



April 9, 2019

Mr. Jeff Jones, Finance Director
City of Arvin
200 Campus Drive
Arvin, CA 93203

Dear Mr. Jones:

Subject: 2019-20 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Arvin Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2019 through June 30, 2020 (ROPS 19-20) to the California Department of Finance (Finance) on February 4, 2019. Finance has completed its review of the ROPS 19-20.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item Nos. 11 and 12 – City loans in the total outstanding amount of \$634,752 are not allowed. These items were denied in Finance's determination letter dated March 12, 2018, and continues to be denied. Pursuant to HSC section 34191.4 (b), loan agreements between the former Redevelopment Agency and sponsoring entity may be placed on the ROPS if the following requirements are met: (1) the Agency has received a Finding of Completion and (2) the Agency's Oversight Board (OB) approves the loan as an enforceable obligation by finding the loan was for legitimate redevelopment purposes.

The Agency received a Finding of Completion on April 26, 2013. During our review of ROPS 18-19, the Agency provided an OB action approving the loan as an enforceable obligation and making a finding the loans were for legitimate redevelopment purposes; however, the OB action was not submitted to Finance for review. The Agency has yet to submit an OB action to Finance for review to determine the enforceability of these loans. Therefore, these obligations are not eligible for Other Funds at this time.

- Item No. 46 – Maintenance of Agency properties to prevent blight in the amount of \$20,000 is not allowed. The Agency did not provide sufficient support for the requested amount. Therefore, this item is not an enforceable obligation and the requested amount of \$20,000 is not eligible for Other Funds. To the extent the Agency can provide documentation, such as estimates of maintenance costs, vendor invoices, to support the requested amount, the item may be considered on a future ROPS.

- The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (3). However, Finance notes the 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. Reported differences in Redevelopment Property Tax Trust Fund (RPTTF) are used to offset current RPTTF distributions. The County Auditor-Controller's (CAC) review of the prior period adjustment form submitted by the Agency could not be supported. As a result, the CAC did not submit a prior period adjustment form to Finance for review. Therefore, the amount of RPTTF approved in the table on Page 4 resulted in no prior period adjustment.

Except for the items adjusted, Finance is not objecting to the remaining items listed on the ROPS 19-20. If the Agency disagrees with our determination with respect to any items on the ROPS 19-20, 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 of the date of this letter. The Meet and Confer process and guidelines are available on our website:

[http://dof.ca.gov/Programs/Redevelopment/Meet And Confer/](http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is \$804,887 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.

Absent a Meet and Confer, 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.

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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 Kylie Oltmann, Supervisor, or Thong Thao, Lead Analyst, at (916) 322-2985.

Sincerely,



JENNIFER WHITAKER
Program Budget Manager

cc: Mr. Jerry Breckinridge, City Manager, City of Arvin
Ms. Mary B. Bedard, Auditor-Controller, Kern 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	\$ 442,688	\$ 212,199	\$ 654,887
Administrative RPTTF Requested	75,000	75,000	150,000
Total RPTTF Requested	517,688	287,199	804,887
RPTTF Authorized	442,688	212,199	654,887
Administrative RPTTF Authorized	75,000	75,000	150,000
Total RPTTF Authorized for Obligations	517,688	287,199	804,887
Prior Period Adjustment	0	0	0
Total RPTTF Approved for Distribution	\$ 517,688	\$ 287,199	\$ 804,887