



Transmitted via e-mail

March 24, 2023

Isaac Whippy, Finance Director
City of Fort Bragg
416 North Franklin Street
Fort Bragg, CA 95437

2023-24 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Fort Bragg Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2023 through June 30, 2024 (ROPS 23-24) to the California Department of Finance (Finance) on January 31, 2023. Finance has completed its review of the ROPS 23-24.

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

- Item No. 21 – 2015 Tax Allocation Refunding Bonds debt service in the amount of \$248,200 requested from the Redevelopment Property Tax Trust Fund (RPTTF) is correct. However, the Agency inadvertently requested incorrect amounts for the July 1, 2023 through December 31, 2023 (ROPS A) period, and the January 1, 2024 through June 30, 2024 (ROPS B) period. Therefore, to accurately reflect the correct debt service payment, Finance made the following adjustments:

Funding Source	Requested	Adjusted	Authorized
RPTTF (A Period)	\$165,000	\$42,425	\$207,425
RPTTF (B Period)	\$83,200	(\$42,425)	\$40,775
Total	\$248,200	\$0	\$248,200

- The claimed administrative costs exceed the allowance by \$1,258. HSC section 34171 (b) (3) limits the fiscal year Administrative Cost Allowance (ACA) to three percent of actual RPTTF distributed in the preceding fiscal year or \$250,000, whichever is greater; not to exceed 50 percent of the RPTTF distributed in the preceding fiscal year. As a result, the Agency's maximum ACA is \$127,842 for fiscal year 2023-24. Although \$129,100 is claimed for ACA, only \$127,842 is available pursuant to the cap. Therefore, as noted in the table below, \$1,258 in excess ACA is not allowed:

Administrative Cost Allowance (ACA) Calculation	
Actual RPTTF distributed for fiscal year 2022-23	\$383,958
Less distributed Administrative RPTTF	(128,275)
Less sponsoring entity loan repayments	(0)
RPTTF distributed for 2022-23 after adjustments	\$255,683
ACA Cap for 2023-24 per HSC section 34171 (b)	\$127,842
ACA requested for 2023-24 after adjustments	129,100
Plus amount reclassified to ACA	0
Total ACA	\$129,100
ACA in Excess of the Cap	(\$1,258)

- After adjustments, 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, 2020 through June 30, 2021 (ROPS 20-21) period. The ROPS 20-21 prior period adjustment (PPA) will offset the ROPS 23-24 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 \$377,757, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2023 through December 31, 2023 period (ROPS A period), and one distribution for the January 1, 2024 through June 30, 2024 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 23-24 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 items, Finance approves the remaining items listed on the ROPS 23-24 at this time. If the Agency disagrees with our determination with respect to any items on the ROPS 23-24, 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 Agency must use the RAD App to complete and submit its Meet and Confer request form. The Meet and Confer process and guidelines are available on our website:

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

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 23-24. 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 23-24 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 23-24 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 Dylan Newton, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Peggy Ducey, City Manager, City of Fort Bragg
Chamise Cubbison, Assistant Auditor-Controller, Mendocino County
Kristine Lawler, Countywide Oversight Board Representative

Approved RPTF Distribution July 2023 through June 2024			
	ROPS A	ROPS B	Total
RPTF Requested	\$ 165,000	\$ 84,950	\$ 249,950
Administrative RPTF Requested	64,550	64,550	129,100
Total RPTF Requested	229,550	149,500	379,050
RPTF Requested	165,000	84,950	249,950
<u>Adjustment(s)</u>			
Item No. 21	42,425	(42,425)	0
RPTF Authorized	207,425	42,525	249,950
Administrative RPTF Requested	64,550	64,550	129,100
Excess Administrative Costs	(0)	(1,258)	(1,258)
Administrative RPTF Authorized	64,550	63,292	127,842
ROPS 20-21 Prior Period Adjustment (PPA)	(35)	0	(35)
Total RPTF Approved for Distribution	\$ 271,940	\$ 105,817	\$ 377,757