

ITEM 3

OVERSIGHT BOARD FOR CITY OF SAN DIEGO REDEVELOPMENT SUCCESSOR AGENCY

DATE ISSUED: 09/11/2012

SUBJECT: Report from the Successor Agency regarding request for authorization for the Successor Agency to enter into service contracts, management contracts and similar contracts, and amendments to existing contracts of that nature, for items that are budgeted in the approved ROPS 2, consistent with California Health and Safety Code Sections 34171(d)(1)(F) and 34177.3(b).

CONTACT/PHONE NUMBER: David Graham/236-6980

DESCRIPTIVE SUMMARY OF ITEM:

Adoption of a resolution:

Authorizing the Successor Agency to enter into service contracts, management contracts and similar contracts, and amendments to existing contracts of that nature, for items that are budgeted in ROPS 2, consistent with California Health and Safety Code Sections 34171(d)(1)(F) and 34177.3(b).

STAFF RECOMMENDATION:

Approve proposed action.

DISCUSSION:

Background

The Successor Agency is in the process of winding down the operations of the former Redevelopment Agency of the City of San Diego ("Former RDA") in accordance with Assembly Bill xl 26 ("AB 26"), enacted on June 28, 2011, and Assembly Bill 1484 ("AB 1484"), enacted on June 27, 2012 (collectively, the "Dissolution Laws"). On January 10, 2012, the City Council designated the City of San Diego ("City") to serve as the Successor Agency to the Former RDA for purposes of winding down the Former RDA's operations.

At the Oversight Board meeting of May 31, 2012, the Oversight Board approved the Second Recognized Obligation Schedule covering the period from July 2012 to December 2012 (ROPS 2).

Subsequent to that approval, as part of the state budget package, on June 27, 2012, the Legislature passed and the Governor signed AB 1484, the primary purpose of which was to make technical and substantive amendments to the Dissolution Act based on experience to date at the state and local level implementing the Dissolution Act. AB 1484 in several ways clarifies the role of a Successor Agency to conduct certain activities and also authorizes a Successor Agency to perform activities not expressly stated in the Dissolution Act.

Under AB 1484, a Successor Agency can, subject to Oversight Board approval, consistent with Health and Safety Code Sections 34171(d)(1)(F) and 34177.3(b), enter into service contracts, management contracts, and similar contracts, and amendments to existing contracts of that nature for items that are budgeted in the approved ROPS 2. Section 34171(d)(1)(F) confirms that contracts necessary for the administration or operation of the Successor Agency, including, but not limited to, agreements concerning

litigation expenses related to assets or obligations, settlements and judgments, and agreements related to the cost of maintaining assets prior to disposition, are enforceable obligations. In addition, Section 34177.3(b) states that the Successor Agency may create new enforceable obligations to conduct the work of winding down the Former RDA's operations, including hiring staff, acquiring necessary professional administrative services and legal counsel, and procuring insurance.

The actions of the Oversight Board at the meeting of August 28, 2012 included the approval of the Third Recognized Obligation Schedule covering the period from January 1, through June 30, 2013 (ROPS 3) and corresponding authorization for the Successor Agency to enter into service contracts, management contracts and similar contracts, and amendments to existing contracts of that nature for items that are budgeted in the approved ROPS 3, consistent with Health and Safety Code Sections 34171(d)(1)(F) and 34177.3(b). As presented in the August 23, 2012 report to the Oversight Board accompanying ROPS 3, this streamlined approach allows the Successor Agency to operate in an efficient manner and to address unforeseen circumstances without delay, thereby minimizing the Successor Agency's administrative processing of approved enforceable obligations and reducing exposure to new claims and liabilities, to the benefit of all local taxing entities and their constituents.

The current request is to apply the same streamlined measure to ROPS 2, authorizing the Successor Agency to enter into contracts consistent with Health and Safety Code Sections 34171(d)(1)(F) and 34177.3(b), as this measure was not requested in the pre-AB 1484 approval of ROPS 2 in May 2012.

Conclusion

The Oversight Board is respectfully requested to authorize the Successor Agency to enter into service contracts, management contracts and similar contracts, and amendments to existing contracts of that nature for items that are budgeted in the approved ROPS 2, consistent with Health and Safety Code Sections 34171(d)(1)(F) and 34177.3(b).

David Graham
Office of the Mayor

Jay Goldstone
Chief Operating Officer

OVERSIGHT BOARD RESOLUTION NUMBER OB-2012-25

A RESOLUTION OF THE OVERSIGHT BOARD FOR THE CITY OF SAN DIEGO REDEVELOPMENT SUCCESSOR AGENCY AUTHORIZING THE SUCCESSOR AGENCY TO ENTER INTO SERVICE CONTRACTS, MANAGEMENT CONTRACTS AND SIMILAR CONTRACTS FOR ITEMS BUDGETED IN THE APPROVED ROPS 2

WHEREAS, the former Redevelopment Agency of the City of San Diego (Former RDA) administered the implementation of various redevelopment projects, programs, and activities within designated redevelopment project areas throughout the City of San Diego (City); and

WHEREAS, in accordance with Assembly Bill x1 26 (AB 26), the Former RDA dissolved as of February 1, 2012, at which time the City of San Diego, solely in its capacity as the designated successor agency to the Former RDA (Successor Agency), assumed the Former RDA's assets and obligations; and

WHEREAS, the Successor Agency is winding down the Former RDA's affairs in accordance with AB 26, as amended by Assembly Bill 1484 (AB 1484), enacted on June 27, 2012 (collectively, the Dissolution Laws); and

WHEREAS, the Oversight Board has been formed to oversee certain actions and decisions of the Successor Agency in accordance with the Dissolution Laws; and

WHEREAS, pursuant to California Health and Safety Code Section 34177(l), Successor Agency staff must prepare a Recognized Obligation Payment Schedule (ROPS) on a forward-looking basis for each six-month fiscal period, showing the payments to be made toward enforceable obligations and the funding source for the payments; and

WHEREAS, on May 31, 2012, the Oversight Board approved the second ROPS, which covers the period from July 1, 2012, through December 31, 2012 (ROPS 2); and

WHEREAS, California Health and Safety Code section 34171(d)(l)(F) confirms that

contracts necessary for the administration or operation of the Successor Agency, including, but not limited to, agreements concerning litigation expenses related to assets or obligations, settlements and judgments, and agreements related to the costs of maintaining assets prior to disposition, are enforceable obligations; and

WHEREAS, California Health and Safety Code section 34177.3(b) states that the Successor Agency may create new enforceable obligations to conduct the work of winding down the Former RDA's operations, including hiring staff, acquiring necessary professional administrative services and legal counsel, and procuring insurance; and

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board that the Successor Agency is authorized to enter into service contracts, management contracts and similar contracts, and amendments to existing contracts of that nature, for items that are budgeted in the approved ROPS 2, consistent with California Health and Safety Code sections 34171(d)(1)(F) and 34177.3(b).

PASSED AND ADOPTED by the Oversight Board at a duly noticed meeting of the Oversight Board held on September __, 2012.

Chair, Oversight Board