



CITY COUNCIL STAFF REPORT

TO: Honorable Mayor and City Council **DATE:** September 21, 2020
FROM: Matthew Bronson City Manager
PREPARED BY: Annette Munoz, Finance Manager
SUBJECT: Prior Period Adjustment (PPA) Reporting FY 2018-19

RECOMMENDATION

Adopt the Resolution approving the Prior Period Adjustment schedule comparing differences between actual payments and past estimated obligations for fiscal year 2018-19 and authorize the City Manager to present the PPA schedule to the County Oversight Board for review and approval.

BACKGROUND

The Successor Agency to the Grover Beach Improvement Agency (former redevelopment agency) must submit a Recognized Obligation Payment Schedule (ROPS) to the San Luis Obispo County Oversight Board (COB) for approval. Health and Safety Code (HSC) section 34177 (l) (3) states that the ROPS shall be forward looking to the next six months or one year.

Commencing on October 1, 2018, and each October 1 thereafter, HSC section 34186 (c) requires that the differences between actual payments and past estimated obligations shall be submitted by the successor agency to the county auditor controller (CAC) for review (Prior Period Adjustment, or PPA). The CAC shall provide to the Department of Finance (DOF) a review of the differences between actual payments and past estimated obligations, including cash balances, no later than February 1, 2019, and each February 1 thereafter. The differences shall be reported in subsequent ROPS and shall adjust the amount to be transferred to the Redevelopment Obligation Retirement Fund.

The PPA schedule presented herein for approval (Exhibit A) sets forth the differences between actual payments and past estimated obligations for fiscal year 2018-19. The difference as reported on the attached reflects zero, resulting in no adjustment to the FY 2021-22 distribution; however, this is subject to review by the CAC and DOF.

The Successor Agency's Last and Final ROPS, submitted concurrently to City Council for approval, is scheduled to be adopted at the next Regular Meeting of the County Oversight Board scheduled November 13, 2020, and thereafter submitted to DOF for approval. Should the Last and Final ROPS be approved by DOF prior to the deadline for submission of the ROPS 21-22, the attached PPA reporting for fiscal year 18-19 will be moot, no ROPS 21-22 will be required,

and any true-ups will take place upon payment of all Agency obligations. If the Last and Final is not approved in a timely manner and the Agency is required to submit a ROPS 21-22, the 18-19 PPA will be adjusted against any RPTTF authorized for fiscal year 2021-22.

Staff is again working with outside consultant Kelly Wyatt, formerly an employee of the State Department of Finance, to complete the PPA schedule for submittal to the County Oversight Board and DOF.

FISCAL IMPACT

Adoption of the Resolution will authorize the Successor Agency to the City of Grover Beach to submit the PPA schedule to the County Oversight Board for their review and submission to the Department of Finance for review by the County Auditor-Controller.

No fiscal impact.

ALTERNATIVES

The Council has the following alternatives to consider:

1. Adopt the Resolution approving the draft Prior Period Adjustment schedule, or
2. Do not adopt the Resolution approving the draft Prior Period Adjustment schedule and provide alternate direction to staff.

PUBLIC NOTIFICATION

The agenda was posted in accordance with the Brown Act.

Attachments

1. Draft Resolution, Exhibit A – Draft Prior Period Adjustment schedule

RESOLUTION NO. SA20-

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE DISSOLVED GROVER BEACH IMPROVEMENT AGENCY APPROVING AND ADOPTING A DRAFT OF THE PRIOR PERIOD ADJUSTMENT REPORTING PURSUANT TO HEALTH AND SAFETY CODE SECTION 34186 (C)

WHEREAS, consistent with Health and Safety Code (HSC) 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, as amended, requires that successor agencies to former Redevelopment Agencies review, approve and forward Recognized Obligation Payment Schedules (ROPS) to the County Oversight Board (COB); and

WHEREAS pursuant to HSC section 34186 (C) a successor agency must submit to the county auditor controller (CAC) for review the differences between actual payments and past estimated obligations (Prior Period Adjustment, or PPA), and the CAC shall provide their review to the Department of Finance (DOF); and

WHEREAS, the Successor Agency to the City of Grover Beach has prepared the Prior Period Adjustment schedule covering the period fiscal year 2018-19, and prepared in accordance with the Dissolution Act and the format made available by DOF, a copy of which is attached as Exhibit A to this resolution, and

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 Prior Period Adjustment schedule for the fiscal year 2018-19 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 Prior Period Adjustment schedule to the County Oversight Board for approval and, thereafter, to the Department of Finance for review by the County Auditor-Controller.

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 21st day of September 2020.

****DRAFT****

JEFF LEE, MAYOR

Attest:

WENDI SIMS, CITY CLERK

Grover Beach 2018-19 Prior Period Adjustments

Exhibit A

Item #	Name	Non-RPTTF Expenditures					RPTTF Expenditures					Admin RPTTF					PPA	Total Difference
		Bond Proceeds		Reserve Balance		Other Funds		RPTTF			Admin RPTTF							
		Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Available	Lesser	Actual	Difference	Authorized	Available	Lesser	Actual		
	TOTAL	-	2,353	88,519	8,557	140,000	109,137	353,428	353,428	324,956	353,428	-	80,000	80,000	80,000	80,000	-	-
1	Series 2005-	2,353	88,519	8,557	140,000	109,137	54,356	82,828	54,356	82,828	-	-	-	-	-	-	-	-
2	Water Func-	-	-	-	-	-	199,072	170,600	170,600	170,600	-	-	-	-	-	-	-	-
3	Wastewater-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	General Fui-	-	-	-	-	-	100,000	100,000	100,000	100,000	-	-	-	-	-	-	-	-
8	Administra-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Series 2005-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Wastewater-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	General Fui-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Vernon Lav-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Due to insufficiency in Reserve Balance and Other Funds, and consistent with Health and Safety Code section 34183 (a) (2) that requires the receipt of RPTTF be applied to debt service first, RPTTF was reallocated from lesser priority obligations to ensure coverage of the debt service (Item No. 1.) \$80,000 was reallocated from the Admin RPTTF (Item No. 8) and \$28,472 from the Water Loan (Item No. 2). Total expended toward the debt service obligation from all funding sources was \$282,875 consistent with authorized.