DATE: January 8, 2019

TO: Successor Agency

FROM: Ashley Golden
Development Services Director

SUBJECT: Recognized Obligation Payment Schedule 2019-2020

CONTACT: Ashley Golden, Development Services Director
Ashley.Golden@oxnard.org, (805) 385-7882

RECOMMENDATION:

That the Community Development Commission Successor Agency adopt a Resolution approving the Annual Recognized Obligation Payment Schedule 19-20 covering the period of July 1, 2019 - June 30, 2020.

BACKGROUND

As part of the 2011 Budget Act, and in order to protect funding for core public services at the local level, the California Legislature approved the dissolution of the state’s 400 plus Redevelopment Agencies (“RDAs”). On February 1, 2012, all RDAs in the state of California were officially dissolved. As a result of the elimination of the RDAs, property tax revenues are now being used to pay required payments on existing bonds, other obligations, and pass-through payments to local governments. The remaining property tax revenues that exceed the enforceable obligations are allocated to cities, counties, special districts, and school and community college districts.

To help facilitate the wind-down process at the local level, each city formed a Successor Agency (“SA”) which manages redevelopment projects currently underway, make payments on enforceable obligations, and dispose of redevelopment assets and properties. In the City of Oxnard, the City Council acts as the SA to Oxnard’s former RDA, the Community Development Commission. Each SA has an Oversight Board (“OB”) that supervises its work. As specified in California Senate Bill 107 and beginning on July 1, 2018, all OB’s in the County were
consolidated into one OB, the Ventura County Consolidated Oversight Board. The 7-member OB is comprised of representatives of the local agencies from Ventura County cities, special districts, K-14 educational agencies. The County OB members have a fiduciary responsibility to holders of enforceable obligations, as well as to the local agencies that would benefit from property tax distributions from the former redevelopment project areas.

Pursuant to California Health and Safety Code Section 34177(l)(1), the City, as SA to the former Oxnard Community Development Commission, is required to prepare an annual Recognized Obligation Payment Schedule (“ROPS”), documenting the enforceable obligations of the former RDA for the coming fiscal year. This ROPS covers the period July 1, 2019 through June 30, 2020 (ROPS 19-20) and, per California Health and Safety Code Section 34177(m), must be submitted to the California Department of Finance (“DOF”), after approval by the OB, no later than February 1, 2019.

Attached to this staff report is the City's Annual ROPS 19-20, covering the period beginning July 1, 2019 and ending June 30, 2020. This period totals $9,937,786 in SA enforceable obligations. These obligations include bond debt service, developer agreement payments, special tax district assessment, property tax analysis agreements, and contracts enforceable by the SA.

In prior years, total funding requested by the SA for the payment of enforceable obligations has totaled $10,114,652 in Fiscal Year (“FY”) 18-19, $10,360,974 in FY 17-18, and $11,131,611 in FY 16-17.

The majority of the SA’s ROPS 19-20 enforceable obligations, approximately $5.9 million, come from the debt service from the bonds issued by the former RDA in prior years, before the dissolution of redevelopment in the City.

**STRATEGIC PRIORITIES**

This agenda item is a routine operational item or does not relate to the four strategic plans adopted by City Council on May 17, 2016.

**FINANCIAL IMPACT**

Approval of ROPS 19-20 will facilitate the ability of the SA to continue payment of the enforceable obligations of the former Community Development Commission and is among the reasonable measures required to be taken to avoid triggering an event of default under any enforceable obligations. Certification of the ROPS allows the SA to collect property tax revenues from the Ventura County Auditor-Controller in an amount sufficient to pay the obligations listed on the ROPS 19-20 in a timely manner.

The total obligations for the ROPS for 19-20 equal $9,937,786, down from $10,114,652 from the prior year. The General Fund is not responsible for these enforceable obligations.
ROPS 19-20 must be submitted to the DOF by February 1, 2019. If this deadline is not met, the City is subject to a civil penalty of $10,000 for every day that a SA is past due on submission.

Prepared by Adam Smith, Project Manager.

