



April 2, 2019

Mr. Victor Damiani, Finance Director
City of Fort Bragg
416 North Franklin Street
Fort Bragg, CA 95437

Dear Mr. Damiani:

Subject: 2019-20 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Fort Bragg 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 25, 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 No. 18 – Administrative and staffing costs in the total requested amount of \$128,025 have been reclassified. The Agency inadvertently requested Redevelopment Property Tax Trust Fund (RPTTF) funding for administrative costs. Therefore, with the Agency's concurrence, the requested amount of \$128,025 has been reclassified to Administrative RPTTF.

Although the administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (3), Finance notes the Oversight Board (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.

- Item No. 25 – ROPS 13-14A RPTTF Shortfall in the total outstanding obligation amount of \$121,772 is not allowed. Finance continues to deny this item. The Agency claimed it had a shortfall in the amount of \$179,795 during ROPS 13-14A. According to the Agency, the shortfall occurred because they incorrectly reported the ROPS II prior period adjustment, and used some RPTTF received from the Mendocino County Auditor-Controller (CAC) for ROPS II obligations during ROPS III.

During ROPS 13-14A, Finance authorized RPTTF totaling \$288,700 for enforceable obligations and the Administrative Cost Allowance. However, the Agency had in its possession excess RPTTF for ROPS II obligations in the amount of \$292,030 that were applied as a prior period adjustment to ROPS 13-14A. As a result, the CAC was not required to distribute additional RPTTF to the Agency; there was no shortfall during the ROPS 13-14A period. Therefore, this item is not an enforceable obligation and the total requested amount of \$121,772 in RPTTF funding is not allowed.

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 CAC's review of the prior period adjustment form submitted by the Agency 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 \$380,975 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.

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:

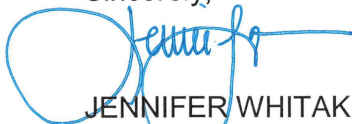
<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

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 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 Nichelle Jackson, Supervisor, or Cole Chev, Analyst, at (916) 322-2985.

Sincerely,



JENNIFER WHITAKER
Program Budget Manager

cc: Ms. Tabatha Miller, City Manager, City of Fort Bragg
Mrs. Lucy Simonson, Assistant Auditor-Controller, Mendocino 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	\$ 389,710	\$ 113,037	\$ 502,747
Administrative RPTTF Requested	0	0	0
Total RPTTF Requested	389,710	113,037	502,747
RPTTF Requested	389,710	113,037	502,747
<u>Adjustments</u>			
Item No. 18	(64,013)	(64,012)	(128,025)
Item No. 25	(121,772)	0	(121,772)
	(185,785)	(64,012)	(249,797)
RPTTF Authorized	203,925	49,025	252,950
Administrative RPTTF Requested	0	0	0
<u>Adjustment</u>			
Item No. 18	64,013	64,012	128,025
Administrative RPTTF Authorized	64,013	64,012	128,025
Total RPTTF Authorized for Obligations	267,938	113,037	380,975
Prior Period Adjustment	0	0	0
Total RPTTF Approved for Distribution	\$ 267,938	\$ 113,037	\$ 380,975