

CONSOLIDATED OVERSIGHT BOARD
MONTEREY COUNTY
ACTING AS SUCCESSOR AGENCY
TO THE REDEVELOPMENT AGENCY

MEETING: January 14, 2022	AGENDA NO.:
SUBJECT: a. Adopt a Resolution approving the Successor Agency for the County of Monterey Recognized Obligation Payment Schedule (ROPS) for July 1, 2022 to June 30, 2023 (ROPS 22-23); b. Authorize the Chair of the Oversight Board to sign the ROPS form, as required by the State Department of Finance; and c. Direct staff to submit the ROPS to the State Department of Finance.	
DEPARTMENT: County of Monterey Housing and Community Development Department	

RECOMMENDATION:

- a. Adopt a resolution approving the Successor Agency for the County of Monterey Recognized Obligation Payment Schedule (ROPS) for July 1, 2022 to June 30, 2023 (ROPS 22-23);
- b. Authorize the Chair of the Oversight Board to sign the ROPS form, as required by the State Department of Finance; and
- c. Direct staff to submit the ROPS to the State Department of Finance.

DISCUSSION:

Pursuant to complying with the Dissolution Act, as amended by Assembly Bill (AB) 1484, the ROPS 22-23, must be approved by the Consolidated Oversight Board by resolution and submitted to the State Department of Finance (DOF), County Auditor-Controller, and County Administrative Officer by February 1, 2022. AB 1484 includes penalties for Successor Agencies that do not submit the ROPS by the deadline.

As with previous ROPSs, the primary purpose is to list all enforceable obligations, the total amount of the obligation, and payments anticipated for the twelve-month period from July 1, 2022 through June 30, 2023. Once approved by DOF, ROPS 22-23 allows the Successor Agency to make the payment listed. The draft resolution (Attachment 1) and ROPS 22-23 (Attachment 2) are provided for Board consideration.

A total of \$3,837,755 is anticipated to be expended during fiscal year 2022-2023 for the Successor Agency for the County of Monterey recognized obligations, the majority of which, \$3,206,343, are for activities related to the East Garrison development Item No. 19 (East Garrison DDA Affordable Housing Subsidy) associated with the East Garrison Phase 2 and 3 Rental Affordable Housing units. Staff recently completed its adjusted calculations for the Agency obligation for the affordable housing subsidy for the Phase 2 and 3 rental apartments per the terms of the East Garrison Disposition and Development Agreement (EGDDA). The total Agency obligation is \$12,195,306 (\$6,051,106 for Phase 2 and \$6,144,200 for Phase 3) as of November 30, 2021. The Agency's initial contribution is obligated and used as leverage to help secure additional funding sources. Pursuant to the EGDDA, the developer has provided the Agency with a guarantee that both Projects will be completed no later than March 31, 2025, and additionally provided the agency with a surety performance bond in the amount of \$17.5 million for its completion.

The Phase 2 Rental Affordable Housing Project is being developed by CHISPA and has secured sufficient funding to begin construction in February 2022. A Reimbursement Agreement between the Successor Agency and CHISPA is scheduled to go before the Board of Supervisors, acting as the Board of Directors of the Successor Agency on January 11, 2022. Funds are expected to be spent over an approximately 6-month period during spring and summer 2022. The Agency's obligation for the CHISPA Phase 2 project is \$6,051,106. The Phase 3 Rental Affordable Housing Project will be funded utilizing Agency subsidy, developer funds, and a combination of direct contribution, grants, and tax credits through Artspace Projects, Inc. (Artspace), the non-profit affordable housing partner. Pursuant to the EGDDA, the developer has an obligation to contribute funds toward the 65-unit low and very-low rental apartment building for Phase 3. The Agency is actively working with the developer and Artspace to identify grant and tax credit opportunities to augment developer and Successor Agency funding to fully fund the Project.

Artspace is optimistic that grants and other funding programs that the Project will be eligible for will become available during ROPS Period 22-23. The Agency's estimated beginning fund balance for FY 2021-22 is \$6,211,631 from tax increment. \$1,569,273 of increment that was previously requested is being requested again to correct for the prior period adjustment and enable the Agency to retain those needed funds for the affordable housing subsidy for the Phase 2 and 3 rental apartments.

