



Transmitted via e-mail

April 1, 2022

Jeff Jones, Finance Director/Interim City Manager  
City of Arvin  
200 Campus Drive  
Arvin, CA 93203

### **2022-23 Annual Recognized Obligation Payment Schedule**

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Arvin Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2022 through June 30, 2023 (ROPS 22-23) to the California Department of Finance (Finance) on January 31, 2022. Finance has completed its review of the ROPS 22-23.

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

- Item No. 50 – Short Term City Loan in the requested amount of \$82,511 is not allowed. During the July 1, 2020 through June 30, 2021 (ROPS 20-21) period, Finance approved \$82,511 for a shortfall in Redevelopment Property Tax Trust Fund (RPTTF) funding from a prior ROPS period. The Agency has not provided any documentation to support a new shortfall exists. Therefore, the requested amount of \$82,511 is not eligible for RPTTF funding.
- On the ROPS 22-23 form, the Agency reported cash balances and activity for the period July 1, 2019 through June 30, 2020 (ROPS 19-20). According to our review, the Agency has approximately \$1,982 in Reserve Balances, derived from an overpayment in RPTTF, available to fund enforceable obligations on the ROPS 22-23. HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF funding. The item below does not require payment from property tax revenues; therefore, with the Agency's concurrence, the funding source has been reclassified in the amount specified below:
  - Item No. 48 – Series 2019B Taxable Tax Allocation Refunding Bonds in the amount of \$365,768 is partially reclassified. Finance is approving RPTTF in the amount of \$363,786 and the use of Reserve Balances in the amount of \$1,982, totaling \$365,768.

- 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. 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 ROPS 19-20 period. The ROPS 19-20 prior period adjustment (PPA) will offset the ROPS 22-23 RPTTF distribution. The amount of RPTTF authorized includes the PPA resulting from the County Auditor-Controller's review of the PPA form submitted by the Agency, as adjusted by Finance. Specifically, the Agency is permitted to use distributed RPTTF for its refunded bonds listed as Item Nos. 1 and 2 on the ROPS 19-20 PPA form and apply payment to the 2019 Refunding Bonds. Therefore, Finance adjusted the expended RPTTF for Item Nos. 1 and 2 to agree with the Agency's 2019 Refunding Bonds debt service payment that was due March 1, 2020. This resulted in a revised PPA of \$154,437.

The Agency's maximum approved RPTTF distribution for the reporting period is \$547,602, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2022 through December 31, 2022 period (ROPS A period), and one distribution for the January 1, 2023 through June 30, 2023 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 22-23 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 approves the remaining items listed on the ROPS 22-23 at this time. If the Agency disagrees with our determination with respect to any items on the ROPS 22-23, 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/](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 22-23. 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 22-23 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 22-23 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 Todd Vermillion, Supervisor, or Lynel Ford, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER  
Program Budget Manager

cc: Dennis Clark, Accountant, City of Arvin  
Mary Bedard, Auditor-Controller, Kern County

<b>Approved RPTTF Distribution July 2022 through June 2023</b>			
	<b>ROPS A</b>	<b>ROPS B</b>	<b>Total</b>
RPTTF Requested	\$ 124,759	\$ 487,273	\$ 612,032
Administrative RPTTF Requested	87,000	87,500	174,500
<b>Total RPTTF Requested</b>	<b>211,759</b>	<b>574,773</b>	<b>786,532</b>
<b>RPTTF Requested</b>	<b>124,759</b>	<b>487,273</b>	<b>612,032</b>
<u>Adjustment(s)</u>			
Item No. 48	(1,982)	0	(1,982)
Item No. 50	0	(82,511)	(82,511)
	(1,982)	(82,511)	(84,493)
<b>RPTTF Authorized</b>	<b>122,777</b>	<b>404,762</b>	<b>527,539</b>
<b>Administrative RPTTF Authorized</b>	<b>87,000</b>	<b>87,500</b>	<b>174,500</b>
ROPS 19-20 prior period adjustment (PPA)	(154,437)	0	(154,437)
<b>Total RPTTF Approved for Distribution</b>	<b>\$ 55,340</b>	<b>\$ 492,262</b>	<b>\$ 547,602</b>