Final ROPS the allowed interest rate increases to four percent. The preliminary analysis of repayment schedules extending to FY 2055/2056 assumed a four percent interest rate beginning July 1, 2018.

Timing of Oversight Board Meeting

Until the Department of Finance has a solution for the extended reporting periods we cannot establish a firm date for consideration. Currently, effective July 1, 2018 the Local Oversight Boards will be consolidated into a single County-wide Oversight Board. Based on this timing, this means that the Pacifica Oversight Board would be expected to meet at least one more time to adopt an Annual FY 2018-2019 ROPS in advance of the February 1, 2018 deadline. However, Staff intend to continue to monitor the reporting options. Provided that a Last & Final ROPS, can be submitted before October 1, 2017, that would allow time for DOF review and if approved would eliminate the need for a meeting in 2018.

FISCAL IMPACT:

Once presented and approved, the adoption of the Last & Final ROPS will provide for payment of expenses through full repayment of all obligations; increased interest earnings on outstanding loans; and a more efficient process reducing the need for Oversight meetings.

ATTACHMENTS:

None

BOARD ACTION REQUESTED:

Staff recommends that the Board receive the report; and direct staff to schedule consideration of a Last and Final ROPS, once the Department of Finance (DOF) confirms that their system can accommodate the City of Pacifica's extended repayment schedule.