



City of Rialto

Legislation Details (With Text)

File #: 17-1175 **Version:** 1 **Name:**
Type: Resolution **Status:** Agenda Ready
File created: 12/26/2017 **In control:** City Council Acting as the Successor Agency
On agenda: 1/23/2018 **Final action:**
Title: Request City Council, Acting as Successor Agency to the Redevelopment Agency for the City of Rialto, to Adopt Resolution No. SA1-18 Approving the Recognized Obligation Payment Schedule and to Adopt Resolution No. SA2-18 Approving the Administrative Budget for Fiscal Year 2018-19.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Exhibit A - ROPS 18-19, 2. Exhibit B - FY19 Budget, 3. Exhibit C - Housing 2008 Bonds, 4. Exhibit D - Administrative Budget, 5. Exhibit E - ROPS Resolution, 6. Exhibit F - Administrative Budget Resolution

Date	Ver.	Action By	Action	Result
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For City Council Meeting and the City of Rialto, Acting as the Successor to the Redevelopment Agency Meeting [January 23, 2018]

TO: Honorable Mayor/Chair and City Council/Governing Board
FROM: Robb R. Steel, Interim City Administrator

Request City Council, Acting as Successor Agency to the Redevelopment Agency for the City of Rialto, to Adopt **Resolution No. SA1-18** Approving the Recognized Obligation Payment Schedule and to Adopt **Resolution No. SA2-18** Approving the Administrative Budget for Fiscal Year 2018-19.

BACKGROUND:

Pursuant to Section 34177 of the California Health and Safety Code, successor agencies must submit a Recognized Obligation Payment Schedule (ROPS) to make payments and receive administrative funds, as follows:

- A. Prepare a draft Recognized Obligation Payment Schedule describing the enforceable obligations of the former redevelopment agency.
- B. Submit the certified Recognized Obligation Payment Schedule to the Oversight Board for approval.
- C. Submit the approved Recognized Obligation Payment Schedule to the County Auditor-Controller, the State Controller, and the Department of Finance. Post the Recognized Obligation Payment Schedule on the Successor Agency's website.

- D. The Department of Finance to determine the amount and funding source for each enforceable obligation no later than 45 days after submittal of the Recognized Obligation Payment Schedule. If the Successor Agency does not submit its Recognized Obligation Payment Schedule by the deadline, it is subject to a civil penalty of \$10,000 per day, and the maximum administrative cost allowance for that period shall be reduced by 25 percent.

ANALYSIS/DISCUSSION:

The proposed ROPS (known as ROPS 18-19A and 18-19B - collectively known as the “ROPS”) and attached hereto as **Exhibit A**, and the Successor Agency budget, attached hereto as **Exhibit B**, describe the Successor Agency’s spending program for the period from July 1, 2018 to June 30, 2019. On January 25, 2018, the Oversight Board will consider the ROPS. The SA must submit the ROPS to the Department of Finance by February 1, 2018.

Payments from Redevelopment Property Tax Trust Funds

The ROPS requests Redevelopment Property Tax Trust Funds (i.e. tax increment funds collected by the County Auditor-Controller - known as “RPTTF”) of \$12,136,780 (including reserves to fund debt payments in the following fiscal year) to pay all enforceable obligations of the Successor Agency and its administrative costs. The County Auditor-Controller will distribute the RPTTF funds to the Successor Agency in two installments, one for \$4,211,704 in June 2018 and the second for \$7,925,076 in January 2019.

The ROPS payments include:

RPTTF Funds Requested

Description	ROPS 18/19A	ROPS 18/19B	ROPS FY Total
Debt Service Payment (Principal/Interest on Bonds/Deb)	\$ 4,034,955	\$ 4,061,011	\$ 8,095,966
Reserve to future Debt Payment (ROPS 19-20A Period)		\$ 3,687,316	\$ 3,687,316
Administrative Cost Allowance (see Administrative Budget)	\$ 176,749	\$ 176,749	\$ 353,498
Other Enforceable Obligations	\$ -	\$ -	\$ -
Total RPTTF:	\$ 4,211,704	\$ 7,925,076	\$12,136,780

Payments from Reserves and Other Funds

The ROPS includes a request for \$3,647,441 in reserve funds to cover bond debt service due in September 2018. The Successor Agency receives the reserve funds from the prior fiscal year ROPS to pay the subsequent year’s September debt service payment.

The Other Fund’s Due Diligence Review by the California Department of Finance (“DOF”) for the Library Trust Fund included \$78,632 to the City of Rialto per the Industrial Project Area Pass-Through Agreement. In ROPS 17-18, the Oversight Board and the DOF approved a transfer of \$48,840 held by the Successor Agency to the City’s Library Trust Fund. The Successor Agency holds an additional amount of \$39,792 for the Library Trust Fund. The ROPS includes the \$29,792 from the Successor Agency reserve to the City of Rialto’s Library Trust Fund Account.