Expenditures for ROPS Period 22-23 A and B No.10 for total of \$481,412 include: mothballing activities to preserve the Historic Buildings including repairing and sealing windows and repairing areas of water intrusion; weed abatement and fire fuel mitigation; moderate income Work Force housing qualification oversight; and on-call maintenance costs. The remaining \$150,000 (\$75,000 for period A and \$75,000 for period B) for ROPS 22-23 is for Administrative Cost Allowance in Item No. 29.

Prepared by: Stacey Fiess, Management Analyst II (831) 755-5141

Reviewed by: Melanie Beretti, AICP, Principal Planner (831) 755-5285

Approved by: Erik Lundquist, AICP, Director of Housing and Community Development

Attachments:

Attachment 1 – Draft Resolution

Attachment 2 – Department of Finance ROPS 22-23 Annual Recognized Obligation Payment Schedule

Attachment 3 – Approved ROPS 21-22 for the Successor Agency for the County of Monterey

**Before the Consolidated Oversight Board
Successor Agency for the
County of Monterey, State of California**

Resolution No. _____

Approve the Successor Agency for the Monterey County Recognized)
Obligation Payment Schedule (ROPS) for the Period from July 1, 2022 to)
June 30, 2023 (ROPS 22-23), make related findings, and direct the)
Successor Agency Staff to take all actions necessary to effectuate)
requirements associated with this approval.

WHEREAS, the California state legislature enacted Assembly Bill x1 26 (as amended by AB 1484, the "Dissolution Act") to dissolve redevelopment agencies formed under the Community Redevelopment Law (Health and Safety Code Section 33000 et seq.); and

WHEREAS, on January 10, 2012, the Monterey County Board of Supervisors adopted Resolution No. 12-006 agreeing to serve as the Successor Agency to the former Redevelopment Agency of the County of Monterey; and

WHEREAS, on February 1, 2012, the RDA of the County of Monterey was dissolved pursuant to Health and Safety Code Section 34172; and

WHEREAS, pursuant to the Dissolution Act, the Successor Agency is declared to be a separate legal entity from the County of Monterey; and

WHEREAS, the Dissolution Act provides for the appointment of a consolidated oversight board (the "Consolidated Oversight Board"), as of July 1, 2018, with specific duties to approve certain Successor Agency actions pursuant to Health and Safety Code Section 34180 and to direct the Successor Agency in certain other actions pursuant to Health and Safety Code Section 34181; and

WHEREAS, Health and Safety Code Section 34177(l)(2)(A) requires the Successor Agency to prepare draft Recognized Obligation Payment Schedules and make associated notifications and distributions; and

WHEREAS, Successor Agency staff recently completed its adjusted calculations for the Agency obligation for the affordable housing subsidy of the Phase II and Phase III Rental Affordable Housing projects at East Garrison, and is requesting \$3,837,755 to meets its funding obligation per the terms of the DDA; and

WHEREAS, Successor Agency staff prepared the Recognized Obligation Payment Schedule for the period July 1, 2022 through June 30, 2023 (the "ROPS 22-23"); and

WHEREAS, under the Dissolution Act, the Proposed ROPS 22-23 must be submitted by the Successor Agency for the County of Monterey to the Consolidated Oversight Board for the Consolidated Oversight Board's approval in accordance with the Dissolution Act; and

WHEREAS, the Consolidated Oversight Board has reviewed the Successor Agency for the County of Monterey Proposed ROPS 22-23 and has considered the staff presentation and any comments from the public related thereto.

NOW, THEREFORE, BE IT RESOLVED that the Consolidated Oversight Board hereby finds and determines that the foregoing recitals are true and correct, and together with

information provided by the Successor Agency for the County of Monterey staff and the public, form the basis for the approvals, findings, resolutions and determinations set forth below.

