

# An Introduction to the Annual and Last and Final ROPS Process

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# Overview

- Introductions
- Highlights of SB 107
- Annual ROPS
- Last and Final ROPS
- Agency Dissolution
- Other useful information
- Q & A

# Annual ROPS

- Key dates for the Annual ROPS:
  - Due to Finance every February 1<sup>st</sup>
  - Finance's determination due by April 15<sup>th</sup>
  - Meet and Confer request due within 5 days and final determination due 15 days prior to distribution

# Annual ROPS (cont.)

- New template incorporates both A & B periods for all funding sources.
  - A & B periods still aligns with property tax distributions.
  - Agencies should still estimate RPTTF payments for the appropriate period.
  - B period RPTTF distribution may be increased to account for A period shortfall. Total distributions for fiscal year may not exceed Finance's approved amount for the Annual ROPS.

# Annual ROPS (cont.)

- Successor agencies (Agency) may amend the Annual ROPS one time per ROPS period.
  - Due to Finance no later than October 1<sup>st</sup>
  - May only amend amounts for approved enforceable obligations
  - No new items may be added
  - Final determination due 15 days prior to RPTTF distribution.

# Review of Prior Period Adjustments

- The reporting of prior period expenditures will resume in ROPS 18-19
- Pursuant to HSC section 34186 (c):
  - Commencing October 1, 2018, and each October 1<sup>st</sup> thereafter, successor agencies will submit differences between actual payments and past estimated obligations on a ROPS.
  - The County Auditor-Controller (CAC) report is due to Finance by February 1<sup>st</sup>.

# Calculating the Administrative Cost Allowance (ACA)

- Up to 3% of actual distributed RPTTF in the preceding fiscal year OR \$250,000, whichever is greater
- ACA limit includes all funding sources except bonds and/or grant funded ACA
- Admin Allowance shall not exceed 50% of the distributed RPTTF

# Calculating the Administrative Cost Allowance (cont.)

- For the ACA calculation, distributed RPTTF does **not** include the following:
  - Sponsoring Entity loan repayment pursuant HSC section 34191.4 (b)
  - Prior year distributed ACA

# Administrative Cost Allowance Chart (ACA)

A. July to Dec RPTTF Distribution

B. Jan - June RPTTF Distribution

C. Actual RPTTF Distributed Prior Fiscal Year (A+B)

Less (D + E):

D. Prior Fiscal Year Administrative Cost Allowance

E. Prior Fiscal Year City/County Loan Repayments

F. Adjusted RPTTF Distribution Prior Fiscal Year

G. Multiply Adjusted RPTTF (F) by 3% = Agency Calculated ACA

H. ACA Allowable

Minimum of \$250,000 per fiscal year

OR

3% of Adjusted RPTTF Distribution (G)

OR

The annual ACA shall not exceed 50% of the Adjusted RPTTF distribution (F)

# Sponsoring Entity Loan Repayments

- Three Types of agreements now qualify as enforceable obligations under HSC section 34191.4 (b) (2):
  1. Loan of money
  2. Transfer of real property interest
  3. Development of infrastructure
    - Repayment for each qualifying agreement shall not exceed \$5 million

# Sponsoring Entity Loan Repayments (cont.)

- Calculation of loan interest
  - The LAIF rate is no longer used
  - Interest is capped at simple interest rate of 3%, quarterly
- HSC section 34191.4 (b) (3) (A) still limits the maximum repayment amount

# Last and Final ROPS

- Created to streamline agency dissolution process.
- One ROPS template is used to schedule payments for enforceable obligations over the remaining life of an agency.

# Last and Final ROPS (cont.)

## Benefits:

- Ability to complete one ROPS and be done with most of the RDA wind down process.
- Reduced workload for the Agency, Finance, and the CAC.
- Higher interest rate for loan repayments.
- Increased spending amount of 2011 Bond Proceeds based upon date of issuance.
- Agencies are permitted to make two amendments

# Last and Final ROPS (cont.)

## *Who qualifies for a Last and Final ROPS?*

Agencies who meet the following criteria outlined in HSC section 34191.6:

- Have a Finding of Completion
- The remaining debt is limited to administrative cost and enforceable obligations with defined payment schedules.
- All remaining obligations have previously been listed on the ROPS and approved by Finance.
- The Agency is not a party to outstanding/unresolved litigation, except as specified in HSC section 34191.6 (a) (3).

