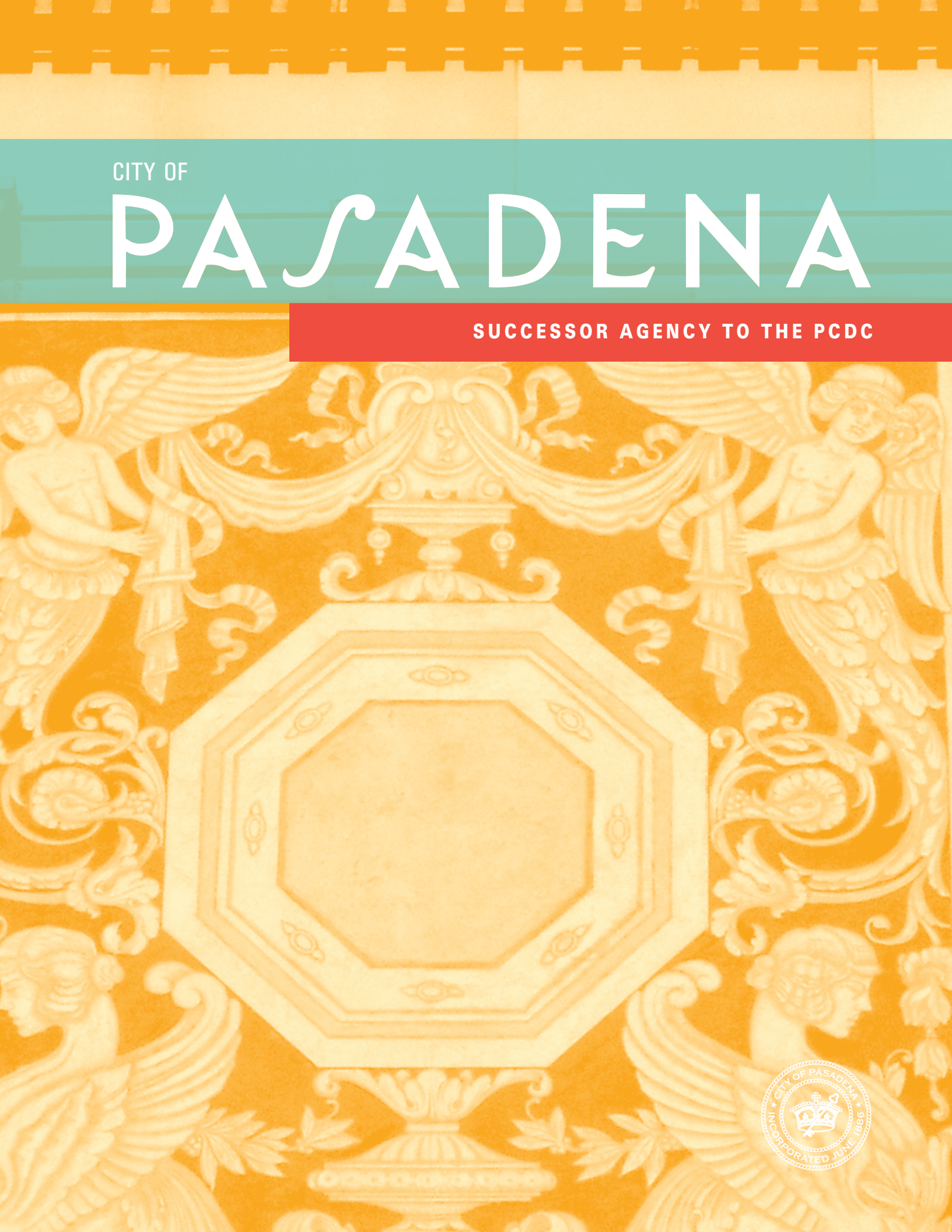
CITY OF

PASADENA

SUCCESSOR AGENCY TO THE PCDC



SUCCESSOR AGENCY TO THE PASADENA COMMUNITY DEVELOPMENT COMMISSION

Successor Agency to
the Pasadena Community
Development Commission
Administration
(1.00)

MISSION STATEMENT

The Successor Agency manages redevelopment projects currently underway, makes payments identified on the Recognized Obligation Payment Schedule (ROPS), and disposes of redevelopment assets and properties as directed by the Oversight Board. The Successor Agency is responsible for drafting an annual administrative budget and a ROPS that must first be approved by the Oversight Board and then transmitted to the County Auditor-Controller's Office and the California Department of Finance. The ROPS delineates the Successor Agency's outstanding "bills" or "enforceable obligations" payable every twelve months and their source of payment.