BE IT FURTHER RESOLVED that in accordance with the Dissolution Act, the Consolidated Oversight Board hereby approves the Proposed ROPS in the form on file with the secretary of the Consolidated Oversight Board (the "Approved ROPS 22-23"), including the agreements and obligations described in the Approved ROPS 22-23, and hereby determines that such agreements and obligations constitute "enforceable obligations" and "recognized obligations" for all purposes of the Dissolution Act. In connection with such approval, the Consolidated Oversight Board makes the specific findings set forth below.

1. The Consolidated Oversight Board has examined the items on the Approved ROPS 22-23 and finds that each of them is necessary for the continued maintenance and preservation of property owned by the Successor Agency for the County of Monterey until disposition in accordance with the Dissolution Act, the continued administration of the ongoing agreements herein approved by the Consolidated Oversight Board, or the expeditious wind-down of the affairs of the Dissolved RDA by the Successor Agency for the County of Monterey.
2. The Successor Agency for the County of Monterey is authorized and directed to enter into any agreements and amendments to agreements necessary to memorialize and implement the agreements and obligations in the Approved ROPS 22-23 and herein approved by the Consolidated Oversight Board.
3. The Consolidated Oversight Board hereby authorizes and directs the Successor Agency for the County of Monterey staff to take all actions necessary under the Dissolution Act to file, post, mail or otherwise deliver via electronic mail, internet posting, and/or hardcopy, all notices and transmittals necessary or convenient in connection with the approval of the Approved ROPS 22-23 and to take any other actions necessary to ensure the validity of the Approved ROPS 22-23 and the validity of any enforceable obligation listed thereon, including participation in any Meet and Confer process .

BE IT FURTHER RESOLVED that this Resolution shall take effect at the time and in the manner prescribed in Health and Safety Code Section 34179(h).

PASSED AND ADOPTED this 14th day of January 2022, by the following vote, to wit:

AYES:

NOES:

ABSENT:

,Chair

I, Melanie Beretti, Successor Agency Staff of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Consolidated Oversight Board duly made and entered in the minutes thereof for the meeting on January 14, 2022.

Dated:

Melanie Beretti, Principal Planner
Housing and Community Development Department
County of Monterey, State of California

By _____

**Recognized Obligation Payment Schedule (ROPS 22-23) - Summary
Filed for the July 1, 2022 through June 30, 2023 Period**

Successor Agency: Monterey County

County: Monterey

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	22-23A Total (July - December)	22-23B Total (January - June)	ROPS 22-23 Total
A Enforceable Obligations Funded as Follows (B+C+D)	\$ -	\$ -	\$ -
B Bond Proceeds	-	-	-
C Reserve Balance	-	-	-
D Other Funds	-	-	-
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G)	\$ 1,731,343	\$ 2,106,412	\$ 3,837,755
F RPTTF	1,656,343	2,031,412	3,687,755
G Administrative RPTTF	75,000	75,000	150,000
H Current Period Enforceable Obligations (A+E)	\$ 1,731,343	\$ 2,106,412	\$ 3,837,755

Certification of Oversight Board Chairman:

Pursuant to Section 34177 (o) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named successor agency.

Name Title

/s/ _____
Signature Date

Monterey County
Recognized Obligation Payment Schedule (ROPS 22-23) - ROPS Detail
July 1, 2022 through June 30, 2023

