

REPORT TO SUCCESSOR AGENCY BOARD

DATE: APRIL 11, 2012

TO: HONORABLE CHAIR AND MEMBERS OF THE SUCCESSOR AGENCY BOARD

FROM: GREG RAMIREZ, EXECUTIVE DIRECTOR

BY: NATHAN HAMBURGER, ASSISTANT EXECUTIVE DIRECTOR

SUBJECT: APPROVE RESOLUTION NO. SA 12-06, APPROVING THE PROPOSED ADMINISTRATIVE BUDGET PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177; APPROVING THE EXECUTION OF A COOPERATIVE AGREEMENT FOR ADVANCE AND REIMBURSEMENT OF ADMINISTRATIVE, OVERHEAD, AND OTHER EXPENSES BY AND BETWEEN THE SUCCESSOR AGENCY AND THE CITY OF AGOURA HILLS REDEVELOPMENT AGENCY; AND TAKING CERTAIN ACTIONS IN CONNECTION THEREWITH

Upon dissolution of the Agoura Hills Redevelopment Agency on February 1, 2012, pursuant to AB X1 26, the Successor Agency to the Agoura Hills Redevelopment Agency was constituted and is governed by a board of directors consisting of the members of the City Council.

Pursuant to AB X1 26, the Successor Agency is required to undertake a number of actions related to winding down the affairs of the former Redevelopment Agency. For example, the Oversight Board may direct the staff of the Successor Agency to perform work in furtherance of the Oversight Board's duties and responsibilities under AB X1 26 and the Successor Agency must pay for all of the costs of meetings of the Oversight Board. In addition, the Successor Agency will have a number of ongoing responsibilities, such as paying debt service on enforceable obligations of the former Redevelopment Agency and preparing an administrative budget and Recognized Obligation Payment Schedule (ROPS) for each six-month fiscal period.

Each proposed administrative budget must include all of the following: (1) estimated amounts for Successor Agency administrative costs for the applicable six-month fiscal period; (2) proposed sources of payment for the administrative costs; and (3) proposals for arrangements for administrative and operations services provided by the City or other entity.

AB X1 26 provides that the Successor Agency may include the cost of Oversight Board meetings in its administrative budgets, but, otherwise, does not specify which expenses are appropriate for including in the administrative budget. However, allowable administrative expenses likely include, among others, the value of City staff, including employee retirement and other benefits, necessary for the administration and operations of the Successor Agency; and the cost of other resources of the City necessary for the administration and operations of the Successor Agency,

such as office space, supplies, equipment, utilities, and insurance. Staff recommends that the Successor Agency and the City enter into an agreement whereby the City will advance these costs to the Successor Agency.

AB X1 26 provides for an “Administrative Cost Allowance” to annually be paid to the Successor Agency of not less than \$250,000 a year (although this, likely, will not commence until fiscal year 2012-13). **However, in the event there are insufficient funds to pay the former Redevelopment Agency’s enforceable obligations, some or all of the Administrative Cost Allowance will be used to pay for the enforceable obligations, and these funds will not be available for administrative expenses of the Successor Agency.**

The administrative cost allowance will exclude any administrative costs that can be paid from bond proceeds or from sources other than property tax. However, the use of bond proceeds to pay administrative expenses is subject to certain limitations.

The first administrative budget is for the six-month fiscal period commencing on January 1, 2012, and ending on June 30, 2012, and the second administrative budget is for the six-month fiscal period commencing on July 1, 2012, and ending on December 31, 2012. The Successor Agency is required to submit each proposed administrative budget to the Oversight Board for its approval. The Successor Agency is also required to provide administrative cost estimates, from its approved administrative budget that are to be paid from property tax revenues deposited in the Redevelopment Property Tax Trust Fund, to the County Auditor-Controller for each six-month fiscal period.

AB X1 26 and the California Department of Finance are unclear as to timing, but staff recommends that the Board, at this time, approve the administrative budgets for the first two six-month fiscal periods for submittal to the Oversight Board (as soon as there is a quorum) for its approval. The attached Resolution approves the proposed administrative budgets for the first two six-month fiscal periods, which are attached as Exhibits A and B to the Resolution.

The attached Resolution also approves the Cooperative Agreement for Advance and Reimbursement of Administrative, Overhead, and Other Expenses between the City and the Successor Agency attached as Exhibit C to the Resolution. As discussed above, the proposed administrative budgets must include proposals for arrangements for administrative and operations services provided by the City or another entity. The Cooperative Agreement provides for the Successor Agency to use the City’s staff, facilities, and other resources for the administration and operations of the Successor Agency and for the Successor Agency to reimburse the City for such advances. The Agreement must be approved by the Oversight Board.

As discussed above, AB X1 26 provides for the Successor Agency to receive an annual Administrative Cost Allowance of not less than \$250,000 (but, likely, not until fiscal year 2012-13). However, the allowances are subject to reduction if there are insufficient funds to pay the former Redevelopment Agency’s enforceable obligations.

RECOMMENDATION

Staff recommends the Board of Directors of the Successor Agency to the Agoura Hills Redevelopment Agency adopt Resolution No. SA12-06, approving proposed administrative budgets and approving the execution of a Cooperative Agreement for Advance and Reimbursement of Administrative, Overhead, and Other Expenses between the City and the Successor Agency, and taking certain other actions.

