



Agenda Item

Orange City Council

Item #: 1.

1/13/2026

File #: 25-0708

TO: Honorable Mayor and Members of the City Council

THRU: Jarad Hildenbrand, City Manager

FROM: Trang Nguyen, Finance Director

1. SUBJECT

Recognized Obligation Payment Schedule for the fiscal period covering July 1, 2026, through June 30, 2027; and last and final Recognized Obligation Payment Schedule for Fiscal Year 2026-37. Resolution No. SAORA-039 and Resolution No. SAORA-040.

2. SUMMARY

Approve the Fiscal Years 2026-27 Recognized Obligation Payment Schedule (ROPS) and approve the Last and Final ROPS schedule for Fiscal Years 2026-27 through 2036-37 and transmit annual ROPS and Final ROPS to the Orange Countywide Oversight Board of the Successor Agency to the Orange Redevelopment Agency.

3. RECOMMENDED ACTION

1. Adopt Resolution No. SAORA-039. A Resolution of the Governing Board of the Successor Agency to the Orange Redevelopment Agency approving a Recognized Obligation Payment Schedule (ROPS) for the fiscal period covering July 1, 2026, through June 30, 2027, pursuant to Health and Safety Code Section 34177 and taking certain related actions.
2. Direct staff to transmit Fiscal Years 2026-27 ROPS and related Administrative Budgets to the Orange Countywide Oversight Board of the Successor Agency to the Orange Redevelopment Agency.
3. Adopt Resolution No. SAORA-40. A Resolution of the Governing Board of the Successor Agency to the Orange Redevelopment Agency approving the Last and Final Recognized Obligation Payment Schedule for the Fiscal Period from July 1, 2026, through June 30, 20237, subject to submittal to, and review by the Orange Countywide Oversight Board and the State Department of Finance pursuant to Dissolution Law, authorizing the posting and transmittal thereof.
4. Direct staff to transmit Last and Final ROPS to the Orange Countywide Oversight Board of the Successor Agency to the Orange Redevelopment Agency.

4. FISCAL IMPACT

The preparation and submittal of the Fiscal Years 2026-27 ROPS allows the Successor Agency to pay its enforceable obligations for the period from July 1, 2026 through June 30, 2027. Items listed on the Fiscal Years 2026-27 ROPS will be included in the City's Fiscal Year 26-27 (FY27) Annual Budget.

The preparation and submittal of the Last and Final ROPS 2026-2037 allows the Successor Agency

to schedule and pay its enforceable obligation for the period from July 1, 2026 though June 2037. Items listed on the Last and Final will be included in the respective annual budgets.

There is no direct impact to the City's general revenues.

5. STRATEGIC PLAN GOALS

Goal 2: Enhance Economic Development and Achieve Fiscal Sustainability.

6. DISCUSSION AND BACKGROUND

With the dissolution of the Orange Redevelopment Agency (Agency) effective January 31, 2012, the City Council adopted Resolution No. 10625 authorizing the City to become the Successor Agency for the former redevelopment agency and enabling the City to fulfill the continued expenses of the Agency. A significant majority of Recognized Obligation Payment Schedule (ROPS) expenses are outstanding Agency bonds that are scheduled to be paid twice a year until they mature in the years ranging from 2028 - 2036.

Assembly Bill 113 (AB 113) provided additional amendments to obligations and deadlines for redevelopment wind-down activities, including specific language in Health and Safety Code (HSC) Section 34177(o)(1) with regard to preparation and approval of Annual ROPS covering the period of July 1 to June 30. The Annual ROPS lists all legally binding and enforceable agreements or contracts of the former Orange Redevelopment Agency (Agency) for each fiscal-year period, including those necessary for the continued administration of the Successor Agency to wind down the former Agency.

The State Department of Finance (DOF) requires submission of the Annual ROPS through the web-based application called the Redevelopment Agency Dissolution Web Application (RAD), first established in 2013. This Annual ROPS covers the period July 1, 2026, to June 30, 2027 (ROPS 26-27). It is comprised of the following four forms:

- 1) Summary Report: This form summarizes funding totals carried forward from the ROPS Detail Form by funding source and reports the Current Period Funding for Enforceable Obligations of ROPS 26-27A and 26-27B in separate columns.
- 2) ROPS Detail Form: This form lists the Agency outstanding obligations, debts, and payments due for ROPS A and B separately by fund source.
- 3) Report of Cash Balances Form: This form requires the Successor Agency to report all cash balances for each funding source in accordance with HSC section 34177(l).
- 4) Notes Form: The completion of this form is optional and available to Successor Agency to provide additional information associated with the ROPS Detail Form.