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
Item #	Project Name	Obligation Type	Agreement Execution Date	Agreement Termination Date	Payee	Description	Project Area	Total Outstanding Obligation	Retired	ROPS 22-23 Total	ROPS 22-23A (Jul - Dec)					22-23A Total	ROPS 22-23B (Jan - Jun)					22-23B Total
											Fund Sources						Fund Sources					
											Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	
								\$24,244,892		\$3,837,755	\$-	\$-	\$-	\$1,656,343	\$75,000	\$1,731,343	\$-	\$-	\$-	\$2,031,412	\$75,000	\$2,106,412
8	East Garrison Facilities	OPA/DDA/ Construction	10/04/ 2005	01/01/2035	Various	Tax increment pledged for design & construction public facilities per DDA (estimate) - current year is reserve for long-term obligation	Fort Ord	1,250	N	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-
9	East Garrison Historic District	OPA/DDA/ Construction	10/04/ 2005	01/01/2035	Various	Contract to assist with development of affordable housing programs	Fort Ord	3,723,078	N	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-
10	E Garrison DDA	OPA/DDA/ Construction	10/04/ 2005	01/01/2035	Agency (or successor)	\$300K/year commitment for E Garrison Project administration per DDA	Fort Ord	7,878,761	N	\$481,412	-	-	-	200,000	-	\$200,000	-	-	-	281,412	-	\$281,412
11	In Lieu Assessment Fees	Fees	05/02/ 2013	05/02/2013	County of Monterey	In Lieu fees for properties formerly owned by RDA 031-161-016-000; 031-161-021-000; 031-161-022-000; 031-161-023-000; and 031-164-130-000 (E Garrison). Assessments occur annually until the property no longer belongs to Successor Agency	Fort Ord	-	N	\$-	-	-	-	-	-	\$-	-	-	-	-	-	\$-

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	
Item #	Project Name	Obligation Type	Agreement Execution Date	Agreement Termination Date	Payee	Description	Project Area	Total Outstanding Obligation	Retired	ROPS 22-23 Total	ROPS 22-23A (Jul - Dec)					22-23A Total	ROPS 22-23B (Jan - Jun)					22-23B Total	
											Fund Sources						Fund Sources						
											Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		
						until the property no longer belongs to the Successor Agency.																	
16	Advance from County	City/County Loans After 6/27/11	05/30/2012	05/30/2012	County of Monterey	Repay 4/25/02 \$123,800 loan from County plus interest	Fort Ord	123,800	N	\$-	-	-	-	-	-	\$-	-	-	-	-	-	-	\$-
17	FY 10 SERAF	SERAF/ERAF	07/01/2009	06/30/2010	Housing Successor Agency	Repay funds transferred from Ft Ord Housing Set-Aside for FY 10 Supplemental ERAF payment	Fort Ord	60,295	N	\$-	-	-	-	-	-	\$-	-	-	-	-	-	-	\$-
18	FY 11 SERAF	SERAF/ERAF	07/01/2010	06/30/2011	Housing Successor Agency	Repay funds transferred from Ft Ord Housing Set-Aside for FY 11 Supplemental ERAF payment	Fort Ord	12,402	N	\$-	-	-	-	-	-	\$-	-	-	-	-	-	-	\$-
19	East Garrison DDA Housing Subsidy	OPA/DDA/Construction	10/04/2005	01/01/2035	Developer of East Garrison Project	Very low and low income housing subsidy per DDA (estimate)	All-Housing	12,195,306	N	\$3,206,343	-	-	-	1,456,343	-	\$1,456,343	-	-	-	1,750,000	-	\$1,750,000	
29	Successor Agency Administrative Cost Allowance (estimate)	Admin Costs	07/01/2013	06/30/2014	Various, including County of Monterey	Administrative Cost Allowance per H&S Code Sect. 34171(b)	ADM	250,000	N	\$150,000	-	-	-	-	75,000	\$75,000	-	-	-	-	75,000	\$75,000	

Monterey County
Recognized Obligation Payment Schedule (ROPS 22-23) - Report of Cash Balances
July 1, 2019 through June 30, 2020
(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation.

A	B	C	D	E	F	G	H
		Fund Sources					
		Bond Proceeds		Reserve Balance	Other Funds	RPTTF	
	ROPS 19-20 Cash Balances (07/01/19 - 06/30/20)	Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS RPTTF and Reserve Balances retained for future period(s)	Rent, grants, interest, etc.	Non-Admin and Admin	Comments
1	Beginning Available Cash Balance (Actual 07/01/19) RPTTF amount should exclude "A" period distribution amount.			1,583,628			
2	Revenue/Income (Actual 06/30/20) RPTTF amount should tie to the ROPS 19-20 total distribution from the County Auditor-Controller				54,393	2,239,264	
3	Expenditures for ROPS 19-20 Enforceable Obligations (Actual 06/30/20)					669,991	
4	Retention of Available Cash Balance (Actual 06/30/20) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)						
5	ROPS 19-20 RPTTF Prior Period Adjustment RPTTF amount should tie to the Agency's ROPS 19-20 PPA form submitted to the CAC			No entry required			
6							

