



**CITY COUNCIL/SUCCESSOR AGENCY AGENDA ITEM NO. F.7  
01/09/2024**

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**SUBJECT:** Recognized Obligation Payment Schedule (ROPS) 24-25.

**DEPARTMENT:** Finance & Information Systems

**STAFF:** Kerry Breen, Director of Finance & Information Systems  
Rachel Corona, Accountant II

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### **TITLE/RECOMMENDATION**

Staff recommends adopting a Resolution of the Successor Agency to the Brentwood Redevelopment Agency ("Successor Agency") approving the Recognized Obligation Payment Schedule (ROPS) and Administrative Budget for July 2024 – June 2025, and authorizing the Director of Finance and Information Systems and/or his designee, in consultation with the General Counsel, to make minor adjustments thereto as necessary to secure approval of the ROPS and/or the Administrative Budget by the State Department of Finance; and to undertake other actions necessary to carry out the purposes of this resolution.

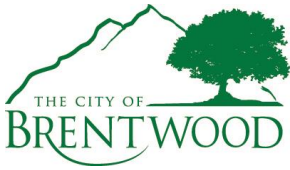
### **FISCAL IMPACT**

The adoption of the ROPS allows the Successor Agency to pay the obligations of the former Brentwood Redevelopment Agency in an orderly manner as the process of dissolution continues. Staff expects the next receipt of the Redevelopment Property Tax Trust Fund (RPTTF) payment to be received in late January 2024, and those proceeds will be used to fund the latter six months of the ROPS 2023-2024 obligations, with a second payment to be received in June 2024 for the first six months of the ROPS 2024-2025 time period. The Administrative Budget allows for reimbursement of \$250,000 of administrative costs for the July 2024 – June 2025 time period. A total of \$250,000 in administrative cost reimbursements have been requested for the 2024-25 fiscal year.

The only fiscal impact to the City is the receipt of the \$250,000 administrative reimbursement. The ROPS will allow the existing debts of the former Redevelopment Agency to be paid as the Redevelopment wind down continues.

### **BACKGROUND**

Effective February 1, 2012, the Brentwood Redevelopment Agency was dissolved and certain assets of the Brentwood Redevelopment Agency Low and Moderate Income Housing Fund were distributed to a Housing Successor, and all remaining Brentwood



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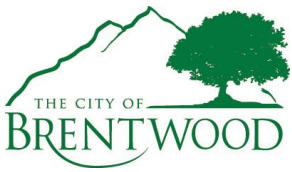
Redevelopment Agency assets and liabilities were distributed to a Successor Agency. Under the provisions of Assembly Bill (AB) 1484 ([AB 1484](#)) the City elected to become the Housing Successor and retain the housing assets. The City also elected to become the Successor Agency to the Brentwood Redevelopment Agency, and on February 1, 2012, the Brentwood Redevelopment Agency's remaining assets were distributed to, and liabilities were assumed by, the Successor Agency.

By law, a successor agency is required to prepare a forward-looking ROPS that reports one year of successor agency financial obligations, commonly referred to as "Enforceable Obligations". A successor agency may expend funds only for items on an approved ROPS. The ROPS presented for consideration this evening covers the July 2024 – June 2025 time period.

AB X1 26 ([ABX1-26](#)) required the establishment of an Oversight Board to review and approve the activities of the Successor Agency. The original Brentwood Oversight Board was established on April 11, 2012.

Effective July 1, 2018, the original Oversight Board expired by law, and a new countywide oversight board was established. Should the ROPS be approved by the Successor Agency, it will be brought to the Countywide Oversight Board for the Successor Agency ("Oversight Board") for their approval, and then remitted to the State Department of Finance ("DOF") for their review. The Oversight Board review is scheduled for January 29, 2024. In the event of a dispute between the Successor Agency and the DOF regarding a line item on the ROPS, the Successor Agency may request an additional review by the DOF, and has the opportunity to meet and confer on disputed items. The decision made by the DOF following a meet and confer session is considered the final administrative appeal, with litigation being the only means of settling any unresolved disputes following meet and confer sessions.

