

Council Meeting of
August 14, 2012

Honorable Mayor and Members
of the City Council
City Hall
Torrance, California

Members of the Council:

SUBJECT: Community Development – Approve Recognized Obligation Payment Schedule for January 1 through June 30, 2013

RECOMMENDATION

Recommendation of the Community Development Director that City Council, acting as the Successor Agency to the former Redevelopment Agency of the City of Torrance, approve the Recognized Obligation Payment Schedule (ROPS) for the period of January 1 through June 30, 2013, in accordance with ABX1-26 and AB 1484.

BACKGROUND AND ANALYSIS

Redevelopment dissolution bill ABX1-26 and AB 1484 require Successor Agencies to approve a Recognized Obligation Payment Schedule (ROPS) every six months. On June 19, 2012, the City Council acting as the Successor Agency to the Redevelopment Agency adopted a ROPS for the period of July 1 through December 31, 2012. Successor Agencies are currently required to adopt the next six months ROPS covering the period of January 1st through December 31 no later than September 1, 2012.

As indicated in the past items, the ROPS is a formal description of all payments and obligations the Agency will make during that given fiscal period. This ROPS includes the loan from the Low Mod fund as mentioned by the Department of Finance (see attachment B). A new ROPS will be adopted every six months, and will be reviewed by the Oversight Board before receiving final approval. Once the ROPS has been approved and certified by the Oversight Board, only payments listed on the ROPS will be compensated.


Staff recommends the City Council, acting as the Successor Agency to the former Redevelopment Agency of the City of Torrance, approve the Recognized Obligation Payment Schedule for the period of January 1st through June 30th (Attachment A).

The schedule will be posted on the City's website and submitted to the County Auditor-Controller, State Controller, and State Department of Finance.

Respectfully submitted,

JEFFERY W. GIBSON
COMMUNITY DEVELOPMENT DIRECTOR


CONCUR:



Jeffery W. Gibson
Community Development Director

By 

Gregg Lodan, AICP
Planning Manager



LeRoy J. Jackson
City Manager

Attachments:

- A) Recognized Obligation Payment Schedule 1/1/13-6/30/13
- B) Department of Finance email dated August 1, 2012

Successor Agency Contact Information

Name of Successor Agency: City of Torrance as Successor Agency to the
County: Redevelopment Agency of the City of Torrance
Los Angeles

Primary Contact Name: Kenneth Flewellyn
Primary Contact Title: Assistant Finance Director
Address: 3031 Torrance Blvd., Torrance, CA 90503
Contact Phone Number: (310) 618 - 5826
Contact E-Mail Address: kflewellyn@torranceCA.gov

Secondary Contact Name: Wendy Wu
Secondary Contact Title: Accountant
Secondary Contact Phone Number: (310) 781-7679
Secondary Contact E-Mail Address: wwu@torranceCA.gov

SUMMARY OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE

Filed for the January 1, 2013 to June 30, 2013 Period

Name of Successor Agency: City of Torrance as Successor Agency to the Redevelopment Agency of the City of Torrance

		Total Outstanding Debt or Obligation
Outstanding Debt or Obligation		\$ 46,443,559
Current Period Outstanding Debt or Obligation		Six-Month Total
A	Available Revenues Other Than Anticipated RPTTF Funding	-
B	Anticipated Enforceable Obligations Funded with RPTTF	5,815,302
C	Anticipated Administrative Allowance Funded with RPTTF	125,000
D	Total RPTTF Funded (B + C = D)	5,940,302
Total Current Period Outstanding Debt or Obligation (A + B + C = E) <i>Should be same amount as ROPS form six-month total</i>		\$ 5,940,302
E	Enter Total Six-Month Anticipated RPTTF Funding	2,100,000
F	Variance (D - E = F) <i>Maximum RPTTF Allowable should not exceed Total Anticipated RPTTF Funding</i>	\$ (3,840,302)
Prior Period (January 1, 2012 through June 30, 2012) Estimated vs. Actual Payments (as required in HSC section 34186 (a))		
G	Enter Estimated Obligations Funded by RPTTF <i>(Should be the same amount as RPTTF approved by Finance, including admin allowance)</i>	1,012,450
H	Enter Actual Obligations Paid with RPTTF	964,450
I	Enter Actual Administrative Expenses Paid with RPTTF	
J	Adjustment to Redevelopment Obligation Retirement Fund (G - (H + I) = J)	48,000
K	Adjusted RPTTF <i>(The total RPTTF requested shall be adjusted if actual obligations paid with RPTTF are less than the estimated obligation amount.)</i>	\$ 5,892,302

Certification of Oversight Board Chairman:
Pursuant to Section 34177(m) 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 agency.

