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**Oversight Board
for the
Successor Agency**

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Staff Report

ITEM NO. 5

To: Oversight Board for the Successor Agency
From: Jeff Britz, City Manager
Date: August 15, 2012
Subject: Resolution No. 2012-12 approving the Recognized Obligation Payment Schedule for the period January – June 2013 (ROPS III)

Discussion

As required by AB 1484, a Budget Trailer Bill recently passed by the legislature and signed into law by Governor Brown on June 27, 2012, the Successor Agency, after Oversight Board approval, is required to submit a Recognized Obligation Payment Schedule for the period January through June 2013 (ROPS III) by September 1, 2012. The new law, which purported to clarify the ambiguous language found in AB X1 26, actually imposes additional regulations on local government and allows little time to meet such new obligations. One such regulation is the submittal of the ROPS III. If the Successor Agency fails to submit the ROPS III to the California Department of Finance (DOF) by the deadline, the City (the entity that created the redevelopment agency) will be subject to a penalty of \$10,000 per day.

Attached for your reviewed and approval is a draft of the Lemoore Successor Agency's ROPS III. The DOF requires ROPS III to be submitted on this new format. The attached schedule includes all obligations known for the first six months of 2013 and also includes all items that were denied by the DOF from prior ROPS submittals that the Successor Agency directed staff to challenge. Attached is also a letter from the DOF dated July 12, 2012 indicating that challenged items will be addressed on the January through June 2013 ROPS review. As you can see, all items on the schedule are ones you are familiar with, with the exception of the payment to Sampson, Sampson & Patterson, LLP in the amount of \$10,000 for a Due Diligence Review. This item is added because it is a new requirement of AB 1484.

The new ROPS III reporting form also requires a report of prior period estimated obligations versus actual payments for the period January through June 2012, even though redevelopment was not dissolved until February 1, 2012. This new additional reporting is required to determine if any previously approved ROPS line items were under or over budgeted. Any remaining unspent funds from that period will then

become available to the taxing agencies. Explanations have been included on the Notes page to clarify several of the line items.

As you know, all actions of the Oversight Board are to be approved by resolution. Because time is of the essence with regard to approving ROPS III and submitting it to the DOF by the September 1, 2012 deadline, if you have any concerns or questions prior to the meeting, please submit them to me so that I can address them ahead of time. My goal is to present you with an approvable ROPS III at the meeting. Of course, if there are any remaining concerns or questions, I will do my best to address them satisfactorily so that it can be approved without having to hold a special meeting.

Budget Impact

Successor Agency expenditures for the period January-June 2013 total \$28,098,268 as shown in the far right column of ROPS III.

Recommendation

That the Oversight Board adopt Resolution No. 2012-12 approving the Recognized Obligation Payment Schedule for the period January to June 2013 (ROPS III) as presented or amended and direct the Successor Agency staff to submit it to the Department of Finance by the deadline. (Since September 1st falls on a Saturday and Monday, September 3rd is Labor Day, the deadline as stated by DOF is September 4th.)