



Transmitted via e-mail

April 15, 2020

John Furtado, Finance Manager
City of Walnut Creek
1666 North Main Street
Walnut Creek, CA 94596

2020-21 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Walnut Creek 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. 17 – 2000 TAB Series Reserve Pledged Revenues for upcoming payment due on August 15, 2021 in the amount of \$237,130 from Bond Proceeds. It is our understanding the funding source for this item is Reserve Balances. Therefore, with the Agency's concurrence, Finance has reclassified the requested amount of \$237,130 from Bond Proceeds to Reserve Balances.
- Item No. 23 – Advance from City of Walnut Creek in the amount of \$274,644 is not allowed. 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 October 3, 2013. However, OB Resolution No. 14-4, finding the 1988 Reimbursement Agreement between the City of Walnut Creek (City) and the RDA was for legitimate redevelopment purposes pursuant to HSC section 34191.4 (b), was denied in our letter dated January 9, 2015 because the Agency was unable to provide adequate documentation to support the receipt of funds from the City. Therefore, the requested amount of \$274,644 is not eligible for Reserve Balances funding.

- The claimed administrative costs exceed the allowance by \$13,040. HSC section 34171 (b) (3) limits the fiscal year Administrative Cost Allowance (ACA) to three percent of actual RPTTF distributed in the preceding fiscal year or \$250,000, whichever is greater; not to exceed 50 percent of the RPTTF distributed in the preceding fiscal year. As a result, the Agency's maximum ACA is \$0 for fiscal year 2020-21. Although \$13,040 is claimed for ACA from Reserve Balances, no ACA is available pursuant to the cap. Therefore, as noted in the table below, \$13,040 in excess ACA from Reserve Balances funding is not allowed:

Administrative Cost Allowance (ACA) Calculation	
Actual RPTTF distributed for fiscal year 2019-20	\$0
Less distributed Administrative RPTTF	(0)
RPTTF distributed for 2019-20 after adjustments	\$0
ACA Cap for 2020-21 per HSC section 34171 (b)	\$0
Total ACA requested for 2020-21	\$13,040
ACA in Excess of the Cap	\$(13,040)

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. Total authorized RPTTF is insufficient to allow the entire PPA to be applied this ROPS period, resulting in an excess PPA that should be applied prior to requesting RPTTF on future ROPS.

Because the Agency requested no RPTTF funds, the Agency's maximum approved RPTTF distribution for the reporting period is \$0, 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.

Except for the items 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/

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.

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 Anna Kyumba, Supervisor, or Thong Thao, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Margot Ernst, Housing Manager, City of Walnut Creek
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	\$ 0	\$ 0	\$ 0
Administrative RPTTF Requested	0	0	0
Total RPTTF Requested*	0	0	0
RPTTF Authorized	0	0	0
Administrative RPTTF Authorized	0	0	0
ROPS 17-18 prior period adjustment (PPA)	0	(181,688)	(181,688)
Excess PPA	0	181,688	181,688
Total RPTTF Approved for Distribution	\$ 0	\$ 0	\$ 0

*The Agency requested no RPTTF funding and requested Other Funds and Reserve Balances to fund its obligations.