



Transmitted via e-mail

April 1, 2022

Alan Flora, City Manager
City of Clearlake
14050 Olympic Drive
Clearlake, CA 95422

2022-23 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Clearlake 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 February 1, 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. 1 – Debt Service for the 2017 Tax Allocation Bonds. The Agency requested \$961,512 from the Redevelopment Property Tax Trust Fund (RPTTF) in error. According to the debt service schedule provided by the Agency, the amount requested for the July through December (ROPS 22-23A) period should be \$768,256. Of this amount, \$287,500 has already been authorized and funded during the January 2022 through June 2022 (ROPS 21-22B) period. Further, the January through June (ROPS 22-23B) period should be \$185,709. Therefore, to accurately reflect the correct debt service payment, Finance made the followings adjustments:

Funding Source	Requested	Adjusted	Authorized
Reserves (A Period)	\$ 0	\$ 287,500	\$ 287,500
RPTTF (A Period)	193,256	287,500	480,756
RPTTF (B Period)	768,256	(582,547)	185,709
Total	\$ 961,512	\$ (7,547)	\$ 953,965

- Item No. 31 – Bond Reserves for the 2017 Tax Allocation Bonds. The Agency requested \$287,500 from RPTTF in error. According to the debt service schedule, the amount requested for the July through December (ROPS 23-24A) period should be \$300,000. Therefore, to accurately reflect the correct debt service payment, Finance made an adjustment in the amount of \$12,500 to increase the total requested amount of \$287,500 to \$300,000.

- 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 (CAC) review of the PPA form submitted by the Agency, as adjusted by Finance. Specifically, Finance increased the available amounts reported by the Agency for Item Nos. 11, 13 and 16 by \$5,000, \$5,000 and \$3,000 respectively. In addition, the use of Reserve Balances was not taken into consideration while reporting payments for Item No. 1; therefore, the amounts reported by the CAC were reduced by \$260,000. After considering all combined funding sources, the PPA for Item No. 1 increased by \$9,355. All combined PPA adjustments increased the PPA from \$48,234 to \$70,589 ($\$48,234 + \$5,000 + \$5,000 + \$3,000 + \$9,355$).

The Agency's maximum approved RPTTF distribution for the reporting period is \$1,198,076, 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/

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 Zuber Tejani, Supervisor, or Deanna Le, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Kelcey Young, Finance Director, City of Clearlake
Cathy Saderlund, Auditor-Controller, Lake County

Approved RPTTF Distribution July 2022 through June 2023			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 269,356	\$ 1,061,856	\$ 1,331,212
Administrative RPTTF Requested	110,000	110,000	220,000
Total RPTTF Requested	379,356	1,171,856	1,551,212
RPTTF Requested	269,356	1,061,856	1,331,212
<u>Adjustment(s)</u>			
Item No. 1	287,500	(582,547)	(295,047)
Item No. 31	0	12,500	12,500
	287,500	(570,047)	(282,547)
RPTTF Authorized	556,856	491,809	1,048,665
Administrative RPTTF Authorized	110,000	110,000	220,000
ROPS 19-20 prior period adjustment (PPA)	(70,589)	0	(70,589)
Total RPTTF Approved for Distribution	\$ 596,267	\$ 601,809	\$ 1,198,076