

**THE CITY OF GARDEN GROVE AS SUCCESSOR AGENCY TO THE
GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT**

INTER-DEPARTMENT MEMORANDUM

To: Matthew J. Fertal From: Economic Development
Dept: Director
Subject: SUCCESSOR AGENCY APPROVAL OF Date: February 28, 2012
RECOGNIZED OBLIGATION PAYMENT
SCHEDULE (ROPS)

OBJECTIVE

The purpose of this report is to request that The City of Garden Grove as Successor Agency to the Garden Grove Agency for Community Development ("Successor Agency") adopt a Resolution approving the Recognized Obligation Payment Schedule ("ROPS") and certain other actions pursuant to Assembly Bill x1 26 (the "Dissolution Act").

BACKGROUND/ANALYSIS

The Dissolution Act added Parts 1.8 and 1.85 to Division 24 of the California Health & Safety Code that caused the dissolution and winding down of all California redevelopment. The City Council elected to serve as the Successor Agency to the Garden Grove Agency for Community Development ("Agency"). The City will perform its functions as the Successor Agency under the Dissolution Act to administer the enforceable obligations of the Agency and otherwise unwind the Agency's affairs. Prior to its dissolution and pursuant to Part 1.8, the Agency adopted an original and an amended Enforceable Obligation Payment Schedule ("EOPS") and an Initial Recognized Payment Schedule ("IOPS") and authorized the City Manager, Finance Director and/or their authorized designees to augment or modify the EOPS and the IOPS, and to transmit the EOPS and IOPS to the Successor Agency, the County Auditor-Controller, the Department of Finance, and the State Controller's Office.

Pursuant to Health and Safety Code Section 34171(g), a Recognized Obligation Payment Schedule ("ROPS") is the document setting forth the minimum payment amounts and due dates of payments required by enforceable obligations for each six-month fiscal period as provided in subdivision (m) of Section 34177. Every successor agency is required to consider and adopt a Recognized Obligation Payment Schedule on or before March 1, 2012, which is comparable to the IOPS previously adopted by the Agency.

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Health and Safety Code Section 34177(k) requires the Successor Agency to take actions with regard to the ROPS as follows:

"(2)(A) A draft Recognized Obligation Payment Schedule is prepared by the successor agency for the enforceable obligations of the former redevelopment agency by March 1, 2012. From February 1, 2012, to July 1, 2012, the initial draft of that schedule shall project the dates and amounts of scheduled payments for each enforceable obligation for the remainder of the time period during which the redevelopment agency would have been authorized to obligate property tax increment had such a redevelopment agency not been dissolved, and shall be reviewed and certified, as to its accuracy, by an external auditor designated pursuant to Section 34182.

(B) The certified Recognized Obligation Payment Schedule is submitted to and duly approved by the oversight board.

(C) A copy of the approved Recognized Obligation Payment Schedule is submitted to the county auditor-controller and both the Controller's office and the Department of Finance and be posted on the successor agency's Internet Web site.

(3) The Recognized Obligation Payment Schedule shall be forward looking to the next six months. The first Recognized Obligation Payment Schedule shall be submitted to the Controller's office and the Department of Finance by April 15, 2012, for the period of May 1, 2012, to June 30, 2012, inclusive. Former redevelopment agency enforceable obligation payments due, and reasonable or necessary administrative costs due or incurred, prior to January 1, 2012, shall be made from property tax revenues received in the spring of 2011 property tax distribution, and from other revenues and balances transferred to the successor agency."

Staff has prepared for the Successor Agency's consideration and approval an initial ROPS (Attachment No. 2). If adopted, the attached Resolution (Attachment No. 1) of the Successor Agency approves the ROPS and authorizes the transmittal of the ROPS to the Oversight Board when formed and to the County Auditor-Controller, the Department of Finance, and the State Controller's Office, and to cause posting of the ROPS on the Successor Agency's website.

FINANCIAL IMPACT

None.

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RECOMMENDATION

Staff recommends that the Successor Agency:

- Adopt the attached Resolution approving the Recognized Obligation Payment Schedule and authorizing certain other actions pursuant to the Dissolution Act.



