

**OVERSIGHT BOARD RESOLUTION NO. 2014-11**

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF MISSION VIEJO APPROVING THE SUCCESSOR AGENCY'S ADMINISTRATIVE BUDGET FOR THE 14-15B SIX-MONTH FISCAL PERIOD OF JANUARY 1, 2015 TO JUNE 30, 2015 PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177(j)**

**WHEREAS**, the former Community Development Agency of the City of Mission Viejo ("Agency") was established as a redevelopment agency that was previously organized and existing under the California Community Redevelopment Law, Health and Safety Code Section 33000, *et seq.* ("CRL"), and previously authorized to transact business and exercise powers of a redevelopment agency pursuant to action of the City Council of the City of Mission Viejo ("City"); and

**WHEREAS**, Assembly Bill x1 26 chaptered and effective on June 27, 2011 added Parts 1.8 and 1.85 to Division 24 of the California Health & Safety Code, which caused the dissolution of all redevelopment agencies and winding down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484 and other subsequent legislation (together, "Dissolution Law"); and

**WHEREAS**, as of February 1, 2012 the former Agency was dissolved pursuant to the Dissolution Law, and as a separate public entity, corporate and politic the Successor Agency to the Community Development Agency of the City of Mission Viejo ("Successor Agency") administers the enforceable obligations of the former Agency and otherwise unwinds the former Agency's affairs, all subject to the review and approval by a seven-member oversight board ("Oversight Board"); and

**WHEREAS**, Section 34179 provides that the Oversight Board has fiduciary responsibilities to holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other revenues pursuant to Section 34188 of Part 1.85 of the Dissolution Law; and

**WHEREAS**, Section 34177(j) requires the Successor Agency to prepare an administrative budget for the 14-15B six-month fiscal period of January 1, 2015 to June 30, 2015 and submit it to the Oversight Board for approval; and

**WHEREAS**, pursuant to Section 34177(j), the Successor Agency's "Administrative Budget" is to include all of the following: (a) estimated amounts of the Successor Agency's administrative costs for the up-coming six-month fiscal period; (b) the proposed sources of payment for the costs identified in (a); and (c) proposals for arrangements for administrative and operations services provided by the city serving as Successor Agency; and

**WHEREAS**, the Successor Agency's Administrative Budget for the 14-15B six-month fiscal period of January 1, 2015 to June 30, 2015 has been submitted to the Oversight Board for its review and approval; and

**WHEREAS**, the Administrative Budget, as approved by the Oversight Board, will be provided to the County of Orange Auditor-Controller pursuant to Section 34177(k) so that the Successor Agency's estimated administrative costs in the approved Administrative Budget will be paid from property tax revenues deposited into the Redevelopment Property Tax Trust Fund for the applicable six-month period; and

**WHEREAS**, the Oversight Board has reviewed the Successor Agency's Administrative Budget for the 14-15B six-month fiscal period of January 1, 2015 to June 30, 2015 and desires to approve such Administrative Budget and to authorize the Successor Agency, to cause posting of this Resolution on the Successor Agency website, and to direct transmittal thereof to the County Auditor-Controller and State Department of Finance ("DOF"); and

**WHEREAS**, pursuant to Section 34179(h), written notice and information about all actions taken by the Oversight Board shall be provided to the DOF by electronic means and in a manner of DOF's choosing. An Oversight Board's action shall become effective five (5) business days after notice in the manner specified by the DOF unless the DOF requests a review; provided however, that pursuant to Section 34177(m) as to each ROPS submitted, which includes a line item for the Administrative Budget, the DOF shall make its determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations thereon no later than 45 days after submittal.

**NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT AGENCY OF THE CITY OF MISSION VIEJO:**

**Section 1.** The foregoing recitals are incorporated into this Resolution by this reference, and constitute a material part of this Resolution.

Pursuant to the Dissolution Law, the Oversight Board approves the Administrative Budget for the 14-15B six-month fiscal period of January 1, 2015 to June 30, 2015 submitted herewith as Attachment 1, which is incorporated herein by this reference.

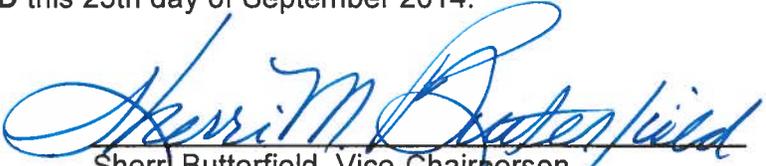
The Oversight Board authorizes transmittal of the Administrative Budget for the 14-15B six-month fiscal period of January 1, 2015 to June 30, 2015 to the County Auditor-Controller and DOF.

**Section 2.** The Administrative Services Director of the Successor Agency or her authorized designee is directed to post this Resolution on the Successor Agency website pursuant to the Dissolution Law.

**Section 3.** Pursuant to Section 34179(h), written notice and information about all actions taken by the Oversight Board shall be provided to the DOF by electronic means and in a manner of DOF's choosing. An Oversight Board's action shall become effective five (5) business days after notice in the manner specified by the DOF unless the DOF requests a review; provided however, that pursuant to Section 34177(m) as to each ROPS submitted, which includes a line item for the Administrative Budget, DOF shall make its determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations thereon no later than 45 days after submittal.

