



Legislation Text

File #: 23-1123, Version: 1

Report Prepared by: Sierra Omlin, Economic Development Associate

SUBJECT: Adoption of Resolution of the Successor Agency to the Redevelopment Agency of the City of Merced Approving a Recognized Obligation Payment Schedule for July 1, 2024 Through June 30, 2025 (ROPS 24-25)

REPORT IN BRIEF

Considers approving and adopting a Recognized Obligation Payment Schedule as the Successor Agency to the Redevelopment Agency of the City of Merced for July 1, 2024 through June 30, 2025, which is due to the Department of Finance by February 1, 2024.

RECOMMENDATION

Successor Agency - Adopt a motion:

- A. Approving **Resolution SA 2024-01**, a Resolution of the Successor Agency to the Redevelopment Agency of the City of Merced approving the Recognized Obligation Payment Schedule (ROPS 24-25) including Administrative Budget for July 1, 2024 through June 30, 2025; and,
- B. Authorizing the Finance Officer to make any necessary budget adjustments.

ALTERNATIVES

1. Approve, as recommend by Staff; or,
2. Approve, subject to conditions as specified by the City Council; or,
3. Refer to staff for reconsideration of specific items as requested by the City Council; or,
4. Defer action until a specific date; or
5. Deny the request.

AUTHORITY

Charter of the City of Merced, Section 200; and Health and Safety Code Section 34177.7(o)(1)(E).

CITY COUNCIL PRIORITIES

As will be adopted in the FY 24-25 Budget.

BACKGROUND

Pursuant to Assembly Bill No. 1X 26, as modified by Assembly Bill No. 1484 and as further modified by Senate Bill No. 107, which added Parts 1.8 and 1.85 to Division 24 of the Health and Safety Code ("Dissolution Act"), the former Redevelopment Agency of the City of Merced ("Former Agency") was dissolved February 1, 2012. Because the City of Merced ("City") declined to serve as the successor agency, the Merced Designated Local Authority, acting as Successor Agency to the Redevelopment

Agency for Merced (“DLA”), was vested with all authority, rights, powers, duties, and obligation of the Former Agency. The City of Merced elected to act as the Successor Agency effective September 17, 2023, thereby terminating the DLA.

Senate Bill (SB) 107 added Health and Safety Code Section 34177(o) requiring the Successor Agency to prepare and adopt a “Recognized Obligation Payment Schedule” (“ROPS”) that lists all obligations of the former Agency that are enforceable within the meaning of subdivision (d) of Section 34171 for twelve-month periods, including July 1, 2024 through June 20, 2025.

The Successor Agency prepares a ROPS to request funding for the following fiscal year beginning July 1. The ROPS includes “enforceable obligations” permitted under the Dissolution Act, including bond payments and administrative expenses.

After approval, the ROPS 24-25 will need to be approved by the Countywide Oversight Board and Department of Finance in accordance with applicable law.

Staff to the Successor Agency desires that the Successor Agency Board approve a Recognized Obligation Payment Schedule for July 1, 2024 through June 30, 2025 (ROPS 24-25) to allow for the payment of the enforceable obligations of the Successor Agency.

DISCUSSION

Submission of ROPS for FY 24-25 is being requested for the following:

R Street Remediation

The Successor Agency is requesting funds for the R Street remediation project (ROPS Item 76). The project is an ongoing remediation project started by the Former Agency that has been approved by both the Countywide Oversight Board and the Department of Finance on the Successor Agency’s prior ROPS.

The ongoing remediation is performed by Provost & Pritchard. ROPS 24-25 includes an initial request for remediation funds in the amount of \$393,000 for the R Street (ROPS item 76) remediation project. The funds are being requested by Provost & Pritchard to perform free product assessment and prepare a removal plan in compliance with the Central Valley Regional Water Quality Control Board (“RWQCB”) (the government agency overseeing the remediation). See attached Memorandum from Provost & Pritchard detailing the ongoing remediation activities at the site.

Bond Payment

Through the ROPS the Successor Agency requests funding to fulfill the “enforceable obligations” permitted under the Dissolution Act, including bond payments and administrative expenses. The Designated Local Authority completed a bond refunding in 2015 in the amount of \$15,740,000. The Successor Agency’s last payment toward the bond debt will be in FY 2038-2039. The debt payment for FY 24/25, reflected in the ROPS, is \$1,033,925 which includes principal and interest payments, as well as fiscal agent fees.

Administrative Costs

The Successor Agency is requesting funds for administrative costs through June 30, 2025. The Successor Agency is in contract with previous DLA staff to assist with the transition to the City. City staff will complete Successor Agency tasks and provide administrative overview of the Successor Agency records. The ROPS 24-25 includes a request in the amount of \$100,000 for all administrative costs. The categories included in the budget are broken out as follows:

	Amount
Kosmont	\$15,000.00
Price Paige & Co	\$20,000.00
City of Merced	\$30,000.00
Liebold	\$25,000.00
Other	\$10,000.00
Total	\$100,000.00

IMPACT ON CITY RESOURCES

All required expenses on the ROPS will be funded by the redevelopment property tax trust funds. The City of Merced will require internal staff to complete tasks and provide administrative overview. The City is able to recover administrative costs from redevelopment property tax trust funds which is included on the ROPS. Successor Agency will be included in the city-wide budget process and adoption.

ATTACHMENTS

1. Resolution SA 2024-01
2. Memorandum from Provost & Pritchard dated December 15, 2023