Monterey County
Recognized Obligation Payment Schedule (ROPS 22-23) - Notes
July 1, 2022 through June 30, 2023

Item #	Notes/Comments
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Transmitted via e-mail

April 7, 2021

Melanie Beretti, RMA Services Manager
Monterey County
168 West Alisal Street, 2nd Floor
Salinas, CA 93901

2021-22 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the Monterey County Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2021 through June 30, 2022 (ROPS 21-22) to the California Department of Finance (Finance) on January 21, 2021. Finance has completed its review of the ROPS 21-22.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- On the ROPS 21-22 form, the Agency reported cash balances and activity for the period July 1, 2018 through June 30, 2019 (ROPS 18-19). According to our review, the Agency has approximately \$53,810 from Other Funds available to fund enforceable obligations on the ROPS 21-22. HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting Redevelopment Property Tax Trust Fund (RPTTF) funding. This item does not require payment from property tax revenues; therefore, the funding source for the following item has been reclassified in the amount specified below:
 - Item No. 19 – East Garrison DDA Housing Subsidy in the amount of \$2,800,000 is partially reclassified. Finance is approving RPTTF in the amount of \$2,746,190 and the use of Other Funds in the amount of \$53,810, totaling \$2,800,000.
- The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (3). However, Finance notes the Oversight Board (OB) has approved an amount that appears excessive, given the number and nature of the obligations listed on the ROPS. HSC section 34179 (i) requires the OB to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the OB to apply adequate oversight when evaluating the administrative resources necessary to successfully wind down the Agency.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations (prior period adjustments) for the ROPS 18-19 period. The ROPS 18-19 prior period adjustment (PPA) will offset the ROPS 21-22 RPTTF distribution. The County Auditor-Controller's review of the PPA form submitted by the Agency resulted in no PPA.

The Agency's maximum approved RPTTF distribution for the reporting period is \$3,349,967, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2021 through December 31, 2021 period (ROPS A period), and one distribution for the January 1, 2022 through June 30, 2022 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 21-22 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Except for the adjusted item, Finance does not object to the remaining items listed on the ROPS 21-22. If the Agency disagrees with our determination with respect to any items on the ROPS 21-22, except items which are the subject of litigation disputing our previous or related determinations, the Agency may request a Meet and Confer within five business days from the date of this letter. The Meet and Confer process and guidelines are available on our website:

http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/

The Agency must use the RAD App to complete and submit its Meet and Confer request form.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 21-22. This determination only applies to items when funding was requested for the 12-month period. If a determination by Finance in a previous ROPS is currently the subject of litigation, the item will continue to reflect the determination until the matter is resolved.

The ROPS 21-22 form submitted by the Agency and this determination letter will be posted on our website:

<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This determination is effective for the ROPS 21-22 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to Finance's review and may be adjusted even if not adjusted on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in the RPTTF.

Melanie Beretti
April 7, 2021
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Please direct inquiries to Kylie Oltmann, Supervisor, or Thong Thao, Staff, at (916) 322-2985.

Sincerely,



 JENNIFER WHITAKER
Program Budget Manager

cc: Lori Woodle, Finance Manager I, Monterey County
Jennifer Forsyth, Auditor Controller Analyst, Monterey County

Approved RPTTF Distribution July 2021 through June 2022			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 2,053,777	\$ 1,200,000	\$ 3,253,777
Administrative RPTTF Requested	75,000	75,000	150,000
Total RPTTF Requested	2,128,777	1,275,000	3,403,777
RPTTF Requested	2,053,777	1,200,000	3,253,777
<u>Adjustment(s)</u>			
Item No. 19	(53,810)	0	(53,810)
RPTTF Authorized	1,999,967	1,200,000	3,199,967
Administrative RPTTF Authorized	75,000	75,000	150,000
Total RPTTF Approved for Distribution	\$ 2,074,967	\$ 1,275,000	\$ 3,349,967