**Section 4.** The Secretary of the Oversight Board shall certify to the adoption of this Resolution.

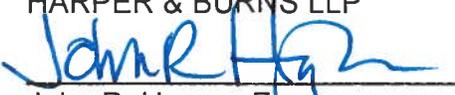
**APPROVED AND ADOPTED** this 25th day of September 2014.

  
Sherr Butterfield, Vice-Chairperson  
Oversight Board of the Successor Agency to the  
Community Development Agency of the City of  
Mission Viejo

ATTEST:

  
Sherry Merrifield, Secretary  
Oversight Board of the Successor Agency  
to the Community Development Agency of the City of Mission Viejo

APPROVED AS TO FORM:  
HARPER & BURNS LLP

  
John R. Harper, Esq.  
Oversight Board Counsel

STATE OF CALIFORNIA            )  
COUNTY OF ORANGE            ) ss.  
CITY OF MISSION VIEJO         )

I, Sherry Merrifield, Secretary of the Oversight Board of the Successor Agency to the Community Development Agency of the City of Mission Viejo, hereby certify that the foregoing resolution was duly adopted by the Oversight Board at a regular meeting held on the 25th day of September 2014, and that it was so adopted by the following vote:

AYES:           Vice-Chairperson Butterfield, Board Member Dyas, Board Member Fitzsimons and Board Member Reardon

NOES:           None

ABSENT:        Board Member Hampton and Chairperson Probolsky

  
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Sherry Merrifield, Secretary  
Oversight Board of the Successor Agency to the  
Community Development Agency of the City of  
Mission Viejo

**ATTACHMENT 1  
to Oversight Board Resolution No. 2014-11**

**Successor Agency Administrative Budget  
for the 14-15B Six-Month Fiscal Period of January 1, 2015 to June 30, 2015**

**(attached)**

**SUCCESSOR AGENCY OF THE COMMUNITY DEVELOPMENT  
AGENCY OF THE CITY OF MISSION VIEJO  
ADMINISTRATIVE BUDGET  
January 1, 2015 through June 30, 2015**

The funding source for the proposed administrative budget for the Successor Agency of the Community Development Agency of the City of Mission Viejo ("Successor Agency") is the Redevelopment Property Tax Trust Fund distributed bi-annually by the County of Orange Auditor-Controller as the Successor Agency's "Administrative Cost Allowance".

The proposed administrative budget is comprised of direct personnel costs, other direct costs and indirect costs.

**Direct Personnel Costs**

Employees expected to dedicate time specifically related to Successor Agency issues over the six month period of January 1, 2015 through June 30, 2015 have been individually listed within this section of the budget. *Fiscal Year 2014/2015 Costs* for each position includes total salary and benefits estimated to be budgeted for these positions for FY 2014/2015 by the City of Mission Viejo. *Annual Hours* is the hours estimated to be attributable to Successor Agency Issues by each position. *Total Annual Agency Cost* is calculated by applying the annual hours to the total 2014/2015 cost for each position. *Total Sixth Month Cost* is equal to 6/12<sup>th</sup> of the Total Annual Agency Cost amount. The budget for Direct Personnel Costs for the second half of fiscal year 2014/2015 is expected to remain the same from the first six months of FY 2014/2015 since we have yet to see a decline in staff time spent on Successor Agency issues and we anticipate further litigation.

**Other Direct Costs**

Other direct costs may change from period to period. For the six months from January 1, 2015 through June 30, 2015, it is anticipated that other direct costs will be legal services provided by the City of Mission Viejo's contracted City Attorney, the Successor Agency Attorney and Oversight Board Attorney, annual financial statement audit cost, travel costs for Department of Finance meet and confer meetings and Oversight Board meeting costs.

**Indirect Costs**

The indirect costs are calculated based upon the City of Mission Viejo's cost allocation plan. Indirect costs include administrative support from the General Government program area, including the City Council, City Clerk, City Manager and Administrative Services programs as well as financial overhead costs related to insurance, payroll, accounts payable, treasury, purchasing, and facilities usage.

	<u>Fiscal Year</u>			
	<u>2014/2015</u>	<u>Annual</u>	<u>Total Annual</u>	<u>Total Six</u>
	<u>Costs</u>	<u>Hours</u>	<u>Agency Cost</u>	<u>Month Cost</u>
<b>Direct Personnel Costs</b>				
City Manager	\$ 287,435	83	\$ 11,500	\$ 5,800
Assistant City Manager/Director of Public Services	243,945	10	1,200	600
Director of Administrative Services	211,523	330	33,600	16,800
Treasury Manager	167,915	405	32,700	16,400
Administrative Assistant	84,809	90	3,700	1,900
<b>Total Direct Personnel Costs</b>			82,700	41,500
<b>Other Direct Costs</b>				
Attorney Services			100,000	50,000
Auditing Services			5,000	4,000
Meet and Confer travel costs			3,500	1,500
Oversight Board meeting costs			1,500	750
<b>Total Estimated Direct Cost</b>				<b>97,750</b>
<b>Indirect Costs</b>				
City Overhead			58,000	27,250
<b>Total Successor Agency Administrative Budget</b>			<b>250,700</b>	<b>\$ 125,000</b>