



## Town Council Agenda Report

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Date: December 8, 2020 Item No. 20A

To: Honorable Mayor and Town Council

Subject: APPROVING AND AUTHORIZING TRANSMITTAL OF A RECOGNIZED OBLIGATION PAYMENT SCHEDULE AND ADMINISTRATIVE BUDGET FOR FISCAL YEAR 2021-22

From: Douglas Robertson, Town Manager

Submitted by: Sydnie Harris, Finance Director  
Finance Department

Budgeted Item:  Yes  No  N/A

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### RECOMMENDED ACTION:

Adopt a resolution approving and authorizing transmittal of a Recognized Obligation Payment Schedule and Administrative Budget for Fiscal Year 2021-22

### SUMMARY:

In 2011, Assembly Bill (“AB”) x1 26 effectively dissolved all redevelopment agencies in the State of California. AB 1484 was signed by the Governor on June 27, 2012 and Senate Bill (“SB”) 107 was chaptered into law on September 22, 2015, both changing and clarifying certain provisions of AB x1 26 (collectively, the “Dissolution Law”). The Town of Apple Valley (“Town”) elected to serve as the Successor Agency to the Redevelopment Agency of the Town of Apple Valley (“Successor Agency”) under Dissolution Law, taking on the responsibility to wind down the affairs of the former Redevelopment Agency of the Town of Apple Valley.

The Dissolution Law requires the Successor Agency to prepare an annual Recognized Obligation Payment Schedule (“ROPS”) that identifies financial obligations and funding sources to pay them. The ROPS must be approved by the San Bernardino County Oversight Board to the Successor Agency (“Oversight Board”) and submitted to the State Department of Finance (“DOF”). Pursuant to Health and Safety Code (“HSC”) Section 34177(l), DOF provides the ROPS form for successor agencies to use to report enforceable obligations. The completed ROPS for the July 1, 2021 through June 30, 2022 period (“ROPS 21-22”) is due to DOF by February 1, 2021 by electronic submission.

Pursuant to HSC Section 34177(l)(2)(C), a copy of the ROPS must also be submitted to the San Bernardino County Auditor-Controller (“Auditor-Controller”) and State Controller’s Office.

The Successor Agency requires and requests \$1,004,650 in Redevelopment Property Tax Trust Fund (“RPTTF”) revenues (columns O,P, V, and W on ROPS Detail) along with permission to spend \$356,250 in other funds (columns N and U on ROPS Detail) to pay its obligations. This is about \$2,577,980 less than the amount requested on the previous annual ROPS, and this is mostly due to the savings from the Bond Refunding described later in the report. RPTTF revenues are generated by the Successor Agency’s property tax increment. The other funds will be received from the Town’s portion of the former Victor Valley Economic Development Authority (“VVEDA”) Redevelopment Project Area, to pay for obligations associated with the Town’s portion of the VVEDA Project Area.

The approval of the Successor Agency’s ROPS 20-21, attached as Attachment “B”, is critical to ensure the continued flow of property taxes to the Successor Agency, thereby enabling the payments of scheduled debt service on bonded indebtedness and other obligations. Should a successor agency not submit a ROPS to the DOF by February 1, the sponsoring entity could be subject to a \$10,000 per day civil penalty for each day the ROPS is delinquent.

HSC Section 34177(j) requires successor agencies to prepare an annual proposed administrative budget and submit it to the oversight board for its approval. The Successor Agency has prepared an Administrative Budget for Fiscal Year (“FY”) 2021-22, attached as Attachment “C”.

**DISCUSSION:**

In addition to a list of enforceable obligations and requested funds to pay them during the upcoming fiscal year, the ROPS form includes a Report of Cash Balances. On the Report of Cash Balances, successor agencies identify any available funds on hand that can be used to pay enforceable obligations.

After all available funds on hand are allocated, the Successor Agency can request funding for enforceable obligations from property tax increment revenue deposited by the Auditor-Controller in the RPTTF. Allocations of RPTTF require approval by the Oversight Board and DOF.

The following sections elaborate on the enforceable obligations listed on the ROPS and significant aspects of the Cash Balances.

**Tax Allocation Bonds Debt Service**

The Successor Agency refunded the 2005 VVEDA Tax Allocation Bonds, 2007 VVEDA Tax Allocation Bonds, and the 2007 Apple Valley Project Area 2 Bonds with an issue of

2020 VVEDA Tax Allocation Refunding Bonds (“2020 VVEDA Bonds”) and 2020 Apple Valley Project Area 2 Bonds (“2020 Project Area 2 Bonds”), in order to take advantage of lower interest rates and to reduce the sum of total future debt service payments. The refunding enabled the Successor Agency to retire the 2005 and 2007 VVEDA Bonds and the 2007 Project Area 2 Bonds (ROPS Items 1, 2, and 8). They were replaced with items 45 and 46 on the ROPS spreadsheet.