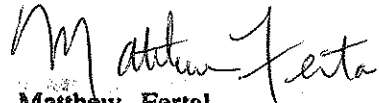
JIM DELLALONGA

Senior Project Manager/Department Administrative Officer

Attachment 1: Resolution

Attachment 2: Recognized Obligation Payment Schedule

Recommended for Approval



Matthew Fertal
Director

THE CITY OF GARDEN GROVE AS SUCCESSOR AGENCY
TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT

RESOLUTION NO.

A RESOLUTION OF THE CITY OF GARDEN GROVE AS SUCCESSOR AGENCY
TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT APPROVING A
RECOGNIZED OBLIGATION PAYMENT SCHEDULE AND AUTHORIZING CERTAIN
OTHER ACTIONS PURSUANT TO SECTION 34177 OF PART 1.85 OF THE
DISSOLUTION ACT

WHEREAS, the GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT ("Agency") was established as a community redevelopment agency that was previously organized and existing under the California Community Redevelopment Law, Health and Safety Code Sections 33000, *et seq.* ("CRL"), and previously authorized to transact business and exercise the powers of a redevelopment agency pursuant to action of the City Council ("City Council") of the City of Garden Grove ("City");

WHEREAS, Assembly Bill x1 26 added Parts 1.8 and 1.85 to Division 24 of the California Health & Safety Code, which laws cause the dissolution and wind down of all redevelopment agencies ("Dissolution Act");

WHEREAS, on December 29, 2011, in *California Redevelopment Association v. Matosantos*, Case No. S194861, the California Supreme Court upheld the Dissolution Act and thereby all redevelopment agencies in California were dissolved as of and on February 1, 2012, under the dates in the Dissolution Act that were reformed and extended thereby ("Supreme Court Decision");

WHEREAS, the Agency is now a dissolved community redevelopment agency pursuant to the Dissolution Act;

WHEREAS, by City Council Resolution No. 9077-11 was considered and approved by the City Council at an open public meeting, the City chose to become and serve as the "Successor Agency" to the dissolved Agency under the Dissolution Act;

WHEREAS, as of February 1, 2012, the City serves as the "Successor Agency" and will perform its functions as the Successor Agency under the Dissolution Act to administer the enforceable obligations of the Agency and otherwise unwind the Agency's affairs;

WHEREAS, under Part 1.8 of the Dissolution Act, the Agency prior to its dissolution adopted an original and an amended Enforceable Obligation Payment Schedule ("EOPS") and authorized the Director and/or Finance Director or their authorized designee to augment or modify the EOPS and transmitted the EOPS to the City (to be serving as Successor Agency) and to the County Auditor-Controller, the Department of Finance, and the State Controller's Office;

WHEREAS, under Part 1.8 of the Dissolution Act, the Agency prior to its dissolution adopted an Initial Recognized Payment Schedule ("IROPS") and authorized the Director and/or the Finance Director or their authorized designee to augment or modify the IROPS and transmitted such IROPS to the City (to be serving as Successor Agency) and to the County Auditor-Controller, the Department of Finance, and the State Controller's Office;

WHEREAS, pursuant Part 1.85 of the Dissolution Act, Section 34171(g), a "Recognized Obligation Payment Schedule" (ROPS) means the document setting forth the minimum payment amounts and due dates of payments required by enforceable obligations for each six-month fiscal period as provided in subdivision (m) of Section 34177;

WHEREAS, pursuant to the dates in the Dissolution Act, Section 34177(k), as reformed by the Supreme Court Decision, every successor agency is required to consider and adopt a ROPS by March 1, 2012, which, as attached to this Resolution, is comparable to the IROPS previously adopted by the former Agency;

WHEREAS, the Successor Agency has prepared its initial ROPS, appended as Attachment No. 1 to this Resolution and incorporated herein by this reference;

WHEREAS, by this Resolution the Successor Agency, approves the ROPS and authorizes the transmittal of the ROPS to the oversight board when formed;

WHEREAS, pursuant to Section 34177 a copy of the ROPS also is submitted to the County Auditor-Controller for review and certification, as to its accuracy, by an external auditor designated pursuant to Section 34182; and

WHEREAS, pursuant to Section 34177 a copy of the ROPS also is submitted to the State Controller's Office and the Department of Finance and shall be posted on the Successor Agency's website.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF GARDEN GROVE AS SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT:

Section 1. The foregoing recitals are incorporated into this Resolution by this reference, and constitute a material part hereof.

