

Administrative Budget

The Dissolution Act provides an administrative allowance for all successor agencies to carry out wind-down activities of their former redevelopment agencies and requires the Agency to prepare a proposed administrative budget and submit it to the Solano Consolidated Oversight Board for approval. The proposed administrative budget of \$190,000 is presented as Attachment C to the proposed resolution.

FINANCIAL IMPACT:

The Agency's payment obligations for the ROPS 19-20 period will be financed from property tax increment revenues distributed by the County from the RPTTF in two installments (June 1, 2019 and January 2, 2020). The Agency anticipates 4% annual growth in RPTTF revenues. Total RPTTF revenues for the ROPS 19-20 period are projected to reach \$4.5 million.

After deducting County fees and statutory/contractual pass-through obligations to other taxing entities, the Agency anticipates approximately \$3.3 million of RPTTF funding will be available to finance Successor Agency enforceable obligations for the ROPS 19-20 period. \$1,838,021 is proposed for draw by the Successor Agency to meet debt service and other obligations, with a projected \$1.4 million in surplus available tax increment for distribution to the taxing entities. The City of Vallejo General Fund typically receives approximately 25% of surplus tax increment, and is projected to receive approximately \$362,000 of the 2019-20 surplus tax increment.

The Agency's ROPS 19-20 payment requests \$1,838,021, as detailed below.

Bond Repayments and Fees (Items 5-6, 26, 30-31)

The Successor Agency continues annual debt service payments on two bonds issued in 1990, and 2001. These bonds paid for various infrastructure improvements, primarily along the waterfront, and other public improvements. Along with related fees, \$915,779 is proposed for scheduled 2019-20 debt service payments.

Administrative Costs (Item 33)

Pursuant to HSC Section 34171 (b), effective July 1, 2016, the administrative cost allowance will be equal to: (i) up to 3% of the actual property tax received by the Successor Agency to make enforceable obligation payments during the preceding fiscal year reduced by the Successor Agency's Administrative Allowance and sponsoring entity loan repayments in the preceding fiscal year; or (ii) not less than \$250,000, unless that amount is reduced by the Solano Consolidated Oversight Board or by agreement with the Successor Agency (Section 34171(b)(3)). The Administrative Allowance shall not exceed 50 percent of total Redevelopment Property Tax Trust Fund (RPTTF) distributed to pay enforceable obligations in the preceding fiscal year. This formula would allow an Administrative Allowance of approximately \$334,986.

The proposed administrative budget is estimated to be \$190,000 which is less than what the Dissolution Law allows. The City, as administrator of the Successor Agency, continues to incur significant work efforts to unwind the affairs of the former Redevelopment Agency and claims \$190,000 to reimburse the City for its administrative support. The Agency will continue to evaluate its eligible administrative allowance and underlying work efforts to support this draw on an annual basis.

Repayment of City Advances (Item 8)

ROPS 19-20 continues repayment of City/Agency's post-1990 loans. Interest accrues at 3% simple interest, as provided in SB 107. The annual allowable loan repayment under the Dissolution Act is 50% of the growth in surplus tax increment since the 2012-13 base year. \$727,746 is proposed for City loan repayments in the 2019-20 ROPS cycle.

ALTERNATIVES:

The SCOB could direct the Successor Agency to amend or remove items on ROPS 19-20. If the SCOB does

not approve the ROPS and the Successor Agency does not submit a ROPS by the applicable deadline, the Successor Agency shall be subject to a civil penalty of \$10,000 per day for every day that the ROPS is not submitted to DOF. If the ROPS is not submitted within ten days of the due date, the Administrative Budget is reduced by 25%.

OTHER AGENCY INVOLVEMENT:

None.