PROGRAM DESCRIPTION

The Successor Agency program activities focus on the winding down of all redevelopment agency operations and obligations within Pasadena's five remaining redevelopment project areas. Successor Agencies are primarily responsible for the disposal of assets and properties, collection of debts, paying for and performing recognized enforceable obligations and overseeing development activities of properties deemed to be enforceable obligations.

OVERSITE BOARD REVIEW

The Oversight Board will continue to review the Successor Agency's semi-annual budget and the Agency's enforceable obligations under Section 34167(d) as set forth on the semi-annual ROPS and direct the Successor Agency in the disposition of the former Pasadena Community Development Commission (PCDC) assets. The Oversight Board's actions will continue to be subject to review by the State Department of Finance (DOF). Ultimately, on July 1, 2018, all Oversight Boards in a given county are to be consolidated under one county-wide Oversight Board. In the case of Los Angeles County, 71 separate Oversight Boards will be consolidated into one. The Oversight Board members are appointed by and represent the following entities:

1. One member appointed by the Los Angeles County Board of Supervisors.
2. One member of the public appointed by the Los Angeles County Board of Supervisors.
3. One member appointed by the Mayor for the city that had sponsored the dissolved RDA.
4. One member appointed by the Mayor representing the employees of the former RDA.
5. One member appointed by the largest special district, by property tax share, with territory in the territorial jurisdiction of the former RDA.
6. One member appointed by the Los Angeles County Board of Education.
7. One member appointed by the Chancellor of the California Community Colleges.

AB 1484 AND SB 107 CLEAN-UP LEGISLATION

AB 1484, signed into Law on June 27, 2012, provides that loan agreements between a city and its redevelopment agency that were previously disqualified under ABx1 26, can once again be deemed to be enforceable obligations upon a Successor Agency's receipt of a "Finding of Completion" from the Department of Finance (DOF). In addition, AB 1484 requires Successor Agencies to prepare a Long Range Property Management Plan (LRPMP). The LRPMP addresses the disposition and use of the former PCDC. It contains all non-housing real property assets that have been redeveloped or are proposed to be redeveloped, remnant parcels, and public parking garages.

SB 107, signed into Law on September 22, 2015, provides for Successor Agencies to transfer ownership of public parking garages to the City. The Law also mandates that Successor Agencies must remit all outstanding amounts to the County Auditor-Controller by December 31, 2015 in order to receive a Finding of Completion (FOC).

REDEVELOPEMENT ACTIVITIES

In accordance with state law, the Pasadena Successor Agency paid approximately $11 million to the LA County Auditor-Controller in December 2015. As a result of the payment, the Pasadena Successor Agency received its FOC from the DOF on December 22, 2015. Having received the FOC, the Successor Agency moved forward with submittal of the LRPMP and pursued the repayment of prior loans between the City and PCDC.

The proposed LRPMP is a complete listing of the proposed disposition and present and former use of PCDC assets. It contains all non-housing real property assets that have been redeveloped or are proposed to be redeveloped, remnant parcels and public parking assets. Specifically, the Plan includes the remaining eleven (11) real properties that were identified in accordance with DOF guidelines. Four of the properties include the three Paseo Colorado parking structures and the Plaza Las Fuentes parking structure. DOF reversed its previous position and is now allowing, per the approved LRPMP, all of the parking structures' ownership to transfer from the Successor Agency to the City of Pasadena.

As of the date of dissolution of redevelopment under ABx1 26 (February 1, 2012), the City had fifteen (15) outstanding loans to the former PCDC with a total outstanding balance in excess of approximately $20.1 million including principal and interest. State law provides that upon receipt of an FOC, and upon application by the Successor Agency, and approval by the Oversight Board; loan agreements entered into between redevelopment agencies and the cities that created such loan agreements shall be deemed enforceable obligations, provided that the Oversight Board makes a finding that the loans were for legitimate redevelopment purposes.

