

**CITY OF PALM DESERT
STAFF REPORT**

MEETING DATE: January 9, 2025

PREPARED BY: Sarah Sullivan, Accountant
Veronica Chavez, Finance Director

SUBJECT: RESOLUTION FOR RECOGNIZED OBLIGATION PAYMENT SCHEDULE AND ADMINISTRATIVE BUDGETS FOR THE FISCAL PERIOD FROM JULY 1, 2025, THROUGH JUNE 30, 2026, PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177 AND TAKING CERTAIN RELATED ACTIONS

RECOMMENDATION:

Adopt a Resolution entitled, “A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SUCCESSOR AGENCY TO THE PALM DESERT REDEVELOPMENT AGENCY APPROVING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE AND ADMINISTRATIVE BUDGET FOR THE FISCAL PERIOD FROM JULY 1, 2025 THROUGH JUNE 30, 2026, PURSUANT TO HEALTH AND SAFETY CODE SECTION 34177 AND TAKING CERTAIN RELATED ACTIONS.”

BACKGROUND/ANALYSIS:

Approval of these items is required pursuant to dissolution law in order to fund the approved enforceable obligations of the Successor Agency to the Palm Desert Redevelopment Agency in the 2025-26 Fiscal Year.

Health and Safety Code (“HSC”) Section 34177 requires that the Successor Agency prepare a Recognized Obligation Payment Schedule (“ROPS”) annually, listing the anticipated payments for enforceable obligations to be made from July 1 through the following June 30. The Successor Agency must also prepare a proposed administrative budget for each six-month period, that includes: (1) estimated amounts for Successor Agency administrative costs for the applicable six-month fiscal period; (2) proposed sources of payment for the administrative costs; and (3) proposals for arrangements for administrative and operations services provided by the City of Palm Desert (the “City”) or another entity.

All ROPS and Administrative Budgets must be approved by the Riverside County Countywide Oversight Board and submitted to the DOF for review. During their review, the DOF may eliminate or modify any item on the ROPS before approving the ROPS. The process timeline, pursuant to HSC Section 34177 is as follows:

January 9, 2025	ROPS/Admin Submitted to SARDA for approval
January 16, 2025	ROPS/Admin Submitted to County OSB for approval
February 1, 2025	ROPS/Admin due to DOF and CAC for approval
April 15, 2025	Deadline for DOF to provide approval

April 20, 2025*	SARDA can file Meet and Confer to dispute any item
June 1, 2025	First distribution of RPTTF for 2025-26
January 2, 2026	Second distribution of RPTTF for 2025-26
June 30, 2026	Final expenditures related to 2025-26

The County Auditor-Controller is required to make Redevelopment Property Tax Trust Fund (RPTTF) disbursements to the Successor Agency pursuant to the DOF-approved ROPS for Fiscal Year 2025-26 on June 1, 2025 and January 2, 2026.

Staff recommends that the Board of Directors of the Successor Agency adopt the resolution approving the ROPS and Administrative Budgets for Fiscal Year 2025-26 and taking certain related actions.

Legal Review:

This report has been reviewed by the City Attorney’s Office.

FINANCIAL IMPACT:

The preparation and submittal of ROPS and Administrative Budgets for Fiscal Year 2025-26 are necessary to allow the Successor Agency to pay its enforceable obligations for the period from July 1, 2025 to June 30, 2026.

The “administrative cost allowance” is the amount of administrative costs that may be paid by the Successor Agency from moneys received from the RPTTF. Subject to the Dissolution Act, the permitted administrative cost allowance is the greater of: (i) \$250,000 per fiscal year, or (ii) up to 3 percent of the prior year RPTTF distribution less administrative cost allowance and repayments of city loans; provided it does not exceed 50% of the prior year RPTTF distribution.

ATTACHMENTS:

1. Resolution
2. ROPS 25-26 Submission
3. ROPS 25-26 Administrative Budgets