



May 17, 2019

Ms. Marlene Murphey, Executive Director  
Fresno City  
2344 Tulare Street, Suite 200  
Fresno, CA 93721

Dear Ms. Murphey:

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 9, 2019. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the Fresno City Successor Agency (Agency) submitted an annual ROPS for the period July 1, 2019 through June 30, 2020 (ROPS 19-20) to Finance on January 30, 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 April 23, 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 No. 38 – Administrative Costs requested by the Agency exceed the Administrative Cost Allowance (ACA) by \$242,288. Finance continues to deny excess administrative costs. Finance previously reduced the Agency's ACA based on our calculation of the allowable amount. During the Meet and Confer review, the Agency contended it is entitled to no less than \$250,000 in administrative costs based on their interpretation of HSC section 34171 (b). Specifically, the Agency believes the formula outlined in HSC section 34171 (b) (4) does not determine the maximum amount of ACA, but instead imposes a cap on administrative expenditures (whether or not they are funded by the ACA) and is based upon the total amount of expenditures approved by Finance in the prior year, rather than the amount of Redevelopment Property Tax Trust Fund (RPTTF) distributed by the County Auditor-Controller (CAC) during that year.

However, the Agency's interpretation of the statute is incomplete. HSC section 34171 (b) limits the ACA to three percent of actual distributed RPTTF in the preceding fiscal year, or \$250,000, whichever is greater; not to exceed 50 percent of distributed RPTTF in the preceding fiscal year. Although the Agency requested \$250,000 for the ROPS 19-20 ACA, only \$7,712 is available pursuant to the ACA formula (as shown in the calculation below). Therefore, \$242,288 in excess administrative costs (\$250,000 - \$7,712) is not allowed.

Administrative Cost Allowance Calculation	
Actual RPTTF distributed for fiscal year 2018-19	\$ 1,522,237
Less distributed Administrative RPTTF	0
Less sponsoring entity loan repayments	(1,506,814)
RPTTF distributed for 2018-19 after adjustments	15,423
ACA Cap for 2019-20 per HSC section 34171 (b)	7,712
ACA requested for 2019-20	250,000
Total ACA	250,000
ACA in Excess of the Cap	\$ (242,288)

- 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). According to our review, the Agency has approximately \$120,523 from Reserve Balances available to fund enforceable obligations on the ROPS 19-20. HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF. During the Meet and Confer, the Agency requested these Reserve Balances be applied toward Item No. 96 – Roeding Business Park Promissory Note instead of Item Nos. 24 and 25. Since Item No. 96 does not require payment from property tax revenues, the Agency’s request to apply \$120,523 in Reserve Balances toward this item is approved. Therefore, the funding sources for the following items have been reclassified in the amounts specified below:

Item No.	Item Name/Project Name	Requested	Authorized		
		RPTTF	RPTTF	Reserve Balances	Total Funding
24	2003 Mariposa Tax Allocation Bonds	\$ 439,072	\$ 439,072	\$ 0	\$439,072
25	California Infrastructure Bank Loan and Fees	120,692	120,692	0	120,692
96	Roeding Business Park Promissory Note	2,071,254	1,950,731	120,523	2,071,254
<b>Total</b>		<b>\$2,631,018</b>	<b>\$2,510,495</b>	<b>\$120,523</b>	<b>\$2,631,018</b>

- 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 (PPA) resulting from the CAC’s review of the PPA form submitted by the Agency.

During the Meet and Confer, the Agency requested to apply the PPA as Reserve Balance funding toward Item No. 96 – Roeding Business Park Promissory Note. The Agency contended the PPA indicates available Reserve Balance funds because it consists of RPTTF distributed in prior periods. However, HSC section 34186 (a) specifies that the PPA shall be used to adjust the amount of distributed RPTTF. As such, the Agency’s request to apply the PPA as Reserve Balance toward this item is denied.

The Agency’s maximum approved RPTTF distribution for the reporting period is \$4,526,809 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 Finance’s 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 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 RPTTF.

Please direct inquiries to Joshua Mortimer, Supervisor, or Stephen Franz, Analyst, at (916) 322-2985.

Sincerely,



 JENNIFER WHITAKER  
Program Budget Manager

cc: Ms. Debra Barletta, Director of Finance, Fresno City  
Mr. Mario Cabrera, Accounting and Financial Manager, Fresno County

**Attachment**

<b>Approved RPTTF Distribution</b>			
<b>For the period of July 1, 2019 through June 30, 2020</b>			
	<b>ROPS A Period</b>	<b>ROPS B Period</b>	<b>ROPS 19-20 Total</b>
RPTTF Requested	\$ 4,462,580	\$ 526,347	\$ 4,988,927
Administrative RPTTF Requested	125,000	125,000	250,000
<b>Total RPTTF Requested</b>	<b>4,587,580</b>	<b>651,347</b>	<b>5,238,927</b>
<b>RPTTF Requested</b>	<b>4,462,580</b>	<b>526,347</b>	<b>4,988,927</b>
<u>Adjustments</u>			
Item No. 96	(120,523)	0	(120,523)
<b>RPTTF Authorized</b>	<b>4,342,057</b>	<b>526,347</b>	<b>4,868,404</b>
<b>Administrative RPTTF Requested</b>	<b>125,000</b>	<b>125,000</b>	<b>250,000</b>
Excess Administrative Costs	(117,288)	(125,000)	(242,288)
<b>Administrative RPTTF Authorized</b>	<b>7,712</b>	<b>0</b>	<b>7,712</b>
<b>Total RPTTF Authorized for Obligations</b>	<b>4,349,769</b>	<b>526,347</b>	<b>4,876,116</b>
Prior Period Adjustment	(349,307)	0	(349,307)
<b>Total RPTTF Approved for Distribution</b>	<b>\$ 4,000,462</b>	<b>\$ 526,347</b>	<b>\$ 4,526,809</b>