



Transmitted via e-mail

REVISED

March 25, 2022

Aaron Felmlee, Finance Director
City of Fortuna
P.O. Box 545
Fortuna, CA 95540

2022-23 Annual Recognized Obligation Payment Schedule - Revised

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) determination letter dated March 11, 2022. A revision is necessary to reflect a revised prior period adjustment (PPA) confirmed by the Humboldt County Auditor-Controller.

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Fortuna Successor Agency (Agency) submitted an annual ROPS for the period July 1, 2022 through June 30, 2023 (ROPS 22-23) to Finance on February 1, 2022. Finance has completed its review of the ROPS 22-23.

Based on a sample of line items reviewed and application of the law, Finance approves all of the items listed on the ROPS 22-23 at this time. However, Finance notes the following:

- 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 July 1, 2019 through June 30, 2020 (ROPS 19-20) period. The ROPS 19-20 PPA will offset the ROPS 22-23 Redevelopment Property Tax Trust Fund (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 \$1,053,438, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2022 through December 31, 2022 period (ROPS A period), and one distribution for the January 1, 2023 through June 30, 2023 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 22-23 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

This is our final determination regarding the obligations listed on the ROPS 22-23. 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 22-23 form submitted by the Agency and this determination letter will be posted on our website:

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

This determination is effective for the ROPS 22-23 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.

Please direct inquiries to Todd Vermillion, Supervisor, or Praney Nand, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Siana L. Emmons, City Clerk, City of Fortuna
Karen Paz Dominguez, Auditor-Controller, Humboldt County

Attachment

Approved RPTTF Distribution July 2022 through June 2023			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 300,000	\$ 553,438	\$ 853,438
Administrative RPTTF Requested	100,000	100,000	200,000
Total RPTTF Requested	400,000	653,438	1,053,438
RPTTF Authorized	300,000	553,438	853,438
Administrative RPTTF Authorized	100,000	100,000	200,000
Total RPTTF Approved for Distribution	\$ 400,000	\$ 653,438	\$ 1,053,438