



Transmitted via e-mail

April 15, 2022

Victor Damiani, Finance Director  
City of Seaside  
440 Harcourt Avenue  
Seaside, CA 93955

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

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Seaside 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. 6 – City Loan in the total outstanding amount of \$2,333,431 is not allowed. Pursuant to HSC section 34191.4 (b), loan agreements between the former Redevelopment Agency (RDA) and sponsoring entity may be placed on the ROPS if the following requirements are met: (1) the Agency has received a Finding of Completion; and (2) the Agency's OB approves the loan as an enforceable obligation by finding the loan was for legitimate redevelopment purposes.

The Agency received a Finding of Completion on March 28, 2014. However, OB Resolution No. 2022-01, approving loans made pursuant to a Financing Agreement between the Redevelopment Agency of The City of Seaside and The City of Seaside, in the amount of \$2,333,431, as an enforceable obligation and finding the loan was for legitimate redevelopment purposes, was denied in our letter dated March 28, 2022. Pursuant to HSC section 34191.4 (b) (2) (A), the Agency could not provide accounting records or bank statements showing the transfer of money from the City to the RDA for any of the projects. Therefore, the requested amount of \$638,280 is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.

- The claimed administrative costs exceed the allowance by \$9,302. HSC section 34171 (b) (3) limits the fiscal year Administrative Cost Allowance (ACA) to three percent of actual RPTTF distributed in the preceding fiscal year or \$250,000, whichever is greater; not to exceed 50 percent of the RPTTF distributed in the prior fiscal year. As a result, the Agency's maximum ACA is \$83,829 for fiscal year 2022-23.

Although \$93,131 is claimed for ACA, only \$83,829 is available pursuant to the cap. Therefore, as noted in the table below, \$9,302 in excess ACA is not allowed:

<b>Administrative Cost Allowance (ACA) Calculation</b>	
Actual RPTTF distributed for fiscal year 2021-22	\$167,657
Less distributed Administrative RPTTF	(0)
<b>RPTTF distributed for 2021-22</b>	<b>\$167,657</b>
ACA Cap for 2022-23 per HSC section 34171 (b)	\$ 83,829
ACA requested for 2022-23	93,131
<b>ACA in Excess of the Cap</b>	<b>(\$9,302)</b>

- 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 \$966,478 from Other Funds 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 items listed in the table below do not require payment from property tax revenues; therefore, with the Agency's concurrence, the funding source for these items has been reclassified in the amounts as specified.

<b>Item No.</b>	<b>Item Name</b>	<b>RPTTF Requested</b>	<b>Other Funds Approved</b>
34	Bond maintenance Fees	\$3,000	\$3,000
45	2014 Tax Allocation Refunding Bonds	\$30,256	\$30,256
48	Reserve for 2014 Tax Allocation Refunding Bond payment	\$150,256	\$150,256
49	Administration Costs	\$83,829	\$83,829
	<b>Total</b>	<b>\$267,341</b>	<b>\$267,341</b>

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 (CAC) review of the PPA form submitted by the Agency, as adjusted by Finance. Specifically, Finance increased the available amounts for Item Nos. 11, 12, and 34 by \$10,000, \$17,648 and \$3,300, respectively because they were underreported by the Agency. Further, the Administrative RPTTF was adjusted by \$5,012. The combined PPA adjustments increased the PPA from \$153,380 to \$189,340. In addition, the total authorized RPTTF is insufficient to allow the entire PPA to be applied this ROPS period, resulting in an excess PPA that should be applied prior to requesting RPTTF on future ROPS.

The Agency's maximum approved RPTTF distribution for the reporting period is \$0, 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 Zuber Tejani, Supervisor, or Brian Johnson, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER  
Program Budget Manager

cc: Jessica Riley, Assistant Finance Director, City of Seaside  
Jennifer Forsyth, Auditor-Controller Analyst, Monterey County

<b>Approved RPTTF Distribution July 2022 through June 2023</b>			
	<b>ROPS A</b>	<b>ROPS B</b>	<b>Total</b>
RPTTF Requested	\$ 322,140	\$ 499,652	\$ 821,792
Administrative RPTTF Requested	0	93,131	93,131
<b>Total RPTTF Requested</b>	<b>322,140</b>	<b>592,783</b>	<b>914,923</b>
<b>RPTTF Requested</b>	<b>322,140</b>	<b>499,652</b>	<b>821,792</b>
<u>Adjustment(s)</u>			
Item No. 6	(319,140)	(319,140)	(638,280)
Item No. 34	(3,000)	0	(3,000)
Item No. 45	0	(30,256)	(30,256)
Item No. 48	0	(150,256)	(150,256)
	(322,140)	(499,652)	(821,792)
<b>RPTTF Authorized</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Administrative RPTTF Requested</b>	<b>0</b>	<b>93,131</b>	<b>93,131</b>
<u>Adjustment(s)</u>			
Item No. 49	0	(83,829)	(83,829)
<b>Adjusted Administrative RPTTF</b>	<b>0</b>	<b>9,302</b>	<b>9,302</b>
Excess Administrative Costs	(0)	(9,302)	(9,302)
<b>Administrative RPTTF Authorized</b>	<b>0</b>	<b>0</b>	<b>0</b>
ROPS 19-20 prior period adjustment (PPA)	0	(189,340)	(189,340)
Excess PPA	0	189,340	189,340
<b>Total RPTTF Approved for Distribution</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>