



## Legislation Text

File #: COB 20-5, Version: 1

Consider adopting a resolution approving the Recognized Obligation Payment Schedule (ROPS) and Administrative Budget for the Vacaville Successor Agency for the period from July 1, 2020 through June 30, 2021

Published Notice Required? Yes \_\_\_ No X  
Public Hearing Required? Yes \_\_\_ No X

### **RECOMMENDATION:**

It is recommended that the Solano Consolidated Oversight Board adopt the resolution approving the Recognized Obligation Payment Schedule (ROPS) and Administrative Budget for the Vacaville Successor Agency for the period from July 1, 2020 through June 30, 2021.

### **DISCUSSION:**

In 2011, the Governor signed into law AB1X 26 (the "Dissolution Act") which immediately suspended most activities of Redevelopment Agencies prior to their elimination effective October 1, 2011. All agencies were subsequently dissolved as of February 1, 2012, and a Successor Agency was designated to complete the work of the Agency and satisfy the outstanding financial obligations. Assembly Bill 1484 ("AB 1484") was signed by the Governor in 2012, adding significant new or modified actions and deadlines. The Dissolution Act was further amended by SB 107 on September 22, 2015.

Pursuant to HSC Section 34177(l), successor agencies must submit their annual Recognized Obligation Payment Schedules (ROPS) and HSC 34177(j) requires the successor agencies to prepare an administrative budget and submit both to the Board for review and approval. The ROPS must be approved by the State Department of Finance (DOF) before any distribution of funds by the County Auditor-Controller.

The Board is being asked to approve the ROPS 20-21 which covers July 1, 2020 - June 30, 2021 (Attachment B) for the Vacaville Successor Agency. Total obligations are \$11,233,661 of which \$8,004,970 and \$250,000 for administrative expenditures is being funded by the Redevelopment Property Tax Trust Fund (RPTTF). An administrative budget for FY2020-2021 (Attachment C) for the Vacaville Successor Agency is also submitted as part of this annual report for review and approval by the Board.

The ROPS 20-21 includes the following forms provided by the DOF:

- Page 1 - A summary of the obligations to be paid.
- Page 2 - Anticipated expenditures: bond payments and expenditures for contracts, leases and agreements.
- Page 3 - Report of cash balances: reports revenues received with actual and anticipated expenditures and reserves through 6/30/18.

All items on this ROPS have been previously reviewed and approved by the Vacaville Successor Agency and Board except for line item (43). Earlier this year, the City of Vacaville engaged the services of a Municipal Finance Consultant with experience in reviewing Successor Agency ROPS and ROPS cash balance submittals to the DOF. The consultant conducted a review of the Successor Agency cash flow and working

capital balances and activity of prior ROPS for the purpose of determining the Successor Agency current cash position. The analysis resulted in a finding that two amounts were *not retained as restricted cash* when former Redevelopment Agency unobligated cash was remitted to Solano County to be distributed to the taxing entities as required by law during the DDR in 2012 (Attachment D):

1. \$3,299,522 of unspent tax distribution from the ROPS I Prior Period Adjustment was not included in cash to be retained for Successor Agency obligations and was not received in the ROPS III distribution, and
2. \$210,081 of Administrative Allowance for the ROPS II period was omitted from the ROPS II restricted funds to be held.

The omission of these amounts from swept cash means that an overage of \$3,509,603 was remitted to Solano County and distributed to the taxing entities and a shortfall of \$3,509,603 exists in Successor Agency funds. To correct this imbalance and have sufficient cash to meet Successor Agency obligations, the item has been added to the 2020-2021 ROPS to be included in the funds distribution. The amount requested is offset by the current identified cash available \$1,413,789 for a total new request of \$2,095,814. The Municipal Finance Consultant hired will be available for further discussion and/or to answer any questions on this item.

The Vacaville Successor Agency will file, post, mail or otherwise deliver via electronic mail, internet posting, and/or hardcopy, all notices and transmittals necessary or convenient in connection with the approval of the ROPS.

**FINANCIAL IMPACT:**

Funding of the obligations listed in the ROPS 20-21 will be subject to approval by the DOF and dependent upon the availability of sufficient redevelopment property tax revenues, as determined by the County's Auditor-Controller.

**ALTERNATIVES:**

The Board could direct the Vacaville Successor Agency to amend or remove items on the ROPS 20-21. Also, the SCOB could choose not to adopt the resolution approving the ROPS 20-21 for the period 2020-2021; however, this is not recommended because the City of Vacaville may be charged \$10,000 per day in civil fines.

**OTHER AGENCY INVOLVEMENT:**

None.