Section 2. The ROPS is approved together with such augmentation, modification, additions, or revisions as the Director and/or the Finance Director or their authorized designees may make thereto.

Section 3. The Director or his authorized designees on behalf of the Successor Agency shall cause the ROPS to be transmitted to the oversight board at such time as the oversight board has been established and to be transmitted to the County Auditor-Controller, the State Controller's Office, and the Department of Finance; further, the Director or his authorized designees on behalf of the Successor Agency shall cause the ROPS to be posted on the City's website.

Section 4. This Resolution shall be effective immediately upon adoption.

Section 5. The Secretary of the Successor Agency shall certify to the adoption of this Resolution.

ATTACHMENT NO. 1

(Recognized Obligation Payment Schedule)

Name of Redevelopment Agency: Garden Grove Agency for Community Development

RECOGNIZED OBLIGATION PAYMENT SCHEDULE

Per AB 26 - Section 34169(h)*

Project Name / Debt Obligation	Payee	Description	Total Due During Fiscal Year	Payments by Period		Total
				10/1/11 to 12/31/11	1/1/12 to 6/30/12	
1) Sycamore Walk DDA	Olson Urban Housing	Ground Water and Soil Monitoring	100,000.00	45,000.00	55,000.00	100,000.00
2) Agency Funded Labor	City of Garden Grove	Labor Associated with Agency Projects	2,413,812.00	603,453.00	1,231,044.12	1,834,497.12
3) Agency Contractual Services	Various Consultants		1,676,284.00			1,676,812.00
4) Leases/Rents			18,000.00		18,000.00	18,000.00
5) Agency Operations			2,459,242.00	614,810.00	1,229,620.00	1,844,430.00
6) Other Expenditures			500,000.00			0.00
7) Interest Costs		Included in obligations on page 1				
8) Capital Outlay			10,656,968.00		10,656,968.00	10,656,968.00
9) Budget Carry-overs	Various Payees		22,371,220.00			0.00
		Legal services associated with the Waterpark Hotel project, the Site "C" Hotel Project, Site "B2" project and the Brookhurst Triangle				
10) Legal Services	Stradling, Yocca Carlson & Rauth / Woodruff Spradlin and Smart		500,000.00	295,467.00	204,533.00	500,000.00
11) Appraisal Services	Lidgard	Property Appraisal Services	25,000.00	17,150.00	7,850.00	25,000.00
12) Sales Tax Analysis	HdL Coren and Cone	Analysis	25,249.00	12,624.50	12,624.50	25,249.00
13) Maintenance of Agency Signage	Coast Sign	Maintenance of Agency Signage Engineering and Surveying Services for the Brookhurst Triangle, Site C, and Site B2	16,600.00	8,300.00	8,300.00	16,600.00
14) Civil Engineering Services	Focus Engineering	Use Tax Analysis Monitoring and Analysis		19,030.00		19,030.00
15) Use Tax Analysis	Municipal Revenue Advisors	Installation and maintenance of security fencing for Agency owned properties	25,000.00		6,000.00	6,000.00
16) Agency Property Security Fees	National Construction Rentals	Pest control of Agency owned properties and for pre-demolition pest and vermin abatement.	14,191.00	7,095.50	7,095.50	14,191.00
17) Vermin/Pest Abatement	Pest Options	Engineering and surveying services for the Waterpark Hotel			15,969.00	15,969.00
18) Civil Engineering Services	Tait & Associates, Inc.			20,215.85		20,215.85
		Totals	40,826,566.00	1,643,145.85	13,453,004.12	16,772,961.97