The 2020 VVEDA Bonds were issued by VVEDA and are secured by property tax increment from the Town’s portion of the VVEDA Project Area. The 2020 Project Area 2 Bonds were issued by the Successor Agency and are secured by property tax increment revenues from its own former Redevelopment Project Area 2. These Bonds were issued for the acquisition and construction of two sites, as well as the financing of certain public capital improvements.

The Successor Agency receives funding from VVEDA’s RPTTF for the 2020 VVEDA Bonds. Therefore, for the Successor Agency, these funds are considered “Other Funds,” which it must request to spend on the ROPS. Per the debt service schedule, the Successor Agency requests the following on the current ROPS:

- 2020 VVEDA Bonds (ROPS item 45): \$351,000

The Successor Agency must also request to spend its own RPTTF funding for the 2020 Project Area 2 Bonds. Per the debt service schedule, the Successor Agency requests the following on the current ROPS:

- 2020 Project Area 2 Bonds (ROPS item 46): \$864,400

### **Tax Allocation Bonds Fees and Costs**

The Successor Agency requests funding for trustee fees and continuing disclosure services associated with the Bonds. The Successor Agency requests the following for the VVEDA Bonds obligations from “Other Funds”:

- 2020 Tax Allocation Refunding Bonds Trustee Fees (ROPS item 47): \$1,250
- 2020 Tax Allocation Refunding Bonds Continuing Disclosure Services (ROPS item 48): \$4,000

The Successor Agency requests the following for the Project Area 2 Bonds obligations from “RPTTF”:

- 2020 Tax Allocation Refunding Bonds Trustee Fees (ROPS item 49): \$1,250
- 2020 Tax Allocation Refunding Bonds Continuing Disclosure Services (ROPS item 48): \$4,000

### **Successor Agency Administrative Costs**

HSC Section 34177(j) requires the Successor Agency to prepare an Administrative Budget and submit it to the Oversight Board for approval. Per HSC Section 34177, each successor agency is limited to an administrative cost allowance of the greater of \$250,000 or 3% of its approved non-administrative obligations in the previous ROPS year. The Successor Agency had \$2,694,920 in non-administrative obligations approved in the ROPS 20-21, allowing the Successor Agency to request the greater of \$80,848 or \$250,000. The Successor Agency does not anticipate needing the entire \$250,000 minimum annual administrative allocation described in HSC Section 34171(b) and is requesting \$135,000 (ROPS item 17), with the full amount requested in 21-22A period. In the spirit of dissolution, the Successor Agency has taken upon itself to re-evaluate the Administrative Budget for FY 2021-22 in order to reduce the amount of RPTTF funding needed to administer enforceable obligations. An Administrative Budget for FY 2021-22 is attached as Attachment "C."

### **Cash Balances**

The Cash Balances page shows the inflow and outflow of funds held by the Successor Agency. Funds are being spent in a timely manner and consistent with the approvals of the Oversight Board and DOF. The Cash Balances page helps the Successor Agency to identify other funds available to spend on enforceable obligations, detailed as follows:

- \$1,112,272 in other funds revenue were received and \$1,052,247 spent for the 2005 VVEDA Bonds and 2007 VVEDA Bonds, and some additional administrative expenditures in FY 2018-19.
- The Successor Agency spent all of the RPTTF it received in FY 2017-18 but did not spend all the RPTTF received in FY 2018-19. FY 2018-19 resulted in a \$8,207 Prior Period Adjustment that is available for re-allocation to ROPS 21-22 obligations. Additionally, there was a \$310,770 PPA from FY 2016-17 that was not reported on the previous Cash Balance Tab.

### **Last and Final ROPS**

Pursuant to HSC section 34191.6(a), beginning January 1, 2016, agencies that have received a Finding of Completion may submit a Last and Final ROPS if all the following conditions are met:

- 1) The remaining debt is limited to administrative costs and payments pursuant to enforceable obligations with defined payment schedules including, but not limited to, debt service, loan agreements, and contracts.
- 2) All remaining obligations have been previously listed on the ROPS and approved for payment by Finance pursuant to HSC section 34177(m) or (o).
- 3) The agency is not a party to outstanding/unresolved litigation, except as specified in HSC section 34191.6(a)(3).

