

MONTEREY COUNTY BOARD OF SUPERVISORS

MEETING: February 7, 2012 – Consent	AGENDA NO.:
SUBJECT:	As Successor Agency to the Redevelopment Agency of the County of Monterey: a. Receive information related to the assumption of responsibility for budget and obligations in accordance with ABx1 26; b. Affirm the Annual Budget adopted by the former Redevelopment Agency for Fiscal Year 2011-12 and authorize the transfer of appropriations remaining at February 1, 2012 to the County as Successor Agency (4/5ths vote); c. Authorize the County Administrative Office and Auditor/Controller to transfer the remaining appropriations to the County as Successor Agency; d. Authorize the Auditor/Controller to make payments required to meet enforceable obligations; and e. Eliminate five vacant positions in the Economic Development Department, (4/5ths vote).
DEPARTMENT:	Economic Development

RECOMMENDATION:

It is recommended that the Board of Supervisors acting as the Successor Agency to the Redevelopment Agency of the County of Monterey:

- a. Receive information related to the assumption of responsibility for budget and obligations in accordance with ABx1 26;
- b. Affirm the Annual Budget adopted by the former Redevelopment Agency for Fiscal Year 2011-12 and authorize the transfer of appropriations remaining at February 1, 2012 to the County as Successor Agency (4/5ths vote);
- c. Authorize the County Administrative Office and Auditor/Controller to transfer the remaining appropriations to the County as Successor Agency;
- d. Authorize the Auditor/Controller to make payments required to meet enforceable obligations; and
- e. Eliminate five vacant positions in the Economic Development Department (4/5ths vote).

SUMMARY:

On December 29, 2011, the California Supreme Court issued a decision that dissolves redevelopment agencies effective February 1, 2012. The County has agreed to serve as the Successor Agency for the Monterey County Redevelopment Agency and, as “Successor Agency,” will assume fiscal responsibility for the Agency’s revenues and obligations consistent with applicable law. The recommended actions transfer appropriation authority to the Successor Agency, prorated for the remainder of the Fiscal Year 2011-12, for budgetary purposes. The Successor Agency is required by law to make payments only on enforceable obligations. Based on the anticipated reduction in revenues to the Economic Development Department for redevelopment activities, a number of staff vacancies are recommended for elimination. The Board Order contains the details related to these actions.

DISCUSSION:

Assembly Bill (AB) x1 26 (the Dissolution Act) was signed into law by the Governor on June 28, 2011. The Dissolution Act modifies the Community Redevelopment Law by setting up a process for the dissolution of redevelopment agencies and a winding down of their affairs. The Dissolution Act was upheld by the California Supreme Court and the effective date for dissolution is February 1, 2012. On

January 10, 2012, the Board of Supervisors adopted resolutions electing to serve as the Successor Agency and the Successor Housing Agency to the Redevelopment Agency, as provided for in the legislation.

ABx1 26 requires a number of actions and processes to effectuate the dissolution of the Redevelopment Agency. Key actions are summarized below:

1. In compliance with the requirements of the legislation, on January 24, 2012, the Redevelopment Agency adopted an updated “Enforceable Obligation Payment Schedule” (EOPS), which identifies existing debt obligations to be repaid. The purpose of this schedule is to provide a basis for paying down debt and ensure that no new debt is created.
2. After February 1 but before March 1, the County Successor Agency is to prepare a “Recognized Obligation Payment Schedule” (ROPS) identifying enforceable obligations and projecting dates and amounts of payments. The purpose of this schedule is to review the EOPS adopted by the Redevelopment Agency and ensure that only enforceable obligations recognized under the Dissolution Act are included for repayment and that there is clear direction given staff to undertake specific activities related to meeting the enforceable obligations.
3. Before May 1, the County Successor Agency must report to the State Department of Finance the membership of a legislatively created “Oversight Board” which has specified membership that includes representatives from the County, schools, special districts and the public. The Oversight Board will review and direct the actions of the Successor Agency in winding down the affairs of the former Redevelopment Agency.
4. Before July 1, the County Auditor-Controller must undertake a series of audits of the various former redevelopment agencies located within the County to confirm assets and liabilities, determine proper pass-through payment obligations and confirm the Recognized Obligation Payment Schedules for each former agency. The results of these audits are to be provided to the State by July 15.
5. Additionally, the Auditor-Controller must create Redevelopment Property Tax Trust Funds for each former redevelopment agency and deposit property taxes that would otherwise have been considered tax increment into those funds for the purposes of repaying debt and providing any excess funds to appropriate taxing entities.

On February 1, 2012, the Redevelopment Agency of the County of Monterey was dissolved and, by operation of law, the assets and liabilities of the former Agency have been transferred to the Successor Agency. Prior to March 1, 2012 the ROPS will be prepared and considered by the Successor Agency, which will be the basis of a budget for the Successor Agency to wind up the affairs of the former Redevelopment Agency. Between February 1, 2012 and the County’s action on the ROPS, existing enforceable obligations, as listed on the EOPS, must be met, including reimbursement to the County for staff costs and other required payments. Therefore, appropriation authority must be transferred to the Successor Agency, and the Auditor/Controller must be provided with authority to modify this year’s budget and existing appropriations.

In order to comply with the requirements of the Dissolution Act, the recommendation includes a number of actions related to the adopted budgets and appropriations. These actions include reaffirming the former Redevelopment Agency’s budget for the current Fiscal Year and recognizing the transfer of the remaining appropriations to the County as Successor Agency, instructing staff to administratively rename the funds

containing the former Redevelopment Agency's assets to recognize the County's role as Successor Agency, and authorizing the Auditor/Controller to spend Successor Agency's transferred appropriations as required.

In addition, the recommendation includes the elimination of certain vacant positions from the Economic Development Department, as specified in the Board Order, in response to budgetary constraints. Economic Development Department staff is currently preparing updated budgets for all the department functions and will be coming back to the Board with additional actions, including the potential elimination of filled positions to reflect ongoing funding and the work load required to fulfill the ROPS.

It is possible that new legislation will be passed and signed by the Governor that may affect some of the details of the required implementing actions and/or budget impacts.

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 legislation and Court decision.

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. No action was required to effectuate this transfer, however the Successor Agency must be provided with appropriation authority in order to fulfill its obligations to wind down redevelopment activities. The remaining appropriations at February 1 will not exceed the obligations on the Enforceable Obligation Payment Schedule for the rest of the fiscal year and fund balances plus measurable and recognized revenues. The former Redevelopment Agency funds are not transferred into the County General Fund but are 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 until such time as the Recognized Obligation Payment Schedule is confirmed by the Successor Agency and ultimately by the Oversight Board. On June 21, 2011 the Board of Directors of the Redevelopment Agency of the County of Monterey adopted the Fiscal Year 2011-12 Budget. This action formalizes the authority of the County, as Successor Agency, to use remaining appropriations to the extent needed to meet enforceable obligations. It is anticipated that another budget adjustment will be required in connection with the preparation of the Recognized Obligation Payment Schedule before March 1.

Prepared by:

Approved by:

Marti Noel, Assistant Director

Jim Cook, Director

Date: _____

Date: _____

Attachments: Schedule of Budget Units transferring to County of Monterey as Successor Agency, List of positions to be eliminated