



CITY COUNCIL STAFF REPORT

TO: Honorable Mayor and City Council **DATE:** January 22, 2018

FROM: Matthew Bronson, City Manager

PREPARED BY: Gayla R. Chapman, Administrative Services Director

SUBJECT: Annual 2018-19 Recognized Obligation Payment Schedule

RECOMMENDATION

Adopt the Resolution authorizing the loan repayments, adopt the Resolution approving the 2018-19 Recognized Obligation Payment Schedule (ROPS) sitting as the Successor Agency to the Grover Beach Improvement Agency, and authorize the City Manager to present the ROPS to the Oversight Board for its consideration and approval.

BACKGROUND

The Successor Agency to the Grover Beach Improvement Agency pursuant to State law must review and approve a Recognized Obligation Payment Schedule (ROPS) to submit to the Oversight Board and, once approved, send the ROPS to the State. The ROPS is produced on an annual basis and each ROPS will now cover an entire fiscal year. This ROPS before the Successor Agency for approval is designated as being from July 1, 2018 to June 30, 2019.

Staff is again working with Kelly Wyatt, formerly an employee of the State Department of Finance, to complete the ROPS for submittal to the State. During last year's process, the Successor Agency received several requests for additional information based upon the audit of our former ROPS performed by Ms. Wyatt. Included in this ROPS are corrections reflecting items that were identified during the audit. There were two loan repayments in the previous ROPS which should not have been repaid as they were made after the dissolution of the Redevelopment Agency. These two loans amounts were \$40,000 for the Wastewater Fund and \$100,000 for the General Fund. The State Department of Finance denied the two loan repayments and is requiring repayment be made by the City to the Successor Agency. Both of these loan repayments were budgeted in FY 2011-12 and executed as approved in the budget, though the repayments ultimately should not have been made given the dissolution of redevelopment agencies.

After repayment occurs, the two items may become payable as part of the already approved loans listed in the ROPS. In order for the added loan amounts to be approved on this ROPS, staff is requesting the attached resolution be adopted which would repay the Successor Agency for the previously denied loan payments. Without the repayment, the Successor Agency has no ability to pursue the repayment of the funds. These repayments to the Successor Agency will be reflected in the upcoming mid-year budget review. Once the ROPS is approved by the State Department of Finance, these amounts should become repayable to the City in FY 2018-19. Staff plans to budget for this repayment in FY 2018-19 budget.

The deadline established pursuant to AB 1484 to submit the July 1, 2018 to June 30, 2019 ROPS to the County Auditor-Controller and the State Department of Finance is February 1, 2018. The Annual ROPS for 2018-19 is scheduled for adoption at the next Regular Meeting of the Oversight Board scheduled for later this month or a Special Meeting, if needed.

FISCAL IMPACT

Adoption of the Resolution will allow the Successor Agency to pay the obligations listed on the ROPS. If the ROPS is not received by the Department of Finance by February 1, 2018, then the Successor Agency is subject to a \$10,000 per day fine per Health and Safety Code Section 34177(m).

ALTERNATIVES

The City Council, sitting as the Successor Agency, has the following alternatives to consider:

1. Adopt the Resolution authorizing the loan repayments being provided back to the Successor Agency; and
2. Adopt the Resolution approving the draft Recognized Obligation Payment Schedule; or
3. Do not adopt the Resolution approving the draft Recognized Obligation Payment Schedule and provide alternate direction to staff.

PUBLIC NOTIFICATION

The agenda was posted in accordance with the Brown Act. A copy of this staff report and meeting agenda were sent to the San Luis Obispo County Administrative Officer, San Luis Obispo County Auditor-Controller, Controller of the State of California, and the California Department of Finance.

ATTACHMENTS

1. Resolution authorizing the loan repayments
2. Resolution approving the draft Recognized Obligation Payment Schedule
Exhibit A - Annual ROPS 2018-19

RESOLUTION NO. 18-

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GROVER BEACH,
CALIFORNIA, ADOPTING THE 1st AMENDMENT TO THE ANNUAL
APPROPRIATION RESOLUTION NO. 17-34 FOR REIMBURSEMENT OF
LOAN REPAYMENTS DISALLOWED BY THE DEPARTMENT OF FINANCE**

WHEREAS, the Grover Beach City Council has a desire to amend the Annual Appropriation Resolution No. 16-48 to include reimbursement of loan payments disallowed by the Department of Finance; and