A Last and Final ROPS will reduce the administrative burden on the Successor Agency and eliminate the need for Oversight Board meetings to approve the ROPS. The Successor Agency can only amend the Last and Final ROPS twice. Due to recent staff turnover, the Successor Agency is in the process of determining whether it is in a position to submit a Last and Final ROPS.

### **Oversight Board Consolidation**

As of July 1, 2018, the San Bernardino Countywide Oversight Board was established pursuant to HSC Section 34179(j). This means that instead of all successor agencies in San Bernardino County each having their own oversight board, one Consolidated Oversight Board reviews actions taken by all of the successor agencies within the County and can direct all of the same successor agencies to perform certain actions.

The Oversight Board has scheduled its general meetings to occur approximately once per month during FY 2020-21. However, to accommodate the 26 successor agencies that will need a ROPS approved in January, the Oversight Board has scheduled one meeting in December 2020 and one meeting in January 2021. The Successor Agency's assigned meeting is on January 7, 2021. The Successor Agency submitted a draft of its ROPS and related documents for review at this meeting prior to November 23, 2020, as required. This deadline allows for County staff to review the submission and provide feedback, as well as for the Successor Agency to incorporate feedback, if necessary. With the consolidation of the Oversight Boards, it is expected that expenditures may be more stringently monitored, and successor agencies may have to provide additional supporting documentation, especially for the administrative allowance.

### **FISCAL IMPACT:**

ROPS 21-22 must be approved by the Oversight Board and submitted to the DOF by February 1, 2021 for the Successor Agency to receive RPTTF, administered by the Auditor-Controller, and to pay enforceable obligations during the ROPS 21-22 period.

### **ATTACHMENTS:**

- A. Resolution No. SA 2020-03 approving and authorizing transmittal of a Recognized Obligation Payment Schedule and administrative budget for Fiscal Year 2021-22
- B. Town of Apple Valley Successor Agency ROPS 21-22
- C. Town of Apple Valley Successor Agency Fiscal Year 2021-22 Administrative Budget

**RESOLUTION NO. SA 2020-03**

**A RESOLUTION OF THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE TOWN OF APPLE VALLEY APPROVING AND AUTHORIZING TRANSMITTAL OF A RECOGNIZED OBLIGATION PAYMENT SCHEDULE AND ADMINISTRATIVE BUDGET FOR FISCAL YEAR 2021-22**

**WHEREAS**, pursuant to Assembly Bill (“AB”) x1 26, enacted on June 28, 2011, and as subsequently amended by AB 1484, and Senate Bill 107 (collectively, “Dissolution Act”), as codified in the California Health & Safety Code (“HSC”), the Redevelopment Agency of the Town of Apple Valley (“Former Agency”) was dissolved as of February 1, 2012; and

**WHEREAS**, the Town of Apple Valley (“Town”) elected to serve as the Successor Agency to the Former Agency (“Successor Agency”) pursuant to the Dissolution Act; and

**WHEREAS**, among the duties of successor agencies under the Dissolution Act as amended is the preparation of an annual Recognized Obligation Payment Schedule (“ROPS”), per HSC Section 34177(l), that includes the ensuing fiscal year for consideration by a consolidated oversight board and the California Department of Finance (“DOF”) for purposes of administering the wind-down of financial obligations of the Former Agency; and

**WHEREAS**, HSC Section 34177(l) further requires that the proposed ROPS be transmitted to the San Bernardino County Consolidated Oversight Board (“Oversight Board”), after which time the Oversight Board may approve the ROPS and the Successor Agency’s transmittal of the adopted ROPS to DOF, the San Bernardino County Auditor-Controller, and the State Controller’s Office for their consideration; and

**WHEREAS**, the proposed ROPS for Fiscal Year 2021-22 (“ROPS 21-22”), attached hereto as Attachment “B,” has been prepared and is consistent with the provisions of the Dissolution Act and in the format made available by DOF; and

**WHEREAS**, the Successor Agency desires to approve the proposed ROPS 21-22 and transmit it to various parties as required by the Dissolution Law; and

**WHEREAS**, the Successor Agency is required to prepare an annual administrative budget and submit it to an oversight board per HSC Section 34177(j); and

**WHEREAS**, the Successor Agency prepared the Fiscal Year 2021-22 Administrative Budget in accordance with the Dissolution Act, attached hereto as Attachment “C”; and

**WHEREAS**, the Successor Agency’s proposed Fiscal Year 2021-22 Administrative Budget has been reviewed, and by this Resolution the Successor Agency desires to approve such Administrative Budget and authorize submittal thereof to the Oversight Board for its review and approval; and

**WHEREAS**, the Oversight Board will review the ROPS 21-22 and Fiscal Year 2021-22 Administrative Budget on January 7, 2021.

