



Transmitted via e-mail

May 15, 2020

Deanne Purcell, Administrative Services Director
City of Grover Beach
154 South 8th Street
Grover Beach, CA 93433

2020-21 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 14, 2020. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Grover Beach Successor Agency (Agency) submitted an annual ROPS for the period of July 1, 2020 through June 30, 2021 (ROPS 20-21) to the California Department of Finance (Finance) on January 27, 2020. The Agency requested a Meet and Confer on one of the determinations made by Finance. The Meet and Confer was held on April 27, 2020.

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:

- Item No. 1 - 2005 Tax Allocation Bonds (TAB) in the total requested amount of \$390,838. Finance continues to partially approve this item. The Agency has requested an amount to pay the required debt service and an "extra" amount of \$110,000 to "make the Agency whole." The request for the extra \$110,000 is not approved. HSC section 34171 authorizes agencies to only request amounts coming due in the ROPS period. The only amount due for Item No. 1 is the required debt service amount of \$280,838. Further, no provision in Dissolution Law contemplates having a successor agency "made whole" after using other funds to pay enforceable obligations (or in any other context). To the extent the Agency's excess funds are not used to pay enforceable obligations, HSC section 34177 (d) requires the Agency to remit all unencumbered funds to the County Auditor-Controller (CAC).

In addition, per Finance's letter dated April 14, 2020, we continue to make the following determination not contested by the Agency during the Meet and Confer review:

- Item No. 2 - Water Fund Loan in the total outstanding amount of \$30,070 is not allowed. The loan was fully satisfied during fiscal year 2019-20. Therefore, this item is no longer an enforceable obligation and the requested amount of \$30,070 from Redevelopment Property Tax Trust Fund (RPTTF) is not allowed. Finance notes the payment approved during fiscal year 2019-20 in the amount of \$385,482 exceeded the total outstanding amount of \$214,904 by \$170,578. Therefore, the overpaid amount of \$170,578 has been applied to the outstanding balance for Item No. 3 - Wastewater Fund Loan.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations (prior period adjustments) for the July 1, 2017 through June 30, 2018 (ROPS 17-18) period. Reported differences in RPTTF are used to offset current RPTTF distributions. The amount of RPTTF authorized includes the prior period adjustment (PPA) resulting from the CAC review of the PPA form submitted by the Agency, as adjusted by Finance.

The Agency's maximum approved RPTTF distribution for the reporting period is \$563,070, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2020 through December 31, 2020 period (ROPS A period), and one distribution for the January 1, 2021 through June 30, 2021 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 20-21 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 20-21. 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 deemed denied until the matter is resolved.

The ROPS 20-21 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 20-21 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 the RPTTF is the same as the amount of property tax increment available prior to the enactment of the 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 Todd Vermillion, Supervisor, or Thong Thao, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Matt Bronson, City Manager, City of Grover Beach
Aaronne Kessler, Property Tax Manager, San Luis Obispo County

Approved RPTTF Distribution July 2020 through June 2021			
	ROPS A	ROPS B	ROPS 20-21 Total
RPTTF Requested	\$ 347,033	\$ 373,875	\$ 720,908
Administrative RPTTF Requested	40,000	0	40,000
Total RPTTF Requested	387,033	373,875	760,908
RPTTF Requested	347,033	373,875	720,908
<u>Adjustment(s)</u>			
Item No. 1	(110,000)	0	(110,000)
Item No. 2	(30,070)	0	(30,070)
	(140,070)	0	(140,070)
RPTTF Authorized	206,963	373,875	580,838
Administrative RPTTF Authorized	40,000	0	40,000
ROPS 17-18 prior period adjustment (PPA)	(57,768)	0	(57,768)
Total RPTTF Approved for Distribution	\$ 189,195	\$ 373,875	\$ 563,070