



May 17, 2019

Mr. Fred Meurer, Interim City Administrator
Sand City
1 Pendergrass Way
Sand City, CA 93955

Dear Mr. Meurer:

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 Sand City Successor Agency (Agency) submitted an annual ROPS for the period July 1, 2019 through June 30, 2020 (ROPS 19-20) to Finance on February 1, 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 determination being disputed:

- 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 \$139,395 from Reserve Balances to Redevelopment Property Tax Trust Fund (RPTTF). HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF. After additional documentation and information was provided to Finance during the Meet and Confer, the amount available from Reserve Balances has been revised to \$128,636. Therefore, the funding source for the following item has been reclassified in the amount specified below:
 - Item No. 6 – Supplemental Educational Revenue Augmentation Fund (SERAF) Payment in the amount of \$341,254 is partially reclassified from RPTTF to Reserve Balances. This item does not require payment from property tax revenues. Therefore, Finance is approving RPTTF in the amount of \$212,618 and the use of Reserve Balances in the amount of \$128,636, totaling \$341,254.

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:

- Item No. 6 – SERAF in the total outstanding amount of \$343,155 is overstated. The Agency should update the outstanding loan balance to reflect amounts the Agency previously received to make loan repayments as approved on the ROPS. After applying the repayments totaling \$226,834, the recalculated total outstanding loan balance is \$341,254. As such, Finance has reduced the outstanding loan balance on the Agency's ROPS Detail Form by \$1,901. In addition, the excess \$1,901 requested (\$343,155 - \$341,254) is not approved on this ROPS.

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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 3 includes the prior period adjustment resulting from the County Auditor-Controller's (CAC) review of the prior period adjustment form submitted by the Agency. The CAC updated the prior period adjustment in relation to our reevaluation of the cash balance as noted above.

The Agency's maximum approved RPTTF distribution for the reporting period is \$1,406,099 as summarized in the Approved RPTTF Distribution table on Page 3 (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:

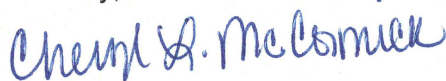
<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

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.

Please direct inquiries to Nichelle Jackson, Supervisor, or Michael Painter, Analyst, at (916) 322-2985.

Sincerely,



 JENNIFER WHITAKER
Program Budget Manager

cc: Ms. Linda Scholink, Director of Administrative Services, Sand City
Ms. Joey Nolasco, Auditor Controller Analyst, Monterey 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	\$ 971,485	\$ 513,304	\$ 1,484,789
Administrative RPTTF Requested	63,053	63,052	126,105
Total RPTTF Requested	1,034,538	576,356	1,610,894
RPTTF Requested	971,485	513,304	1,484,789
<u>Adjustments</u>			
Item No. 6 **	(130,537)	0	(130,537)
RPTTF Authorized	840,948	513,304	1,354,252
Administrative RPTTF Authorized	63,053	63,052	126,105
Total RPTTF Authorized for Obligations	904,001	576,356	1,480,357
Prior Period Adjustment	(74,258)	0	(74,258)
Total RPTTF Approved for Distribution	\$ 829,743	\$ 576,356	\$ 1,406,099

** Item No. 6 total adjustment of \$130,537 includes the \$1,901 adjustment for exceeding the amount needed to retire this SERAF obligation plus \$128,636 based on a review of the Agency's cash balances.