



April 2, 2019

Ms. Melissa Whitten, City Manager  
City of Avenal  
919 Skyline Boulevard  
Avenal, CA 93204

Dear Ms. Whitten:

Subject: 2019-20 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Avenal 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 January 29, 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:

- The claimed administrative costs exceed the allowance by \$171,767. HSC section 34171 (b) (3) limits the fiscal year Administrative Cost Allowance (ACA) to three percent of actual RPTTF distributed in the preceding fiscal year or \$250,000, whichever is greater; not to exceed 50 percent of the Redevelopment Property Tax Trust Fund (RPTTF) distributed in the preceding fiscal year. As a result, the Agency's maximum ACA is \$33,233 for fiscal year 2019-20. Although \$205,000 is claimed for ACA, only \$33,233 is available pursuant to the cap. Therefore, as noted in the table below, \$171,767 in excess ACA is not allowed:

Administrative Cost Allowance Calculation	
Actual RPTTF distributed for fiscal year 2018-19	\$ 270,623
Less distributed Administrative RPTTF	(204,157)
RPTTF distributed for 2018-19 after adjustments	66,466
ACA Cap for 2019-20 per HSC section 34171 (b)	33,233
ACA requested for 2019-20	205,000
<b>ACA in Excess of the Cap</b>	<b>\$ (171,767)</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 resulting from the County Auditor-Controller's (CAC) review of the prior period adjustment form submitted by the Agency.

Based on our review of the prior period adjustment, Finance noted the Agency misspent a portion excess funds. Specifically, the Agency spent more than what was authorized for the ACA for the July 1, 2016 through June 30, 2017 (ROPS 16-17). Finance authorized \$170,325 pursuant to the cap; yet a total of \$183,871 was spent. This is \$13,546 in excess of the maximum amount allowed pursuant to HSC section 34171 (b) (3). Further, pursuant to HSC section 34177 (a) (3), only those payments listed on a ROPS may be made by the Agency from the funds and source specified on the ROPS, up to the amount authorized by Finance. Finance reminds the Agency that funds in excess of the amounts authorized on the ROPS cannot be expended. Any excess funds must be either remitted to the CAC or retained and expended once the Agency receives approval for their use on future ROPS.

Except for the item 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 \$303,068 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.

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.

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Please direct inquiries to Cindie Lor, Supervisor, or Todd Vermillion, Lead Analyst, at  
(916) 322-2985.

Sincerely,



JENNIFER WHITAKER  
Program Budget Manager

cc: Ms. Dawn Perkins, Director of Administrative Services, City of Avenal  
Mrs. Becky Valenzuela, Director of Finance, Kings 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	\$ 290,966	\$ 49,675	\$ 340,641
Administrative RPTTF Requested	100,000	105,000	205,000
<b>Total RPTTF Requested</b>	<b>390,966</b>	<b>154,675</b>	<b>545,641</b>
<b>RPTTF Authorized</b>	<b>290,966</b>	<b>49,675</b>	<b>340,641</b>
<b>Administrative RPTTF Requested</b>	100,000	105,000	205,000
Excess Administrative Costs	(66,767)	(105,000)	(171,767)
<b>Administrative RPTTF Authorized</b>	<b>33,233</b>	<b>0</b>	<b>33,233</b>
<b>Total RPTTF Authorized for Obligations</b>	<b>324,199</b>	<b>49,675</b>	<b>373,874</b>
Prior Period Adjustment	(70,806)	0	(70,806)
<b>Total RPTTF Approved for Distribution</b>	<b>\$ 253,393</b>	<b>\$ 49,675</b>	<b>\$ 303,068</b>