



April 9, 2019

Mr. Todd Bodem, City Administrator
Sand City
1 Sylvan Park
Sand City, CA 93955

Dear Mr. Bodem:

Subject: 2019-20 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the Sand City 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 1, 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. 6 – Supplemental Educational Revenue Augmentation Fund (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.
- Additionally, 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). According to our review, the Agency has approximately \$139,395 from Reserve Balances available to fund enforceable obligations on the ROPS 19-20. HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF. Therefore, the funding source for the following item has been reclassified in the amount specified below:
 - Item No. 6 – 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 and the Agency has \$139,395 in available Reserve Balances. Therefore, Finance is approving RPTTF in the amount of \$201,859 and the use of Reserve Balances in the amount of \$139,395, totaling \$341,254.

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 amount of RPTTF approved in the table on Page 3 includes the prior period adjustment resulting from the County Auditor-Controller's review of the prior period adjustment form submitted by the Agency.

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 \$1,387,910 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 Kylie Oltmann, Supervisor, or Thong Thao, Lead 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 **	(141,296)	0	(141,296)
RPTTF Authorized	830,189	513,304	1,343,493
Administrative RPTTF Authorized	63,053	63,052	126,105
Total RPTTF Authorized for Obligations	893,242	576,356	1,469,598
Prior Period Adjustment	(81,688)	0	(81,688)
Total RPTTF Approved for Distribution	\$ 811,554	\$ 576,356	\$ 1,387,910

**Item No. 6 total adjustment of \$141,296 includes the \$1,901 adjustment for exceeding the amount needed to retire this SERAF obligation plus \$139,395 based on a review of the Agency's cash balances.