



# STAFF REPORT

**TO:** COUNTY OVERSIGHT BOARD OF CONTRA COSTA

**FROM:** NITISH SHARMA, FINANCE DIRECTOR (INTERIM)

**DATE:** JANUARY 13, 2023

**SUBJECT:** ADOPT A RESOLUTION TO APPROVE AND ADOPT THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE YEAR ENDING JUNE 30, 2024 (ROPS 2023-2024), PURSUANT TO THE DISSOLUTION ACT

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## **RECOMMENDATION**

It is recommended the Countywide Oversight Board of Contra Costa County adopt the attached Resolution approving the Recognized Obligation Payment Schedule (ROPS 2023-2024) covering the timeframe July 1, 2023 through June 30, 2024 pursuant to Section 31471(h) and 34177(l)(1) of the California Redevelopment Law – the Dissolution Act, [ABx1 26 and AB 1484].

## **BACKGROUND**

Under the Dissolution Act, “enforceable obligations” of the former redevelopment agency (e.g. Clayton Redevelopment Agency) include the following financial arrangements (the ROPS of a city or county):

- Bonds
- Loans
- Payments required by state or federal government
- Obligations to employees
- Judgments or settlements
- Binding and legally enforceable agreements entered into before AB1x26
- Contracts for Redevelopment Agency (RDA) administration, Successor Agency administration, and Oversight Board administration

The monies to fund payment of the requested ROPS enforceable obligations are issued by the Contra Costa County Auditor-Controller's Office (CAC) to Clayton's Redevelopment Obligation Retirement Fund. As its name implies, this fund replaces the former Redevelopment Agency's three Funds and functions as the repository for sufficient tax increment revenues in the amounts identified and approved in subsequent ROPS to effectively "retire" all former Clayton Redevelopment Agency debts and contractual obligations over a multi-year period. Once all identified and certified debts and obligations have been satisfied, the Successor Agency is then dissolved.

Pursuant to *California Health and Safety Code* section 34179(j), on and after July 1, 2018, in each county where more than one oversight board was created (including Contra Costa County), there shall be only one County Oversight Board staffed by the County Auditor-Controller. The Countywide Oversight Board of Contra Costa County is comprised of a seven-member board consisting of one member from each of the following groups: County Board of Supervisors, Mayors Conference, Special Districts, the Superintendent of Schools, Community College District, a member of the public, and a former employee of a County public agency. Following this re-organization of the Oversight Board, commencing July 1, 2018, the Department of Finance (DOF) only recognizes actions taken by the newly established Countywide Oversight Board.

## **DISCUSSION**

### ***Prior Recognized Obligation Payment Schedule***

A DOF Determination Letter dated April 12, 2022, made one modification to the Clayton Oversight Board-approved ROPS 2022-2023; the allowable amount for administrative recovery was reduced from \$250,000 to \$196,338 due to the relatively small dollar amount the Successor Agency requires to meet its obligations. Following the DOF's approval this resulted in the Clayton Successor Agency receiving \$480,386 in June 2022 for enforceable obligations through the six-month period ending December 31, 2022. Also, pursuant to the DOF's April 13, 2022 determination letter, the Clayton Successor Agency expects to receive \$80,193 in January 2023 for enforceable obligations through the six-month period ending June 30, 2023.

### ***Current Recognized Obligation Payment Schedule***

Included herein, as Attachment 1 to this staff report, is the 17<sup>th</sup> Recognized Obligation Payment Schedule (ROPS 2023-2024). Pursuant to *California Health & Safety Code* section 34177(o)(1), commencing with the ROPS 2016-2017 and thereafter, agencies were authorized to submit an annual ROPS to the DOF and the CAC by February 1, 2016 and each February 1<sup>st</sup> thereafter. Following the annual submission of an approved ROPS, the DOF has been directed to make its determination of approval by the following April 15<sup>th</sup>.

On this annual ROPS, the Successor Agency is requesting Redevelopment Property Tax Trust Fund (RPTTF) monies to pay for local obligations totaling \$516,255 and \$129,485 for the six-month periods ending December 31, 2023 and June 30, 2024, respectively. In addition to RPTTF, the Successor Agency is requesting authorization to use other unencumbered Successor Agency balances to make

payments on enforceable obligations consistent with the law and the DOF's April 13, 2022 determination letter.

For the six-month period ending December 31, 2023, the Successor Agency is requesting authorization to make payments on the following enforceable obligations:

- Principal and interest on the 2014 Refunding Tax Allocation Bonds;
- Trustee and other professional service fees directly related to the bonds;
- Administrative costs under *California Health & Safety Code* section 34171(b).

Immediately thereafter, for the six-month period ending June 30, 2024, the Successor Agency is requesting authorization to make payments on the following enforceable obligations:

- Interest on the 2014 Refunding Tax Allocation Bonds, and
- Administrative costs under *California Health & Safety Code* section 34171(b).

## **FISCAL IMPACT**

Once approved by the DOF, ROPS 2023-2024 will be in place for the Successor Agency to make payments on agreements and other obligations of the former Redevelopment Agency for the period July 1, 2023, through June 30, 2024. Absent of this approval, the Successor Agency is not permitted to make such payments which would cause the Successor Agency to be in breach of legal bond covenants.

Attachments:

1. Successor Agency Resolution approving the ROPS 2023-2024 Resolution (3 pp.)
  - Exhibit A: Recognized Obligation Payment Schedule (ROPS 2023-2024)