

# INDIAN WELLS SUCCESSOR AGENCY / CITY COUNCIL

November 7, 2024



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**To:** City Council  
**From:** Finance Department  
**Prepared by:** Kevin McCarthy, City Finance Director  
**Subject:** **Approval of Annual Recognized Obligation Payment Schedule 2025-26**

## RECOMMENDED ACTIONS:

Successor Agency **ADOPTS** Resolution approving the Recognized Obligation Payment Schedule for the period of July 1, 2025, through June 30, 2026

**FINDS** the project to be exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Section 15061(e) (3) of the guidelines.

## BACKGROUND:

The Successor Agency is mandated to prepare the "Recognized Obligation Payment Schedule" (ROPS), which enumerates the Agency's outstanding obligations for the upcoming year. After the completion of the ROPS, it is submitted to the Riverside County Oversight Board (Oversight Board) for their approval. Following the Oversight Board's approval, the ROPS undergoes a comprehensive inspection and final review by the State Department of Finance. It is essential to note that the State Department of Finance necessitates the submission of the annual ROPS for the reporting year no later than February 1.

In accordance with Assembly Bill No. 1X 26 and the California Supreme Court's ruling in the Matosantos case, which challenged the constitutionality of AB 26, all redevelopment agencies in the state were dissolved as of February 1, 2012. This dissolution included the Redevelopment Agency of the City of Indian Wells (the "Redevelopment Agency"). Subsequently, successor agencies were designated to oversee the gradual conclusion of the former redevelopment agencies' operations.

The legislation stipulated that upon the dissolution of a redevelopment agency, either the City or another local government entity would step forward to serve as the "successor agency." Their role is to safeguard the assets of the dissolved agency until they are

appropriately distributed to various state and local government units. On January 12, 2012, the City Council decided to assume the role of the Successor Agency for the former redevelopment agency, as specified in City Resolution Number 2012-03. AB 26 provides that a successor agency is to be designated as the successor entity to the former Redevelopment Agency, vested with all authority, rights, powers, duties, and obligations previously awarded to the former Agency under the Community Redevelopment Law (Health & Safety Code, § 33000 et seq.), with certain exceptions. This successor agency is responsible for the wind-down of the Agency's affairs. The City was elected to be the Agency's successor agency by Resolution Bill No. 2012-03 on January 12, 2012.

### Recognized Obligation Payment Schedule ("ROPS")

The staff of the Successor Agency has prepared the proposed Recognized Obligation Payment Schedule for the period spanning from July 1, 2025, through June 30, 2026 (referred to as "ROPS FY 2025-26"), in a format substantially mirroring the presentation found in Attachment "1," which is appended herewith and incorporated by reference.

The Successor Agency is authorized to receive an administrative cost allowance, denoted as the "Administrative Cost Allowance," in accordance with the provisions of Health and Safety Code Sections 34171(b) and 34183(a)(3) found in Attachment "2". For the 2025-26 fiscal year, this allowance is anticipated to be approximately \$250,000, with disbursements of approximately \$250,000 scheduled for July 1, 2025, and approximately \$0 for January 2, 2026.

The activities of the City, acting as the successor agency, are subject to oversight by an Oversight Board until all the Agency's outstanding debts are settled, all Agency assets are liquidated, and all property taxes formerly remitted to the Agency are redirected to local taxing agencies.

Following approval by the Oversight Board, the Successor Agency proceeds to submit the ROPS to the State Department of Finance for approval and disbursement. It is imperative to note that the State Department of Finance mandates the submission of the new annual ROPS before the commencement of the reporting year no later than February 1.

### **FISCAL IMPACT:**

There is no fiscal impact on the City. Consistent with State Law, funding requests are submitted to the Riverside County Oversight Board. The Successor Agency requests \$9,809,770 during the upcoming ROPS cycle as follows:

1. Debt service payments of \$5,809,770
2. Loan repayments of \$3,750,000 paid to the City
3. Successor Agency Administrative Costs of \$250,000

## Administrative Fees

During the next ROPS cycle, the City (General Fund) will collect \$250,000 to administer the Successor Agency. Administrative fees include administrative oversight, legal review and compliance, successor agency audits, bond and trustee costs, arbitrage and continuing disclosure, technology services, and office supplies.

## Outstanding Agency Debt

As of June 30, 2024, the Agency debt was \$67.8 million, as described below. The debt service listed below matures in different years and is scheduled to be repaid entirely by 2035. Annual principal retirements range between \$6.7 million and \$7.2 million.

| Description                         | Balance at<br>6/30/2023 | Additions      | Deletions          | Balance at<br>6/30/2024 |
|-------------------------------------|-------------------------|----------------|--------------------|-------------------------|
| <b>Bonds Payable:</b>               |                         |                |                    |                         |
| 2015 A Tax Allocation Bonds         | 11,065,000              | -              | (2,000,000)        | 9,065,000               |
| 2016 A Tax Allocation Bonds         | 36,435,000              | -              | (960,000)          | 35,475,000              |
| 2020 A Tax Allocation Bonds         | 6,315,000               | -              | (465,000)          | 5,850,000               |
| <b>Subtotal</b>                     | <b>53,815,000</b>       | <b>-</b>       | <b>(3,425,000)</b> | <b>50,390,000</b>       |
| <b>Add (less) deferred amounts:</b> |                         |                |                    |                         |
| 2015 A Premium                      | 1,021,987               | -              | (245,276)          | 776,711                 |
| 2016 A Premium                      | 4,706,074               | -              | (421,440)          | 4,284,634               |
| <b>Subtotal</b>                     | <b>5,728,061</b>        | <b>-</b>       | <b>(666,716)</b>   | <b>5,061,345</b>        |
| <b>Total bonds payable</b>          | <b>59,543,061</b>       | <b>-</b>       | <b>(4,091,716)</b> | <b>55,451,345</b>       |
| <b>Other liabilities:</b>           |                         |                |                    |                         |
| Accrued Interest                    | 781,690                 | 729,740        | (781,690)          | 729,740                 |
| Consolidated Loan Payable           | 14,187,226              | -              | (2,587,226)        | 11,600,000              |
| <b>Subtotal</b>                     | <b>14,968,916</b>       | <b>729,740</b> | <b>(3,368,916)</b> | <b>12,329,740</b>       |
| <b>Total long-term liabilities</b>  | <b>74,511,977</b>       | <b>729,740</b> | <b>(7,460,632)</b> | <b>67,781,085</b>       |

## **CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA):**

This action has been reviewed per the authority and criteria contained in the California Environmental Quality Act (CEQA), the State and local CEQA Guidelines, and the City's environmental regulations. The City, acting as the Lead Agency, determined that the ordinance is not subject to CEQA pursuant to Sections 15060(c)(2), 15060(c)(3), and

15061(b)(3) of the State CEQA Guidelines, because it will not result in a direct or reasonably foreseeable indirect physical change to the environment as there is no possibility that the action would result in a significant environmental impact, and because it does not constitute a "project" as defined in Section 15378 of the State CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3.

## **ATTACHMENTS:**

1. Resolution
2. Recognized Obligation Payment Schedule FY 2025-26
3. Administrative Cost Allowance FY 2025-26