



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

Meeting Date: January 25, 2021

TO: COUNTYWIDE OVERSIGHT BOARD MEMBERS

SUBJECT: PLEASANT HILL RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) AND ADMINISTRATIVE BUDGET FOR JULY 1, 2021 THROUGH JUNE 30, 2022

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 resolution approving the ROPS and Administrative Budget for the period of July 1, 2021 through June 30, 2022.

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

Summary

The Successor Agency estimates that its costs for July 2021 through June 2022 will total \$4,223,337 of which \$3,973,337 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

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 \$2,716,438 in total for these items.

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 Low and Moderate Income Housing Asset Fund (Housing Asset Fund). The ROPS 21-22 requests \$948,146 to repay the SERAF loan, which is the total remaining loan balance.

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. The former Agency deferred a total of \$1,161,749 in Housing Set-Aside deposits between FYs 1985-86 and 1991-92. A total of \$522,792 was repaid between FYs 2002-03 and 2003-04, leaving a remaining balance of \$638,957 at June 30, 2011. The Dissolutoin Act permits the deferred deposits to be placed on the ROPS as an enforceable obligation to deposit repayments into the Housing Asset Fund. The ROPS 21-22 requests \$66,122 to repay the deferred deposits now owed to the Housing Asset Fund.

ROPS Items 10 and 13 request a combined total of \$1,014,268, which is the maximum amount permitted by the Dissolution Act. The maximum annual repayment amount is based on the amount of Residual RPTTF distributed in the prior fiscal year. The maximum repayment calculation for fiscal year 2021-22 is:

$$\$2,273,644 - \$245,109 = \$2,028,525 / 2 = \$1,014,267$$

The former local Oversight Board to the Pleasant Hill Successor Agency and DOF approved the repayment of the two housing loans via Resolution Nos. 18-25 and 18-26.

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 21-22.

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 21-22.

Item 31 relates to a Litigation Settlement Agreement payments deferred prior to dissolution. This obligations has been paid off an may be retired.

Item 32 requests \$233,631 in underfunded administrative costs on the ROPS 18-19 due to an RPTTF shortfall. DOF approved a \$6.5 million RPTTF distribution on the ROPS 18-19. The actual amount available and distributed was \$4.7 million. As a result, the County Auditor-Controller only distributed non-administrative RPTTF. The final underfunded amount may be adjusted pending the County Auditor-Controller's Prior Period Adjustment review.

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 "Other Funds" revenues of \$78,543 in the ROPS 18-19 period, which it earned through interest income and dividends.

Column G reports that all RPTTF received for the ROPS 18-19 period was spent. The final Prior Period Adjustment amount is pending County Auditor-Controller review and will be adjusted if necessary during DOF's review of the ROPS.

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 B to the accompanying resolution.

FISCAL IMPACT

Approval of the ROPS is required to pay fiscal year 2021-22 Successor Agency enforceable obligations totaling an estimated \$4.2 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, 2021 through June 30, 2022.

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, 2021 through June 30, 2022

Exhibit A Pleasant Hill Redevelopment Successor Agency Recognized Obligation Payment Schedule July 1, 2021 through June 30, 2022 (ROPS 21-22)

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, 2021 through June 30, 2022

Exhibit A Pleasant Hill Redevelopment Successor Agency Administrative Budget July 1, 2021 through June 30, 2022