



CITY OF FIREBAUGH

OVERSIGHT BOARD FOR SUCCESSOR AGENCY TO THE CITY OF FIREBAUGH REDEVELOPMENT AGENCY

SPECIAL MEETING AGENDA

Location of Meeting: Firebaugh Community Center
1655 13th, Firebaugh, CA 93622

Date/Time: May 9, 2016/11:30 a.m.

CALL TO ORDER

ROLL CALL Ben Gallegos, Employee of Former RDA (City) Representative
Elsa Lopez, County Board of Supervisor Representative
Craig Knight, County Board of Supervisor Representative
Jack Minnite, City of Firebaugh Mayor's Appointed Representative
Conlin Reis, Special District Representative
Russell Freitas, County Superintendent of Schools Representative
Ken Stoppenbrink, Chancellor of Ca Community College Representative

PLEDGE OF ALLEGIANCE

PUBLIC COMMENT

CONSENT CALENDAR

1. APPROVAL OF MINUTES – The Oversight Board meeting on February 18, 2016.

BUSINESS ITEMS

2. RESOLUTION NO. OB 16-05 - A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE FIREBAUGH REDEVELOPMENT AGENCY APPROVING AN AMENDED CONTRACT WITH RSG, INC. TO PROVIDE CONSULTING SERVICES TO THE SUCCESSOR AGENCY IN FISCAL YEAR 2016-17.

Recommended Action: Oversight Board receives public comment and approves Res. OB 16-05.

ADJOURNMENT

Certification of posting the Agenda

I declare under penalty of perjury that I am employed by the City of Firebaugh and that I posted this agenda on the bulletin boards at City Hall, May 6, 2016 at 5:00 p.m. by Rita Lozano, Deputy City Clerk.



STAFF REPORT

TO: Oversight Board to Successor Agency to the Firebaugh Redevelopment Agency
FROM: Ben Gallegos, Interim City Manager
DATE: May 9, 2016
SUBJECT: Amended Contract for Consulting Services

RECOMMENDATION:

Approve the Amended Contract for Consulting Services from RSG relating to Successor Agency matters.

BACKGROUND AND OVERVIEW:

At its meeting on January 21, 2016, the Oversight Board approved a contract with RSG, Inc. to provide consulting services to the Successor Agency to the Firebaugh Redevelopment Agency ("Successor Agency"). While the RSG Contract explained in detail which services RSG will provide to the Successor Agency, it did not specifically identify which funding sources the Successor Agency would use to pay for the various services. It was the Successor Agency and RSG's intention to have all property disposition services paid for out of the Property Disposition line item (Item number 17) on the Successor Agency's Recognized Obligation Payment Schedule ("ROPS"). This line item is separate from the Successor Agency's administrative cost allowance. All other RSG services are to be funded out of the administrative cost allowance.

During its review of the Successor Agency's ROPS covering Fiscal Year 2016-17, the California Department of Finance ("DOF") determined that the RSG Contract did not adequately identify the Property Disposition line item as a funding source, and as such, the RSG Contract could not be used as justification for the Property Disposition line item. Without any other substantial backup for the line item, DOF denied funding for the Property Disposition line item for ROPS 16-17 in their ROPS determination letter sent April 10, 2016.

The Successor Agency requested a Meet and Confer with DOF in response to the Property Disposition line item denial. This Meet and Confer occurred over the phone on April 26, 2016. DOF followed up with RSG after that call to explain that if the RSG Contract could be amended to identify the Property Disposition line item as a funding source, and the Oversight Board could approve this amended contract by May 19, 2016, DOF may be willing to overturn its determination and the Successor Agency may be able to receive funding for property disposition activities during ROPS 16-17.

It is particularly important at this time for the Successor Agency to receive the property disposition funding because a new clause in Senate Bill (“SB”) 107, which was passed in September 2015, severely limits the Successor Agency’s administrative allowance for the 2016-17 fiscal year. According to projections, this funding limitation may not continue into the future, but it will have a large effect on the Successor Agency’s ability to pay for administrative services in the upcoming fiscal year. Property disposition has been a time-consuming and costly endeavor and would likely prove to be a large strain on a limited administrative allowance if it is not funded as a separate line item.

Other than specifying funding sources, the RSG Contract has not been altered in any way. The contract is proposed in a not-to-exceed amount of \$50,000 to continue providing consulting services in FY 2016-17. The contract also amends the budgeted amount for FY 2015-16 to add \$15,000 to close out the remainder of the year.

FISCAL IMPACT:

Approving the amended RSG contract may allow to the Successor Agency to receive funding on the ROPS to pay for property disposition services.

ATTACHMENTS:

Attachment 1 – A Resolution of the Oversight Board approving an Amended Contract with RSG, Inc.

