

**THE CITY OF HERCULES AS SUCCESSOR AGENCY TO THE HERCULES  
REDEVELOPMENT AGENCY**

**DATE:** January 12, 2021

**TO:** The City of Hercules as Successor Agency to the Hercules  
Redevelopment Agency

**SUBMITTED BY:** David Biggs, City Manager/Executive Director  
Edwin Gato, Director of Finance

**SUBJECT:** Recognized Obligation Payment Schedule for the period of July 1, 2021  
through June 30, 2022 (ROPS 21-22)

**RECOMMENDED ACTION:**

Adopt a resolution approving the Recognized Obligation Payment Schedule for the period July 1, 2021 through June 30, 2022 (ROPS 21-22).

**DISCUSSION:**

California Health and Safety Code (HSC) Section 34177 requires that Redevelopment Agency successor agencies must, amongst other things, prepare a Recognized Obligation Payment Schedules (ROPS) for each upcoming fiscal year. A ROPS is the document that sets forth the maximum payment amounts and due dates of payments required by enforceable obligations. Enforceable obligations are defined in HSC Section 34171(d) and include the payment of bonds and loans, payments required by the federal government, judgments or settlements, any legally binding agreement or contract, and contracts or agreements necessary for the administration or operation of the successor agency.

HSC Section 34177(1) requires successor agencies to submit the ROPS to a Countywide Oversight Board and the California Department of Finance (DOF) for approval.

The ROPS template used for the ROPS 21-22 includes the following worksheets:

- 1. Recognized Obligation Payment Schedule Summary**
  - 2. Recognized Obligation Payment Schedule – ROPS Detail** - This worksheet includes a section for ROPS A (July 1, 2021 through December 31, 2021) and a section for ROPS 21-22 B (January 1, 2022 through June 30, 2022).
  - 3. Recognized Obligation Payment Schedule – Report of Cash Balances**
  - 4. Recognized Obligation Payment Schedule – Notes**
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### Highlights for ROPS 21-22

Hercules ROPS 21-22 requests \$63,259,492 in obligations from Redevelopment Property Tax Trust Funds (RPTTF). The bulk of the request is a \$50,496,029 loan repayment owed under a Cooperation Agreement between the City and former Redevelopment Agency. The City advanced funds to the Redevelopment Agency between fiscal years 1984-85 to 2010-11 for various redevelopment projects including but not limited to library, park and wastewater improvements. The loan repayment was previously denied by DOF because the loan repayment was under litigation. Hercules and DOF have since settled their litigation. Although the Successor Agency does not anticipate the loan will be eligible for repayment unless the Successor Agency receives a finding of completion, the ROPS 21-22 requests the \$50 million loan repayment in case Hercules becomes eligible for a finding of completion as a result of passage of a pending legislative solution.

The remaining \$12.8 in obligations are enforceable obligations previously approved by DOF. They consist of bond debt service and related fees (\$9.5 million), payments owed to third parties pursuant to various agreements entered into prior to dissolution (\$3.1 million), and an administrative cost allowance (\$250,000).

The ROPS 21-22 Report of Cash Balance worksheet shows the Redevelopment Property Tax Trust Fund (RPTTF) money received for ROPS 18-19 (July 1, 2018 through June 30, 2019) was fully expended.

The Recognized Obligation Payment Schedules (ROPS) are posted on the City of Hercules website ([www.ci.hercules.ca.us](http://www.ci.hercules.ca.us)).

### **ATTACHMENTS:**

1. Resolution approving the Recognized Obligation Payment Schedule (ROPS) for the period July 1, 2021 through June 30, 2022
2. ROPS 21-22