Overview of ROPS 26-27

Following the RAD process for ROPS 26-27, the estimated Redevelopment Property Tax Trust Fund (RPTTF) to be disbursed is \$2,325,763 subject to approval of the Orange Countywide Oversight Board and the DOF.

Proposed ROPS 26-27	Amount Requested	Administrative Budget	Estimated RPTTF Disbursement Amount
Other Funds	\$0	\$0	\$0

RPTTF	\$2,314,853	\$10,910	\$2,325,763
TOTAL	\$2,314,853	\$10,910	\$2,325,763

Along with preparing the Annual ROPS, the Successor Agency is required to prepare administrative budgets for the six-month fiscal periods from July 1, 2026 through December 31, 2026, and from January 1, 2027 through June 30, 2027. The proposed Administrative Budgets shall include estimated amounts for Successor Agency administrative costs that are to be paid from property tax revenues deposited in the RPTTF.

Last and Final ROPS

Pursuant to Health and Safety Code section 34191.6, successor agencies that have received a Finding of Completion may submit a Last and Final ROPS for approval at any time if all of the following conditions are met:

1. The remaining debt is limited to administrative costs and payments pursuant to enforceable obligations with definite payment schedules,
2. All remaining obligations have been previously listed on a ROPS and approved for payment by DOF pursuant to Health and Safety Code section 34177, and
3. The Successor Agency is not a party to outstanding or unresolved litigation.

The City of Orange Successor Agency meets all the conditions to submit a Last and Final ROPS.

A Last and Final ROPS is beneficial to the Successor Agency as it provides an avenue for the automation of the ROPS process. Agencies that submit and receive approval for a Last and Final ROPS no longer have to undergo the annual ROPS process, which reduces the administrative burden on the Successor Agency, Oversight Board, County Auditor Controller, and the Department of Finance. The Last and Final also includes estimates with anticipated increases in administrative costs incurred. As these are estimates based on historical actuals, in the case of any significant variances they can be resolved by amending the Last and Final ROPS. Pursuant to Health and Safety Code section 34191 (c) (2), the agency may submit a maximum of two requests to amend the approved Last and Final ROPS if necessary and is subject to the following:

- The request should be approved by the Oversight Board before submission.
- Department of Finance has 100 days to approve or deny the agency's request.

The annual ROPS 2026-27 must be submitted concurrently with the Last and Final ROPS. This ensures the Successor Agency receives funding for the next period in the event the Last and Final is not approved.

Accompanying the attached Last and Final ROPS resolution is the Successor Agency's proposed Last and Final ROPS schedule. Since dissolution began the Successor Agency has retired several previous enforceable obligations, resulting in only two remaining items listed on the annual ROPS 2026-27. Specifically, the proposed Last and Final ROPS lists the following:

- Orange Merged and Amended Redevelopment Project Area 2008 Tax Allocation Bonds, Series B which will be fully retired June 30, 2028 (FY 2027-28)
- Successor Agency to the Orange Redevelopment Agency 2018 Tax Allocation Refunding

Bonds, Series A which will be fully retired September 01, 2036 (FY 2036-37)

Deadline to submit Annual ROPS 26-27

To comply with AB 113 and the upcoming February 1, 2026, deadline, it is recommended the Successor Agency approve ROPS 26-27 and the related administrative budget and transmit these documents to the Orange Countywide Oversight Board for approval at their January board meeting. The DOF has indicated late ROPS submission will be subject to penalties set forth in Health and Safety Code 34177(o)(1). The penalty affects the entity that created the redevelopment agency which is subject to a penalty in an amount equal to \$10,000 per day for every day the ROPS is not submitted to the DOF.

The Last and Final ROPS if approved will be presented at the Orange Countywide Oversight Board meeting in January. If the Oversight Board approves the Last and Final ROPS, the Successor Agency staff will transmit the packet to the Department of Finance for approval.

7. ATTACHMENTS

- Resolution No. SAORA-039
- Resolution No. SAORA-040