



Transmitted via e-mail

April 13, 2020

Cindy Czerwin, Administrative Services Director
City of Watsonville
250 Main Street
Watsonville, CA 95076

2020-21 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Watsonville 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 31, 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 determination:

The claimed administrative costs exceed the allowance by \$250,000. HSC section 34171 (b) (3) limits the fiscal year Administrative Cost Allowance (ACA) to three percent of actual Redevelopment Property Tax Trust Fund (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 \$250,000 is claimed for ACA, \$0 is available pursuant to the cap. Therefore, as noted in the table on the following page, \$250,000 in excess ACA is not allowed:

Administrative Cost Allowance (ACA) Calculation	
Actual RPTTF distributed for fiscal year 2019-20	\$0
Less distributed Administrative RPTTF	(0)
Less sponsoring entity loan repayments	(279,417)
RPTTF distributed for 2019-20 after adjustments	\$0
ACA Cap for 2020-21 per HSC section 34171 (b)	\$0
ACA requested for 2020-21 after adjustments	250,000
Plus amount reclassified to ACA	0
Total ACA	\$250,000
ACA in Excess of the Cap	\$250,000

The County Auditor-Controller did not provide its review of the Agency's prior period adjustments for the July 1, 2017 through June 30, 2018 (ROPS 17-18) period as required by HSC section 34186. On the ROPS 20-21 form, the Agency reported cash balances and activities for ROPS 17-18. Therefore, we reviewed ROPS 17-18 expenditures. The amount of RPTTF approved includes the prior period adjustment self-reported by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$1,819,313, 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 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/>

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 Joshua Mortimer, Supervisor, or Veronica Zalvidea, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Matt Huffaker, Assistant City Manager, City of Watsonville
Edith Driscoll, Auditor-Controller Treasurer, Santa Cruz County

Approved RPTTF Distribution July 2020 through June 2021			
	ROPS A	ROPS B	ROPS 20-21 Total
RPTTF Requested	\$ 1,762,382	\$ 185,010	\$ 1,947,392
Administrative RPTTF Requested	125,000	125,000	250,000
Total RPTTF Requested	1,887,382	310,010	2,197,392
RPTTF Authorized	1,762,382	185,010	1,947,392
Administrative RPTTF Requested	125,000	125,000	250,000
Excess Administrative Costs	(125,000)	(125,000)	(250,000)
Administrative RPTTF Authorized	0	0	0
ROPS 17-18 prior period adjustment (PPA)	(128,079)	0	(128,079)
Total RPTTF Approved for Distribution	\$ 1,634,303	\$ 185,010	\$ 1,819,313