



May 17, 2019

Ms. Robin Schabes, Economic Development Manager
City of Napa
1600 First Street
Napa, CA 94559

Dear Ms. Schabes:

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 Napa Successor Agency (Agency) submitted an annual ROPS for the period July 1, 2019 through June 30, 2020 (ROPS 19-20) to Finance on January 24, 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 22, 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. 34 – 2015 Tax Allocation Bonds Series A in the amount of \$1,984,125. Finance maintains its previous determination. Finance previously reclassified the requested amount because this item was fully funded during the July 1, 2018 through June 30, 2019 (ROPS 18-19) period. During ROPS 18-19, Finance approved \$795,947 in Redevelopment Property Tax Trust Fund (RPTTF), \$254,651 in Reserve Balances, and \$933,527 in Bond Proceeds, totaling \$1,984,125, as reserves for the ROPS 19-20 debt service payment.

During the Meet and Confer, the Agency contended that the approval of \$254,651 in Reserve Balances during ROPS 18-19 toward the ROPS 19-20 payment was not actually available and cannot be applied during ROPS 19-20. However, Finance determined that these funds were available for use in our ROPS 18-19 Meet and Confer determination letter dated May 17, 2018. In addition, the Agency did not provide any new documentation to show that these funds are unavailable. Therefore, this item was fully funded during ROPS 18-19 and the amount requested has been reclassified as identified in the table below:

	Bond Proceeds	Reserve Balances	Other Funds	RPTTF	Total
Requested	\$932,030	\$ 668,748	\$ 120,993	\$ 262,354	\$1,984,125
Reclassification	1,497	381,850	(120,993)	(262,354)	0
Authorized	\$933,527	\$1,050,598	\$ 0	\$ 0	\$1,984,125

- Item Nos. 7 (Bond Investment Fees), 8 (Fiscal Agent Fees), 12 (City Loan) and 32 (Administrative Cost Allowance) in various amounts. Finance maintains its previous determination. Finance previously reclassified the requested amounts because the Agency reported on the ROPS 19-20 Cash Balance form that \$166,718 was the estimated available cash balance amount at the end of the July 1, 2016 through June 30, 2017 (ROPS 16-17) period. During the Meet and Confer review, the Agency agreed that these funds were available at the end of the ROPS 16-17 period, but contended that they were used in subsequent ROPS periods and are no longer available. The Agency provided accounting records showing their expenditure activity in subsequent ROPS periods; however, these records do not indicate that these funds have been used. Therefore, the Agency's request to reverse the reclassification of these funds is not approved.

Pursuant to HSC 34177 (I) (1) (E), agencies are required to use all available funding sources prior to RPTTF for payment of enforceable obligations. These items are enforceable obligations for the ROPS 19-20 period. However, these obligations do not require payment from property tax revenues and the Agency possesses approximately \$141,867 from Reserve Balances and \$24,851 from Other Funds, totaling \$166,718. Therefore, the funding source for the following items, which do not require funding from tax revenues, have been reclassified in the amounts specified in the table below:

Item No.	Item Name	Requested	Authorized			
		RPTTF/ Admin RPTTF	RPTTF	Reserve Balances	Other Funds	Total
7	Bond Investment fees	\$ 3,750	\$0	\$ 3,750	\$ 0	\$ 3,750
8	Fiscal Agency Fees	5,000	0	5,000	0	5,000
12	City Loan	92,836	0	67,985	24,851	92,836
32	Administrative Cost Allowance	50,000	0	50,000	0	50,000
Total		\$151,586	\$0	\$126,735	\$24,851	\$151,586

Finance notes the Agency had a total of \$166,718 in Reserve Balances and Other Funds available to fund enforceable obligations, but only \$151,586 could be applied for this ROPS period. Therefore, the remaining balance of \$15,132 (\$166,718 – \$151,586) in Reserve Balances should be used in lieu of RPTTF on subsequent ROPS requests.

In addition, per Finance's letter dated April 9, 2019, we continue to make the following determinations not contested by the Agency during the Meet and Confer review:

- 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 County Auditor-Controller's review of the PPA form submitted by the Agency. However, since total authorized RPTTF is zero, the entire PPA cannot be applied this ROPS period. As a result, the excess PPA of \$75,000 should be applied prior to requesting RPTTF on the future ROPS.

The Agency's maximum approved RPTTF distribution for the reporting period is zero 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: Mr. Brian Cochran, Finance Director, City of Napa
Mr. Bob Minahen, Assistant Auditor-Controller, Napa 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	\$ 271,104	\$ 92,836	\$ 363,940
Administrative RPTTF Requested	25,000	25,000	50,000
Total RPTTF Requested	296,104	117,836	413,940
RPTTF Requested	271,104	92,836	363,940
<u>Adjustments</u>			
Item No. 7	(3,750)	0	(3,750)
Item No. 8	(5,000)	0	(5,000)
Item No. 12	0	(92,836)	(92,836)
Item No. 34	(262,354)	0	(262,354)
	(271,104)	(92,836)	(363,940)
RPTTF Authorized	0	0	0
Administrative RPTTF Requested	25,000	25,000	50,000
<u>Adjustment</u>			
Item No. 32	(25,000)	(25,000)	(50,000)
Administrative RPTTF Authorized	0	0	0
Total RPTTF Authorized for Obligations	0	0	0
Prior Period Adjustment	0	(75,000)	(75,000)
Excess PPA	0	75,000	75,000
Total RPTTF Approved for Distribution	\$ 0	\$ 0	\$ 0