



Staff Report

Date: January 25, 2021

To: Oversight Board

From: Guy Bjerke, Economic Development and Base Reuse Director

Reviewed by: Suzanne McDonald, Financial Operations Manager

Prepared by: Guy Bjerke, Economic Development and Base Reuse Director
Guy.Bjerke@cityofconcord.org
(925) 671-3076

Subject: **Adopt Resolution No. 2021-4 approving the Recognized Obligation Payment Schedule (21-22) for July 1, 2021 through June 30, 2022 of the Successor Agency to the Redevelopment Agency of the City of Concord.**

Report in Brief

The Oversight Board is required to review and take action on the Successor Agency to the Redevelopment Agency of the City of Concord's Recognized Obligation Payment Schedule (ROPS) 2021-22 for the July 1, 2021 through June 30, 2022 time period. The proposed ROPS is the annual (fiscal year) ROPS cycle. The State made this change as part of legislation passed in 2015 governing Successor Agencies. Staff is requesting the Board to review and approve ROPS 21-22 (Attachment 1). Once approved by the Oversight Board, Successor Agency staff will forward the approved ROPS to the State Department of Finance (DOF), State Auditor Controller, County Administrator and County Auditor Controller for these agencies respective review by February 1, 2021. If approved by the DOF, ROPS 21-22 will be in place for the Successor Agency to make payments on agreements, Successor Agency administration and enforceable obligations of the former Redevelopment Agency for that period of time. Total amount of funds being requested for ROPS 21-22 is \$4,398,126.

Recommended Action

Staff recommends that the Oversight Board adopt Resolution No. 2021-4 (Attachment 2) approving ROPS 21-22 and direct staff to submit the ROPS to the Department of Finance and other agencies as required.

Background

On February 1, 2012, redevelopment agencies throughout the state were dissolved pursuant to Assembly Bill 1X 26. All of the non-housing assets and obligations of the former Redevelopment Agency of the City of Concord were transferred by operation of law to the Successor Agency of the City of Concord. Health and Safety Section 34179 provides for establishment of an Oversight Board to oversee the closeout and wind down of the former redevelopment agency.

On June 27, 2012, the Governor signed into law AB 1484 which modified the dissolution law affecting the winding down of redevelopment agencies throughout the State. As part of this law, successor agencies are required to submit an Oversight Board approved ROPS to the DOF essentially three months ahead of the each ROPS period for DOF's review. The DOF has 45 days to review the Oversight Board approved ROPS and make its determination of the enforceable obligations, obligation amounts and funding sources of the enforceable obligation no later than 45 days after the ROPS is submitted.

The Governor signed the 2015/16 Budget Trailer bill which provided for annual ROPS, commencing with ROPS July 1, 2016 to June 30, 2017 and thereafter, agencies shall submit an oversight board approved annual ROPS to DOF and the County Auditor-Controller by February 1, 2016 and each February 1 thereafter.

Analysis

The Successor Agency is responsible for administering the payments appearing on the proposed ROPS, subject to the approval of the Oversight Board, which is charged with reviewing and approving ROPS.

The Dissolution Law provides each successor agency with an administrative cost allowance equal to the greater of: (i) 3% of the property tax allocated to the Redevelopment Obligation Retirement Fund; or (ii) \$250,000; unless the amount is reduced by the Oversight Board or by agreement with the successor agency. Any amount that is not spent for actual costs incurred is returned to the County Auditor-Controller as part of the following Recognized Obligation Payment Schedule ("ROPS") true-up.

Senate Bill (SB) 107 introduced a new calculation commencing FY2016-17 for determining each successor agency's administrative cost allowance. It added a new cap on successor agency annual administrative costs. Under SB 107, a successor agency's total annual administrative costs cannot exceed 50% of the Redevelopment Property Tax Trust Fund ("RPTTF") distributed to the successor agency for the payment of approved enforceable obligations in the preceding year, reduced by the successor agency's administrative cost allowance and any City loan repayments in the preceding year. The Successor Agency's annual administrative costs (Attachment 3) do not exceed 50 percent of the RPTTF and therefore complies with SB 107.

ROPS Overview:

ROPS 21-22 shows enforceable obligations on an annual basis for the specific reporting period of July 1, 2021 through June 30, 2022 and is attached to this report (Attachment 1). The following summarizes ROPS 21-22:

- Total Enforceable Obligations to be paid during the period are \$4,478,320.
- Total amount of funds being requested is \$4,398,126, which includes \$250,000 for the minimum administrative fee.
- Total funding from other sources (Rent and Interest) is \$80,194
- Refunding Bond Obligation as set forth in the 2014 Tax Allocation Refunding Bonds totaling \$3,211,750.
- Disposition and Development Agreement for the Legacy Apartment Complex requires a Tax Increment Reimbursement in the amount of \$695,339, plus an additional true-up payment for supplemental taxes paid in 2019 after the property transferred ownership in the amount of \$319,376.

With previous resolutions approving the ROPS, the proposed resolution directs staff to cooperate with DOF to the extent necessary to obtain DOF's acceptance of ROPS 21-22.

Attachments

1. ROPS 21-22
2. Resolution No. 2021-4
3. Administrative Budget