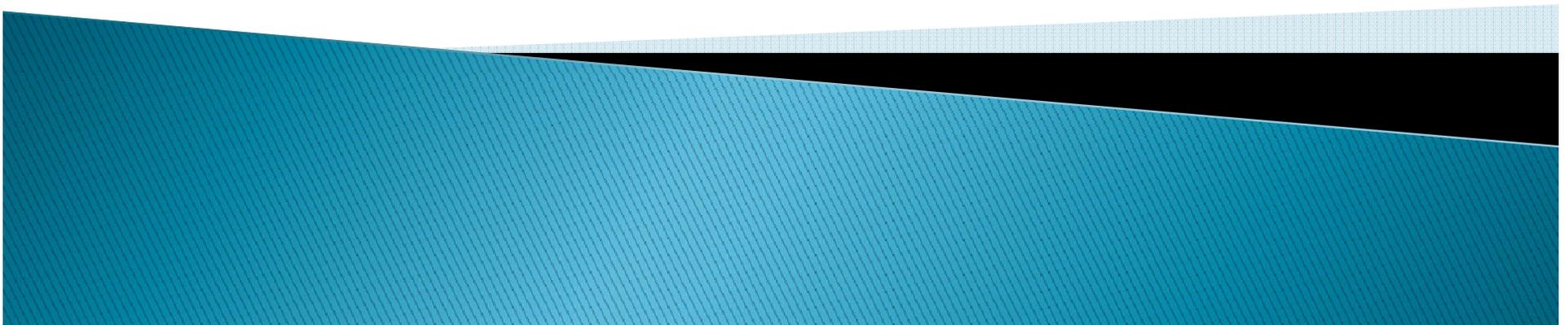


ROPS III

Issues and Objections

Oversight Board Meeting
October 11, 2012



Debts of the Former RDAs

- ▶ Successor Agencies are not redevelopment agencies *simply renamed* – ***they are separate and distinct legal entities.***
 - ▶ Debts and obligations of the former RDAs are administered by, and obligations of, Successor Agencies.
 - ▶ Tax increment from the former RDAs are collected by the County-Auditor, **and remitted to the Successor Agencies** for the purpose of paying the obligations *as approved on the ROPS.*
 - ▶ The **only method** to pay a debt owed by the former redevelopment agency, is to place it on ROPS and have it approved by all the oversight agencies.
 - ▶ ROPS are approved in advance of payments due.
- 

\$1.5M Debt owed by RDA

- ▶ Teter Plan: Property tax was *advanced* to the RDA by the County under the Teter Plan (does not depend on amounts paid, only amounts owed).
- ▶ The RDA debt has occurred following an appeal by a collective group of property owners of their back property taxes for years 2009-2012. Appeal was granted, reducing amount of tax owed by owners.
- ▶ Because the Property Tax Increment was advanced to RDA prior to dissolution, the Successor Agency is the only method to collect a debt of the RDA.
- ▶ Debts of the RDA must be identified, placed on a SA ROPS in a period in which the payment is due.
 - *County Auditor is required to pay amounts approved on ROPS.*



South Tahoe SA's ROPS

- ▶ ROPS I, II, and III have been approved by SA, OB, and DOF for the periods covering January 1, 2012–June 2013.
 - ▶ County Auditor filed objection (with DOF) to ROPS III.
 - Objection was to the *placement* of approximately \$1.5 million due to County–Auditor on the ROPS.
 - City/Successor Agency staff voiced their concerns to DOF regarding County–Auditor's objection letter.
 - ▶ Oct 1, 2012, without any notice, conversation or coordination with Successor Agency, and in advance of DOF's ruling on ROPS III, County–Auditor deducted an estimated \$1.5 million from Redevelopment Property Tax Trust Fund Account.
 - ▶ October 8, 2012, **DOF approves ROPS III** placing the \$1.5 million owed to the County for payment below other obligations.
 - ▶ October 9, 2012, City staff submit letter on behalf of Successor Agency objecting to County–Auditor's actions.
 - ▶ Approved ROPS cannot be amended – new debts should be placed on future ROPS.
- 

If Insufficient Funds in RPTTF...

- ▶ If the County-Auditor were allowed to County debts *ahead of other debts and obligations*, which violates Health & Safety Code 34183, resulting in insufficient funds for Successor Agency debts, the following would occur:
 - Property taxes to all taxing entities would immediately cease.
 - Property taxes available for administrative costs deducted.
 - If still insufficient, property tax pass-through payments become subordinate to debt service.
 - If still insufficient, County Treasurer may loan funds to RPTTF for ROPS approved obligations. (DOF could also request CT make the loan).
 - *Loans become the obligation of Successor Agency on subsequent ROPS.*
- ▶ County-Auditor must replace the funds deducted from RPTTF account.
- ▶ Successor Agency is prepared to file legal action to enforce County-Auditor's compliance with Health & Safety code (AB x2 26/AB 1484) and DOF-approved ROPS (legal costs to become obligation of SA).



Objections

- ▶ Successor Agency objects to County-Auditor's unilateral action to deduct property tax increment owed to Successor Agency to pay a debt owed by former redevelopment agency.
- ▶ Successor Agency also objects to County-Auditor deducting "costs" for the time he spends preparing documents for SA, those are not "costs" borne by the County-Auditor.
 - *County-Auditor's salary is paid by County, the cost of which is not increased by the time he allocates to redevelopment.*
 - ***Under AB x1 26, County receives \$125,000 for administrative fees intended to compensate County.***
 - *Any additional amount would require approval of Successor Agency, Oversight Board, DOF as a debt and should be placed on ROPS.*
- ▶ County-Auditor needs to cease taking unilateral actions and follow procedures outlined in AB x1 26.