ATTACHMENTS:

Attachment A: SA Resolution ROPS 19-20
Attachment B: Oxnard ROPS 19-20
OXNARD COMMUNITY DEVELOPMENT COMMISSION SUCCESSOR AGENCY

RESOLUTION NO. ____________

RESOLUTION OF THE OXNARD COMMUNITY DEVELOPMENT COMMISSION SUCCESSOR AGENCY ADOPTING A FOURTH ANNUAL RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS 19-20) FOR JULY 1, 2019 – JUNE 30, 2020

WHEREAS, Assembly Bill x1 26 (“AB 26”) and AB x1 27 (“AB 27”) were passed by the State Legislature on June 15, 2011 and signed by the Governor on June 28, 2011; and

WHEREAS, among other things, AB 26 amends Sections 33500, 33501, 33607.5 and 33607.7 of the California Health and Safety Code and adds Part 1.8 and Part 1.85 to Division 24 of the California Health and Safety Code; and

WHEREAS, by enactment of Part 1.85 of Division 24 of the Health and Safety Code, subject to all reservations herein stated, the Community Development Commission was dissolved as of February 1, 2012 such that the Community Development Commission shall be deemed a former redevelopment agency under Health and Safety Code section 34173(a); and

WHEREAS, Health and Safety Code section 34173(a) designates successor agencies as successor entities to former redevelopment agencies; and

WHEREAS, on January 10, 2012, by Resolution 14,135, the City Council of the City of Oxnard declared itself as the successor agency upon the dissolution of the Community Development Commission, subject to all reservations stated in such resolution; and

WHEREAS, the California Supreme Court in California Redevelopment Association v. Matosantos, Case No. S194861 upheld the constitutionality of ABx1 26 and established May 1, 2012 as the date by which the draft Recognized Obligation Payment Schedule (“ROPS”) must be prepared; and

WHEREAS, California Health and Safety Code Section 34171(h) and 34177(m) provide that a successor agency must prepare a ROPS every six months after the initial ROPS period; and

WHEREAS, the Oversight Board to the Oxnard Community Development Commission Successor Agency directed Successor Agency Staff to amend the ROPS to incorporate the State Department of Finance’s revised ROPS format; and

WHEREAS, on May 8, 2012 a revised Amended ROPS I was adopted by the Successor Agency and identified enforceable obligations for the period of February 1, 2012 through June
WHEREAS, on May 8, 2012 a ROPS II was adopted by the Successor Agency and identified enforceable obligations for the period of July 1, 2012 through December 31, 2012; and

WHEREAS, on July 22, 2012 a ROPS III was adopted by the Successor Agency and identified enforceable obligations for the period of January 1, 2013 through June 30, 2013; and

WHEREAS, on February 12, 2013 a ROPS IV (13-14A) was adopted by the Successor Agency and identified enforceable obligations for the period of July 1, 2013 through December 31, 2013; and

WHEREAS, on September 10, 2013 a ROPS V (13-14B) was adopted by the Successor Agency and identified enforceable obligations for the period of January 1, 2014 through June 30, 2014; and

WHEREAS, on February 11, 2014 a ROPS VI (14-15A) was adopted by the Successor Agency and identified enforceable obligations for the period of July 1, 2014 through December 31, 2014; and

WHEREAS, on September 9, 2014 a ROPS VII (14-15B) was adopted by the Successor Agency and identified enforceable obligations for the period of January 1, 2015 through June 30, 2015; and

WHEREAS, on February 24, 2015 a ROPS VIII (15-16A) was adopted by the Successor Agency and identified enforceable obligations for the period of July 1, 2015 through December 31, 2015; and

WHEREAS, on September 1, 2015 a ROPS IX (15-16B) was adopted by the Successor Agency and identified enforceable obligations for the period of January 1, 2016 through June 30, 2016; and

WHEREAS, SB 107 terminates the every six months ROPS timeline as of December 31, 2015 and instead requires annual ROPS reporting starting with the first annual ROPS 16-17 for the period beginning July 1, 2016 and ending June 30, 2017; and

WHEREAS, California Health and Safety Code Section 34177(o) provide that a successor agency must prepare a ROPS every twelve months; and

WHEREAS, on January 19, 2016 the First Annual ROPS (16-17) was adopted by the Successor Agency and identified enforceable obligations for the period of July 1, 2016 through June 30, 2017; and
WHEREAS, on January 24, 2017 the Second Annual ROPS (17-18) was adopted by the Successor Agency and identified enforceable obligations for the period of July 1, 2017 through June 30, 2018; and

WHEREAS, on January 23, 2018 the Third Annual ROPS (18-19) was adopted by the Successor Agency and identified enforceable obligations for the period of July 1, 2018 through June 30, 2019; and

WHEREAS, on September 11, 2018 an amended Third Annual ROPS (18-19B) was adopted by the Successor Agency and identified enforceable obligations for the period of January 1, 2019 through June 30, 2019; and

WHEREAS, on January 8, 2019 the proposed Fourth Annual ROPS (19-20) identifies each enforceable obligation on which payments will be required during the period of July 1, 2019 through June 30, 2020.

