

Date: January 23, 2023

To: Contra Costa Countywide Oversight Board

From: San Pablo Local Successor Agency

Subject: Resolution of the Contra Costa Countywide Oversight Board Approving an Administrative Budget and the Recognized Obligation Payment Schedule for Fiscal Year 2023-24 (“ROPS 23-24”) for the San Pablo Local Successor Agency

RECOMMENDATION

Adopt resolution approving an Administrative Budget and the Recognized Obligation Payment Schedule (“ROPS”) for the San Pablo Local Successor Agency for Fiscal Year 2023-24.

BACKGROUND

The San Pablo Local Successor Agency ("LSA") is responsible for winding down the activities of the former Redevelopment Agency of the City of San Pablo (the "former Redevelopment Agency") pursuant to the requirements of Part 1.85 of Division 24 of the California Health and Safety Code (Health and Safety Code Section 34170 *et seq.* the "Dissolution Act").

Section 34177(o) of the Dissolution Act requires the LSA to adopt an annual ROPS, which is then presented to the Countywide Oversight Board for approval. The ROPS functions as the LSA's claim for tax increment funds and general authorization to pay enforceable obligations. The ROPS lists the outstanding obligations of the former Redevelopment Agency and the funding source for each obligation. The LSA is only authorized to pay obligations listed on the ROPS, and will only be allocated tax increment funds by the County Auditor-Controller for those listed obligations. Obligations that will be funded by other sources, such as existing fund balances, must also be listed on the ROPS.

The San Pablo LSA's ROPS 23-24 is attached to the resolution accompanying this staff report. ROPS 23-24 was approved by the San Pablo LSA on December 19, 2022.

ROPS Enforceable Obligations

The ROPS 23-24 requests \$6,386,650 in enforceable obligations, of which \$6,136,650 are non-administrative and \$250,000 is an administrative allowance. Enforceable obligations include:

- Item 20 – Trustee Fees – The Successor Agency is requesting \$20,000 to pay administrative fees charged by the fiscal agent on the bonds pursuant to an enforceable contract.
- Item 29 – Administrative Fees – The Successor Agency is requesting \$250,000 for its FY 2023-24 administrative expenses, which is the minimum amount permitted by the Dissolution Act. The administrative budget is needed to fund staff time to prepare the ROPS, prepare for and attend Successor Agency and Oversight Board meetings, administer payments, and maintain financial records including the annual audited financial statements.
- Item 36 – Property Maintenance Costs – The Successor Agency is requesting \$5,000 for landscaping, utilities, and property maintenance costs on LSA property.
- Item 38 – 2014 Tax Allocation Refunding Bonds/Series 2014A – The Successor Agency is requesting \$5,255,250 to make debt service payments on the 2014 Bonds by December 15, 2023 and June 15, 2024 as required pursuant to the Indenture of Trust for the bonds.
- Item 45 – JPFA/2016 Tax Allocation Bond/CABs – The Successor Agency is requesting \$840,000 to make debt service payments on the 2016 Bonds by June 15, 2024 as required pursuant to the Indenture of Trust for the bonds.
- Item 47 – Bond Continuing Disclosure Services – The Successor Agency is requesting \$10,000 to make payments to a consultant for bond continuing disclosure services.
- Item 49 – Audit Services – The Successor Agency is requiring \$6,400 to make payments to a consultant for Successor Agency statements and disclosures in the Comprehensive Annual Financial Report.

Administrative Cost Allowance and Administrative Budget

Pursuant to Section 34171(b), the LSA is to receive an administrative cost allowance ("ACA") for the staff costs to administer the wind down of the former Redevelopment Agency. These costs include staff time in preparing for and attending Countywide Oversight Board meetings and staff costs related to preparing reports and documents required by the Dissolution Act. The ACA is the greater of \$250,000 or 3% of the property tax revenues allocated to the LSA in the preceding fiscal year to pay approved enforceable obligations (after first deducting from said allocated property tax revenues the amount of the LSA's ACA for the preceding fiscal year and any loan repayments to the City during said preceding fiscal year).

The LSA's ACA for ROPS 23-24 will be \$250,000, which is the minimum amount. These funds will be the sole source of payment for the LSA's administrative costs. City staff serves as the staff for the LSA.

The proposed administrative budget for the San Pablo LSA is attached to the resolution and covers all of Fiscal Year 2023-24. The budget also shows the estimated breakdown of the ACA for staff and consultant costs. The administrative budget was approved by the San Pablo LSA on December 19, 2022.

FISCAL IMPACT

The approval of ROPS 23-24 by the Countywide Oversight Board is part of the procedure of adopting a valid ROPS for Fiscal Year 2023-24 pursuant to Section 34177(o), and obtaining the funds to make payments on obligations listed on that ROPS. The approval of the LSA's administrative budget provides the supporting detail for the LSA's claim for ACA on ROPS 23-24.

Attachments:

Exhibit A Oversight Board Resolution OB2023-_____, with
Administrative Budget and ROPS 23-24 attached.