RESOLUTION NO. OB 16-05

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE FIREBAUGH REDEVELOPMENT AGENCY APPROVING AN AMENDED CONTRACT WITH RSG, INC. TO PROVIDE CONSULTING SERVICES TO THE SUCCESSOR AGENCY IN FISCAL YEAR 2016-17

WHEREAS, the Oversight Board of the Successor Agency to the Firebaugh Redevelopment Agency ("Oversight Board") has been established to direct the Successor Agency to the Firebaugh Redevelopment Agency ("Successor Agency") to take certain actions to wind down the affairs of the Redevelopment Agency in accordance with the California Health and Safety Code; and

WHEREAS, the Successor Agency desires to enter into an amended contract with RSG, Inc. ("RSG") to provide consulting services related to the dissolution of the Former Firebaugh Redevelopment Agency through Fiscal Year 2016-17 as detailed in the proposal attached as Exhibit "A" ("Amended RSG Contract"); and

WHEREAS, the Oversight Board approved an earlier version of the RSG Contract ("Original RSG Contract") on January 21, 2016; and

WHEREAS, the Original RSG Contract did not specify which funding sources the Successor Agency plans use to pay for RSG's various services; and

WHEREAS, a portion of RSG's consulting services are to be paid out of the Property Disposition line item (Item number 17) on the Successor Agency's Recognized Obligation Payment Schedule ("ROPS"), which is separate and independent from the Successor Agency's administrative cost allowance; and

WHEREAS, during its review of the Successor Agency's ROPS covering Fiscal Year 2016-17, the California Department of Finance ("DOF") determined that the Original RSG Contract did not adequately identify the Property Disposition line item as a funding source, and as such, DOF could not justify the need for the Property Disposition line item on the ROPS; and

WHEREAS, in its letter dated April 10, 2016, DOF denied funding for the Property Disposition line item for ROPS 16-17; and

WHEREAS, the Successor Agency requested a Meet and Confer with DOF, which occurred on April 26, 2016; and

WHEREAS, in response to the Meet and Confer on April 26, 2016, RSG has revised their contract to specifically state which funding sources will be used; and

WHEREAS, the Amended RSG Contract states that all property disposition activities will be funded out of the Property Disposition line item on the ROPS, and all other consulting activities will be paid out of the Successor Agency's administrative cost allowance pursuant to Health & Safety Code Section 34171(b); and

WHEREAS, Health & Safety Code Section 34177(j)(3) requires proposals for arrangements for administrative and operations services provided by a city, county, or other entity to be submitted to the oversight board for its approval; and

WHEREAS, the Oversight Board desires to approve the Amended RSG Contract.

NOW, THEREFORE, THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE FIREBAUGH REDEVELOPMENT AGENCY DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The Amended RSG Contract is hereby approved.

SECTION 2. The Oversight Board hereby authorizes the City Manager to take such other and further action consistent with this resolution and sign and transmit any documents, as necessary, in order to implement this Resolution on behalf of the Successor Agency.

SECTION 3. The Oversight Board Secretary shall certify to the adoption of this Resolution.

PASSED, APPROVED and ADOPTED at a regular meeting of the Oversight Board to the Successor Agency to the City of Firebaugh Redevelopment Agency held this 9th day of May, 2016 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED:

ATTEST:

Chairperson Oversight Board

Oversight Board Secretary

EXHIBIT "A"

**AMENDED RSG PROPOSAL FOR FY 2016-17 SUCCESSOR AGENCY CONSULTING
SERVICES**

[Attached as a separate document]



BETTER COMMUNITIES. BOLDER FUTURES.

**ROSENOW SPEVACEK GROUP INC.
309 WEST 4TH STREET
SANTA ANA, CALIFORNIA
92701-4502**

**T 714 541 4585
F 714 541 1175
E INFO@WEBRSG.COM
WEBRSG.COM**

Via Electronic Mail

Updated May 3, 2016

Mr. Ben Gallegos
Interim City Manager
CITY OF FIREBAUGH
1133 "P" St.
Firebaugh, CA 93622

AMENDED PROPOSAL FOR SUCCESSOR AGENCY ADMINISTRATIVE CONSULTING SERVICES

Dear Mr. Gallegos:

RSG is pleased to present this proposed scope of work and budget to provide the Successor Agency to the Redevelopment Agency of the City of Firebaugh ("Successor Agency") administrative consulting services for the 2016-17 fiscal year. RSG has been working with the Successor Agency since the beginning of the dissolution of the Firebaugh Redevelopment Agency in 2011. With RSG's assistance, the Successor Agency has overcome many hurdles, fulfilled numerous state reporting requirements, and sold former redevelopment Agency property. RSG would like to continue to serve the Successor Agency in its capacity as Administrative Consultants and see the Successor Agency through to the end of this arduous process.

Senate Bill 107, approved by the Governor on September 22, 2015, modified the Dissolution Act and the wind-down process of former redevelopment agencies. Some notable changes include:

- Annual ROPS – Instead of preparing the ROPS twice per year, it will be completed once per year due on February 1st annually.
- Administrative Allocation – Beginning on July 1, 2016, a successor agency administrative allowance will be limited to 50% of the total Redevelopment Property Tax Trust Fund distributed to pay enforceable obligations in the preceding fiscal year reduced by administrative costs and revitalized loan repayments, the latter amount is the administrative cost allowance.
- County-wide Oversight Board – On July 1, 2018, there will be only oversight board for the entire county and your local oversight board will be terminated.
- Prior Period Adjustments - Commencing October 1, 2018 and annually thereafter, the differences between actual payments and past estimated obligations on the ROPS shall be submitted by SA to the county auditor-controller.

