Contra Costa County

To: Successor to the Contra Costa County Redevelopment Agency

From: John Kopchik, Interim Director, Conservation & Development Department

Date: February 10, 2015

Subject: Recognized Obligation Payment Schedule (ROPS) 2015-16A

RECOMMENDATION(S):

1. FIND that the approval of the administrative budget for the Successor Agency for the period July 1, 2015 through December 31, 2015 ("Administrative Budget") and the Recognized Obligation Payment Schedule for the period of July 1, 2015 - December 31, 2015, ("ROPS 15-16A") are exempt from the California Environmental Quality Act ("CEQA") pursuant to Section 15061(b)(3) of the CEQA Guidelines; and

2. ADOPT Resolution No. 2015/51, approving the Administrative Budget and the ROPS 15-16A, both of which are attached as Exhibit A and Exhibit B, respectively.

3. DIRECT the Conservation and Development Director to file a Notice of Exemption with the County Clerk and pay the filing fee.

FISCAL IMPACT:

None to the General Fund. Since dissolution of the Contra Costa County Redevelopment Agency (the "Dissolved RDA"), tax increment is now deposited in the Redevelopment Property Tax Trust Fund ("RPTTF"), which is administered by the County Auditor-Controller on behalf of the County in its capacity as Successor Agency to the

☑ APPROVE ☐ OTHER

☑ RECOMMENDATION OF CNTY ADMINISTRATOR ☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **02/10/2015** ☑ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE:
John Gioia, District I Supervisor
Mary N. Piepho, District III Supervisor
Karen Mitchoff, District IV Supervisor
Federal D. Glover, District V Supervisor

ABSENT:
Candace Andersen, District II Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: February 10, 2015

David Twa, County Administrator and Clerk of the Board of Supervisors

By: June McHuen, Deputy

Contact: Maureen Toms, 674-7878

cc:

Dissolved RDA. RPTTF distributions are made semi-annually from the RPTTF by the County Auditor-Controller to the Successor Agency to fund the Successor Agency's administrative budget and Recognized Obligation Payment Schedule. These funds are distinct and separate from other funds used by the Department of Conservation and Development. According to state law, any obligation of the Successor Agency that cannot be funded by the RPTTF would not be an obligation of the County.

BACKGROUND:

Administrative Budget

According to Health & Safety Code Section 34177 of Assembly Bill x126 (the "Dissolution Act"), the Successor Agency staff prepares a draft administrative budget and submits it to the Oversight Board for approval. Prior to the Oversight Board's approval of the administrative budget, the Board of Supervisors, acting in the capacity as the governing board of the Successor Agency for the Contra Costa County Redevelopment Agency, has an opportunity to review and approve the proposed administrative budget.

The state statute specifies a minimum administrative cost allowance to the Successor Agency for its administrative costs, using a percentage of property tax revenue allocated by the County Auditor-Controller to the Successor Agency to meet enforceable obligations. The County Auditor-Controller calculates the allowance using three percent of the distribution to be received by the Successor Agency from the RPTTF or $250,000 for the fiscal year, whichever amount is greater. The County Auditor-Controller general practice has been to provide all successor agencies in the County with the statutory minimum administrative cost allowance in the amount of $250,000 along with the July 1st RPTTF distribution.

The County Auditor Controller will distribute a supplemental administrative cost allowance along with the January 2nd RPTTF distribution in cases where three percent of a successor agency's RPTTF distribution for the fiscal year is greater than $250,000.

In February 2015, the Fiscal Year 2015-16 administrative budget estimated that the Successor Agency would receive an administrative cost allowance equal to three percent of the Successor Agency's RPTTF distribution or approximately $311,728 for the entire Fiscal Year 2015-16. Some Successor Agency staff costs are project-related and charged to non-administrative enforceable obligations (e.g. management of construction projects) shown on the Recognized Obligation Payment Schedules (ROPSs). These non-administrative and project management costs are now estimated to contribute $35,000 in revenue for the administrative budget in ROPS 15-16A period. The administrative budget is attached as Exhibit A.

Recognized Obligation Payment Schedule 15-16A

Beginning in Fiscal Year 2013-14, the Department of Finance ("DOF") implemented a new naming convention for ROPS prepared for each six-month spending period. The ROPS for the July 1, 2015 to December 31, 2015 time period is the eighth ROPS prepared by the Successor Agency and is named "ROPS 15-16A" according to the DOF naming convention. This naming convention helps the DOF determine which six-month period of the fiscal year is covered by a ROPS. ROPS 15-16A covers the first half of Fiscal Year 15-16 and ROPS 15-16B will cover the second half of the 15-16 Fiscal Year.

Resolution No. 2015/51 adopts ROPS 15-16A, which is included as Exhibit B to this report. After adoption by the Successor Agency, ROPS 15-16A will be submitted to the Oversight Board for approval. The Oversight Board is scheduled to meet on February 25, 2015. As required under Health and Safety Code Section 34179.6, ROPS 15-16A will be submitted to the County Administrator, the State Controller's Office, DOF and the County Auditor-Controller, and will be posted on the Successor Agency's website. The DOF must receive ROPS 15-16A no later than March 2, 2015.

