



Transmitted via e-mail

March 30, 2020

Brian J. Bosse, Waterfront Business Manager  
City of Santa Barbara  
132-A Harbor Way  
Santa Barbara, CA 93109

### **2020-21 Annual Recognized Obligation Payment Schedule**

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Santa Barbara Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2020 through June 30, 2021 (ROPS 20-21) to the California Department of Finance (Finance) on January 30, 2020. Finance has completed its review of the ROPS 20-21.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item No. 6 – Chase Palm Park Wisteria Arbor in the total outstanding amount of \$835,000 is overstated. The Agency should update the outstanding balance to reflect the amount previously received to make payments as approved on prior ROPS. After applying the approved payment from ROPS 19-20 in the amount of \$835,000, the recalculated total outstanding balance is \$0. As such, Finance has reduced the outstanding balance on the Agency's ROPS Detail Form. Additionally, since no obligations remain outstanding, Finance is denying the Agency's current ROPS request from Other Funds in the amount of \$835,000.
- 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 Redevelopment Property Tax Trust Fund (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 \$37,686, 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.

It is our understanding all of the Agency's obligations will be paid off after the ROPS 19-20 period. HSC section 34187 (b) states that when all of the enforceable obligations have been retired or paid off, all real property has been disposed of, and all outstanding litigation has been resolved, the Agency shall, within 30 days of meeting the aforementioned criteria, submit to the OB a request, with a copy of the request to the County Auditor-Controller, to formally dissolve the Agency. The OB shall approve the request within 30 days, and shall submit the request to Finance.

Except for the item adjusted, Finance is not objecting to the remaining items listed on the ROPS 20-21. If the Agency disagrees with our determination with respect to any items on the ROPS 20-21, 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 must use the RAD App to complete and submit its Meet and Confer request form.

Absent a Meet and Confer, 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 Joshua Mortimer, Supervisor, or Cole Chev, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER  
Program Budget Manager

cc: James Hamilton, Community Development Business Manager, City of Santa Barbara  
Trevor Lysek, Division Chief Property Tax Division, Santa Barbara County

<b>Approved RPTTF Distribution July 2020 through June 2021</b>			
	<b>ROPS A</b>	<b>ROPS B</b>	<b>ROPS 20-21 Total</b>
RPTTF Requested	\$ 0	\$ 0	\$ 0
Administrative RPTTF Requested	125,000	0	125,000
<b>Total RPTTF Requested</b>	<b>125,000</b>	<b>0</b>	<b>125,000</b>
<b>RPTTF Authorized</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Administrative RPTTF Authorized</b>	<b>125,000</b>	<b>0</b>	<b>125,000</b>
ROPS 17-18 prior period adjustment (PPA)	(87,314)	0	(87,314)
<b>Total RPTTF Approved for Distribution</b>	<b>\$ 37,686</b>	<b>\$ 0</b>	<b>\$ 37,686</b>