



Transmitted via e-mail

April 14, 2021

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

2021-22 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 July 1, 2021 through June 30, 2022 (ROPS 21-22) to the California Department of Finance (Finance) on January 28, 2021. Finance has completed its review of the ROPS 21-22.

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

- Item No. 34 – City loan payment in the amount of \$426,903. The Agency requested \$136,669 in Other Funds and \$290,234 in Redevelopment Property Tax Trust Fund (RPTTF), totaling \$426,903, in error, as the Agency does not have the Other Funds requested. Therefore, with the Agency's concurrence, the Other Funds amount of \$136,669 is reclassified to RPTTF.

The County Auditor-Controller did not provide its review of the Agency's prior period adjustments for the July 1, 2018 through June 30, 2019 (ROPS 18-19) period as required by HSC section 34186. On the ROPS 21-22 form, the Agency reported cash balances and activities for the ROPS 18-19 period. Therefore, we reviewed ROPS 18-19 expenditures. The amount of RPTTF approved includes the prior period adjustment self-reported by the Agency and reviewed by Finance.

The Agency's maximum approved RPTTF distribution for the reporting period is \$2,012,247, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2021 through December 31, 2021 period (ROPS A period), and one distribution for the January 1, 2022 through June 30, 2022 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 21-22 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 adjusted items, Finance does not object to the remaining items listed on the ROPS 21-22. If the Agency disagrees with our determination with respect to any items on the ROPS 21-22, 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 from 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 21-22. This determination only applies to items when funding was requested for the 12-month period. If a determination by Finance in a previous ROPS is currently the subject of litigation, the item will continue to reflect the determination until the matter is resolved.

The ROPS 21-22 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 21-22 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to Finance's review and may be adjusted even if not adjusted 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-Tax Collector, Santa Cruz County

Approved RPTTF Distribution July 2021 through June 2022			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 1,806,944	\$ 151,885	\$ 1,958,829
Administrative RPTTF Requested	0	0	0
Total RPTTF Requested	1,806,944	151,885	1,958,829
RPTTF Requested	1,806,944	151,885	1,958,829
<u>Adjustment(s)</u>			
Item No. 34	136,669	0	136,669
RPTTF Authorized	1,943,613	151,885	2,095,498
Administrative RPTTF Authorized	0	0	0
ROPS 18-19 prior period adjustment (PPA)	(83,251)	0	(83,251)
Total RPTTF Approved for Distribution	\$ 1,860,362	\$ 151,885	\$ 2,012,247