



Transmitted via e-mail

March 17, 2023

Spencer Morrison, Director of Finance
Yuba City
1201 Civic Center Boulevard
Yuba City, CA 95993

2023-24 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the Yuba City 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 27, 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. 5 – California Infrastructure Bank debt service. The Agency requested \$98,443 from the Redevelopment Property Tax Trust Fund (RPTTF) in error. According to the debt service schedule provided by the Agency, the amount requested for the July through December period should be \$101,186. Therefore, to accurately reflect the correct debt service payment, Finance made an adjustment in the amount of \$2,743 to increase the total requested amount of \$98,443 to \$101,186.
- Item No. 6 – Supplemental Educational Revenue Augmentation Fund - Housing Fund Borrowing loan repayment in the amount of \$350,000 is not allowed. HSC section 34191.4 (b) (3) (A) allows repayment to be equal to one-half of the increase between the ROPS residual pass-through distributed to the taxing entities in the preceding fiscal year and the ROPS residual pass-through distributed to the taxing entities in the fiscal year 2012-13 base year.

According to the Sutter County Auditor-Controller's (CAC) report, the ROPS residual pass-through amount distributed to the taxing entities for fiscal year 2012-13 and 2022-23 are \$124,953 and \$0, respectively. Pursuant to the repayment formula, the maximum repayment amount authorized for the ROPS 23-24 period is \$0. Therefore, of the \$350,000 requested, \$126,379 RPTTF and \$223,621 Other Funds, totaling \$350,000, is not eligible. The Agency may be eligible for additional funding on a subsequent ROPS.

- Item No. 17 – 2015 TA Refunding Bonds in the amount of \$3,539,741 is partially reclassified. To the extent the Agency has Other Funds available, the Agency should use those funds to pay enforceable obligations approved on the ROPS pursuant to HSC section 34177 (l) (1) (E). Since Finance denied the requested Other Funds for Item No. 6, those funds are now available for use. Therefore, Finance is approving RPTTF in the amount of \$3,316,120 and the use of Other Funds in the amount of \$223,621, totaling \$3,539,741.
- 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 CAC's review of the PPA form submitted by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$1,966,452, 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 Joshua Mortimer, Supervisor, or Mayra Cavazos, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Diona Pope, Accounting Manager, Yuba City
Jing Wang, Accountant III, Sutter County
Stephanie Ratner, Countywide Oversight Board Representative

Approved RPTTF Distribution July 2023 through June 2024			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 126,379	\$ 2,097,562	\$ 2,223,941
Administrative RPTTF Requested	95,000	0	95,000
Total RPTTF Requested	221,379	2,097,562	2,318,941
RPTTF Requested	126,379	2,097,562	2,223,941
<u>Adjustment(s)</u>			
Item No. 5	0	2,743	2,743
Item No. 6	(126,379)	0	(126,379)
Item No. 17	0	(223,621)	(223,621)
	(126,379)	(220,878)	(347,257)
RPTTF Authorized	0	1,876,684	1,876,684
Administrative RPTTF Authorized	95,000	0	95,000
ROPS 20-21 Prior Period Adjustment (PPA)	(5,232)	0	(5,232)
Total RPTTF Approved for Distribution	\$ 89,768	\$ 1,876,684	\$ 1,966,452