

REPORT TO THE SALINAS SUCCESSOR AGENCY

City of Salinas, California

DATE: January 10, 2017

FROM: Matt N. Pressey, CPA, Finance Director

SUBJECT: **RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE FISCAL
YEAR ENDING JUNE 30, 2018 (ROPS 17-18)**

RECOMMENDATION:

It is recommended that the City Council, acting as the Governing Board of the Successor Agency, approve a resolution of the Salinas Successor Agency approving the Recognized Obligation Payment Schedule for the year ending June 30, 2018 (ROPS 17-18).

DISCUSSION:

The California State Legislature enacted Assembly Bill x1 26 (the "Dissolution Act") and AB1484 to dissolve redevelopment agencies formed under the Community Redevelopment Law. Since then, the City accepted the role of "Successor Agency" and helped establish an "Oversight Board" to review the activities of the Successor Agency as provided for in the dissolution laws.

One priority of the Successor Agency is to prepare and submit "Recognized Obligation Payment Schedules" (or "ROPS") for every six-month beginning January 1, 2012 until all obligations have been met. The ROPS is a list and tally of the obligations to be paid on behalf of the former redevelopment agency, including debt obligations and other contractual agreements. The items listed on the ROPS have to first be approved by the Successor Agency. The Oversight Board (OB) will then approve Successor Agency actions by resolution, (they can also question or deny these actions) and submit these approved actions to the Department of Finance (DOF).

Pursuant to California Health and Safety Code section 34177 (o)(1), commencing with the ROPS covering the period from July 1, 2016 to June 30, 2017 and annually thereafter, the Successor Agencies shall submit an OB approved annual ROPS to the State Department of Finance and the County Auditor-Controller (CAC) by February 1. The State will consider the validity of the obligations and make its determination by April 15.

The ROPS 17-18 presented in this report only includes continuing obligations that have been previously approved by the Department of Finance for both the "A" (July- December) and "B" (January – June) cycles. The Successor Agency is not taking on any new obligations and for the most part is prohibited from taking this kind of action, with the intent to further its dissolution expeditiously.

ISSUE:

Shall the City Council, acting as the Governing Board of the Successor Agency, approve a resolution of the Salinas Successor Agency approving the Recognized Obligation Payment Schedule for the year ending June 30, 2018 (ROPS 17-18)?

FISCAL IMPACT:

Adoption of the ROPS for the twelve months ending June 30, 2018 will facilitate the ability of the Successor Agency to continue payment of the enforceable obligations of the former Redevelopment Agency and is among the reasonable measures required to be taken to avoid triggering an event of default under any enforceable obligation.

The ROPS Summary page shows a funding request of \$2,231,633 for ROPS 17-18A covering the period of July 1, 2017 through December 31, 2017 and \$410,451 for the ROPS 17-18B covering the period of January 1, 2018 through June 30, 2018.

ENVIRONMENTAL REVIEW:

The actions set forth in the recommended accompanying resolution, as summarized above, are exempt under Guideline 15378(b)(4) of the California Environmental Quality Act (CEQA) in that the actions do not constitute a “project,” but instead are required to continue a governmental funding mechanism for enforceable obligations of the former Redevelopment Agency and to perform the statutorily mandated unwinding of the assets, liabilities, and functions of the former Redevelopment Agency pursuant to the Dissolution Act. A notice of exemption will be filed with the County Clerk in accordance with the CEQA guidelines.

TIME CONSIDERATION:

To maintain compliance with the law, the Successor Agency will bring the ROPS to the Oversight Board for approval on January 18, 2017 and submit the ROPS to the County Auditor-Controller and Department of Finance by February 1, 2017.

ALTERNATIVES:

1. Modify ROPS 17-18 as deemed appropriate.
2. Not adopt the ROPS 17-18 (not recommended)

CITY COUNCIL GOALS:

The ability of the Successor Agency to pay financial obligations implements the Council Goal of “Effective Sustainable Government”.

CONCLUSION:

Staff recommends approval of the attached ROPS payment schedule for the twelve months ending June 30, 2018, to comply with the Dissolution Act and AB1484.