



AGENDA ITEM NO. 1

CITY OF HAWTHORNE City Council AGENDA BILL

For the meeting of September 10, 2024

Originating Department: Finance

City Manager:


Vontray Norris

Dir. of Finance:


Felice Lopez

SUBJECT:

Approving an Amended Recognized Obligation Payment Schedule (“ROPS”) for the six-month fiscal period from Jan 1, 2025 through June 30, 2025 (“ROPS 24-25B”) and taking certain related actions.

RECOMMENDED MOTION:

Staff recommends that the City Council adopt SA Resolution 2024-01 approving Amended ROPS 24-25B, a Recognized Obligation Payment Schedule for the second half of Fiscal Year 2024-25 and taking certain related actions.

DISCUSSION:

BACKGROUND:

Assembly Bill (“AB”) x1 26, AB 1484, and Senate Bill 107 (collectively, the “Dissolution Act”) dissolved Redevelopment agencies and require the Successor Agency to the Hawthorne Redevelopment Agency (“Successor Agency”) to wind down the obligations of the former Hawthorne Redevelopment Agency (“Former Agency”). The wind down is accomplished, in large part, through the preparation of an annual ROPS, covering the upcoming fiscal year. The ROPS lists the obligations to be funded and serves as a request for an allocation of property tax increment revenue deposited by the Auditor-Controller in the Redevelopment Property Tax Trust Fund (“RPTTF”).

Health and Safety Code (“HSC”) Section 34177(o) allows the ROPS to be amended by the “Successor Agency at any public meeting and shall be subject to the approval of the oversight board” if a revision is necessary for the payment of approved enforceable obligations. The

Amended ROPS must be approved by the Oversight Board to the Successor Agency (“Oversight Board”) and submitted to the State Department of Finance (“DOF”). DOF provides the Amended ROPS form for successor agencies to use to request changes to approved enforceable obligations.

DISCUSSION:

Among the Successor Agency’s enforceable obligations are rebate payments for a Disposition and Development Agreement (“DDA”). The amounts of the rebate payments are based on actual property tax increment revenues received, less pro rata shares of County administrative expenses, pass-through payments, and debt service payments. The ROPS for a given year is due before the revenues and other items are known. Therefore, the Successor Agency is forced to estimate the rebate payment amounts when preparing the ROPS.

For the ROPS 24-25, the Successor Agency estimated needing \$146,065 for the DDA tax increment rebate (ROPS item #31) which was approved by the Oversight Board and DOF as part of ROPS 24-25, in the “A” period.

In July 2024, the Successor Agency was able to calculate the actual DDA tax increment rebate payment which turned out to be \$172,826, or \$26,761 more than estimated. The increase is due to calculated pass-through payments growing less than property tax revenues grew. The Successor Agency previously estimated that the pass-through payments would grow at the same level as the property tax revenues.

The Successor Agency requests approval for an additional \$26,761 in expenditures to the previously requested and approved “B” period total of \$3,119,917 in funds from the RPTTF for ROPS 24-25B, for a total of \$3,146,677. The additional amount is necessary for the payment of ROPS items #31, an approved enforceable obligation. The Amended ROPS form is provided as Exhibit A.

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FISCAL IMPACT:

The Amended ROPS 24-25B must be approved by the Hawthorne Successor Agency’s Oversight Board and submitted to DOF for the Successor Agency to receive RPTTF, administered by the Los Angeles County Auditor-Controller (“Auditor-Controller”), and to pay enforceable obligations during the ROPS 24-25B period. In total, the Successor Agency requests approval for an increase of \$26,761 to the \$3,119,917 approved RPTTF for the ROPS 24-25B period.

NOTICING PROCEDURES:

None

ATTACHMENT(S):

1. Resolution 2024-01 approving an Amended Recognized Obligation Payment Schedule for the six-month period from January 1, 2025 through June 30, 2025 and

taking certain related actions

a. Exhibit A: Amended Recognized Obligation Payment Schedule 24-25B