



May 17, 2019

Ms. Jeri Rangel, Director of Administrative Services
City of Atascadero
6900 Palma Avenue
Atascadero, CA 93422

Dear Ms. Rangel:

Subject: 2019-20 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 15, 2019. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the Atascadero Successor Agency (Agency) submitted an annual ROPS for the period July 1, 2019 through June 30, 2020 (ROPS 19-20) to Finance on January 31, 2019. The Agency requested a Meet and Confer on one or more of the determinations made by Finance. The Meet and Confer was held on May 1, 2019.

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 Nos. 6 through 8 – City of Atascadero (City) Loan 1 entered into in 1998, City Loan 2 entered into in 2001, and City Loan 3 entered into in 2002, in the total outstanding amount of \$2,260,171 (\$255,037 + \$821,776 + \$1,183,358). Finance continues to deny these items. Finance initially denied these items because none of the loans contained a valid repayment schedule, as required by HSC section 34191.4 (b) (2) (A). Additionally, the agreement for Item No. 6 stated the agreement shall be in effect for a period of one year unless extended or amended, and the Agency was unable to provide documentation to demonstrate the agreement was still effective.

The Agency stated consistent interest payments were made for City Loans 1 and 3, and principal and interest payments were made on Loan 2, illustrating an obligation and intent to repay. Although the Agency illustrated consistent payments were made for the loans, the loan agreements do not include specific terms of repayment to illustrate the former redevelopment agency (RDA) was obligated to repay the loans as required by HSC section 34191.4 (a) (2) (A).

Further, although the City and RDA extended the terms of Loan 1 through the budget process each year, the loan agreement itself was not extended or amended; therefore, according to the terms of Loan 1, it is no longer valid. Therefore, the requested amounts totaling \$180,000 (\$20,312 + \$65,446 + \$94,242) from Redevelopment Property Tax Trust Fund (RPTTF) funding is not allowed.

- On the ROPS 19-20 form, the Agency reported cash balances and activity for the period July 1, 2016 through June 30, 2017 (ROPS 16-17). Finance previously reclassified \$9,129 from RPTTF to Reserve Balances because, according to our review, the Agency had approximately \$9,129 from Reserve Balances available to fund enforceable obligations on the ROPS 19-20.

During the Meet and Confer, the Agency contends there are no Reserve Balances available. However, after further review, Finance determined the Agency has approximately \$13,953 in Other Funds available. HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF. Therefore, the funding source for the following item has been reclassified in the amount specified below:

Item No.	Item Name/Project Name	Total Funding Authorized	RPTTF Approved	Reserve Balances Approved	Other Funds Approved
1	2010 Reimbursement/Bond Financing Agreement with City of Atascadero	\$971,538	\$860,563	\$97,022	\$13,953

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations. Reported differences in RPTTF are used to offset current RPTTF distributions. The amount of RPTTF approved in the table on Page 4 includes the prior period adjustment resulting from the County Auditor-Controller's review of the prior period adjustment form submitted by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$1,643,711 as summarized in the Approved RPTTF Distribution table on Page 4 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1 through December 31 period (ROPS A period), and one distribution for the January 1 through June 30 period (ROPS B period) based on Finance approved amounts. Since this determination is for the entire ROPS 19-20 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 19-20. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be denied until the matter is resolved.

The ROPS 19-20 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 19-20 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if not denied 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 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.

Ms. Jeri Rangel
May 17, 2019
Page 3

Please direct inquiries to Nichelle Jackson, Supervisor, or Veronica Zalvidea, Lead Analyst, at (916) 322-2985.

Sincerely,



 JENNIFER WHITAKER
Program Budget Manager

cc: Ms. Rachelle Rickard, City Manager, City of Atascadero
Ms. Aaronne Kessler, Property Tax Manager, San Luis Obispo County

Attachment

Approved RPTTF Distribution			
For the period of July 1, 2019 through June 30, 2020			
	ROPS A Period	ROPS B Period	ROPS 19-20 Total
RPTTF Requested	\$ 826,839	\$ 1,073,440	\$ 1,900,279
Administrative RPTTF Requested	15,840	15,840	31,680
Total RPTTF Requested	842,679	1,089,280	1,931,959
RPTTF Requested	826,839	1,073,440	1,900,279
<u>Adjustments</u>			
Item No. 1	(13,953)	0	(13,953)
Item No. 6	(10,156)	(10,156)	(20,312)
Item No. 7	(32,723)	(32,723)	(65,446)
Item No. 8	(47,121)	(47,121)	(94,242)
	(103,953)	(90,000)	(193,953)
RPTTF Authorized	722,886	983,440	1,706,326
Administrative RPTTF Authorized	15,840	15,840	31,680
Total RPTTF Authorized for Obligations	738,726	999,280	1,738,006
Prior Period Adjustment	(94,295)	0	(94,295)
Total RPTTF Approved for Distribution	\$ 644,431	\$ 999,280	\$ 1,643,711