

**OVERSIGHT BOARD FOR SUCCESSOR AGENCY TO THE
FORMER LEMON GROVE COMMUNITY DEVELOPMENT AGENCY
AGENDA ITEM SUMMARY**

Item No. 1.

Mtg. Date January 25, 2018

Dept. Finance

Item Title: **Recognized Obligation Payment Schedule (July 1, 2018– June 30, 2019)**

Staff Contact: Lydia Romero, City Manager

Recommendation:

Approve the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2018 through June 30, 2019 (ROPS 2018-19).
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Item Summary:

The purpose of this agenda item is to present the ROPS 2018-19 for approval by the Oversight Board for Successor Agency to the Lemon Grove Community Development Agency.

Fiscal Impact:

None.

Environmental Review:

Not subject to review

Negative Declaration

Categorical Exemption, Section

Mitigated Negative Declaration

Public Information:

None

Newsletter article

Notice to property owners within 300 ft.

Notice published in local newspaper

Neighborhood meeting

Attachments:

A. Staff Report

B. Resolution No. 2018-01

C. Recognized Obligation Payment Schedule (July 1, 2018– June 30, 2019)

Attachment A

LEMON GROVE SUCCESSOR AGENCY STAFF REPORT

Item No. 1

Mtg. Date January 25, 2018

Item Title: **Recognized Obligation Payment Schedule (July 1, 2018 – June 30, 2019)**

Staff Contact: Lydia Romero, City Manager

Discussion:

The State requires all Successor Agency Oversight Boards to approve the Recognized Obligation Payment Schedule for the period of July 1, 2018 to June 30, 2019 (ROPS 2018-19) by February 1, 2018. In order to meet that deadline, the Lemon Grove Successor Agency Board approved and forwarded the ROPS 2018-19 to the Oversight Board for consideration prior to the February 1st deadline. The Oversight Board will consider adopting a resolution approving the ROPS 2018-19 and authorizing Successor Agency staff to submit the document to the County of San Diego, the State of California Department of Finance, and the State Controller's Office for review and approval. The purpose of this agenda item is to present the ROPS 2018-19, for consideration.

The ROPS 2018-19 document includes the following:

- A summary detailing the amount requested;
- ROPS detail for the period July 1-June 30, 2019;
- Cash balances information; and
- A notes page.

Overall, the ROPS identifies a total of \$1,932,090 in expenditures between July 1, 2018 and June 30, 2019.

The following subsections provide information about the expenditures identified in the ROPS 2018-19.

Bond Debt Service (line 2, 3 & 27)

- During the ROPS 2018-19 period, debt service payments are due for the 2007, 2010, and 2014 Tax Allocation Bonds. The payment of \$1,752,000 will be made from the RPTTF.

Miscellaneous

In addition, the following items are identified in the ROPS 2018-19:

- (Line 14) Administrative Allowance (\$80,000) – this reflects staff time and other administrative costs in administering the Successor Agency and is paid from RPTTF monies on a hierarchy basis.
- (Line 16) City Loan (\$3,654,461) – this is an accumulation of cash flow loans made to the Redevelopment Agency since its inception. The City and State were in disagreement over the repayment of a portion of the loan in 2012. The City eventually paid back the State in December 2015. This allowed the City to submit the loans for repayment in the ROPS process. The Department of Finance has not reviewed the City's documentation for this loan and a successful State review will depend on the detailed documentation that the City can produce.

Attachment A

Fiscal Analysis

In total, there are \$26.6 million in outstanding Agency obligations. All of which will be funded with RPTTF. This includes bond debt service (\$23 million), City loans to the former Agency (\$3.6 million), and ongoing administrative costs (\$80,000).

Conclusion:

Staff recommends that the Oversight Board approve and forward the ROPS 2018-19 to the State of California Department of Finance.

Resolution No. 2018-01

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE LEMON GROVE SUCCESSOR AGENCY
ADOPTING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR JULY 1, 2018 THROUGH
JUNE 30, 2019, PURSUANT TO CALIFORNIA HEALTH & SAFETY CODE SECTION 34179,
DIVISION 24, PART 1.85, AND AUTHORIZING POSTING AND TRANSMITTAL THEREOF**

WHEREAS, the Lemon Grove Community Development Agency (“Agency”) was established as a redevelopment agency that was previously organized and existing under the California Community Redevelopment Law, Health & Safety Code Section 33000, *et seq.*, (“CRL”), and previously authorized to transact business and exercise powers of a redevelopment agency pursuant to actions of the City Council of the City of Lemon Grove; and

WHEREAS, Assembly Bill X1 26 added Parts 1.8 and 1.85 to Division 24 of the California Health & Safety Code, which laws caused the dissolution and wind down of all redevelopment agencies (“Dissolution Act”); and

WHEREAS, on December 29, 2011, in the petition California Redevelopment Association v. Matosantso, Case No. S194861, the California Supreme Court upheld the Dissolution Act and thereby all redevelopment agencies in California were dissolved as of and on February 1, 2012, under the dates in the Dissolution Act that were reformed and extended thereby; and

WHEREAS, the Agency is now a dissolved redevelopment agency pursuant to the Dissolution Act; and

WHEREAS, by resolution considered by the City Council at an open public meeting the City chose to become and serve as the “Successor Agency” to the dissolved Agency under the Dissolution Act; and

WHEREAS, as of and on February 1, 2012, the City serves and acts as the Successor Agency and is performing its functions as the successor agency under the Dissolution Act to administer the enforceable obligations of the Agency and otherwise unwind the Agency’s affairs, all subject to the review and approval by a seven-member oversight board (“Oversight Board”); and

WHEREAS, Section 34179 provides that the Oversight Board has fiduciary responsibilities to holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other revenues pursuant to Section 34188 of Part 1.85 of the Dissolution Act; and

WHEREAS, pursuant to Section 34179, the Successor Agency’s Oversight Board has been formed and has met; and

WHEREAS, the ROPS for the period July 1, 2018 through June 30, 2019 must be submitted to the County of San Diego and the State of California by February 1, 2018; and

WHEREAS, the ROPS for the period July 1, 2018 through June 30, 2019 have been considered by the Oversight Board; and

WHEREAS, the City of Lemon Grove has had to loan the Successor Agency cash in order for it to fulfill its fiscal obligations.

NOW, THEREFORE, BE IT RESOLVED that the Oversight Board of the Lemon Grove Successor Agency does hereby find and determine as follows:

Section 1. The Oversight Board approves the ROPS for the period of July 1, 2018 through June 30, 2019.

Section 2. The Oversight Board authorizes the Successor Agency to transmit the ROPS to the San Diego County Auditor-Controller, the California Department of Finance, and the California State Controller's Office.

Section 3. The Secretary of the Successor Agency is directed to post the ROPS on the City/Successor Agency website pursuant to the Dissolution Act.

Section 4. This resolution shall become effective after transmittal of this resolution with the ROPS attached to the California Department of Finance and the expiration of five business days pending a request for review by the California Department of Finance.

APPROVED AND ADOPTED this 25st day of January 2018.

Chair

ATTEST:

Secretary

I, Susan Garcia, Secretary of the Oversight Board of the Lemon Grove Successor Agency, DO HEREBY CERTIFY that Resolution No. 2018-01 was duly adopted by the Oversight Board of Directors at a regular meeting thereof held on the 25st day of January 2018, and that it was adopted by the following vote, to-wit:

AYES:

NOES:

ABSTAIN:

ABSENT: