

Successor Agency Handbook

County of Santa Barbara

May 2019

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Background

In the budget for fiscal year 2011-12, Governor Jerry Brown proposed eliminating the state's RDAs to help address the State's ongoing budget deficit. In June 2011, the Legislature passed, and the Governor signed, two bills in response to his proposal:

1. **ABx1 26** prevented RDAs from engaging in new activities and dissolved the agencies effective October 1, 2011. This legislation also outlined a process for winding down the RDAs' financial affairs, and set forth a mechanism to distribute any net funds from the RDAs to other local taxing agencies.
2. **ABx1 27** would have allowed RDAs to opt-in to an alternative redevelopment program to avoid dissolution. The agencies would have had to agree to transfer annual payments to school and community college districts to continue their functions.

The California Redevelopment Association, the League of California Cities and other parties filed petitions with the California Supreme Court challenging both ABx1 26 and ABx1 27 on constitutional grounds. The Supreme Court imposed a partial stay on the implementation of the two pieces of legislation and reviewed the issues on an expedited basis.

On December 29, 2011, the California Supreme Court upheld the constitutionality of ABx1 26 and struck down ABx1 27 as unconstitutional. It also extended some of the deadlines and dates stipulated in ABx1 26 by four months because of the delay caused by the litigation. As a result of the Supreme Court's decision in *California Redevelopment Association v. Matosantos*, California's approximately 400 RDAs were dissolved on February 1, 2012.

The assets and liabilities (excluding housing assets) of RDAs have now been transferred to Successor Agencies pursuant to ABx1 26. A separate Successor Housing Agency manages the RDA's housing assets.

On September 23, 2015, Governor Brown signed Senate Bill No. 107 (SB 107), a budget trailer bill that was part of the FY 2015-16 state budget package. The legislation includes regulations to guide the final technical steps in the dissolution of redevelopment agencies. Among others, noteworthy amendments include the following:

- Consolidation into countywide Oversight Boards
- Specification of RDA wind-down activities
- Switch to annual Recognized Obligation Payment Schedule (ROPS)
- Clarification of enforceable obligations
- Clarification of administrative cost allowance
- Address issues related to the administration of Oversight Boards

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Countywide Oversight Board

SB 107 states that by July 1, 2018, all Oversight Boards will be consolidated into one countywide Oversight Board. [Health and Safety Code (HSC) 34179(j)]

The Santa Barbara Countywide Oversight Board (SBCOB) was established on July 1, 2018.

RDAs Wind-Down Activities

The SBCOB will guide the winding-down process of the Successor Agencies, and will cease to exist when all Successor Agencies have been formally dissolved.

SB 107 specifies that RDAs wind-down activities do not include "planning, design, redesign, development, demolition, alteration, construction, construction financing, site remediation, site development or improvement, land clearance, seismic retrofits, and other similar work." The exception to this rule is work pursuant to an enforceable obligation (EO). Successor Agencies may create EOs to conduct wind-down activities, including "hiring staff, acquiring necessary professional administrative services and legal counsel, and procuring insurance." [HSC 34177.3(b)]

Annual ROPS

SB 107 creates the process to switch from a bi-annual to an annual Recognized Obligations Payment Schedule (ROPS), starting on July 1, 2016. Each Successor Agency will submit Oversight Board-approved annual ROPS on February 1st. The ROPS will cover the period beginning on July 1st of the current year and ending on June 30th of the following year. The Department of Finance (DOF) will make its determination regarding the validity of EOs no later than April 15th. A Successor Agency may request additional review within five business days, as well as an opportunity for a meet and confer on any reviewable items of dispute. If a ROPS is not submitted on time, it may result in a meet and confer period of less than 30 days. Further, a \$10,000 civil penalty will be imposed per day for every day the ROPS is not submitted. The DOF will make its final determination at least 15 days before the current period's property tax distribution [HSC 34177(o)(1)]

A Successor Agency may also submit one amendment to the ROPS annually; this amendment must be submitted no later than October 1st. In order to submit, the Oversight Board must make a finding that an amendment is necessary to satisfy payment of an approved EO due during the period of January 1st to June 30th. The DOF will make its final determination at least 15 days before the current period's property tax distribution. [HSC 34177(o)(1)(E)]

Administrative Cost Allowance

SB 107 redefines and clarifies the definition of administrative cost allowance as "the maximum amount of administrative costs that may be paid by a Successor Agency from the Redevelopment Property Tax Trust Fund in a fiscal year." The legislation also provides the following new calculations for administrative costs:

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- Starting on July 1, 2016 administrative costs are capped at three (3%) percent of the property tax allocated for payment of approved EOs during the previous fiscal year, but not less than \$250,000. Administrative costs cannot exceed 50 percent of the total Redevelopment Property Tax Trust Fund (RPTTF) distribution. [HSC 34171(b)]
- Legal expenses must be paid from the administrative cost allowance. The City or County may loan funds to pay legal expenses, but if the agency does not prevail, then the loan is ineligible for repayment.

Countywide Oversight Board Administration

SB 107 addresses administrative aspects of the Countywide Oversight Board, including establishing or specifying the following:

- Resolutions, meeting minutes, meeting agendas, administrative budgets, changes in membership, and certain other administrative documents and actions no longer need to be submitted to the DOF for approval. [HSC 34179(h)]
- Actions to implement real property disposition pursuant to an approved Long Range Property Management Plan (LRPMP) are no longer subject to DOF review. [HSC 34179(h)(1)]
- Bond proceed expenditures for pre-2011 bonds require only approval by the Oversight Board and not the DOF. [HSC 34191.4(c)(1)(A)]
- The Countywide Oversight Board shall be staffed by the county Auditor-Controller (AC), or designee, with associated costs recovered through RPTTF. [HSC 34179(j)]
- The Countywide Oversight Board will cease to exist when all Successor Agencies within the county have been dissolved pursuant to Section 34187. [HSC 34179(m)]

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Parties Involved

The following are the parties involved in the wind-down of the Successor Agencies activities:

- Successor Agencies (SAs):
 - City of Lompoc
 - City of Goleta
 - City of Guadalupe
 - City of Santa Barbara
 - City of Santa Maria
 - County of Santa Barbara (Isla Vista)
- Santa Barbara Countywide Oversight Board
 - Auditor Controller - SBCOB staffing and property tax allocation
 - Clerk of the Board - SBCOB clerking services
- Department of Finance

Successor Agencies Responsibilities

- Continue to complete and file annual ROPS to the SBCOB
- Continue to complete and file Prior Period Adjustments with Auditor-Controller
- Continue to maintain website reporting SA activities (as if still under old OB)
- Continue to provide data as requested by SBCOB or DOF
- Continue to wind down SA affairs under oversight of SBCOB

Items Requiring SBCOB Approval

Items requiring SBCOB approval include, but are not limited to:

- Annual ROPS – approving payments for outstanding obligations.
- Modifications to the LRPMP – only for properties that remain with the Successor Agency.
- Bond refunding or refinancing.
- Amendments to the annual ROPS.
- Property disposition that does not adhere to the LRPMP.
- Last and Final ROPS and/or any amendments to the Last and Final ROPS.
- Operational Loans
- Request to formally dissolve the Successor Agency.

Note: ROPS Prior Period Adjustments (True-ups) do not require Countywide Oversight Board action.

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Key Date and Deadlines

The following are key dates and deadlines related to the dissolution of Successor Agencies:

- | | |
|--|--|
| Feb. 1, 2016 and each Feb. 1 thereafter: | Successor Agencies must submit an Oversight Board approved ROPS to the DOF and the AC |
| Oct. 1, 2016 and each Oct.1 thereafter: | Successor Agencies may submit one amendment to the ROPS |
| Oct. 1, 2018 and each Oct.1 thereafter: | Successor Agencies must submit report to the AC noting difference between actual payments and past estimates on the DOF approved annual ROPS |
| Feb. 1, 2019 and each Feb. 1 thereafter: | The AC provides the DOF a review of reports noting difference between actual payments and past estimates on the DOF approved annual ROPS |

Meetings

The Countywide Oversight Board will adopt the annual meeting schedule at its first meeting and subsequently each year.

The tentative meeting dates have been scheduled through September 2019 (Exhibit A).

- Annual Meetings

Due to the required Annual ROPS submittal to DOF by February 1st, SBCOB meetings have been scheduled in the month of January.

Due to the required Amended ROPS submittal to DOF by October 1st, SBCOB meetings have been scheduled in the month of September.

- Special Meetings

If an item cannot be scheduled for a hearing during a regular general meeting, the Successor Agency may request that the matter be scheduled for a Special Meeting.

The Successor Agencies are asked to notify the SBCOB staff **eight weeks** prior to the date action is required via email at SBCOversightBoardStaff@co.santa-barbara.ca.us. Use the following subject: Request SBCOB Meeting (Date) - Success Agency Name.

The SBCOB Staff and the Clerk of the Board will coordinate the scheduling of Special Meetings.

Should the SBCOB staff not be notified by any Successor Agency of their intent to bring an item before the SBCOB at least 8 working days in advance of the next scheduled SBCOB meeting, the scheduled meeting will be cancelled.

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Board Agenda Item Review & Docketing Process

The process for bringing a Board Agenda Item before the SBCOB is as follows:

1. Submit the Board Agenda Item (BAI) packet (agenda and attachments) to the SBCOB Staff for review 4 weeks prior to the meeting date.

- a) Send BAI packet via email to SBCOversightBoardStaff@co.santa-barbara.ca.us 4 weeks prior to the meeting date.

Due to the observance of certain holidays or special circumstances submittal of BAI packet will be required to be submitted earlier at the discretion of the SBCOB Staff and Clerk of the Board.

- b) It is advisable that those listed under "Contact" make themselves available for clarification of submitted materials. The BAI packets are required to have all of the proper approvals prior to being docketed. The intent is that when an item is placed before the SBCOB, it should be ready for the Board's action and should not require additional research or work for its implementation.

2. SBCOB staff will review the BAI packet for completeness

- a) Allow for **2 weeks** turn-around time for the review process with the exception of holidays or special items that will require additional time for review. The SBCOB Staff will either approve or request Successor Agency to provide additional information or include recommended changes, etc.
- b) Once BAI packet is approved, SBCOB staff will notify the Successor Agency that their BAI has been approved for docketing.
- c) If SBCOB staff considers the BAI incomplete or feels that it does not meet the necessary requirements for approval, SBCOB staff will work to resolve the issues and may request that the Successor Agency to revise or withdraw the BAI for future submittal.

3. Once BAI is approved, docket BAI packet 2 weeks prior to the meeting date.

- a) The Successor Agency is required to submit original + 8 copies to be filed with the SBCOB staff 2 weeks prior to the meeting.
- b) Submit docketing BAI packets to:
Auditor-Controller's Office
Attn: Advanced & Specialty Accounting
Santa Barbara County Oversight Board Staff
105 E. Anapamu St Room 301
Santa Barbara, CA 93102.
- c) SBCOB staff will deliver the Successor Agencies docketing packets to the Clerk of the Board.

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4. Docketed BAI will be distributed by the Clerk of the Board to Board Members

- a) The Clerk of the Board will examine BAI documents with the recommended action on the BAI.
- b) The Clerk of the Board will distribute the BAI packets to the SBCOB Members **10 days** prior to the meeting and publish the docketed material on the SBCOB website, SBCOversightBoard.org.

Guidelines & Requirements

- Follow the BAI Review & Docketing process and submit BAI by required due dates
- Submit BAI packets for review including attachments, presentations, and signatures
- BAI packets should be complete and ready for SBCOB to take action on item
- Required to use the Board Agenda Item template form
- Send BAI packets to SBCOversightBoardStaff@co.santa-barbara.ca.us
- BAI Docketing packet: 1 original (paper clip, single sided) + 8 copies (stapled, double sided)

Policy

All Board Agenda Items and materials submitted for review to the SBCOB Staff and legal counsel are required to be complete and accurate. When an item is placed before the SBCOB, it should be ready for the Board's action and should not require additional research or work for its implementation. It is preferred that items requiring revision be pulled and resubmitted for the following Agenda.

To ensure accurate and timely preparation of the Agenda the SBCOB Staff or the Clerk of the Board will have discretion on accepting replacements, substitutions or additional material after the docketing deadline.

Docketing Deadline

The deadline to docket a Board Agenda Item for the SBCOB meetings is **2 weeks prior to the meeting, at 4:00 P.M.** Due to the observance of certain holidays or special circumstances submittal of BAI packet will be required to be submitted earlier at the discretion of the SBCOB Staff and Clerk of the Board.

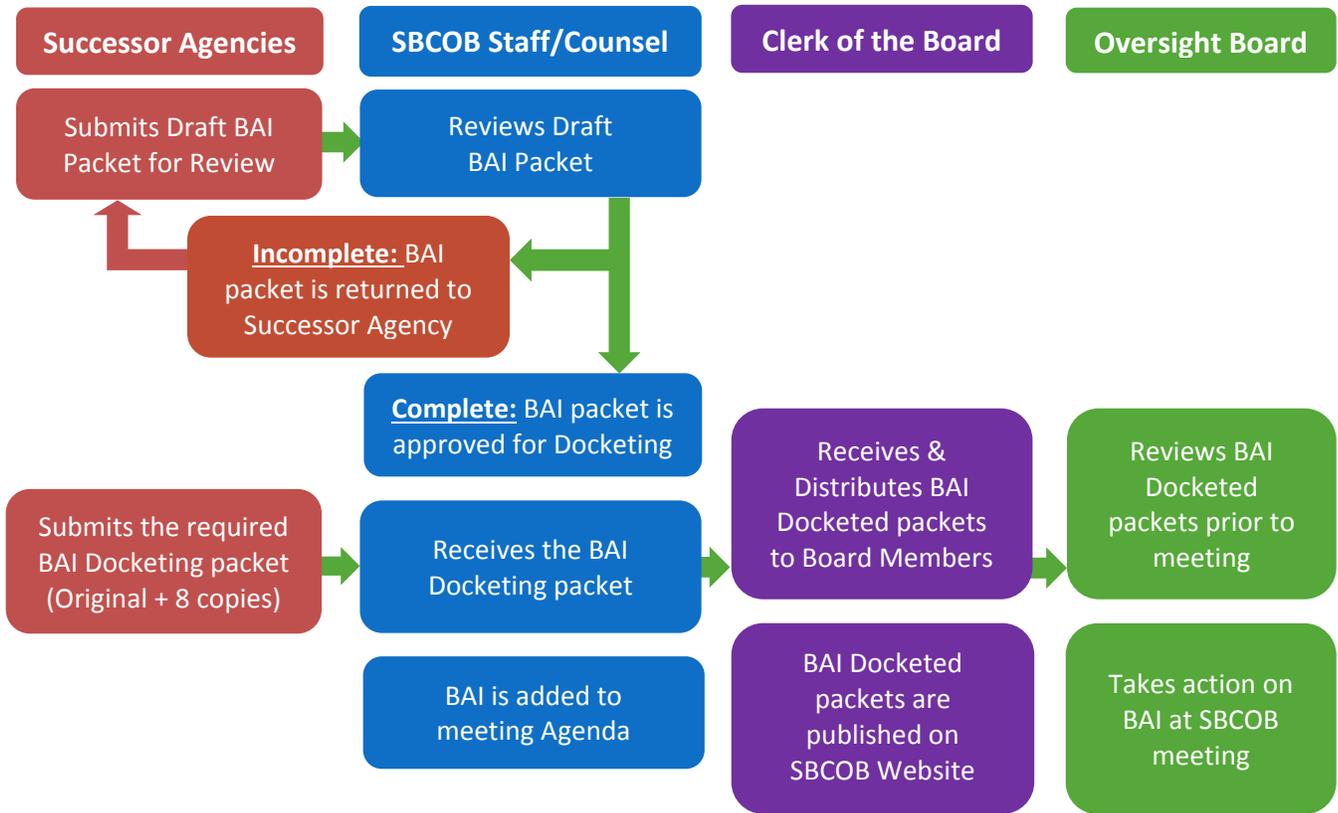
Publication

The Ralph M. Brown Act requires that at least 72 hours before a regular meeting, the legislative body of the local agency, or its designee, shall post an Agenda containing a brief general description of each item of business to be transacted or discussed at the meeting, including items to be discussed in closed session. The Agenda shall specify the time and location of the regular meeting and shall be posted in a location that is freely accessible to members of the public (Government Code §54954.2).

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QUICK SUMMARY- BOARD AGENDA ITEM (BAI)

BAI Review and Docketing Process



Docketing Due Dates

Review & Docketing Board Agenda Item Process	Due Dates
Submits Draft BAI packet for review to SBCOB Staff	4 weeks prior to meeting date
SBCOB Staff/Counsel will finalize BAI packet review	Allow for 2 weeks turn-around time
BAI Docket Deadline -Submit approved packet (original + 8 copies)	2 weeks prior to meeting date
SBCOB Staff will submit BAI packet to the Clerk of the Board	2 weeks prior to meeting date
Clerk of the Board will distribute BAI packets to Board Members	10 days prior to meeting date

Docketing Guidelines & Requirements

- Follow the BAI Review & Docketing process and submit BAI packet by required due dates
- Submit BAI packets for review including attachments, presentations, and signatures
- BAI packets should be complete and ready for SBCOB to take action on item
- Required to use the Board Agenda Item template form
- Send BAI packets to SBCOversightBoardStaff@co.santa-barbara.ca.us
- BAI Docketing packet: 1 original (paper clip, single sided) + 8 copies (stapled, double sided)

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Board Agenda Item

Successor Agencies wishing to bring an item before the SBCOB will be required to prepare a Board Agenda. Utilizing the Board Agenda template format will allow the SBCOB staff and Secretary to process Successor Agency items quickly and easily.

Instructions

- **First Page Header:** Template header may not be modified
- **For Agenda:** Enter Date of Meeting & Select Consent or Board Action Required
- **From/Subject:** Enter Name of Successor Agency and the Subject in any of these fields.
- **Recommendations:** Abbreviations should not be utilized in this section. Numbering is not required if only one recommendation.
- **Background Information:** Abbreviations *may* be used in this section by using the full name of the term to be abbreviated followed by the abbreviation in parenthesis. The abbreviation may then be utilized from this point forward in the remainder of the document.
- **Discussion:** Abbreviations *may* be used in this section by using the full name of the term to be abbreviated followed by the abbreviation in parenthesis. The abbreviation may then be utilized from this point forward in the remainder of the document.
- **Attachments:** All attachments should be listed in this section.

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Board Agenda Item

Santa Barbara Countywide Oversight Board

105 East Anapamu Street Rm. 303 ♦ Santa Barbara CA 93101 ♦ (805)568-2100
SBCOversightBoard.org ♦ SBCOversightBoardStaff@co.Santa-Barbara.ca.us

BOARD AGENDA ITEM

No.

FOR AGENDA: [Click here to enter a date.](#)

TO: MEMBERS OF THE COUNTYWIDE OVERSIGHT BOARD

FROM: [Click here to enter text.](#)

SUBJECT: [Click here to enter text.](#)

RECOMMENDATION(S):

[Click here to enter text.](#)

BACKGROUND INFORMATION:

[Click here to enter text.](#)

DISCUSSION:

[Click here to enter text.](#)

ATTACHMENT(S):

[Click here to enter text.](#)

SBCOB Counsel Concurrence: [Choose an item.](#)

Members: ♦ Jessica Blazer ♦ Jeff Frapwell ♦ Craig Geyer ♦ Luke Rioux ♦ Carolle Van Sande ♦ Conrad Tedeschi

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Board Resolution

RESOLUTION OF THE SANTA BARBARA COUNTYWIDE OVERSIGHT BOARD

IN THE MATTER OF APPROVING [Click here to enter text.](#))
text.)
)
)
)
)
)
)

RESOLUTION NO. _____

WHEREAS, [Click here to enter text.](#); and
WHEREAS, [Click here to enter text.](#); and

NOW, THEREFORE, BE IT RESOLVED by the Santa Barbara Countywide Oversight Board that:

SECTION 1. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

SECTION 2. [Click here to enter text.](#)

SECTION 3. [Click here to enter text.](#)

SECTION . The approval of this Resolution does not commit the Oversight Board to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act.

SECTION . If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board declares that the Oversight Board would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

SECTION . This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED by the Santa Barbara Countywide Oversight Board, this [Click here to enter text.](#)

AYES:
NOES:
ABSTAIN:
ABSENT:

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Dissolution Process

The Countywide Oversight Board will guide the winding-down process of the Successor Agencies, and will cease to exist when all Successor Agencies have been formally dissolved.

SB 107 clarifies the criteria for dissolving the state's remaining Successor Agencies; they include the following:

- All enforceable obligations are retired or paid off
- All real property assets are sold, transferred, or liquidated
- All outstanding litigation is resolved [HSC 34187(b)]

Within 30 days of satisfying the criteria for dissolution, the Successor Agency must submit to its Countywide Oversight Board a request to formally dissolve, as well as submit a copy of said request to the CAC. The Countywide Oversight Board must approve the request within 30 days and then submit to the DOF for approval. The DOF must approve or deny the request within 30 days.