**NOW, THEREFORE, THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE TOWN APPLE VALLEY DOES HEREBY RESOLVE AS FOLLOWS:**

**SECTION 1.** The foregoing recitals are true and correct and are a substantive part of this Resolution, incorporated herein by this reference.

**SECTION 2.** The Successor Agency hereby approves and adopts the ROPS 21-22 covering the period of July 1, 2021 through June 30, 2022, in substantially the form attached hereto as Attachment “B,” as required by Dissolution Law.

**SECTION 3.** Pursuant to the Dissolution Act, the Successor Agency approves the Fiscal Year 2021-22 Administrative Budget for the period of July 1, 2021 to June 30, 2022 submitted herewith as Attachment “C,” which is incorporated herein by this reference.

**SECTION 4.** The Successor Agency accepts administrative revisions made to the ROPS 21-22 in order to enable the Successor Agency to submit the ROPS 21-22 to DOF by the deadline of February 1, 2021.

**SECTION 5.** The Town Manager is hereby authorized and directed to post a copy of the ROPS on the Town’s website and transmit a copy of the ROPS to the offices of the San Bernardino County Auditor-Controller, the California State Controller’s Office, and the California State Department of Finance upon the Oversight Board’s approval.

**APPROVED and PASSED** this 8<sup>th</sup> day of December, 2020.

SUCCESS AGENCY TO THE REDEVELOPMENT  
AGENCY OF THE TOWN OF APPLE VALLEY

By: \_\_\_\_\_

Chair

ATTEST: \_\_\_\_\_

Successor Agency Secretary, La Vonda M-Pearson

**Recognized Obligation Payment Schedule (ROPS 21-22) - Summary**  
**Filed for the July 1, 2021 through June 30, 2022 Period**

Successor Agency: Town of Apple Valley  
 County: San Bernardino

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)		21-22 A Total (July - December)	21-22 B Total (January - June)	ROPS 21-22 Total
<b>A</b>	<b>Enforceable Obligations Funded as Follows (B+C+D):</b>	\$ 180,750	\$ 175,500	\$ 356,250
B	Bond Proceeds	-	-	-
C	Reserve Balance	-	-	-
D	Other Funds	180,750	175,500	356,250
<b>E</b>	<b>Redevelopment Property Tax Trust Fund (RPTTF) (F+G):</b>	\$ 572,450	\$ 432,200	\$ 1,004,650
F	RPTTF	437,450	432,200	869,650
G	Administrative RPTTF	135,000	-	135,000
<b>H</b>	<b>Current Period Enforceable Obligations (A+E):</b>	\$ 753,200	\$ 607,700	\$ 1,360,900

Certification of Oversight Board Chairman:  
 Pursuant to Section 34177 (o) of the Health and Safety Code, I  
 hereby certify that the above is a true and accurate Recognized  
 Obligation Payment Schedule for the above named successor  
 agency.

\_\_\_\_\_  
 Signature Title

\_\_\_\_\_  
 Signature Title





**Town of Apple Valley Recognized Obligation Payment Schedule (ROPS 21-22) - Report of Cash Balances**  
**July 1, 2018 through June 30, 2019**  
**(Report Amounts in Whole Dollars)**

A	B	C	D	E	F	G	H	
		<b>Fund Sources</b>						
		<b>Bond Proceeds</b>		<b>Reserve Balance</b>	<b>Other Funds</b>	<b>RPTTF</b>		
	<b>ROPS 18-19 Cash Balances (07/01/18 - 06/30/19)</b>	Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS RPTTF and Reserve Balances retained for future period(s)	Rent, Grants, Interest, etc.	Non-Admin and Admin	<b>Comments</b>	
1	<b>Beginning Available Cash Balance (Actual 07/01/18)</b> RPTTF amount should exclude "A" period distribution amount	1,068,223			2,190	308,730		
2	<b>Revenue/Income (Actual 06/30/19)</b> RPTTF amount should tie to the ROPS 18-19 total distribution from the County Auditor-Controller				1,112,272	2,634,950	F: Other Funds represents revenues distributed from VVEDA for 2005 and 2007 Tax Allocation Bonds. VVEDA Distributed an additional \$7,999.25. This revenue also includes \$38,840.03 in interest income.	
3	<b>Expenditures for ROPS 18-19 Enforceable Obligations (Actual 06/30/19)</b>				1,052,247	2,626,743	F: Other Funds includes \$1,052,247 spent on Bond Debt Service and Bond Admin. An additional \$11,744 was spent on Debt Service out of Cash on Hand with the Fiscal Agent. G: RPTTF Expenditure does not match the amount reported on 18-19 PPA. It was found the SA spent \$392.08 on Bond Debt Service out of Cash with Fiscal Agent.	
4	<b>Retention of Available Cash Balance (Actual 06/30/19)</b> RPTTF amount retained should only include the amounts distributed as reserve for future period(s)	1,068,223						
5	ROPS 18-19 RPTTF Prior Period Adjustment RPTTF amount should tie to the Agency's ROPS 18-19 PPA form submitted to the CAC	<b>No entry required</b>					8,207	18-19 PPA
6	<b>Ending Actual Available Cash Balance (06/30/19)</b> C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)	\$ 0	\$ 0	\$ 0	\$ 62,215	\$ 308,730		

