



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

## OVERSIGHT BOARD AGENDA REPORT

**AGENDA DATE:** April 12, 2012

**TO:** Oversight Board Members

**FROM:** Housing Division, Community Development Department

**SUBJECT:** Oversight Board Administrative Actions and Review of the Recognized Obligation Payment Schedule

**RECOMMENDATIONS:** That the Oversight Board:

- A. Elect a Chair and Vice-Chair for the Oversight Board;
- B. Adopt A Resolution of the Oversight Board of the Successor Agency of the City of Santa Barbara Approving a Conflict of Interest Code for the Oversight Board and Directing Staff to Submit it to the County Board of Supervisors as the Reviewing Body Pursuant to the California Political Reform Act; and,
- C. Review the Preliminary Recognized Obligation Payment Schedule for the period of January 1, 2012 – June 30, 2012.

**BACKGROUND:**

On June 28, 2011, the Governor signed AB X1 26, which amended the Community Redevelopment Law California (the "CRL", found at Health and Safety Code Sections 33000 and following) to, among other things, 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 1X 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 and that 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 is 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 down 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). Upon appointment of the Oversight Board, several preliminary administrative actions must be taken to begin the work of overseeing the dissolution of the former redevelopment agency by the Successor Agency.

#### **DISCUSSION:**

Election of Chair and Vice-Chair: In accordance with Health and Safety Code section 34179 (a), the Oversight Board must elect one of its members to serve as Chairperson of the Oversight Board. There is no requirement to elect other officers; however, this does not preclude the Oversight Board from electing other officers such as a Vice Chair, Secretary and/or Treasurer. Once a Chairperson is elected, the Oversight Board must report the name of the individual to the State Department of Finance ("DOF"). The Board must also designate an official to whom the DOF shall contact when questions arise over actions taken by the Board and must provide the DOF with the designated official's telephone number and e-mail contact.

Typically, the Chairperson serves as the "presiding officer" at all meetings and performs other duties as may be assigned by the Oversight Board. The presiding officer essentially runs the meetings by maintaining order and ensuring that discussions and actions taken by the Board are listed on the agenda. A Vice Chairperson typically performs the same duties as the Chairperson, when the Chairperson is absent.

There may not be a need for a Secretary or Treasurer since staff to the Oversight Board will act in the capacity as Secretary to the Oversight Board on behalf of the Successor Agency, and the Successor Agency's Finance Director will act as the de facto Treasurer on behalf of the Successor Agency.

Rules of Conduct and Meeting Procedures: AB 26 provides that a majority of the total board membership constitutes a quorum for the transaction of business and a majority vote of the total membership of the board is required for the board to take action. Therefore, an affirmative vote of four members of the Board is required to take any action. AB 26 also provides that the oversight board is deemed to be a local entity for purposes of the Ralph M. Brown Act, the California Public Records Act, and the Political Reform Act of 1974. Meetings should be conducted in accordance with Robert's Rules of Order.

Conflict of Interest: Pursuant to the California Political Reform Act, every governmental agency must adopt a Conflict of Interest Code that sets forth, among other things, officials and employment positions and the disclosure filing requirements for designated employees in those positions. Designated employees are employees in positions that involve the making or the participation in the making of governmental decisions and who could affect the outcome of those decisions. The Political Reform Act requires that Conflict of Interest Codes approved by local government agencies be approved by a "code reviewing body". While the code reviewing body for a "city agency" is the City Council, the code reviewing body for "a local government agency, other than a city agency, with jurisdiction wholly within the county" is the Board of Supervisors. Since the Oversight Board is expressly subject to the Political Reform Act, staff is recommending that the Conflict of Interest Code be adopted by the Oversight Board for the Board and that the Oversight Board direct staff to submit it for approval to the Board of Supervisors as the code reviewing body. Furthermore, as required by the Political Reform Act, Oversight Board members will be required to file a "Form 700" upon assuming office and annually for the duration of their service on the Board thereafter.

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 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.

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 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 will provide a brief overview of the overall structure and detailed information included in the four binders.

Additional responsibilities of the Oversight Board can be found in Health and Safety Code Section 34180. These duties include review and approval of certain Successor

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Agency actions. The Oversight Board also has the authority to direct the Successor Agency to take certain actions.

**ATTACHMENT:** 1 - Preliminary Recognized Obligation Payment Schedule  
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**SUBMITTED BY:** Brian J. Bosse, Housing Manager