

**STAFF REPORT  
OF  
Oversight Board of the  
Successor Agency to the South Tahoe Redevelopment Agency  
Meeting January 28, 2016**

**TO:** Honorable Chair and Members of the Oversight Board to the Successor Agency to the South Tahoe Redevelopment Agency

**FROM:** Debbie McIntyre, Deputy Director Financial Services

**RE:** ADOPT RESOLUTION NO. \_\_\_\_\_ APPROVING PROPOSED ADMINISTRATIVE BUDGETS FOR THE SIX-MONTH FISCAL PERIODS FROM JULY 1, 2016 THROUGH DECEMBER 31, 2016 AND FROM JANUARY 1, 2017 THROUGH JUNE 30, 2017

**RECOMMENDATION:**

Staff recommends that the Oversight Board adopt Resolution No. \_\_\_\_\_ the Successor Agency's Administrative Budgets for the six-month periods from July 1, 2016 through December 31, 2016 ("Administrative Budget 16-17A") and from January 1, 2017 through June 30, 2017 ("Administrative Budget 16-17B")

**ISSUES AND DISCUSSION:**

Pursuant to Section 34177(j) of the California Health and Safety Code ("HSC"), the Successor Agency is required to prepare a proposed administrative budget for each six-month fiscal period, which must be submitted to the Oversight Board for approval. Each proposed administrative budget must include all of the following: (1) estimated amounts for Successor Agency administrative costs for the applicable six-month fiscal period; (2) proposed sources of payment for the administrative costs; and (3) proposals for arrangements for administrative and operations services provided by the City of South Lake Tahoe (the "City") or other entity.

HSC Section 34177 is unclear regarding the required timing for the submission of the proposed administrative budgets to the Oversight Board. However, because the Successor's Agency's administrative expenditures also have to be reflected on the Successor Agency's Recognized Obligation Payment Schedules ("ROPS"), the administrative budgets should be consistent.

Previously, the Successor Agency was required to prepare a ROPS for each six-month fiscal period (from July 1 through December 31, and from January 1 through June 30, respectively). SB 107, which was enacted in September 2015, amended HSC Section 34177, to provide that, beginning with fiscal year 2016-17, the Successor Agency must prepare a ROPS annually (instead of twice a year). HSC Section 34177(o) provides that the Successor Agency must

submit an Oversight Board-approved ROPS for fiscal year 2016-17 (“ROPS 16-17”) to the State Department of Finance (“DOF”) and the County Auditor-Controller no later February 1, 2016. The proposed ROPS 16-17 is being presented to the Oversight Board for consideration and approval pursuant to a separate resolution. Staff recommends that the Oversight Board approve Administrative Budget 16-17A and Administrative Budget 16-17B on the same date as the Oversight Board’s approval of ROPS 16-17.

Pursuant to HSC Section 34179(h)(1), which was added by SB 107, Oversight Board resolutions approving the Successor Agency’s administrative budgets are no longer required to be submitted to the DOF for approval. Therefore, Resolution No. \_\_\_\_ will become effective immediately upon adoption.

**FINANCIAL AND/OR POLICY IMPLICATIONS:**

Under HSC Section 34171(b), the “Administrative Cost Allowance” is the maximum amount of administrative costs that may be paid by the Successor Agency from property tax revenues allocated by the County Auditor-Controller (i.e., disbursements from Redevelopment Property Tax Trust Fund (“RPTTF”)). The Successor Agency’s annual administrative costs (except for administrative costs paid from bond proceeds or grant funds) must not exceed 50 percent of the total RPTTF moneys distributed to pay enforceable obligations in the preceding fiscal year (which latter amount to be reduced by the Successor Agency’s Administrative Cost Allowance and loan repayments, if any, made to the City for loans re-established pursuant to HSC Section 34191.4 (the “City Loans”) during the preceding fiscal year). Subject to the foregoing, commencing July 1, 2016, and for each fiscal year thereafter, the Administrative Cost Allowance is the greater of: (i) \$250,000 fiscal year, or (ii) 3 percent of the actual property tax distributed to the Successor Agency by the County auditor-controller in the preceding fiscal year for payment of approved enforceable obligations, reduced by the Successor Agency’s administrative cost allowance and repayments made to the City Loans, if any, during the preceding fiscal year.