Once the DOF has approved the request, a Successor Agency has 100 days to dispose of all remaining assets, per Countywide Oversight Board direction. The proceeds from any remaining assets must be remitted to the CAC for distribution to affected taxing entities. Once notified of the compliance, the Countywide Oversight Board must then verify that the criteria have been satisfied. Upon verification, the Countywide Oversight Board must adopt a final resolution of dissolution within 14 days. A copy of the final resolution of dissolution must be submitted to the CAC, State Controller's Officer, the DOF, and the Sponsoring Community.

Once all Successor Agencies are terminated, the Countywide Oversight Board will be dissolved. Due to the complex nature of dissolution, and the varying characteristics of each Successor Agency, the timeline for dissolution is unknown. Therefore, Countywide Oversight Board members must be aware of potentially serving for a long-term period without a firm end date.

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Dissolution Process

SA REQUEST TO DISSOLVE TO GOVERNING BOARD

The Successor Agency (SA) shall submit a Request to Dissolve Resolution to the SA's Governing Board (City), and submit substantial evidence that the SA has met the following:

- HSC 34187(b): When...
 - all of the enforceable obligations have been retired or paid off,
 - all real property has been disposed of pursuant to Section 34181 or 34191.4, and
 - all outstanding litigation has been resolved

SA REQUEST TO DISSOLVE TO OVERSIGHT BOARD

Upon the City's approval, the SA shall submit a Request to Dissolve Resolution to the OB and submit substantial evidence that the SA has met the HSC 34187(b) requirements.

- HSC 34187(b): the SA shall, within 30 days of meeting the aforementioned criteria, submit to the OB a request, with a copy of the request to the County Auditor-Controller (CAC), to formally dissolve the SA.
- The OB shall approve the request within 30 days, and shall submit the request to the Department of Finance (DOF)

SA REQUEST TO DISSOLVE TO DEPARTMENT OF FINANCE

Upon the OB's approval, the SA shall submit the Request to Dissolve to the DOF.

- HSC 34187(d): The DOF shall have 30 days to approve or deny a request submitted pursuant to subdivisions (b) or (c)

SA REQUEST FINAL DISSOLUTION TO GOVERNING BOARD

Upon the DOF's approval, the SA shall submit a request for Final Dissolution Resolution to the City and upon approval dispose of all remaining assets.

- HSC 34187(e): When the DOF has approved a request to formally dissolve a SA, the SA shall take both of the following steps within 100 days of the DOF's notification:
 - (1) Dispose of all remaining assets as directed by the OB. Any proceeds from the disposition of assets shall be transferred to the CAC for distribution to the affected taxing entities pursuant to HSC 34183.
 - (2) Notify the OB that it has complied with paragraph (1).

SA REQUEST FINAL DISSOLUTION TO OVERSIGHT BOARD

Upon the City's approval, the SA shall submit a request for Final Dissolution Resolution to the OB and submit substantial evidence that all remaining assets have been disposed of and proceeds transferred to CAC.

- HSC 34187(f): Upon receipt of the notification required in paragraph (2) of subdivision (e), the OB shall verify all obligations have been retired or paid off, all outstanding litigation has been resolved, and all remaining assets have been disposed of with any proceeds remitted to the CAC for distribution to the affected taxing entities.
- Within 14 days of verification, the OB shall adopt a final resolution of dissolution for the SA, which shall be effective immediately.
- This resolution shall be submitted to the sponsoring entity, the CAC, the State Controller's Office, and the DOF by electronic means and in a manner of each entity's choosing.

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Resources

For additional information visit the Santa Barbara Countywide Oversight Board website at SBCOversightBoard.org.

Auditor Controller's Office

Advanced Accounting Division
105 E Anapamu St, Room 301
Santa Barbara, CA 93102
Phone 805.568.2100
Fax 805.568.2016
SBCOversightBoardStaff@co.santa-barbara.ca.us

Clerk of the Board

105 E. Anapamu Street, Room 407
Santa Barbara CA, 93101
Phone 805.568.2240
Fax 805.568.2249
sbcob@co.santa-barbara.ca.us

DOF Countywide Oversight Boards

<http://www.dof.ca.gov/Programs/Redevelopment/>