



Transmitted via e-mail

REVISED

July 7, 2022

Cheri Freese, Finance Director  
City of Ridgecrest  
100 West California Ave  
Ridgecrest, CA 93555

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

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) determination letter for the period July 1, 2022 through June 30, 2023 (ROPS 22-23). After further discussions with the Ridgecrest Successor Agency (Agency), a revision is necessary to fully approve the Redevelopment Property Tax Trust Fund (RPTTF) funding requested for Item No. 38.

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the Agency submitted an annual ROPS 22-23 to Finance on January 31, 2022. Finance issued its ROPS 22-23 determination letter on April 15, 2022. In response to Finance's ROPS 22-23 determination letter, the Agency requested to discuss Finance's partial approval of Item No. 38. Based on those discussions, Finance revises its determination as follows:

- Item No. 38 – Senior Housing Loan repayment in the amount of \$3,290,403. It is our understanding the requested amount consists of \$3,000,000 to reimburse the City of Ridgecrest (City) and \$290,403 in litigation costs. Finance originally denied the \$3,000,000 request to reimburse the City, but approved the \$290,403 in litigation costs.

After further discussions with the Agency, Finance has determined the City is entitled to recover the \$3,000,000 advanced to Ridgecrest Pacific Associates on behalf of the Agency, pursuant to a March 23, 2011 loan commitment letter. The California Court of Appeal, Third Appellate District for Case No. C084574 issued a final judgment confirming the loan commitment letter is to be recognized as an enforceable obligation of the Agency. Therefore, Finance is approving an additional \$3,000,000 in RPTTF funding for Item No. 38. The total RPTTF funding approved for this item is \$3,290,403, \$290,403 of which should have already been funded through the ROPS 22-23A RPTTF distribution. Since the ROPS 22-23A RPTTF distribution has already occurred, Finance is moving the additional \$3,000,000, originally requested in the ROPS 22-23A period, to the ROPS 22-23B period.

In addition, per Finance's letter dated April 15, 2022, we continue to make the following determinations:

- Item No. 13 - Employee Costs. Payments for these types of services are considered a general administrative cost and thus, \$250,000 has been reclassified to Administrative RPTTF.
- Item No. 39 - Wastewater Loan repayment in the amount of \$1,242,802 is partially allowed. HSC section 34191.4 (b) (3) (A) allows repayment to be equal to one-half of the increase between the ROPS residual pass-through distributed to the taxing entities in the preceding fiscal year and the ROPS residual pass-through distributed to the taxing entities in the fiscal year 2012-13 base year.

According to the Kern County, County Auditor-Controller's report, the ROPS residual pass-through amount distributed to the taxing entities for fiscal year 2012-13 and 2021-22 are \$2,927,831 and \$5,066,166, respectively. Pursuant to the repayment formula, the maximum repayment amount authorized for the ROPS 22-23 period is \$1,069,168. Therefore, of the \$1,242,802 requested, \$173,634 (\$1,242,802- \$1,069,168) is not eligible for RPTTF funding. The Agency may be eligible for additional funding on subsequent ROPS.

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 \$7,136,084, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the ROPS A period, and one distribution for the 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.

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 Zachary Stacy, Manager or Zuber Tejani, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER  
Program Budget Manager

cc: Kyle Westra, Consultant, City of Ridgecrest  
Mary Bedard, County 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	\$ 5,929,582	\$ 1,380,163	\$ 7,309,745
Administrative RPTTF Requested	0	0	0
<b>Total RPTTF Requested</b>	<b>5,929,582</b>	<b>1,380,163</b>	<b>7,309,745</b>
<b>RPTTF Requested</b>	<b>5,929,582</b>	<b>1,380,163</b>	<b>7,309,745</b>
<u>Adjustments</u>			
Item No. 13	(125,000)	(125,000)	(250,000)
Item No. 38	(3,000,000)	3,000,000	0
Item No. 39	(173,634)	0	(173,634)
	(3,298,634)	2,875,000	(423,634)
<b>RPTTF Authorized</b>	<b>2,630,948</b>	<b>4,255,163</b>	<b>6,886,111</b>
<b>Administrative RPTTF Requested</b>	<b>0</b>	<b>0</b>	<b>0</b>
<u>Adjustment</u>			
Item No. 13	125,000	125,000	250,000
<b>Adjusted Administrative RPTTF</b>	<b>125,000</b>	<b>125,000</b>	<b>250,000</b>
<b>Administrative RPTTF Authorized</b>	<b>125,000</b>	<b>125,000</b>	<b>250,000</b>
ROPS 19-20 prior period adjustment (PPA)	(27)	0	(27)
<b>Total RPTTF Approved for Distribution</b>	<b>\$ 2,755,921</b>	<b>\$ 4,380,163</b>	<b>\$ 7,136,084</b>