Assembly Bill 1484, the Dissolution Act "clean-up" legislation, became effective on June 27, 2012. It provides a 45-day review period for the DOF once the Oversight Board has approved the ROPS. Within five business days of the DOF decision on a ROPS, a Successor Agency may request a meet and confer with the DOF to discuss any disputed items.

ROPS 15-16A authorizes all payments to be made by the Successor Agency for enforceable obligations for the six-month time period between July 1, 2015 and December 31, 2015. The payments noted on the ROPS are estimates. In most cases, assumptions made for 15-16A were based on actual expenditures in the prior ROPS and expected expenditures 15-16A and 15-16B.

The title page of ROPS 15-16A shows enforceable obligations require a $5,571,867 distribution from the Successor Agency’s RPTTF. This amount assumes the RPTTF has already set aside pass-through payments to taxing entities and administrative costs for the County Auditor-Controller. In cases where the Auditor-Controller determines that RPTTF revenue is not sufficient to meet ROPS obligations, the Auditor-Controller will make distributions from the RPTTF according to the priorities established by the Dissolution Act. These priorities are as follows: 1) tax allocation bond debt service payments, 2) pass thru payments, 3) other ROPS obligations, and 4) administrative allowance. In a case where there is residual RPTTF after payment of these priorities, this residual revenue would be distributed to the taxing entities based on their tax rates for properties located within the project area.

On July 18, 2013, the Department of Finance issued the Successor Agency a "Finding of Completion" pursuant to Health and Safety Code Section 34179.7. As a result of the issuance of the Finding of Completion, the Successor Agency is authorized to: (1) place loan agreements between the dissolved RDA and the County on the ROPS; (2) utilize proceeds derived from non-housing bonds issued prior to January 1, 2011, in a manner consistent with the original bond covenants; and (3) dispose of properties owned by the Former RDA pursuant to a long-range property management plan approved by the Successor Agency’s Oversight Board and the DOF.

There are currently two outstanding loans from the County that need repayment, including the State Supplemental Educational Revenue Fund (SERAF) repayment (#74) in an amount of $502,175, payable pursuant to Health and Safety Code Section

34176(e)(6)(B); and the Housing Asset Fund Obligation under Health and Safety Code Section 34191.4(b)(2)(C) in the approximate amount of $5,004 and the Montalvin Manor loan (#59) in the amount of $250,277 to repay the outstanding obligation payable pursuant to Health and Safety Code Section 34191.4(b)(2)(A). According to Section 34191.4.(b)(2)(A), the maximum repayment amount authorized each fiscal year for repayments must be equal to one-half of the increase between the amount of residual distributions distributed to the taxing entities in a particular fiscal year and the amount of residual distributions distributed to taxing entities pursuant to that paragraph in the 2012–13 base year. In the base year of 2012-13, the County Auditor-Controller made a total residual distribution of $359,755.05 to taxing entities for FY 12-13, which is considered the “base year”. The County Auditor-Controller made a total residual distribution of $359,395.52 for FY 13-14. The residual distribution for FY 14-15 was $2,527,914, an increase of $2,168,159. The available funds for loan repayment is 50 percent of the increase of distribution which is $1,084,080.50. There is adequate funding available to repay the two loans in the ROPS 15-16A period and retire the obligations. Pursuant to Section 34191.4(b)(2)(B), the repayment of the SERAF loan and the Housing Asset Fund Obligation take priority over repayments of the Montalvin Manor loan.

ROPS 15-16A also relisted the Fiscal Agreement with the East Bay Regional Park District (EBRPD) (see Line 65). The DOF again denied this item in ROPS 13-14B and 15-16A, but indicated it would be eligible for reimbursement after the improvements proposed for the EBRPD’s Lone Tree Point property are completed. The enforceable obligation is listed on ROPS 15-16A with $9,856 of RPTTF funds requested.

Environmental Review

The actions set forth in Resolution No. 22015/51 as summarized above, are exempt under Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (the "CEQA") in that it can be seen with a certainty that the actions will not have a significant adverse impact on the environment. The actions are required to continue a governmental funding mechanism for financial obligations of the former Redevelopment Agency and to perform the statutorily mandated unwinding of the assets, liabilities, and functions of the Dissolved RDA pursuant to the Dissolution Act. A Notice of Exemption will be filed with the County Clerk in accordance with the CEQA guidelines.

CONSEQUENCE OF NEGATIVE ACTION:

Failure to adopt the resolution would require the Board to consider other options for providing and funding staff support for the Successor Agency. Without approving the Recognized Obligation Payment Schedule for the period July through December 2015, the County Auditor-Controller would not be able to allocate funds to the Successor Agency for staffing services and payment of recognized obligations during this six-month period, and the Successor Agency would risk defaulting on enforceable obligations.

CHILDREN'S IMPACT STATEMENT:

Not applicable.

ATTACHMENTS

Resolution No. 2015/51

Exhibit A - Administrative Budget

Exhibit B - ROPS 15-16A