



Transmitted via e-mail

May 17, 2022

Sherri Dueker, Accounting Manager  
City of Chowchilla  
130 South Second Street  
Chowchilla, CA 93610

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

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 13, 2022. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Chowchilla Successor Agency (Agency) submitted an annual ROPS for the period July 1, 2022 through June 30, 2023 (ROPS 22-23) to Finance on January 29, 2022. The Agency requested a Meet and Confer on one or more of the determinations made by Finance. The Meet and Confer was held on April 26, 2022.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific determinations being disputed:

- Item No. 37 – Ready Roast ClawBack in the total outstanding amount of \$378,651 continues to be denied. During the Meet and Confer, the Agency stated Ready Roast has not developed the property as required and that the Purchase Agreement allows the Agency to claw back the property. The Agency provided the Purchase Agreement and Deed of Trust as supporting documentation for this item. However, these documents do not obligate the Agency to repurchase the property from Ready Roast. Pursuant to HSC section 34163 (e), agencies shall not have the authority to acquire real property by any means for any purpose, including the exercise of an option to purchase or repurchase such real property. In addition, HSC section 34177 (h) requires the Agency to expeditiously wind-down the affairs of the former redevelopment agency. An optional repurchase of real property is contrary to dissolution law. Therefore, this item is not an enforceable obligation and the requested amount of \$378,651 from the Redevelopment Property Tax Trust Fund (RPTTF) is not allowed.

In addition, per Finance's letter dated April 13, 2022, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

- 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, 2019 through June 30, 2020 (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.

The Agency's maximum approved RPTTF distribution for the reporting period is \$511,365, 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 item, Finance approves the remaining items listed on the ROPS 22-23 at this time.

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.

Sherri Dueker  
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Please direct inquiries to Zuber Tejani, Supervisor, or Michael Painter, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER  
Program Budget Manager

cc: Rod Pruett, City Administrator, City of Chowchilla  
Catherine Nainoa, Chief Accountant Auditor, Madera County

<b>Approved RPTTF Distribution July 2022 through June 2023</b>			
	<b>ROPS A</b>	<b>ROPS B</b>	<b>Total</b>
RPTTF Requested	\$ 784,261	\$ 0	\$ 784,261
Administrative RPTTF Requested	130,000	0	130,000
<b>Total RPTTF Requested</b>	<b>914,261</b>	<b>0</b>	<b>914,261</b>
<b>RPTTF Requested</b>	<b>784,261</b>	<b>0</b>	<b>784,261</b>
<u>Adjustment(s)</u>			
Item No. 37	(378,651)	0	(378,651)
<b>RPTTF Authorized</b>	<b>405,610</b>	<b>0</b>	<b>405,610</b>
<b>Administrative RPTTF Authorized</b>	<b>130,000</b>	<b>0</b>	<b>130,000</b>
ROPS 19-20 prior period adjustment (PPA)	(24,245)	0	(24,245)
<b>Total RPTTF Approved for Distribution</b>	<b>\$ 511,365</b>	<b>\$ 0</b>	<b>\$ 511,365</b>