At the January 28, 2016 Pasadena Oversight Board meeting, the Board voted unanimously that all fifteen (15) loans constituted a legitimate redevelopment purpose. Furthermore, the Board found that all of the proceeds from each of the loans were used for activities that carried out the implementation of Pasadena's Redevelopment Plans in accordance with the California Health and Safety Code. Authorized implementation activities included: property acquisition, Project Area start-up incidental and administrative expenses, relocation assistance for displaced businesses, and funding for the construction of a community center.

Subsequent to the Oversight Board meeting, staff was notified that the DOF approved approximately $3.9 million in loans as enforceable obligations.

DEPARTMENTAL RELATIONSHIP TO CITY COUNCIL GOALS

Maintain Fiscal Responsibility and Stability

With AB 1484, the Successor Agency will work closely with the Oversight Board, DOF, State Controller, and the County Auditor-Controller to meet any contractual obligation, incurred debt, and repayment obligation identified on the Recognized Obligation Payment Schedule to reduce any financial impacts to the General Fund.

Improve, Maintain, and Enhance Public Facilities and Infrastructure

The disposal of assets, real property, and the implementation of any enforceable obligations for use by the City for municipal purposes and for ongoing efforts to redevelop, revitalize, and/or eliminate blight in the City's redevelopment project areas is consistent with the City Council's strategic plan goal to maintain fiscal responsibility and stability and improve, maintain, and enhance public facilities and infrastructure. Having gained the DOF approval of the Long Range Property Management Plan, the Paseo Colorado and Plaza Las Fuentes garage ownership will transfer from the Successor Agency to the City of Pasadena.

FISCAL YEAR 2017 ACCOMPLISHMENTS

The Successor Agency accomplished the following during FY 2017:

- Successfully adopted ROPS X and ROPS XI by the Oversight Board including the Successor Agency's 3 percent administration budget;
- Secured approval of former City/PCDC outstanding loans, in the amount of approximately $3.9 million to be repaid to the General Fund;
- Facilitated the sale of the Sheraton Hotel air space lease that resulted in approximately $1.7 million in revenue to the General Fund;
- Repayment of City Note from the Renaissance Plaza Shopping Center that will result in approximately $840,000 in revenue to the General Fund;
- Obtained approval of the Long Range Property Management Plan (LRPMP); and
- Maintained due diligence by tracking and analyzing potential impacts from proposed Redevelopment Bills.

FISCAL YEAR 2018 ADOPTED BUDGET

Operating Budget

The FY 2018 Adopted Budget of $7,526,636 is $149,969 or 2.0 percent greater than the FY 2017 Revised Budget for the now dissolved PCDC. The increase represents the City's outstanding loans to the former PCDC that have been added to the ROPS after the State's Finding of Completion.

Per the financial requirements from AB 1484, Successor Agencies must develop a Recognized Obligation Payment Schedule (ROPS) that contains any and all enforceable obligations from the previous Redevelopment Agency. The ROPS represents obligations on an annual basis and is reviewed by the County Auditor-Controller and the DOF who determine which enforceable obligations are allowable and transmit the necessary funding to cover those obligations. Based on the approved ROPS, the Successor Agency must also develop a 3.0 percent administration budget from the total approved obligations. Due to the level of review and oversight by the County and State, although the figures represented in the FY 2017 budget cover a 12-month period, the figures are subject to change based on the County Auditor-Controller's review.

Upon approval of the ROPS, the Successor Agency is required by AB 1484 to deposit the revenues received into an obligation fund (Fund 821- Redevelopment Obligation Retirement Fund). These monies will be immediately transferred out of Fund 821 into the administration and debt services funds of the Successor Agency.

Personnel

A total of 1.00 FTE is included in the FY 2018 Adopted Budget.

FUTURE OUTLOOK

With the enacting of ABx1 26, the State eliminated redevelopment in California which for the past 60 years enabled Pasadena to address blight, produce affordable housing, and facilitate economic development opportunities. Moving forward in a manner consistent with current state law, the Successor Agency to the Pasadena Community Development Commission will oversee and facilitate the required steps for the subsequent dismantling of redevelopment within the City.

