



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: 12-214, **Version:** 1

As Successor Agency to the Redevelopment Agency of the County of Monterey, approve the Draft Recognized Obligation Payment Schedule (ROPS) for July 1, 2012 to December 31, 2012 as required by ABx1 26 and forward it to the Oversight Board for approval.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

As Successor Agency to the Redevelopment Agency of the County of Monterey, approve the Draft Recognized Obligation Payment Schedule (ROPS) for July 1, 2012 to December 31, 2012 as required by ABx1 26 and forward it to the Oversight Board for approval.

SUMMARY:

On December 29, 2011, the California Supreme Court issued a decision that upheld Assembly Bill (AB) x1 26 (the Dissolution Act) which dissolved redevelopment agencies effective February 1, 2012. The Successor Agency is required to approve draft Recognized Obligation Payment Schedules (ROPS) for each six month time period and send them onto the Oversight Board for approval. The ROPS provides authority to make payments on enforceable obligations.

DISCUSSION:

The Dissolution Act provides for the actions required to wind down the affairs of the former redevelopment agency. There are a number of required actions by the Successor Agency and Oversight Board, including the preparation and approval of a draft ROPS for each upcoming six month time period, until all debt has been paid off. Due to lack of clarity in the law as well as inconsistencies resulting from the Supreme Court decision in December, certain time frames for the specified actions do not align. The Initial Draft ROPS for January 1, 2012 to June 30 2012 was approved by the Successor Agency on February 28, 2012. The Law technically requires that the County Auditor-Controller “certify” the ROPS before the Oversight Board considers it for approval. However, the Auditor-Controller has until July 1, 2012 to complete the audits of the former RDAs and therefore will not be able to certify the ROPS until then.

The Oversight Board approved the Initial ROPS on April 12, 2012, subject to future certification by the Auditor-Controller and staff transmitted it to the State Department of Finance, the State Controller, and the County Auditor-Controller.

The next ROPS for July 1, 2012 to December 31, 2012 (2nd ROPS) is due to the State by May 11, 2012. The recommended 2nd ROPS has been updated to remove all agreements and obligations that have expired or have been terminated, including agreements related to the Horse Park on Fort Ord. There are still many unresolved issues relating to the dissolution of redevelopment agencies, including pending additional litigation and proposed legislation. The proposed draft 2nd ROPS attempts to account for these contingencies. Several contingency liabilities that were included on the Initial ROPS have been removed from this 2nd ROPS based on further analysis of the Law, including contingent claims related to the asserted obligation to fund “Set Aside Housing Funds.” However, additional contingent liabilities have been added, including claims found in “Demand Letters” received from various school districts and a Demand from MST related to the costs of

entitlement processing for the Whispering Oaks Projects, although the extent of any contingent liabilities and amounts of potential payments have not yet been determined.

OTHER AGENCY INVOLVEMENT:

Economic Development Department staff has been working with the County Counsel's Office and the County Auditor-Controller's Office to prepare for the various actions and activities that are required by the Dissolution Act. The Oversight Board for the County of Monterey convened its first meeting on April 12, 2012 and is scheduled to hold its second meeting on April 26, 2012.

FINANCING:

All assets, including cash and cash equivalents and properties held as of February 1, 2012, were transferred to the Successor Agency by operation of law. The former Redevelopment Agency funds were not transferred into the County General Fund but are required to be segregated and used solely for the payment of obligations of the former Redevelopment Agency. The Successor Agency is obligated to honor the enforceable obligations contained on the ROPS approved by the Oversight Board and certified by the Auditor-Controller as provided for in the law.

Prepared by: Marti Noel, Assistant Director, Ext. 5394

Date: May 2, 2012

Approved by: Jim Cook, Director, Ext. 5384

Date: May 2, 2012

Attachments:

Draft ROPS for July 1, 2012 to December 31, 2012