WHEREAS, these two loan payments were originally made in July 2011 in the amount of \$40,000 to the Wastewater Fund and \$100,000 to the General Fund; and

WHEREAS, the City was directed by the Department of Finance to return the payments and report the receipt of the returned cash from the City on a subsequent ROPS Report of Cash Balances; and

WHEREAS, once the City has returned the disallowed transfer, the Agency may update the outstanding balances for Item Nos. 3 and 4 of the ROPS to correctly account for the return of the disallowed payments for Finance to review.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Grover Beach, does hereby amend the Annual Appropriation Resolution to budget the following Expenditures:

General Fund

	<u>Sources</u>	<u>Uses</u>
A/C No.: 01-000-30000-000 Fund Balance	\$100,000	\$ -0-
A/C No.: 01-000-50000-000 Transfers Out	<u>\$ -0-</u>	<u>\$100,000</u>
Total General Fund	<u>\$100,000</u>	<u>\$100,000</u>

Wastewater Fund

	<u>Sources</u>	<u>Uses</u>
A/C No.: 80-000-30000-000 Fund Balance	\$ 40,000	\$ -0-
A/C No.: 80-000-50000-000 Transfers Out	<u>\$ -0-</u>	<u>\$ 40,000</u>
Total General Fund	<u>\$ 40,000</u>	<u>\$ 40,000</u>

Successor Agency Fund

	<u>Sources</u>	<u>Uses</u>
A/C No.: 87-000-40000-000 Transfer In	\$ -0-	\$140,000
A/C No.: 87-000-3000-000 Fund Balance	<u>\$140,000</u>	<u>\$ -0-</u>
Total General Fund	<u>\$140,000</u>	<u>\$140,000</u>

On motion by _____, seconded by _____, and on the following roll-call vote, to wit:

AYES: Council Member –
NOES: Council Member –
ABSENT: Council Member –
ABSTAIN: Council Member –
RECUSED: Council Member –

the foregoing Resolution was **PASSED, APPROVED, and ADOPTED** at a regular meeting of the City Council of the City of Grover Beach, California this 22nd day of January, 2018.

**** D R A F T ****

JOHN P. SHOALS, MAYOR

Attest:

DONNA L. McMAHON, CITY CLERK

RESOLUTION NO. SA-18-

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE DISSOLVED GROVER BEACH IMPROVEMENT AGENCY APPROVING AND ADOPTING A DRAFT OF THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177(I)

WHEREAS, consistent with Health and Safety Code Section 34173(d), the City of Grover Beach elected to become the Successor Agency to the dissolved Grover Beach Improvement Agency; and

WHEREAS, Assembly Bill 1484, Chaptered on June 27, 2012 requires that Successor Agencies to former Redevelopment Agencies review, approve and forward Recognized Obligation Payment Schedules (ROPS) to the Oversight Board in order to have Oversight Board's approval of the ROPS prior to January 30, 2018 for submission to the County Auditor-Controller and to the State Department of Finance by no later than February 1, 2018.

NOW, THEREFORE, BE IT RESOLVED by the City of Grover Beach City Council, acting as Successor Agency to the dissolved Grover Beach Improvement Agency:

THAT the Recognized Enforceable Obligation Payment Schedule for July 1, 2018 to June 30, 2019 is adopted in substantially the form attached to this Resolution as Exhibit A; and

THAT the City Manager is hereby directed and authorized to take any action necessary to carry out the purpose of this Resolution and to ensure compliance with the provisions of the Health and Safety Code including, but not limited to, submittal of the ROPS to the Oversight Board for approval and the County Auditor-Controller and to the State Department of Finance once approved by the Oversight Board.

On motion by Council Member, seconded by Council Member, and on the following roll-call vote, to wit:

AYES: Council Members –
NOES: Council Members –
ABSENT: Council Members –
ABSTAIN: Council Members –

the foregoing Resolution was **PASSED, APPROVED, and ADOPTED** at a Regular meeting of the City Council of the City of Grover Beach, California this 22rd day of January, 2018.

**** D R A F T ****

JOHN P. SHOALS, MAYOR

Attest:

DONNA L. McMAHON, CITY CLERK

Exhibit A

**Recognized Obligation Payment Schedule (ROPS)
for July 1, 2018 to June 30, 2019**

(To be provided under separate cover)