Attachments: (A) Resolution No. SA12-06
(B) Cooperative Agreement with City of Agoura Hills

RESOLUTION NO. SA12-06

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE AGOURA HILLS REDEVELOPMENT AGENCY APPROVING PROPOSED ADMINISTRATIVE BUDGETS PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177; APPROVING THE EXECUTION OF A COOPERATIVE AGREEMENT FOR ADVANCE AND REIMBURSEMENT OF ADMINISTRATIVE, OVERHEAD AND OTHER EXPENSES BY AND BETWEEN THE SUCCESSOR AGENCY AND THE CITY OF AGOURA HILLS; AND TAKING CERTAIN ACTIONS IN CONNECTION THEREWITH

WHEREAS, pursuant to Part 1.85 of the Community Redevelopment Law (commencing with Health and Safety Code Section 34170) (“Part 1.85”), the Successor Agency to the Agoura Hills Redevelopment Agency (“Successor Agency”) is required to undertake a number of actions related to winding down the affairs of the former Redevelopment Agency pursuant to Health and Safety Code Section 34177(h).

WHEREAS, in connection with the administration and operations of the Successor Agency, the Successor Agency is and will be utilizing the staff, facilities, and other resources of the City. The City Manager of the City serves as Executive Director of the Successor Agency, the Director of Finance and the City Treasurer serve as the Finance Officers of the Successor Agency, and the City Clerk serves as Secretary to the Successor Agency. Planning, finance, engineering, public works, and other City departments devote and are expected to devote substantial time with respect to the administration and operations of the Successor Agency, including gathering information relating to the Redevelopment Agency’s enforceable obligations, conferring with public officials representing governmental agencies, and undertaking other activities in connection with administration and operations of the Successor Agency.

WHEREAS, by providing and making available to the Successor Agency the staff, facilities, services, and other resources of the City, including, without limitation, consultants, legal counsel, office space, equipment, supplies, and insurance, necessary to the administration and operations of the Successor Agency, the City has advanced and will continue to advance the cost of the foregoing to the Successor Agency. The City and the Successor Agency desire to enter into an agreement to provide for an appropriate method of reimbursement of such advances by the Successor Agency to the City.

WHEREAS, pursuant to Health and Safety Code Section 34171(d)(1)(F), contracts or agreements necessary for the administration or operation of the Successor Agency are enforceable obligations and pursuant to Health and Safety Code Sections 34178(a) and 34180(h), the Successor Agency may enter into agreements with the City with the approval of the oversight board for the Successor Agency (the “Oversight Board”).

WHEREAS, pursuant to Health and Safety Code Section 34177(j), the Successor Agency is required to prepare a proposed administrative budget for each six-month fiscal period and submit each proposed administrative budget to the Oversight Board for its approval. Each proposed administrative budget shall include all of the following: (1) Estimated amounts for Successor Agency administrative costs for the applicable six-month fiscal period; (2) Proposed sources of payment for the costs indentified in (1); and (3) Proposals for arrangements for administrative and operations services provided by the City or another entity.

WHEREAS, pursuant to Health and Safety Code Section 34177(k), the Successor Agency is required to provide administrative cost estimates, from its approved administrative budget that are to be paid from property tax revenues deposited in the Redevelopment Property Tax Trust Fund, to the County Auditor-Controller for each applicable six-month fiscal period.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE AGOURA HILLS REDEVELOPMENT AGENCY, HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

SECTION 1. The above recitals are true and correct and are a substantive part of this Resolution.

SECTION 2. This Resolution is adopted pursuant to the provisions of Part 1.85.

SECTION 3. The Board hereby approves the proposed administrative budget for the six-month fiscal period commencing January 1, 2012, and ending June 30, 2012, attached hereto as Exhibit A and incorporated herein by reference and the proposed administrative budget for the six-month fiscal period commencing July 1, 2012, and ending December 31, 2012, attached hereto as Exhibit B and incorporated herein by reference.

SECTION 4. The Board hereby approves the Cooperative Agreement for Advance and Reimbursement of Administrative, Overhead, and other Expenses by and between the Successor Agency and the City, attached hereto as Exhibit C and incorporated herein by reference (the "Agreement"), and the Chair and Executive Director are hereby authorized and directed, acting singly, to execute the Agreement.

SECTION 5. The officers and staff of the Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution, and any such actions previously taken by such officers and staff are hereby ratified and confirmed.

PASSED, APPROVED, AND ADOPTED this 11th day of April, 2012, by the following to wit:

AYES: (0)
NOES: (0)
ABSTAIN: (0)
ABSENT: (0)

John M. Edelston, Chair

ATTEST:

Kimberly M. Rodrigues, Agency Secretary

EXHIBIT A

Proposed Administrative Budget
(February 1, 2012 to June 30, 2012)

**Successor Agency to the Agoura Hills Redevelopment Agency
Administrative Budget
February 1, 2012 - June 30, 2012**

Salaries and Benefits

City Manager Dept.	96,938.00
City Clerk Department	19,757.00
Finance Department	86,276.00
Community Development Department	25,672.00
Public Works Department	<u>31,941.00</u>
	<u><u>260,584.00</u></u>

EXHIBIT B

Proposed Administrative Budget
(July 1, 2012 to December 31, 2012)

Successor Agency to the Agoura Hills Redevelopment Agency
Administrative Budget
July 1, 2012 - December 31, 2012

Salaries and Benefits

City Manager Dept.	41,385.00
City Clerk Department	10,682.00
Finance Department	41,679.00
Community Development Department	18,045.00
	<u>111,791.00</u>

Contract Services

Legal Services	10,709.00
Consulting Services	2,500.00
	<u>13,209.00</u>
	<u>125,000.00</u>

EXHIBIT C

Cooperative Agreement for Advance and Reimbursement of
Administrative, Overhead and other Expenses