



Agenda Item No. _____

File Code No. _____

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SANTA BARBARA

OVERSIGHT BOARD AGENDA REPORT

AGENDA DATE: May 3, 2012

TO: Oversight Board Members

FROM: Housing Division, Community Development Department

SUBJECT: Oversight Board Approval of the Preliminary Recognized Obligation Payment Schedule, Administrative Budget, and Outside Legal Counsel

RECOMMENDATIONS: That the Oversight Board:

- A. Approve the Preliminary Recognized Obligation Payment Schedule for the period of January 1, 2012 – June 30, 2012;
- B. Approve the Proposed Administrative Budget for the Period of February 1, 2012 to June 30, 2012; and,
- C. Accept the Recommendation of the Oversight Board Subcommittee to Select Mark Manion, a Partner with the Law Firm of Price Postel & Parma, to Provide Outside Legal Counsel to the Oversight Board and Request Action by the City of Santa Barbara, as Successor Agency, to the Redevelopment Agency of the City of Santa Barbara to Negotiate and Approve a Contract for Legal Services with Mr. Manion.

BACKGROUND:

On June 28, 2011, the Governor signed AB X1 26, which amended the Community Redevelopment Law (the "CRL", found at Health and Safety Code Sections 33000 and following) to direct the dissolution of all redevelopment agencies in California. On December 29, 2011, the Supreme Court upheld the constitutionality of AB X1 26 ("AB 26") and struck down the AB 26 companion bill, AB X1 27. Due to the four-month stay of the effectiveness of AB 26, the Supreme Court extended by four months the effective date of AB 26 and most of the deadlines that arise prior to May 2012 which impose performance obligations. As a result of the decision, every redevelopment agency in the State was dissolved pursuant to AB 26, as of February 1, 2012.

AB 26 provides that the city that authorized the creation of the redevelopment agency may opt to be the successor agency to the former agency and is vested with all authority, rights, powers, duties, and obligations previously vested with the redevelopment agency under the Community Redevelopment Law (Health & Safety Code, § 33000 et seq.), with certain exceptions, and is responsible for the winding up of

the agency's affairs. The City of Santa Barbara confirmed its appointment as Successor Agency to the former Redevelopment Agency of the City of Santa Barbara on January 10, 2012.

AB 26 required that a successor agency adopt an Enforceable Obligations Payment Schedule prior to February 1, 2012. The Enforceable Obligations Payment Schedule (EOPS) was approved by the City of Santa Barbara acting as Successor Agency to the former Redevelopment Agency of the City of Santa Barbara on January 31, 2012.

An Initial Draft Recognized Obligation Payment Schedule (ROPS) was required to be prepared by March 1, 2012. The Initial Draft ROPS is a schedule of obligations that, once final, replaces the EOPS. As with the EOPS, the Initial Draft ROPS must list and provide specific information as to each obligation that a successor agency is obligated to pay. The City of Santa Barbara, acting as Successor Agency to the former Redevelopment Agency of the City of Santa Barbara, developed an Initial Draft ROPS and sent that Initial Draft ROPS to the County Auditor, State Controller's Office and State Department of Finance on February 28, 2012.

On April 10, 2012, the City of Santa Barbara, acting as Successor Agency to the former Redevelopment Agency of the City of Santa Barbara, adopted a Preliminary ROPS (see Attachment 1) and adopted the Successor Agency Budget FY 2011-12 which included the Successor Agency Administrative Budget (see Attachment 2)

On April 12, 2012, the Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Santa Barbara held its first official meeting. At that meeting the Oversight Board elected Brian Fahnestock and Carolle Van Sande to serve as Chair and Vice Chair, respectively.

DISCUSSION:

Review and Discussion on the Recognized Obligation Payment Schedule: According to AB 26, in order for a monetary obligation incurred by a former redevelopment agency to be paid by a successor agency, that obligation must be listed on an EOPS and, once the ROPS is valid, on the Recognized Obligation Payment Schedule (ROPS). Review and approval of the ROPS is an extremely important function of the Oversight Board. Health and Safety Code 34179(i) states that Oversight Boards have the fiduciary responsibilities to holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other revenues.

The Successor Agency to the Redevelopment Agency of the City of Santa Barbara has prepared and adopted a Preliminary Recognized Obligation Payment Schedule (ROPS) for review and approval by the Oversight Board. The purpose of the ROPS is to identify enforceable obligations of the Successor Agency. An enforceable obligation is defined in Health and Safety Code Section 34171(d)(1) and further clarified in (d)(2) and (d)(3).

Successor Agency staff has delivered four binders to each of the Oversight Board members. These binders include detailed information pertaining to each of the individual obligations that the Successor Agency has identified as enforceable obligations and for which it is requesting payment. The Preliminary ROPS has been posted on the

Successor Agency's website and additional copies of the four binders are available for review at the Community Development Department Office located at 630 Garden Street.

Successor Agency staff provided a brief overview of the overall structure and detailed project information included in the four binders at the April 12, 2012 meeting of the Oversight Board.

Proposed Administrative Budget:

The proposed Administrative Budget (Attachment 2) will cover the period of February 1, 2012 through June 30, 2012. It includes personnel costs of employees administering the dissolution of the RDA and transferring remaining assets to the Successor Agency, ongoing legal costs pertaining to the dissolution of the RDA, supplies and materials, and other maintenance and support costs. The total administrative budget is \$630,745. See Attachment 2 for additional details.

The Successor Agency may receive an administrative allowance to fund administrative costs, subject to approval by the Oversight Board. This allowance is based on a percentage applied to property tax allocated to the successor agency to fund the ROPS; five percent for Fiscal Year 2012, and three percent each year thereafter. This amount shall not be less than \$250,000 for any fiscal year, unless negotiated by the Successor Agency and Oversight Board. At a minimum, the Successor Agency will be eligible for an administrative allowance of \$565,071; therefore, additional funds of \$65,674 may be required from the City of Santa Barbara General Fund to fund the entire proposed administrative budget.

The City Council serving as the Successor Agency approved the proposed Administrative Budget at its meeting on April 10, 2012.

Outside Legal Counsel:

The Oversight Board appointed a subcommittee consisting of Board Members Bahl and Casey to work with City of Santa Barbara Assistant City Attorney Sarah Knecht to explore obtaining outside counsel with a verbal report to be provided at the May 3 meeting. The Subcommittee met and reviewed several proposals and is recommending that the Oversight Board request that the Successor Agency to the Redevelopment Agency of the City of Santa Barbara enter into a contract with Mark Manion a partner with the law firm of Price Postel & Parma (see Attachment 3: Letter of Interest and Resume of Mr. Mark Manion).

ATTACHMENT:

1. Preliminary Recognized Obligation Payment Schedule
2. Proposed Administrative Budget
3. Letter of Interest and Resume of Mr. Marck Manion

PREPARED BY: Brian J. Bosse, Housing Manager/MEA

SUBMITTED BY: Brian J. Bosse, Housing Manager