**CONCLUSION:**

Staff recommends that the Oversight Board adopt Resolution No. \_\_\_\_\_, approving the Successor Agency’s Administrative Budget 16-17A and Administrative Budget 16-17B and taking related actions.

  
Debbie McIntyre, Deputy Director Financial Services

**Attachments:**

1. Resolution No. \_\_\_\_\_, with Administrative Budget 16-17A (for July 1, 2016 through December 31, 2016) attached as Exhibit A and Administrative Budget 16-17B (for January 1, 2017 through June 30, 2017) attached as Exhibit B

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE SOUTH TAHOE REDEVELOPMENT AGENCY APPROVING PROPOSED ADMINISTRATIVE BUDGETS FOR THE SIX-MONTH FISCAL PERIODS FROM JULY 1, 2016 THROUGH DECEMBER 31, 2016, AND FROM JANUARY 1, 2017 THROUGH JUNE 30, 2017, AND TAKING RELATED ACTIONS**

WHEREAS, pursuant to Health and Safety Code Section 34177(j), the Successor Agency to the South Tahoe Redevelopment Agency (the "Successor Agency") must prepare a proposed administrative budget for each six-month fiscal period (commencing each January 1 and July 1) and submit each proposed administrative budget to the oversight board of the Successor Agency (the "Oversight Board") for approval; and

WHEREAS, the Successor Agency's proposed administrative budgets for the six-month fiscal periods from July 1, 2016 through December 31, 2016 ("Administrative Budget 16-17A") and from January 1, 2017 through June 30, 2017 ("Administrative Budget 16-17B," together with Administrative Budget 16-17A, the "Administrative Budgets") have been presented to this Oversight Board for approval;

**NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE SOUTH TAHOE REDEVELOPMENT AGENCY HEREBY FINDS, DETERMINES, RESOLVES AND ORDERS AS FOLLOWS:**

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. The Oversight Board hereby approves Administrative Budget 16-17A, substantially in the form attached hereto as Exhibit A.

Section 3. The Oversight Board hereby approves Administrative Budget 16-17B, substantially in the form attached hereto as Exhibit B.

Section 4. The Staff of the Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution and the Administrative Budgets, including making any adjustment to the proposed Administrative Budgets to make them consistent with the Successor Agency's Recognized Obligation Payment Schedule for fiscal year 2016-17 (as such Recognized Obligation Payment Schedule is approved by the State Department of Finance).

Section 5. If any provision of this Resolution or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or

applications of this Resolution which can be given effect without the invalid provision or application, and to this end, the provisions of this Resolution are severable. The Oversight Board hereby declares that it would have adopted this Resolution regardless that one or more portion may be determined to be invalid.

PASSED AND ADOPTED by the Oversight Board of the Successor Agency to the South Tahoe Redevelopment Agency at a duly noticed meeting held on January \_\_, 2016, by the following vote:

AYES: Board Member(s) \_\_\_\_\_

NOES: Board Member(s) \_\_\_\_\_

ABSENT: Board Member(s) \_\_\_\_\_

ABSTAIN: Board Member(s) \_\_\_\_\_

\_\_\_\_\_  
Hal Cole, Chair

ATTEST:

\_\_\_\_\_  
Ellen Palazzo, Secretary

**EXHIBIT A**

**SUCCESSOR AGENCY TO THE SOUTH TAHOE REDEVELOPMENT AGENCY  
ADMINISTRATIVE BUDGET 16-17A**

# **Administrative Budget 16-17A**

## **July 1, 2016 through December 31, 2016**

### **Successor Agency to the South Tahoe Redevelopment Agency**

General Administrative Costs	\$120,000
General Legal Costs	<u>\$ 5,000</u>
Total Administrative Costs	\$125,000

**EXHIBIT B**

SUCCESSOR AGENCY TO THE SOUTH TAHOE REDEVELOPMENT AGENCY  
ADMINISTRATIVE BUDGET 16-17B

**Administrative Budget 16-17B**  
**January 1, 2017 through June 30, 2017**

**Successor Agency to the South Tahoe  
Redevelopment Agency**

General Administrative Costs	\$120,000
General Legal Costs	<u>\$ 5,000</u>
Total Administrative Costs	\$125,000