



**PLEASANT HILL REDEVELOPMENT
SUCCESSOR AGENCY STAFF REPORT
TO THE CONTRA COSTA COUNTY
CONSOLIDATED OVERSIGHT BOARD**

Meeting Date: September 23, 2019

**TO: CONTRA COSTA COUNTY CONSOLIDATED OVERSIGHT BOARD
MEMBERS**

**SUBJECT: RESOLUTION APPROVING PLEASANT HILL SUCCESSOR AGENCY
AMENDED RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR
JANUARY 1, 2020 THROUGH JUNE 30, 2020 (AMENDED ROPS 19-20B)**

SYNOPSIS

The City of Pleasant Hill 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 Contra Costa County Consolidated Oversight Board (Oversight Board) and the California Department of Finance (DOF). It is necessary to amend the ROPS as permitted by law in order to receive additional revenues to pay down approved enforceable obligations. The Successor Agency requests adoption of the attached resolution approving the Amended ROPS 19-20B for the period January 1, 2020 through June 30, 2020.

DISCUSSION

Background

The City of Pleasant Hill became the Successor Agency to the former Pleasant Hill Redevelopment Agency (Agency) following the dissolution of redevelopment in California effective February 1, 2012 through Assembly Bill X1 26. The Successor Agency is responsible for winding down and paying off the debts of the former Agency. The ongoing financial operations of the Successor Agency are subject to the approval of the Oversight Board. The actions of the Oversight Board are subject to the approval of DOF.

The Successor Agency is required to prepare a ROPS for each 12-month period of its operations, broken down into two periods from July through December (ROPS A), and January through June (ROPS B). The ROPS is submitted to the Oversight Board for approval. The ROPS lists all projected financial obligations of the former Agency due over the 12-month period and the amount of property tax increment revenue (now called "Redevelopment Property Tax Trust Funds" or "RPTTF" revenue) needed to pay those obligations.

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The Pleasant Hill Successor Agency had a total outstanding obligation of approximately \$44 million as of the ROPS 19-20. DOF approved \$4,214,807 in ROPS 19-20 payments due between July 1, 2019 and June 30, 2020. Obligations consist of bonds and related fees, developer agreements, loans owed to the Low and Moderate Income Housing Asset Fund, and deferred payments owed to affected taxing agencies with litigation settlement agreements entered into prior to dissolution.

The Successor Agency is permitted to amend the amounts requested for approved enforceable obligations in the ROPS B period if necessary to make required payments. Staff has determined it is necessary to amend the ROPS 19-20B to make a payment on one enforceable obligation, ROPS Item 3, which is a payment owed to a third party under a Promissory Note.

Analysis

Recognized Obligation Payment Schedule

The proposed Amended ROPS 19-20B, for January 1, 2020 through June 30, 2020, attached as Exhibit A to the accompanying Oversight Board resolution, consists of two components:

- The Summary section (page 1) summarizes the payment amounts already authorized in the ROPS B period, the requested adjustments, and amended total.
- The ROPS Detail section (page 2) contains the complete list of enforceable obligation payments that were already authorized during the ROPS B period, the requested adjustments by ROPS item, and the amended totals.

Summary Page

DOF originally approved costs for the ROPS 19-20B period totaling \$1,594,470 (Line E), of which \$1,469,470 (Line F) would be paid against its individual enforceable obligations and \$125,000 (Line G) would be for administrative costs.

Successor Agency staff has determined it is necessary to request an additional \$35,000 in RPTTF funding (Line F) to make a required payment on one ROPS Item, as described in the next section. The amended total RPTTF funding requested is \$1,629,470.

The Successor Agency has no Bond Proceeds (Line B), Reserve Balances (Line C), or Other Funding sources (Line D) available to pay its obligations. All obligations are therefore requested to be paid with RPTTF revenues generated in the former Redevelopment Project Areas.

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ROPS Detail Page

The ROPS Detail page lists the Successor Agency's remaining enforceable obligations as approved by the Oversight Board and DOF. Staff is requesting \$35,000 of additional funding for one item, Item 3. This obligation must be paid as part of a Promissory Note owed to DPH Note Partnership ("Note"), which is related to a Disposition and Development Agreement entered into prior to dissolution.

The Note requires a payment each fiscal year that varies based on project site assessed values, actual tax collections, and other factors. The payment is made in two installments each year. When the ROPS is prepared in January for the upcoming fiscal year, the Note payment is estimated based on projected growth in assessed values, tax collections, and County administrative charges. The payment amount must be recalculated and "trued-up" each year after actual assessed values, tax collections, and other factors are known.

The ROPS 19-20B payment includes any remaining balance owed on the Note for fiscal year 2018-19, plus an installment payment owed for the first half of fiscal year 2019-20. The payment calculation was updated in August 2019 based on actual fiscal year 2019-20 assessed values, and actual fiscal year 2018-19 tax collections and County administrative charges. The updated calculation determined that a \$219,294 payment is owed for the ROPS 19-20B period. More detailed calculations are provided as attachments to this staff report.

DOF originally approved a \$185,000 payment for the Note in the ROPS 19-20B period (ROPS Item 3) based on the Successor Agency's January 2019 estimates. As shown in Table 1, the difference between the updated calculation and the original estimate is \$34,294. The Successor Agency is requesting an additional \$35,000 to meet this payment obligation, increasing the approved RPTTF amount from \$185,000 to \$220,000. Any difference between the approved and actual payment amount will be reconciled through a Prior Period Adjustment.

Pleasant Hill Amended ROPS 19-20B, Item 3 Payment Owed

Table 1

	Total Payment Owed	Less Amount Paid thru Jul 2019	Balance Due
2018-19 True-Up	\$ 303,889	\$ 303,734	\$ 155
January 2019 (2019-20 First-Half)	\$ 219,139	n/a	\$ 219,139
Total ROPS 19-20			\$ 219,294
DOF Approved Amount			\$ 185,000
Unfunded Balance			\$ 34,294

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No other ROPS Items require an adjustment at this time.

RECOMMENDED ACTION

Successor Agency staff recommends that the Oversight Board adopt a resolution approving the Amended ROPS 19-20B of the City of Pleasant Hill Redevelopment Successor Agency for January 1, 2020 through June 30, 2020.

ALTERNATIVES TO RECOMMENDED ACTION

Alternatives include not approving the proposed ROPS or revising the identified line items or funding amounts.

Prepared by: Andrew Murray, Assistant City Manager, Executive Director of the Redevelopment Successor Agency

Attachments:

1. Detailed Payment Calculations for ROPS 19-20B Item 3
 - a. 2018-19 Payment True-Up Calculation (August 2019)
 - b. 2019-20 Payment Preliminary Calculation (August 2019)
2. Resolution of the Oversight Board for the City of Pleasant Hill Redevelopment Successor Agency Approving an Amended Recognized Obligation Payment Schedule of the City of Pleasant Hill Redevelopment Successor Agency for the Period January 1, 2020 through June 30, 2020

Exhibit A Pleasant Hill Redevelopment Successor Agency Amended Recognized Obligation Payment Schedule January 1, 2020 through June 30, 2020 (Amended ROPS 19-20B)