



Transmitted via e-mail

May 17, 2022

Steven Adams, City Manager  
City of King  
212 South Vanderhurst Avenue  
King City, CA 93930

### **2022-23 Annual Recognized Obligation Payment Schedule**

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 15, 2022. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the King Successor Agency (Agency) submitted an annual ROPS for the period of July 1, 2022 through June 30, 2023 (ROPS 22-23) to Finance on January 31, 2022. The Agency requested a Meet and Confer on one or more of the determinations made by Finance. The Meet and Confer was held on April 27, 2022.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific determinations being disputed.

- Item No. 23 – Broadway Property Sale Grant Deed of Trust in the total outstanding balance of \$181,480. Finance no longer denies this item. During the Meet and Confer review process, the Agency provided documents and clarification to deem the item as enforceable. Therefore, the requested Redevelopment Property Tax Trust Fund (RPTTF) funding of \$181,480 is allowed.

In addition, per Finance's letter dated April 15, 2022 we continue to make the following determinations not contested by the Agency during the Meet and Confer review:

- On the ROPS 22-33 form, the Agency reported cash balances and activity for the period July 1, 2019 through June 30, 2020 (ROPS 19-20). According to our review, the Agency has approximately \$42,068 from Other Funds available to fund enforceable obligations on the ROPS 22-23. HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF funding. This item does not require payment from property tax revenues. Therefore, with the Agency's concurrence, the funding source for the following item has been reclassified in the amount specified below:
  - Item No. 21 – 2016 TARB in the amount of \$602,586 is partially reclassified. Finance is approving RPTTF in the amount of \$560,518 and the use of Other Funds in the amount of \$42,068, totaling \$602,586.

- 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 19-20 period. The ROPS 19-20 prior period adjustment (PPA) will offset the ROPS 22-23 RPTTF distribution. The amount of RPTTF authorized includes the PPA resulting from the County Auditor-Controller's review of the PPA form submitted by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$1,399,799, 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.

Except for the adjusted item, Finance approves the remaining items listed on the ROPS 22-23 at this time.

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/ROPS/>

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.

Steven Adams  
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Please direct inquiries to Zuber Tejani, Supervisor, or Michael Barr, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER  
Program Budget Manager

cc: Mike Howard, Finance Director, City of King  
Jennifer Forsyth, Auditor-Controller Analyst, Monterey County

**Attachment**

<b>Approved RPTTF Distribution July 2022 through June 2023</b>			
	<b>ROPS A</b>	<b>ROPS B</b>	<b>Total</b>
RPTTF Requested	\$ 1,128,851	\$ 97,122	\$ 1,225,973
Administrative RPTTF Requested	125,000	125,000	250,000
<b>Total RPTTF Requested</b>	<b>1,253,851</b>	<b>222,122</b>	<b>1,475,973</b>
<b>RPTTF Requested</b>	<b>1,128,851</b>	<b>97,122</b>	<b>1,225,973</b>
<u>Adjustment(s)</u>			
Item No. 21	(42,068)	0	(42,068)
<b>RPTTF Authorized</b>	<b>1,086,783</b>	<b>97,122</b>	<b>1,183,905</b>
<b>Administrative RPTTF Authorized</b>	<b>125,000</b>	<b>125,000</b>	<b>250,000</b>
ROPS 19-20 prior period adjustment (PPA)	(34,106)	0	(34,106)
<b>Total RPTTF Approved for Distribution</b>	<b>\$ 1,177,677</b>	<b>\$ 222,122</b>	<b>\$ 1,399,799</b>