# Last and Final Process

- Agencies can submit a Last and Final ROPS any time with Oversight Board (OB) approval.
- All enforceable obligations and expected payments should be listed for the life of an agency.
- Finance has a 100 days to review and make a determination.
  - During the review period, changes can be made to requested amounts without OB approval, but must be agreed to in writing by a contact listed in the RAD APP.
  - There is no meet and confer available.

# Last and Final Process (cont.)

- Finance will work to resolve any disagreement during the review period. If agreement is not reached, the Last and Final ROPS may be denied.
- If denied, the Agency would need to submit a new OB approved Last and Final.
- Last and Final ROPS needs to be approved 15 days before property tax distribution to be effective for that period.

# Last and Final Process (cont.)

- Revenues received by an agency not accounted for in the ROPS process will need to be submitted to CAC for distribution to the Affected Taxing Entities (ATE).
- Any remaining funds at dissolution will be submitted to the CAC for distribution to the ATEs.
- No PPA review - a true-up process will be completed when the Agency dissolves to ensure all remaining funds are distributed to the ATEs.
- The template will be revised annually in conjunction with the ROPS

# Last and Final Process (cont.)

If an agency receives insufficient funds to pay for enforceable obligations, the following may apply:

- A sponsoring entity may loan funds interest free.
- A county treasurer may loan funds at Finance's request without an interest component.
- Loans issued for insufficient funding shall be payable from the enforceable obligation's funding source.
- Repayment of loan shall not increase total RPTTF received.

# Sponsoring Entity Loan Repayment

- Outstanding loan balances can be recalculated at 4%.
- Maximum repayment amounts can be calculated using one of the two following methods:
  - Repayment formula pursuant to HSC section 34191.4 (b) (3) (A).
  - 15% of the total RPTTF residual amount for each six month period.

# Sponsoring Entity Loan Repayment

- Both methods are based upon projections made by an agency and approved by Finance during the ROPS preparation process. CACs are not required to calculate the loan repayment amounts; you need only pay the amount authorized for that period, to the extent the funds are available.
- Once an agency selects a repayment method, it cannot be changed.

# Last and Final ROPS – ACA

Two methods are used to calculate ACA for the Last and Final ROPS:

- Year 1 – actual **distributed** RPTTF for preceding fiscal year.
- Year 2 and thereafter – **authorized** RPTTF for preceding fiscal year.

Both methods do not allow for the agency to receive more than 50% of the actual distributed or authorized RPTTF from the preceding fiscal year.

# CAC Responsibilities

HSC section 34191.6 (d) requires the CAC to do the following:

- Review Last and Final ROPS and notify Finance of any objections.
- Allocate RPTTF pursuant to the order of priority pursuant to HSC section 34183.

# CAC Responsibilities (cont.)

- Distribute any monies remaining (residuals) in the RPTTF to the ATEs once an agency's enforceable obligations have been paid for that certain distribution period.
- Cease property tax distribution to the RPTTF once the agency's total aggregate amount allocated equals the total outstanding obligations approved on the Last and Final ROPS.

# Agency Dissolution

SB 107 amended HSC section 34187 to further clarify final steps agencies must take to formally dissolve.

- 30 days following the last enforceable obligation payment, agencies should submit a request to dissolve to the OB and the CAC.
- Finance will have 30 days to approve or deny an OB approved request for dissolution.
- Upon Finance approval, agencies have 100 days to dispose any assets and remit proceeds to the CAC.

# Agency Dissolution (cont.)

- OB shall verify all asset disposition has occurred, outstanding litigation resolved, and all assets disposed of and proceeds remitted to the CAC.
- When all enforceable obligations have been retired or paid off, all statutory and negotiated passthrough payments shall cease. No property tax shall be allocated to the RPTTF.

# Additional Information

Our website contains additional information:

[www.dof.ca.gov](http://www.dof.ca.gov)

Click on the Redevelopment Agency Dissolution link located under “Featured Links” on the left side of the webpage for the following:

- FAQ’s for both the Annual and Last and Final ROPS.
- Timeline of upcoming activities.
- The names of Supervisors and Leads for each county.
- General contact information.



Questions?