NOW, THEREFORE, THE OXNARD COMMUNITY DEVELOPMENT COMMISSION SUCCESSOR AGENCY HEREBY FINDS, DETERMINES, RESOLVES AND ORDERS AS FOLLOWS:

Section 1. The Oxnard Community Development Commission Successor Agency hereby finds and determines that the foregoing recitals are true and correct.

Section 2. All legal prerequisites to the adoption of this Resolution have occurred.

Section 3. The attached Proposed ROPS is hereby adopted.

Section 4. Successor Agency staff is hereby authorized to administratively amend the ROPS in order to modify, adjust or remove line items pending the outcome of review by the Oversight Board, the County Auditor-Controller, and/or the California Department of Finance and to format the ROPS to conform with State Department of Finance requirements not yet published, and to take all necessary and appropriate actions to prepare and submit the ROPS, provided, however, that neither such authorization nor such removal shall be deemed to be, nor are they intended as, an acknowledgment of the validity of ABx1 26 and AB 1484 or such action by the Oversight Board, the County Auditor-Controller and/or the California Department of Finance. The Successor Agency reserves all rights to challenge the validity and/or application of any or all provisions of ABx1 26 and AB 1484 or such action by the Oversight Board, the County Auditor-Controller and/or the California Department of Finance. The Successor Agency reserves the right to pursue any and all appeals and any available legal or equitable remedy provided or available by law to obtain the correction of any erroneous decision regarding the ROPS.
Section 5. This Resolution shall take effect immediately upon its adoption.

Section 6. The Successor Agency’s Secretary Designate shall certify as to the adoption of this resolution.

PASSED, APPROVED and ADOPTED this ___ day of ________, 2019, by the following vote:

AYES: 

NOES: 

ABSENT: 

ABSTAIN: 

__________________________________
Tim Flynn, Chairman

ATTEST:

__________________________________
Michelle Ascencio, Secretary Designate

APPROVED AS TO FORM:

__________________________________
Stephen M. Fischer, General Counsel
### Oxnard Recognized Obligation Payment Schedule (ROPS 19-20) - Notes July 1, 2019 through June 30, 2020

<table>
<thead>
<tr>
<th>Item #</th>
<th>Notes/Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>The requested RPTTF Distribution for the CCRP Assessment District payment of $28,006 includes $6,200 for the Agency's FY 2019-20 payment and $21,806 as catch-up RPTTF cash flow for 16-17 actual expenses in excess of the 16-17 ROPS authority. The 19-20 payment of $6,200 shows a reduction from prior years due to ongoing property disposals by the Agency.</td>
</tr>
<tr>
<td>24</td>
<td>The requested RPTTF Distribution for the Hero River Park Affordable Housing Development obligation of $608,077 includes $557,504 for the Agency's 2019-20 payment and $50,573 as catch-up RPTTF cash flow for 17-18 actual expenses in excess of the 1718 ROPS authority (including supplemental funding provided in the 1819 amended ROPS). The increase in the 19-20 payment of $557,504 reflects HDL’s projected 10% annual increase in the assessed value of the property, which is the basis for the calculation of the annual development obligation. Also, the payee’s rights under the development contract have been sold and the new payee is Preston Hollow, LLC.</td>
</tr>
<tr>
<td>40</td>
<td>The requested RPTTF Distribution for the Hero River Park Infrastructure Development obligation of $1,375,521 includes $1,252,825 for the Agency’s 2019-20 payment and $122,696 as catch-up RPTTF cash flow for 17-18 actual expenses in excess of the 1718 ROPS authority (including supplemental funding provided in the 1819 amended ROPS). The increase in the 19-20 payment of $1,252,825 reflects HDL’s projected 10% annual increase in the assessed value of the property, which is the basis for the calculation of the annual development obligation. Also, the payee’s rights under the development contract have been sold and the new payee is Preston Hollow, LLC.</td>
</tr>
<tr>
<td>101</td>
<td>The requested RPTTF distribution for property disposition costs of $97,364 includes $50,000 for the Agency’s property disposition activities and $47xxx as catch-up RPTTF cash flow for 17-18 actual expenses in excess of the 1718 ROPS authority.</td>
</tr>
<tr>
<td>105</td>
<td>$2,020,283 of cash from other income sources, such as rents and loan repayments, to finance approved 1819 payment obligations. A supplement RPPTF distribution is requested at this time to backfill the Agency’s 1819 shortage of cash from other income sources necessary to pay for approved 1819 obligations.</td>
</tr>
</tbody>
</table>