



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

Meeting Date: January 27, 2020

TO: COUNTYWIDE OVERSIGHT BOARD MEMBERS

SUBJECT: PLEASANT HILL RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) AND ADMINISTRATIVE BUDGET FOR JULY 1, 2020 THROUGH JUNE 30, 2021 (ROPS 20-21)

SYNOPSIS

The City of Pleasant Hill Redevelopment Successor Agency (Successor Agency) is required to prepare a Recognized Obligation Payment Schedule (ROPS) and Administrative Budget for each twelve-month fiscal period. The documents must be submitted to and approved by the Countywide Oversight Board of Contra Costa County (Oversight Board) and the California Department of Finance (DOF). Approval of the ROPS is required to receive property tax increment revenues to pay down approved enforceable obligations and administrative costs. The Successor Agency requests the Oversight Board's adoption of the attached resolutions approving the ROPS and Administrative Budget for the period of July 1, 2020 through June 30, 2021.

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 on February 1, 2012 through ABX1 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 twelve-month period of its operations (July through December (ROPS A)), and January through June (ROPS B)), which it submits to the Oversight Board for approval. The ROPS lists all projected financial obligations of the former Agency due over the coming twelve-month period and the amount of property tax increment revenue (formally called “Redevelopment Property Tax Trust Fund” or “RPTTF” revenue) needed to pay those obligations. The Successor Agency is also required to prepare an Administrative Budget for each twelve-month period and submit it to the Oversight Board for approval.

Analysis

Recognized Obligation Payment Schedule

The proposed ROPS 20-21 for July 1, 2020 through June 30, 2021, attached as Exhibit A to the accompanying Oversight Board resolution, consists of four components:

- The Summary section (page 1) summarizes the Successor Agency’s request for funding of enforceable obligations;
- The ROPS Detail section (page 2) contains the complete list of enforceable obligation payments that are projected to be due during the twelve-month funding period;
- The Report of Cash Balances section (page 3) provides details of any cash balances carried over from prior periods; and
- The Notes section (page 4) contains explanatory notes regarding specific enforceable obligations listed in the ROPS Detail section.

Summary

The Successor Agency estimates that its costs for July 2020 through June 2021 will total \$3,134,993, of which \$2,884,993 would be paid against its enforceable obligations and \$250,000 would be for administrative costs. All obligations are requested to be paid with RPTTF revenues.

ROPS Detail

The ROPS Detail page lists the Agency’s remaining enforceable obligations. Items highlighted in red, by DOF, were the subject of previous DOF inquiries and, though resolved, may be subject to further scrutiny in the future.

Items 1 through 7 are obligations that must be paid according to set debt service schedules or developer reimbursement agreements entered by the former Agency. The Successor Agency is requesting \$2,554,567 in total for these items.

RESOLUTION APPROVING ROPS 20-21

January 27, 2020

Page 3

Item 10 relates to a loan of \$1,906,348 made in fiscal year 2009-10 from the former Agency's Low-Moderate Income Housing Fund to the Agency's general fund. The proceeds were used to finance the Agency's payment to the State for the Supplemental Educational Revenue Augmentation Fund (SERAF). Per the Dissolution Act, this loan may be placed on the ROPS as an enforceable obligation to deposit repayments into the Pleasant Hill's Low and Moderate Income Housing Asset Fund. The Dissolution Act sets a maximum annual repayment amount based on the amount of Residual RPTTF distributed in the prior fiscal year. A \$321,426 payment has been requested on the ROPS 20-21, which is the maximum annual payment based on a statutory calculation.

Item 13 relates to required deposits into the former Agency's Low- and Moderate-Income Housing Fund that the former Agency deferred to finance other Agency priorities. No payment is requested on the ROPS 20-21 because the maximum City loan repayment amount is requested for the SERAF loan. Staff anticipates there will be enough RPTTF revenue generated to repay these deferrals in fiscal year 2022-23.

Item 24 is the Administrative Allowance that the Successor Agency is entitled to claim to support its wind-down activities. The Successor Agency is requesting \$250,000 for the ROPS 20-21.

Items 25 through 29 are required bond trustee and disclosure payments related to ROPS items 1 and 2, the Tax Allocation Refunding Bonds and the Downtown CFD #1 Bonds. The Successor Agency is requesting a total of \$9,000 for these four items on the ROPS 20-21.

Item 30 relates to deferred taxing entity payments. This item was paid off on the ROPS 19-20 and will be retired.

Report of Cash Balances

The Report of Cash Balances identifies any cash balances of the Successor Agency remaining from prior fiscal years.

Column C reports bond reserve funds for the Tax Allocation Refunding Bonds, which are not available to fund enforceable obligations.

Column F reports an "Other Funds" surplus of \$51,317, which it earned through interest income and dividends.

Column G reports \$18,465 in RPTTF applied as a Prior Period Adjustment to fund ROPS 19-20 obligations. It also reports \$78,343 in RPTTF revenues received but not spent in fiscal year 2017-18. Staff anticipates the County Auditor-Controller to apply this as a Prior Period Adjustment to fund ROPS 20-21 obligations.

Administrative Budget

The Dissolution Act provides that the Successor Agency is allowed an annual Administrative Budget of up to \$250,000. An Administrative Budget for the twelve-month period is attached as Exhibit A to the accompanying resolution.

FISCAL IMPACT

Approval of the ROPS is required to pay fiscal year 2020-21 Successor Agency enforceable obligations totaling an estimated \$3.1 million.

RECOMMENDED BOARD ACTION

Successor Agency staff recommends that the Oversight Board adopt resolutions approving the ROPS and corresponding Administrative Budget of the Pleasant Hill Redevelopment Successor Agency for July 1, 2020 through June 30, 2021.

ALTERNATIVES TO RECOMMENDED ACTION

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

Prepared by: Mary McCarthy, Finance Manager

Attachments: Proposed Resolution of the Oversight Board for the Successor Agency to the Pleasant Hill Redevelopment Agency Approving the Recognized Obligation Payment Schedule for the Period July 1, 2020 through June 30, 2021

Exhibit A Pleasant Hill Redevelopment Successor Agency Recognized
Obligation Payment Schedule July 1, 2020 through June 30, 2021
(ROPS 20-21)

Proposed Resolution of the Oversight Board for the Successor Agency to the
Pleasant Hill Redevelopment Agency Approving the Administrative Budget of the
Successor Agency for the Period July 1, 2020 through June 30, 2021

Exhibit A Pleasant Hill Redevelopment Successor Agency Administrative
Budget July 1, 2020 through June 30, 2021