



## AGENDA BILL

### EL CERRITO REDEVELOPMENT SUCCESSOR AGENCY STAFF REPORT TO THE CONTRA COSTA COUNTY CONSOLIDATED OVERSIGHT BOARD

**Meeting Date: January 28, 2019**

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**To:** Contra Costa County Consolidated Oversight Board Members  
**Subject:** Resolution Approving the El Cerrito Successor Agency Annual Recognized Obligations Payment Schedule 19-20 (July 1, 2019 - June 30, 2020)

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#### **ACTION REQUESTED**

Successor Agency staff recommends that the Contra Costa County Consolidated Oversight Board adopt a resolution approving the Amended ROPS 19-20 of the City of El Cerrito Redevelopment Successor Agency for July 1, 2019 – June 30, 2020.

#### **BACKGROUND**

The City of El Cerrito Redevelopment Successor Agency (Successor Agency) prepared a Recognized Obligation Payment Schedule (ROPS) for the July 1, 2019 through June 30, 2020 period (ROPS 19-20), which was approved by the City Council of the City of El Cerrito Redevelopment Successor Agency on January 15, 2019. It is necessary to amend the ROPS as permitted by law in order to receive additional revenues to pay down approved enforceable obligations. Staff recommends adoption of the attached resolution approving the Amended ROPS 19-20 for the period July 1, 2019 through June 30, 2020.

#### Recognized Obligation Payment Schedules

ABx1 26 (Dissolution Act) dissolved the El Cerrito Redevelopment Agency (RDA) and established the El Cerrito Redevelopment Successor Agency (Successor Agency) on February 1, 2012. Under the Dissolution Act, the portion of property tax revenues collected in the City of El Cerrito Redevelopment Project Area (Project Area) that was considered Tax Increment prior to the RDA's dissolution are called Redevelopment Property Tax and are deposited by the County Auditor-Controller (Auditor-Controller) into the Redevelopment Property Tax Trust Fund (RPTTF). The Auditor-Controller distributes the funds in the RPTTF with the following priority:

1. Auditor-Controller's administrative costs
2. Pass-through payments to the taxing entities affected by the Redevelopment Plan for the Project Area, calculated the same as prior to RDA dissolution
3. Distribution to the Successor Agency to retire the former RDA's obligations
4. Repayment of loans from the Housing Fund (starting in FY 2014-15)
5. Distribution of residual funds to taxing entities

The Oversight Board to the Successor Agency to the El Cerrito Redevelopment Agency (the "Oversight Board") was formed on April 4, 2012, and was dissolved on June 30, 2018 by the County, and a Countywide Oversight Board came into being on January 1, 2019.

Beginning with the previous ROPS period, the Successor Agency must review and authorize submittal of a Recognized Obligation Schedule (ROPS) for each fiscal year. Each ROPS must then be approved by the Countywide Oversight Board and the California Department of Finance (DOF) before the Auditor-Controller disburses funding for payments on the approved ROPS.

The Successor Agency submits ROPS 19-20 to the County-wide Oversight Board for review and approval, at the January 28, 2019 special meeting and thereafter will submit the approved ROPS 19-20 to the DOF no later than February 1, 2019. After submittal, DOF then has until April 15<sup>th</sup> to review the ROPS and approve or disapprove any items. The Successor Agency can request additional review by DOF and has an opportunity to meet and confer on disputed items and must make that request within five business days of receiving a DOF determination. The DOF is required to notify the Successor Agency and Auditor Controller of its final determination of the approved payments at least 15 days prior to the first distribution twice annually, on June 1<sup>st</sup> and January 2<sup>nd</sup> of each year. The annual ROPS can be amended once per year as long as the amendment is received by DOF before October 1<sup>st</sup> of the applicable fiscal year.

#### **ANALYSIS**

The proposed ROPS 19-20 is Exhibit A to the attached Countywide Oversight Board resolution, authorizing its submittal. It includes: 1) A summary of the funding request; 2) An itemized listing of obligations ("ROPS Detail"); 3) A report of cash balances; Obligations with remaining outstanding balances are included on ROPS 19-20, as follows:

- Tax Allocation Bond Debt Service: In August of 2016 former items 1, 3, and 5 on the ROPS were refinanced into the 2016 Tax Allocation Bonds. This is shown as item 29. Debt service on the 2016 Bonds had been deferred in order to create savings that can flow to the City and the taxing entities in the form of additional residual revenues. A debt service payment is due as part of ROPS 19-20 A in the amount of \$868,327.
- Valente Note (\$288,216): The Successor Agency expects that this note will be fully repaid when the Mayfair property is transferred pursuant to the Disposition and Development Agreement entered into last year. Closing on the property is expected to occur in February 2019 in which event, no payment would be due during the 19-20 ROPS period. However, until the closing occurs, the ROPS continues to list the annual payment which would be due on March 5, 2020 in order to ensure that funds will be available should the Mayfair property not transfer for any reason.
- San Pablo Avenue Streetscape and Streetlights (\$0): In the process of closing out multi-year capital improvement projects, not long after the Dissolution statues were

passed, it was determined that commitments of tax increments by the RDA to the City were not transferred to the Capital Improvement Fund but were relied upon for getting construction contracts. While the commitment of tax increment not transferred by the RDA totaled \$956,511, the City was able to reduce project costs and only \$431,599 of the commitment remains outstanding. This has been recorded on previous ROPS and has been denied repeatedly by the DOF. It is no longer being recorded on the ROPS as staff and Counsel review other options for dealing with this outstanding issue.

- ERAF and SERAF Loans (\$167,275): Pursuant to Successor Agency Resolution No. 2014-01 and Oversight Board Resolution No. 2014-03, and consistent to the approved SERAF/ERAF Loan Repayment Schedule, an annual repayment amount is listed on the ROPS. This is the final repayment of these loans.
- FY 2019-20 Administrative Allowance (\$250,000): One half of the Successor Agency's administrative allowance is included in each six-month period on the ROPS.

The total amount of RPTTF funding required for ROPS 19-20 is estimated to be \$2,585,843.

**STRATEGIC PLAN CONSIDERATIONS**

The amended ROPS supports Goal B of the City's Strategic Plan to "Achieve long-term financial sustainability".

**FINANCIAL CONSIDERATIONS**

It is estimated that the total amount of RPTTF funding required for ROPS 19-20 is \$2,585,843. In order to repay the obligations of the Successor Agency, the ROPS must be approved and submitted to the DOF.

**LEGAL CONSIDERATIONS**

All actions being requested are consistent with the Dissolution Act, as amended and have been reviewed by the Agency attorney.

**Prepared by:** Mark Rasiah, Finance Director/Treasurer, City of El Cerrito

**Attachments:**

1. Resolution with Exhibit A: ROPS 19-20