



Legislation Text

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Report to Successor Agency

Tuesday, January 03, 2023

Consent

SUBJECT:

CONSIDER APPROVAL OF THE SUCCESSOR AGENCY RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS FY 23-24) FOR THE PERIOD OF JULY 1, 2023 TO JUNE 30, 2024 (SUCCESSOR AGENCY)

I. SUMMARY

Presented for the Carson Successor Agency Board approval is the proposed Recognized Obligation Payment Schedule (ROPS) for Fiscal Year 2023-24 as required by Health and Safety Code §34180. If approved by the Successor Agency, the ROPS documents will be submitted to the Los Angeles County Second Supervisorial District Consolidated Oversight Board ("Second District Consolidated Oversight Board") for approval. The Successor Agency is required to submit the Second District Oversight Board-approved ROPS to the State Department of Finance, County Auditor Controller and other required agencies in advance of the February 1, 2023 deadline.

II. RECOMMENDATION

TAKE the following action:

1. **APPROVE** the ROPS FY 23-24 and DIRECT staff to submit the ROPS FY 23-24 with any necessary amendments to the Second District Consolidated Oversight Board and required agencies for approval.

III. ALTERNATIVES

TAKE another action the Successor Agency deems appropriate.

IV. BACKGROUND

With the dissolution of the Carson Redevelopment Agency, the Carson Successor Agency is required to prepare and submit the Oversight Board-approved ROPS and Administrative Budget to the State Department of Finance (DOF) and certain other agencies to receive

funding for debt service, enforceable obligation payments, and administrative costs. The Countywide Second District Consolidated Oversight Board will consider ROPS FY 23-24 on January 17, 2023. The deadline for submitting the Oversight Board-approved ROPS FY 23-24 to the Department of Finance (DOF), State Controller's Office, and Los Angeles County Auditor-Controller is February 1, 2023. The Final FY 23-24 ROPS must also be posted on the City/Successor Agency's website.

Redevelopment Agency Dissolution, Successor Agency and ROPS Process

On December 28, 2011, in the *California Redevelopment Agency v. Matosantos* case, the California Supreme Court upheld AB1X 26, which dissolved redevelopment agencies in California effective February 1, 2012. The successor agency is the entity charged with performance of the redevelopment agency's "enforceable obligations" (generally speaking, the obligations of the redevelopment agency as of June 28, 2011, when AB 26 was signed by the Governor) and with winding down the redevelopment agency's affairs (e.g., projects, properties, enforceable obligations, etc.). The Carson Successor Agency is the successor to the former Carson Redevelopment Agency.

Pursuant to AB1X 26, AB 1484, and SB 107, successor agencies are funded based on obligations that are specifically listed on the ROPS, which is required to be approved by the oversight board at a public meeting. Successor agencies must submit a copy of the ROPS to the County Auditor-Controller, the County Administrative Officer, and the State Department of Finance at the same time the successor agencies submit the ROPS to their oversight boards for approval. Furthermore, once a ROPS is approved by the oversight board, the approved ROPS is then submitted to the State Department of Finance, the County Auditor-Controller, and the State Controller's Office and posted on the successor agency's Internet website.

The Countywide Oversight Board formed on July 1, 2018 with five districts in Los Angeles County. The Carson Successor Agency is part of the Second District along with six other Successor Agencies. The LA County Commission Services, a division of the Executive Office of the Board of Supervisors, provides ongoing administrative support for the Countywide Oversight Board.

Carson Successor Agency ROPS FY 23-24

The proposed Recognized Obligation Payment Schedule (ROPS) for Fiscal Year 2023-24 attachment (Exhibit No. 1) consists of four components:

- 1) Summary:** Each enforceable obligation is to be paid from the following sources: 1) Bond Proceeds, 2) Reserve Balance, 3) Other Funds, and/or 4) the Redevelopment Property Tax Trust Fund (RPTTF). The summary page identifies and provides the amount of funding sources that will be used to pay off the enforceable obligations by the Agency.

For FY 2023-24, the funding to pay for the Successor Agency's costs come from Agency Reserves and RPTTF. The Reserve amount equals the amount requested for bond debt service in the prior period ROPS, as required by the Bond Indentures. The

RPTTF amount equals the total amount of Agency obligations not funded by other sources of funding. RPTTF are former tax increments of the former Carson Redevelopment Agency that are available to the Agency in amounts equal to its current year obligations, as approved by the DOF.

- 2) **Detail:** All Outstanding Agency obligations are listed here by line item. The detail section of the ROPS provides a summary of payments to be made in the FY 23-24, which include items such as bond debt servicing, rental subsidy payments, and property disposition costs. In addition, funding sources for the obligations are identified. One line item, for 2020 Tax Allocation Bonds debt service, is included even though such bonds have not yet been approved or issued. This line item, Line 178, was disallowed in the previous three ROPS requests. It is included in the ROPS as a placeholder ahead of any approval of the bonds themselves, because if such bonds were approved, the ROPS would need to be amended at that point, and DOF's policy in a mid-year amendment is to allow changes to existing line items but not to add new line items. This additional debt is related to an existing enforceable obligation related to the Former RDA's (and now the Successor Agency's) commitment to providing funding for the remediation of the former Cal Compact Landfill and the Carson Marketplace project. The Carson Reclamation Authority is now the owner of the property and the successor in interest to Carson Marketplace and the beneficiary of the agreements.
- 3) **Cash Balance:** This page shows cash balance and the sources of those balances that Agency has available through June 30, 2021.
- 4) **Administration Budget:** Pursuant to the Dissolution Act, an "Administrative Cost Allowance" is paid to the Successor Agency from property tax revenues remitted by the Los Angeles County Auditor-Controller. The Administrative Cost Allowance is defined as an amount, subject to the approval of the Oversight Board, which is up to 3% of the property tax remitted for enforceable obligations from the Redevelopment Property Tax Trust Fund (RPTTF) in the preceding fiscal year. The amount shall not be less than \$250,000 for any fiscal year unless the Oversight Board reduces this amount. The Dissolution Act requires each administrative budget be prepared for the upcoming six-month fiscal period. As such, the Successor Agency Board is being requested to approve the next two administrative budgets for the periods of July 1, 2023 through December 31, 2023 and January 1, 2024 through June 30, 2024, in order to coincide with the fiscal year period covered by the ROPS.

The Administrative Budget of \$384,487 being presented includes reimbursement for City staff time, reimbursement to the City for indirect overhead costs, and operating and contract service costs necessary to facilitate the wind down of the former Carson Redevelopment Agency.

V. FISCAL IMPACT

The ROPS is the Successor Agency budget for Fiscal Year 2023-24 and includes all debt obligations, administrative costs, and costs associated with the sale of Successor Agency owned parcels. The Successor Agency is requesting total funding of \$41,430,470 of which \$13,823,054 would be from Reserve Balance and \$27,607,415 from the Redevelopment

Property Tax Trust Fund (RPTTF) including the \$384,487 RPTTF Administration amount.

VI. EXHIBITS

1. ROPS FY 23-24 (pgs. 5-9)

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