The DOF prescribes the method and form requirements for the ROPS, and has established the reporting template to be used by successor agencies. The DOF's reporting application (Redevelopment Agency Dissolution Web Application or "RAD App") allows agencies to validate a ROPS through their online portal prior to bringing it to the Oversight Board for approval, thus reducing the risks that the DOF may invalidate a ROPS due to an administrative or technical error after submission. In addition, the RAD App maintains a continuous numbering system for each enforceable obligation so that a single enforceable obligation will always be referred to by the same reference number throughout the entirety of all future ROPS reports. The reporting template includes the following four interlinked reporting pages:



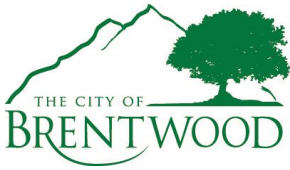
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- Summary Page, which summarizes funding request totals from the ROPS line item detail pages and contains the signature section for the Certification of the Oversight Board Chairman;
- ROPS Detail Page, where all the individual enforceable obligations of the Successor Agency are listed, along with the funding requirements for the July 2024 – June 2025 timeframe;
- Cash Balances Page, which summarizes the amount of any excess funds available as of June 30, 2022, through a reconciliation of activity from the ROPS 2021-2022 (July 1, 2021 – June 30, 2022) time period; and
- Notes Page, which is an optional page where agencies can include additional clarifying information pertaining to any of the items listed on the ROPS Detail Page.

The Successor Agency is reporting excess funds as of June 30, 2022 on the Cash Balance page of \$215,557 resulting from the net of \$286,377 of prior investment earnings received, offset by \$70,820 of those earnings utilized to fund a portion of the ROPS 2021-2022 obligations. In addition, unspent RPTTF funds of \$54,000 are being retained to assist with the disposal of Successor Agency property. Remaining unspent investment earnings will continue to be used to reduce the Successor Agency's future RPTTF allocations. The DOF requires remaining funds to be spent prior to future RPTTF allocations.

The ROPS Detail Page includes a total of \$2,682,637 of enforceable obligations for the July 2024 – June 2025 time frame. Of the obligations listed, a total of \$2,431,037 is necessary to meet debt service payment obligations; \$1,600 is for investment/trustee related expenses; and \$250,000 is for the Successor Agency's annual administrative allowance. These expenses have all been consistently approved by the DOF on prior ROPS. In the future, there will be a reconciliation of the RPTTF allocation that the Successor Agency receives for ROPS 2024-2025 against expenses that actually occur. Funds received for expenses listed on the ROPS that do not actually occur will be deducted from future RPTTF allocations. In this way, the Successor Agency is only provided sufficient funds to meet actual, rather than projected, expenses.

As mentioned above, the ROPS contains the administrative budget for the Successor Agency. The Successor Agency's "administrative cost allowance", as defined and authorized pursuant to Health & Safety Code Section 34171(b) ([HSC 34171](#)), is a minimum reimbursement of \$250,000 for the entire 2024-2025 fiscal year. In accordance with Health & Safety Code Section 34177(j)(1) ([HSC 34177](#)), the total estimated Successor Agency administrative costs for the 2024-2025 fiscal year are expected to exceed this limit and therefore the administrative budget for ROPS 2024-



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2025 is \$250,000. This budget, in accord with Health & Safety Code Section 34177(j)(2) ([HSC 34177](#)) proposes the source of payment for the administrative costs as the RPTTF established and maintained by the County Auditor-Controller pursuant to Health & Safety Code Section 34170.5(b) ([HSC 34170.5](#)).

Additionally, Health & Safety Code Section 34177(j)(3) ([HSC 34177](#)) requires proposals for arrangements for administration and operations services. The Successor Agency has arranged with the City of Brentwood to provide the staff services and office materials and equipment to administer the responsibilities of the Successor Agency, and will draw upon services of outside legal and financial consultants to provide special services for the wind-down of the former Brentwood Redevelopment Agency to the extent City staff lacks the necessary expertise or capacity.

**CITY COUNCIL STRATEGIC INITIATIVE**

Not Applicable.

**PREVIOUS ACTION**

Previous Action by the City Council is included on Attachment 1.

**DATE OF NOTICE**

Not Applicable.

**ENVIRONMENTAL DETERMINATION**

Not Applicable.

**ATTACHMENT(S)**

1. Previous Action
2. Resolution ROPS 24-25
3. Exhibit A - ROPS 24-25