In a departure from previous fiscal years since the statewide elimination of redevelopment, this past fiscal year the Legislature adopted legislation that allowed cities to regain ownership of public parking garages and clarified interest rates associated with former City/Agency loans. As such, the Successor Agency has submitted its next ROPS covering FY 17-18 and will seek approximately $4.6 million in former City/Agency loans and approximately $6.6 million in PERS liability costs for former PCDC employees. Based on the success that other Successor Agencies had in recouping these costs, the Pasadena Successor Agency is optimistic that it too will achieve the same success.

SUMMARY OF APPROPRIATIONS BY EXPENSE CATEGORY

(In Thousands)

Expenditure Category	FY 2016 Actuals	FY 2017 Adopted	FY 2017 Revised	FY 2018 Adopted
Personnel	$191	$180	$180	$193
Services & Supplies	10,667	683	683	181
Internal Service Charges	16	17	17	17
Operating Expense	1,617	0	0	0
Operating Transfers Out	40,659	0	0	0
Debt Service - Principal and Interest	279	6,496	6,496	7,136
Successor Agency to the PCDC Total	**$53,428**	**$7,377**	**$7,377**	**$7,527**

SUMMARY OF APPROPRIATIONS BY DIVISION

(In Thousands)

Division	FY 2016 Actuals	FY 2017 Adopted	FY 2017 Revised	FY 2018 Adopted
PCDC-Devel Oper-Debt Service	$0	$1	$0	$0
PCDC-Gen Admin	53,428	7,376	7,377	7,526
Successor Agency to the PCDC Total	**$53,428**	**$7,377**	**$7,377**	**$7,527**

SUMMARY OF APPROPRIATIONS BY FUND

(In Thousands)

Fund	FY 2016 Actuals	FY 2017 Adopted	FY 2017 Revised	FY 2018 Adopted
820 - Successor Agency Admin	$304	$876	$876	$383
821 - Rdvlpmnt Oblgtn Retirement Fnd	42,274	0	0	0
844 - SA Debt Service Fund-OldPsdna	4,651	2,642	2,642	2,215
845 - SA Debt Service Fund-Lincoln	148	1,395	1,395	0
846 - SA Debt Service Fund-Downtown	2,073	0	0	0
847 - SA Debt Service Fund-Fair Oaks	837	2,366	2,366	4,832
848 - SA Debt Service Fund-OrangeGrv	127	0	0	0
849 - SA Debt Service Fund-VillaPrke	1,482	0	0	0
850 - SA Debt Service Fund-LakeWash	1,532	98	98	96
Successor Agency to the PCDC Total	**$53,428**	**$7,377**	**$7,377**	**$7,527**

SUMMARY OF FTEs BY DIVISION

Division	FY 2016 Actuals	FY 2017 Adopted	FY 2017 Revised	FY 2018 Adopted
PCDC-Gen Admin	1.00	1.00	1.00	1.00
Successor Agency to the PCDC Total	**1.00**	**1.00**	**1.00**	**1.00**

PERFORMANCE MEASURES		FY 2016 Actual	FY 2017 Target	FY 2017 Mid-Yr Actual	FY 2018 Target
Council Goal:	**Improve, maintain, and enhance public facilities and infrastructure**				
Objective:	To dispose of PCDC assets and properties to maximize value directed by the Oversight Board.				
1	Percent of Asset Disposal Strategy developed and implemented.	25%	50%	50%	100%

NOTE
(1) The State of California Department of Finance approved Pasadena's Successor Agency Long Range Property Disposition Strategy in FY 16. The Successor Agency will begin to implement segments of the Strategy in FY 16, with the goal of completion in FY 18.

Council Goal:	**Maintain fiscal responsibility and stability**				
Objective:	Complete and submit the Recognized Obligation Payment Schedule for each fiscal year.				
1	Percent of Recognized Obligation Payment Schedule completed and approved by the Oversight Board and Department of Finance.	100%	100%	50%	100%

NOTE
(1) Effective January 1, 2016, Successor Agencies statewide have converted to a 12 month budget submittal, in lieu of developing and submitting for approval budgets in six month intervals.

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