



Transmitted via e-mail

May 15, 2020

Tracy Robinson, Administrative Services Director
City of Lafayette
3675 Mt. Diablo Boulevard, Suite 210
Lafayette, CA 94549

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 Lafayette Successor Agency (Agency) submitted an annual ROPS for the period of July 1, 2020 through June 30, 2021 (ROPS 20-21) to Finance on January 30, 2020. The Agency requested a Meet and Confer on one or more of the determinations made by Finance. The Meet and Confer was held on April 22, 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 determinations being disputed:

Item Nos. 12, 13, and 16 – City of Lafayette (City) General Fund Loans and Parking Fund Loan (collectively, Loans), in the total outstanding obligations of \$6,088,295. Finance continues to deny these items. Pursuant to HSC section 34191.4 (b), loan agreements between the former Redevelopment Agency (RDA) 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 May 15, 2013. However, Finance denied OB Resolution Nos. LOB 02-2017, LOB 02-2018, and OB 2019-36, approving the reinstatement and repayment of certain prior loans made to the former RDA by the City, finding the loans were for legitimate redevelopment purposes pursuant to HSC section 34191.4 (b), in our determination letters dated March 17, 2017, April 4, 2018, and March 25, 2019.

While the OB made the finding the loans were for legitimate redevelopment purposes, Finance initially denied these items as the Agency was unable to provide documentation to support the transfer of money to the RDA for use by the RDA as required by HSC section 34191.4 (b) (2) (A). During the Meet and Confer, the Agency stated it had already submitted all supporting documentation to Finance. Therefore, Finance continues to deny these loans as they do not meet the definition of "loan agreement" under the Dissolution Law, and the requested amounts of \$755,501 and \$750,894 for Item Nos. 12 and 16, respectively, are not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding. No funding was requested for Item No. 13 on ROPS 20-21.

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:

The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (3). However, 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.

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 County Auditor-Controller's review of the PPA form submitted by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$2,895,042, 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/>

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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.

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 Joshua Mortimer, Supervisor, or Carla Villa, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Jennifer Wakeman, Financial Services Manager, City of Lafayette
Bob Campbell, Auditor-Controller, Contra Costa County

Approved RPTTF Distribution July 2020 through June 2021			
	ROPS A	ROPS B	ROPS 20-21 Total
RPTTF Requested	\$ 1,584,002	\$ 2,569,638	\$ 4,153,640
Administrative RPTTF Requested	250,000	0	250,000
Total RPTTF Requested	1,834,002	2,569,638	4,403,640
RPTTF Requested	1,584,002	2,569,638	4,153,640
<u>Adjustments</u>			
Item No. 12	(755,501)	0	(755,501)
Item No. 16	(750,894)	0	(750,894)
	(1,506,395)	0	(1,506,395)
RPTTF Authorized	77,607	2,569,638	2,647,245
Administrative RPTTF Authorized	250,000	0	250,000
ROPS 17-18 prior period adjustment (PPA)	(2,203)	0	(2,203)
Total RPTTF Approved for Distribution	\$ 325,404	\$ 2,569,638	\$ 2,895,042