Stephen Maguin
Name

Oversight Board Chairman
Title

Signature

Date

RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS III)
 January 1, 2013 through June 30, 2013

Item #	Project Name / Debt Obligation	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2012-13	Funding Source						
									LMHF	Bond Proceeds	Reserve Balance	Admin Allowance	RPTTF	Other	Six-Month Total
Grand Total							\$ 46,443,559	\$ 8,571,452	\$ -	\$ -	\$ 125,000	\$ 5,815,302	\$ -	\$ -	\$ 5,940,302
1	2001 Tax Allocation Refunding Bonds (Skypark)	12/11/2001	7/1/2012	Bank of New York	Bonds issued to fund non-housing project	Skypark	-	176,072							-
2	Bond Series A (Downtown)	7/15/1998	9/1/2028	Bank of New York	Bonds issued to fund non-housing project	Downtown	9,365,183	576,008				169,957			169,957
3	Industrial Series B&C Bond (Industrial)	7/1/1998	9/1/2028	Bank of New York	Bonds issued to fund non-housing project	Industrial	31,760,839	2,450,135				577,808			577,808
4	Bond Admin Fee FY12-13 (Downtown)			Bank of New York	Bond Admin Fees	Downtown	1,000	2,000				1,000			1,000
5	Bond Admin Fee FY12-13 (Industrial)			Bank of New York	Bond Admin Fees	Industrial	2,500	5,000				2,500			2,500
6	Short-Term Cash Flow Loan From LMHF	8/16/2012	6/2/2013	Successor Agency	Short-term loan to pay debt services	Downtown/Industrial	3,192,500	3,192,500				3,192,500			3,192,500
7	Notes Payable, Developer (Industrial)	4/16/1985	7/19/2012	Honda	OPA Developer agreement	Industrial	1,775,337	1,775,337				1,775,337			1,775,337
8	American Honda Interest (Industrial)			Honda	OPA Developer agreement	Industrial	48,000	48,000				48,000			48,000
9	Admin Cost (Downtown)			Successor Agency	Successor Agency/ Oversight Board	Downtown	63,050	63,050			31,525				31,525
10	Admin Cost (Skypark)			Successor Agency	Successor Agency/ Oversight Board	Skypark	164,800	164,800			82,400				82,400
11	Admin Cost (Industrial)			Successor Agency	Successor Agency/ Oversight Board	Industrial	22,150	22,150			11,075				11,075
12	Professional/Technical Service (Downtown)	7/1/2011	6/30/2013	City of Torrance	landscaping contract	Downtown	11,000	22,000				11,000			11,000
13	Professional/Technical Service (Downtown)	4/16/1991	12/31/2029	City of Torrance	sales tax reimbursement - DTMA	Downtown	8,250	16,500				8,250			8,250
14	Light and Power (Downtown)	7/10/1979	ongoing	City of Torrance	Plaza del Prado parking structure lights	Downtown	2,400	4,800				2,400			2,400
15	Light and Power (Downtown)	7/10/1979	ongoing	Southern CA Edison	Downtown street lights	Downtown	5,300	10,600				5,300			5,300
16	Coleman Court senior rental subsidy	1/1/1986	1/1/2041	Torrance Senior Housing	Low Moderate Housing Subsidy Program	Downtown	12,250	24,500				12,250			12,250
17	Ocean Terrace senior rental subsidy	1/1/1986	1/1/2041	DBA Coleman Court	Low Moderate Housing Subsidy Program	Downtown	9,000	18,000				9,000			9,000
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From: Redevelopment Administration [mailto:RedevelopmentAdministration@dof.ca.gov]
Sent: Wednesday, August 01, 2012 8:32 AM
To: Flewellyn, Ken
Subject: RE: Emergency Request to use low mod funds to pay debt service

Hi Kenneth,

Thanks for your email. Your issue is important to us. There are a couple of options that are potentially available to the Successor Agency for this type of situation. First, under AB 1484 the city in which the former RDA resided may lend the Successor Agency money to make debt service payments, and get reimbursed on the next ROPS. If the city is concerned that Finance would deny the ROPS repayment item, I can assure you that that item would not be denied provided the loan was for a legitimate enforceable obligation. Second, the Successor Agency could get a loan from the county. However, HSC Section 34183 (c) now says the county shall issue the loan only at the request of Finance. We do not think this is the best option unless the city can categorically demonstrate that it has insufficient money to lend the Successor Agency for the debt service payments. Finally, using the Low and Moderate Income Housing Fund as a source for a short-term loan, as you suggest below, is not expressly prohibited by the legislation. However, if you choose to go in this direction we would encourage you to work with your legal counsel to ensure there are no unintended consequences of such an action.

Thanks,
Department of Finance
Redevelopment Team

From: Flewellyn, Ken [mailto:KFLEWELLYN@TorranceCA.gov]
Sent: Tuesday, July 31, 2012 12:17 PM
To: Redevelopment Administration
Subject: Emergency Request to use low mod funds to pay debt service

Hi,

We have been working with LA County in trying to obtain a short-term cash flow loan to assist the Torrance Successor Agency in paying bonded debt service payments due on September 1, 2012. Total bonded debt service due September 1, 2012 is \$2.4 million. The County has been working with us but it does not appear that they will do the loan. The bonds will go into default on September 1, 2012. We have \$ 7.1 million in our unencumbered low mod account. What we wanted to do to prevent having the bonds go into default, is to make a temporary short-term loan from the Low Mod account and repay Low Mod with our January 2, 2012 property tax allocation. We believe that AB 1484 section 34171(d) (A) may allow for this emergency loan but we need your concurrence. Section 34171 (d) (A) states as follow" Bonds, as defined by Section 33602 and bonds issued pursuant to Chapter 10.5 (commencing with Section 5850) of Division 6 of Title1 of the Government Code, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds, of the former redevelopment agency. A reserve may be held when required by the bond indenture or when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bond for the next payment due in the following half of the calendar year".

I am attaching a copy of the cash flow for your review.

This is an emergency and we need your immediate attention to this matter.

Thanks

Kenneth Flewellyn
Assistant Finance Director
City of Torrance
310 618-5826
kflewellyn@torranceCA.gov