<i>(Successor Agency Name)</i> Recognized Obligation Payment Schedule (ROPS 21-22) - Notes July 1, 2021 through June 30, 2022	
Item #	Notes/Comments

ATTACHMENT C

ADMINISTRATIVE BUDGET FY: 2021 - 2022		SUCCESSOR AGENCY NAME: Town of Apple Valley						COMMENTS/NOTES ON VARIANCES:
REVENUE								
<i>Complete all four columns for Revenue and Expenses throughout form.</i>								
		Requested FY 2019-20	Actual FY 2019-20	= Variance	Requested FY 2020-21	Requested FY 2021-22	= Variance	
RPTTF to Successor Agency <sup>1</sup>		\$ 215,000	\$ 121,527	\$ 93,473	\$ 170,000	\$ 150,000	\$ 20,000	Subject to change based on analysis of 19-20 expenditures.
Entity General Fund to Cover RPTTF Shortfall (If applicable)		-	-	-	-	-	-	
<b>Total Administrative Budget</b>		<b>\$ 215,000</b>	<b>\$ 121,527</b>	<b>\$ 93,473</b>	<b>\$ 170,000</b>	<b>\$ 150,000</b>	<b>\$ 20,000</b>	
EXPENSES <sup>1</sup>								
ADMINISTRATIVE COSTS								
STAFF:	Description	% Allocated	Requested FY 2019-20	Actual FY 2019-20	= Variance	Requested FY 2020-21	Requested FY 2021-22	= Variance
Finance Director	Reviewing agenda items, research for ROPS, responding to OB, CAC, and DOF	12%	\$ 41,000	\$ 27,194	\$ 13,806	\$ 28,600	\$ 28,600	\$ -
Finance/Administrative Analyst	Records and posts into general ledger, keeping records	12%	21,000	\$ 13,929	\$ 7,071	\$ 26,000	\$ 23,500	\$ 2,500
Administrative Analyst II	Assists with review and responses to information requests	5%	17,000	\$ 11,275	\$ 5,725	\$ 19,500	\$ 12,500	\$ 7,000
Accountant	Processes and reviews all invoices, payments, general ledger analysis	9%	10,000	\$ 6,633	3,367	\$ 19,500	\$ 14,000	5,500
City Manager	Oversees all Successor Agency activity	10%	37,000	\$ 24,541	12,459	\$ 15,600	\$ 15,600	-
City Attorney	Review staff reports, resolutions, provide legal services as needed	5%	15,000	\$ 9,949	5,051	\$ 9,100	\$ 9,100	-
City Clerk	Coordinates Successor Agency Agenda Items, Staff Reports, Resolutions	5%	19,000	\$ 12,602	6,398	\$ 11,700	\$ 11,700	-
Materials, Supplies, Travel, and Meetings	Staff use of City property, equipment, and materials		35,000	\$ 572	34,428	-	-	-
Sub-Total Personnel Costs			\$ 195,000	\$ 106,694	\$ 88,306	\$ 130,000	\$ 115,000	\$ 15,000
Other/Indirect:	Other - Specify Purpose	% Allocated						
Consultants	Prepare ROPS, PPA, staff reports, and resolutions; attend meetings, coordinate with staff on responses to OB, CAC, and DOF; project cash flow	100%	\$ 20,000	\$ 14,833	\$ 5,168	\$ 40,000	\$ 20,000	\$ 20,000
<b>Total Expenses - should equal "RPTTF to Successor Agency"<sup>1</sup></b>			<b>\$ 215,000</b>	<b>\$ 121,527</b>	<b>\$ 93,473</b>	<b>\$ 170,000</b>	<b>\$ 135,000</b>	<b>\$ 35,000</b>
<sup>1</sup> Itemized "Expenses" should only reflect the portion paid by RPTTF, not General Fund or other funds								
<b>BUDGET METHODOLOGY (Specify: Cost Allocation Plan, Time Study, etc.):</b>				Time Study		<b>Methodology Implementation Date:</b>		