

Oversight Board for Successor Agency to the Community Redevelopment Agency of the City of Hanford

Staff Report – Administrative Services

Approval of Recognized Obligation Payment Schedule 19-20 July 1, 2019 - June 30, 2020

RECOMMENDATION:

Oversight Board adopt resolution approving Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2019 through June 30, 2020 (ROPS 19-20), pursuant to Health and Safety Code.

DISCUSSION:

On December 29, 2011, the California Supreme Court delivered its decision in the California Redevelopment Association v. Matosantos case. The decision upheld AB1x 26, the Dissolution Act, and found AB1x 27, the Alternative Redevelopment Program Act, unconstitutional. AB1x 26 dissolved the Redevelopment Agency (RDA) as of February 1, 2012, the new dissolution date established by the Supreme Court. The City of Hanford elected to become the Successor Agency to the Community Redevelopment Agency of Hanford. AB 1484 was signed by the Governor on June 27, 2012 and further changed the process for dissolving redevelopment agencies.

Pursuant to Health and Safety Code (HSC) section 34177(o)(1), commencing with the ROPS covering the period July 1, 2016 to June 30, 2017 and thereafter, agencies shall submit an oversight board approved annual ROPS to the Department of Finance (DOF) and the County Auditor-Controller by February 1, 2016 and each February 1 thereafter. The Successor Agency must report all expected obligations for the one year period starting the following July. The attached ROPS covers the period of July 1, 2019 through June 30, 2020, and is referred to as ROPS 19-20.

The Draft ROPS 19-20 reflects that \$98,384 in Redevelopment Property Tax Trust Fund (RPTTF) funding may be needed for the July 1, 2019 through June 30, 2020 period. These funds are requested for payment on a loan that the RDA received from the Kings Economic Development Corporation (KEDC) in 1999 and for the administration of the Successor Agency.

The RDA borrowed funds from KEDC for the purchase of land that became a part of the Kings Industrial Park. The terms negotiated by the RDA and KEDC do not include traditional interest; rather, on the sale of land securing the debt, KEDC is entitled to a portion of the purchase price. As a result, the amount to be paid to KEDC cannot be identified at this time. There is one parcel of RDA land remaining, and final payment on the loan is not due until that parcel is sold.

By the Successor Agency's calculations, \$30,361.95 in principal will be payable to KEDC when the final parcel sells. KEDC will also be entitled to 34% of the purchase price that exceeds \$9,103.00 per acre.

It is unknown as to when the final parcel will sell. The land is indirectly associated with a pending lawsuit, which has been a deterrent to parties interested in purchasing the parcel.

The ROPS will be submitted to the State by the deadline of February 1, 2019. The DOF will have until April 15th to review the ROPS and to object to items that do not meet the definition of an Enforceable Obligation.

FISCAL IMPACT:

None for this action. The purpose of approving the Draft Recognized Obligation Schedule is to ensure that the City acting as Successor Agency will be able to make certain payments for obligations of the former RDA.

ATTACHMENT:

1. Draft Resolution approving Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2019 through June 30, 2020, with the Draft Recognized Obligation Payment Schedule (ROPS 19-20) for the period of July 1, 2019 through June 30, 2020
2. Draft Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2019 through June 30, 2020