

**STAFF REPORT OF THE SUCCESSOR AGENCY TO THE HERCULES  
REDEVELOPMENT AGENCY**

**DATE:** January 24, 2022

**TO:** The Contra Costa Countywide Oversight Board

**SUBMITTED BY:** Dante Hall, City Manager/Executive Director  
Successor Agency to the Hercules Redevelopment Agency

**SUBJECT:** Recognized Obligation Payment Schedule and Administrative Budget for the period of July 1, 2022 through June 30, 2023 (ROPS 22-23)

**RECOMMENDED ACTION:**

Adopt a resolution approving the Recognized Obligation Payment Schedule and Administrative Budget for the period July 1, 2022 through June 30, 2023 (ROPS 22-23)

**DISCUSSION:**

Health and Safety Code (HSC) Section 34177 requires that successor agencies must, amongst other things, prepare a Recognized Obligation Payment Schedules (ROPS) for each upcoming fiscal year. A ROPS is the document that sets forth the maximum payment amounts and due dates of payments required by enforceable obligations. Enforceable obligations are defined in HSC Section 34171(d) and include the payment of bonds and loans, payments required by the federal government, judgments or settlements, any legally binding agreement or contract, and contracts or agreements necessary for the administration or operation of the successor agency.

Successor agencies are required to submit the ROPS to the Countywide Oversight Board then the California Department of Finance (DOF) for approval. Successor agencies are also required to prepare an annual administrative budget, which Hercules has incorporated into the ROPS.

**Highlights for ROPS 22-23**

Hercules ROPS 22-23 requests \$16,935,736 in obligations, of which \$15.7 million is from Redevelopment Property Tax Trust Funds (RPTTF) and \$1.2 million is from Reserve Balance. Obligations consist of bond debt service and related fees (\$14.3 million), payments owed to third parties pursuant to various agreements entered into prior to dissolution (\$2.4 million), and an administrative cost allowance (\$250,000).

Of the \$14.3 million requested for debt service and related fees, \$8.2 million is for debt service and fees due in the ROPS 22-23 period and \$6.1 million is requested as a reserve for debt service owed in the ROPS 23-24 period. The bond indentures require all bond debt service owed for the bond year (February 2023 and August 2023) to be requested in the ROPS 22-23B period. The reserve will be

funded only to the extent RPTTF is available, and any RPTTF received for the reserve on the ROPS 22-23 will decrease the amount of RPTTF requested on the ROPS 23-24.

Last year, the Successor Agency received \$1.2 million as a reserve for debt service due in the ROPS 22-23A period. As a result, ROPS Item 1, the 2005 Tax Allocation Bonds, requests \$1.2 million from Reserve Balance.

The Oversight Board is considering a separate agenda item authorizing the refunding of outstanding bonds issued by the former Hercules Redevelopment Agency. If the Oversight Board and Department of Finance approve the refinancing, debt service payments will decrease as a result of savings from the refinance. Item 32 lists a new item for the pending 2022 Tax Allocation Refunding Bonds (2022 Bonds) with a \$0 expense. If the refinancing is successful, ROPS Item 32 will replace ROPS Items 1-4 on future ROPS. Listing the pending 2022 Bonds on the ROPS 22-23 allows the Successor Agency to amend the ROPS 22-23 in the future if needed.

Item 16 lists a \$50.5 million outstanding loan owed from the City to the former Redevelopment Agency. No repayments are requested nor expected on the ROPS 22-23. The Successor Agency will only request funding for this item in the future if it becomes eligible through legislative changes.

The ROPS 22-23 Report of Cash Balance worksheet shows the RPTTF money received for ROPS 19-20 (July 1, 2019 through June 30, 2020) was fully expended.

#### **ATTACHMENTS:**

1. Resolution (includes Exhibit A Recognized Obligation Payment Schedule July 1, 2022 through June 30, 2023).