In addition, the ROPS proposes \$27,000 for general administrative services, as further described in the Administrative Budget, and \$10,000 for appraisal services, paid from other sources (including from rents and note payables) totaling \$37,000.

Payments from Housing Bonds

In addition, the ROPS proposes disbursements of \$544,144 from Housing Bond Proceeds. On May 14, 2015, the Rialto Housing Authority (“RHA”) entered into an Exclusive Right to Negotiate with National Community Renaissance and Related California (“Developer”) to develop an affordable housing project. In June 2015, the Developer submitted proposals for three separate sites as follows:

- **Riverside Avenue and Rialto Avenue Site.** Situated at the northeast corner of Riverside Avenue and Rialto Avenue on a 1.7-acre site owned by the RSA and the RHA.
- **Bonnie View Avenue at South Metrolink Station.** Situated on the north side of Bonnie View Drive, just west of Riverside Avenue and south of the Metrolink station on a 2.6 acre site consisting of two vacant parcels.
- **Rialto/Palm Avenue at North Metrolink Station.** Situated on the north side of Rialto Avenue, between Palm Avenue and Orange Avenue on a site of 1.24 acres consisting of several parcels owned by the RHA, SA, and the City.

In August 2015, the California Department of Finance approved a Housing Bond Expenditure Agreement of \$5,500,000 as approved by the Oversight Board and the RHA (Resolution OB 15-09) for an affordable housing project. On June 26, 2016, the RHA and the Developer executed an affordable housing agreement utilizing the \$5,500,000 to develop a 64-unit affordable housing project on the Bonnie View Avenue at South Metrolink Station site (“Bonnie View Project”).

The proposed use of the Housing Bond Proceeds includes the use of one or more affordable housing projects in Rialto, including sites listed above by the Developer, or use as an additional source for the project at Bonnie View Project, if needed.

The 2008 Series “B” Bond is the source of funding for the housing project. The Official Statement on Page 4 states, “The Agency may use some or all of the Series B Bond proceeds on other housing related projects, as permitted by the Redevelopment Law” (**see Exhibit C**). Utilizing the Housing Bond Proceeds for the new project complies with the Bond’s Official Statement.

Administrative Budget

California Health and Safety Code Section 34177(j) requires that successor agencies prepare an administrative budget and submit it to its Oversight Board for consideration and approval. Staff prepared the Administrative Budget (**see Exhibit D**) from July 1, 2018 to June 30, 2019 for a budget amount of \$390,498.

The proposed ROPS includes the above payments. The Administrative Cost Allowance pays the administrative costs and the Successor Agency revenue pays the bond monitoring and appraisal services.

ENVIRONMENTAL IMPACT:

This action is not a Project as defined in the California Environmental Quality Act (CEQA), pursuant to Section 15378(b)(4) of the CEQA Guidelines because the transfer of funds is a governmental funding mechanism that does not involve any commitment to a specific project, which may result in a potentially significant environmental impact.

GENERAL PLAN CONSISTENCY:

The ROPS is consistent with Goal 3-3 of the Rialto General Plan.

Goal 3-3 is to attract, expand, and retain commercial and industrial businesses to reduce blighted conditions and encourage job growth. The action will allow the Successor Agency to complete enforceable obligated projects of the former Redevelopment Agency.

LEGAL REVIEW:

The City Attorney reviewed and approved the staff report and resolutions.

FINANCIAL IMPACT:

Staff recommends approval of the ROPS to ensure that the Successor Agency will receive sufficient property tax revenue for deposit into the Redevelopment Obligation Retirement Fund to pay all enforceable obligations. Staff will budget the ROPS obligations totaling \$16,395,157 in the appropriate RSA accounts for Fiscal Year 2018-19 with the source of funding as follows:

ROPS Payment Obligations

Description	ROPS 18/19A	ROPS 18/19B	ROPS FY Total
RPTTF Funds	\$ 4,211,704	\$ 7,925,076	\$ 12,136,780
Bond Funds	\$ 544,144	\$ -	\$ 544,144
Lease/Receivables	\$ 18,500	\$ 18,500	\$ 37,000
Reserves	\$ 3,677,233	\$ -	\$ 3,677,233
Totals	\$ 8,451,581	\$ 7,943,576	\$16,395,157

Transfer \$29,792 from the Successor Agency's Fund 343 to the City's Fund 275 (Library Fund)

RECOMMENDATION:

Staff recommends that the City Council, acting as the Governing Board of the Successor Agency to the Redevelopment Agency of the City of Rialto:

1. Adopt a Resolution (**Exhibit E**) approving the Recognized Obligation Payment Schedule for Fiscal Year 2018-19.
2. Adopt a Resolution (**Exhibit F**) approving the Successor Agency's Administrative Budget for Fiscal Year 2018-19.