**FISCAL HEALTH
ECONOMIC DEVELOPMENT
REAL ESTATE, HOUSING
AND HEALTHY COMMUNITIES**

SCOPE OF SERVICES

The proposed Scope of Services is based upon our experience with the Successor Agency and upcoming tasks that we have identified. RSG is happy to discuss modifications to the scope as needed to satisfy the City's needs. RSG has identified the following tasks:

Task 1: Budget and Cash Flow Work

The Successor Agency has faced many challenges throughout the dissolution process, not the least of which has been budget shortfalls during Recognized Obligation Payment Schedule periods. RSG will continue to maintain a working cash flow model for the Successor Agency to anticipate any future budget shortfalls. In addition, RSG will assist the Successor Agency in working to close any budget gaps by employing the variety of methods.

Task 2: Complete Annual ROPS and accompanying Administrative Budgets

The Successor Agency must submit a Recognized Obligation Payment Schedule ("ROPS") to the Oversight Board and Department of Finance annually. RSG will assist the Successor Agency in completing the 2017-18 ROPS that will be addressed during the 2016-17 fiscal year. Should an issue arise during the Department of Finance's review of the ROPS, RSG would assist the Successor Agency in drafting a Meet and Confer request and is available to attend the meeting. The Successor Agency must submit an annual administrative budget supporting the use of the \$250,000 annual administrative allowance allowed by law. RSG will assist the Successor Agency in preparing the annual administrative budget for fiscal year 2017-18, which will be submitted along with ROPS. The Successor Agency is allowed to amend the ROPS once during the period. RSG can assist the Successor Agency if this needed arises.

Task 3: Help the Successor Agency Navigate New Legislation

RSG will keep abreast of these changes and help the Successor Agency adapt and adjust their processes as needed. One example is the proposal to change the ROPS process from bi-annual to annual. Should this change occur, RSG will help the Successor Agency in drafting their first annual ROPS.

Task 4: Assist the Successor Agency with Property Disposition

With an approved Long-Range Property Management Plan, the Successor Agency must now work to dispose of all properties it proposed to sell. Specific services associated with property disposition such as brokerage services or the cost of conducting appraisals can be listed on the ROPS outside the Administrative Budget. The specific funding sources for the various aspects of this contract are discussed in more detail below.

Task 5: Attend Meetings as Necessary

RSG will make a staff member available to the Successor Agency should they need assistance at any Successor Agency or Oversight Board meetings.

Task 6: Additional Administrative Services as Needed

RSG will assist the Successor Agency with any additional administrative tasks as they arise.

TIMELINE

RSG will begin this portion of its contract with the Successor Agency January 1, 2016 and will conclude June 30, 2017.

PROJECT TEAM

Ms. Tara Matthews, Partner will be the principal in charge of this engagement. Jane Carlson, Associate will be the Project Manager, and will be assisted by additional staff as needed.

FEE PROPOSAL

RSG will complete consulting services for remainder of FY 2015-16 for an additional \$15,000. RSG exceeded the original contract amount of \$50,000 due to unforeseen property disposition costs.

We will provide FY 2016-17 services on a time-and-materials basis, with a not to exceed amount of \$50,000. RSG does not charge clients for mileage (except direct costs related to field surveys), parking, standard telephone/fax expenses, general postage or incidental copies. However, we do charge for messenger services, overnight shipping/express mail costs and teleconferencing services. We also charge for copies of reports, documents, notices, and support material in excess of five (5) copies. These costs are charged back at the actual expense plus a 10% surcharge.

Tasks 1 through 3 listed above will be paid out of the Successor Agency's administrative allowance. Task 4 will be paid out of a "Property Disposition" line item on the ROPS. Meetings that RSG attends will be charged against the administrative allowance or the property disposition line item depending on the subject of the meeting. The funding source for additional services will be determined based on the type and scope of service being performed.

RSG issues monthly invoices payable upon receipt, unless otherwise agreed upon in advance. Invoices identify tasks completed to date, hours expended and the hourly rate.

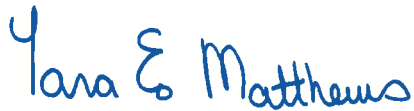
HOURLY BILLING RATES:

Principal/Director	\$ 235
Senior Associate	180
Associate	160
Senior Analyst	135
Analyst	125
Research Assistant	110
Technician	80
Clerical	60
Reimbursable Expenses	Cost plus 10%

Mr. Ben Gallegos
Interim City Manager
CITY OF FIREBAUGH
Updated May 3, 2016
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We appreciate the opportunity to submit our proposal to the City and Successor Agency, and look forward to working with you again. If you have any questions, please do not hesitate to contact me at 714.316.2111.

Sincerely,
ROSENOW SPEVACEK GROUP, INC.

A handwritten signature in blue ink that reads "Tara E Matthews". The signature is written in a cursive style with a large initial 'T'.

Tara Matthews
Principal