



Transmitted via e-mail

April 13, 2022

Sophie L. Smith, Deputy City Manager
City of Victorville
14343 Civic Drive
Victorville, CA 92392

2022-23 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Victorville 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 27, 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:

- 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 \$324,844 from Other Funds available to fund enforceable obligations on the ROPS 22-23. In addition, On the July 1, 2021 through June 30, 2022 ROPS (ROPS 21-22) form, the Agency reported differences between actual payments and past estimated obligations (prior period adjustments) for the July 1, 2018 through June 30, 2019 (ROPS 18-19) period. The ROPS 18-19 prior period adjustments (PPA) in Redevelopment Property Tax Trust Fund (RPTTF) were used to offset the ROPS 21-22 RPTTF distributions. However, the ROPS 21-22 authorized amounts of RPTTF were insufficient to offset the entire PPA, resulting in the Agency possessing approximately \$34,010 of Reserve Balances from the excess PPA. As a result, the Agency has a total of \$358,854 available to fund its enforceable obligations.

HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF funding. This item does not require payment from property tax revenues; therefore, with the Agency's concurrence, the funding source for the following item has been reclassified in the amount specified below:

- Item No. 1 – Victorville RDA Tax Allocation Bonds in the amount of \$3,183,160 is partially reclassified. Finance is approving RPTTF in the amount of \$2,824,306, the use of Other Funds in the amount of \$324,844 and the use of Reserve Balances in the amount of \$34,010, totaling \$3,183,160.

- The claimed administrative costs of \$123,171 are not allowed. 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 preceding fiscal year. The Agency received no RPTTF distribution for fiscal year 2021-22. As a result, the Agency's maximum ACA is \$0 for fiscal year 2022-23. Therefore, the requested \$123,171 in ACA is not allowed.

Pursuant to HSC section 34186, successor agencies are required to report PPA for the ROPS 19-20 period. The ROPS 19-20 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 \$3,028,712, 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. 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 Brian Johnson, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Keith C. Metzler, City Manager, City of Victorville
Linda Santillano, Chief Deputy, Property Tax, San Bernardino County

Approved RPTTF Distribution July 2022 through June 2023			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 2,542,791	\$ 938,569	\$ 3,481,360
Administrative RPTTF Requested	61,585	61,586	123,171
Total RPTTF Requested	2,604,376	1,000,155	3,604,531
RPTTF Requested	2,542,791	938,569	3,481,360
<u>Adjustment(s)</u>			
Item No. 1	(358,854)	0	(358,854)
RPTTF Authorized	2,183,937	938,569	3,122,506
Administrative RPTTF Requested	61,585	61,586	123,171
Excess Administrative Costs	(61,585)	(61,586)	(123,171)
Administrative RPTTF Authorized	0	0	0
ROPS 19-20 prior period adjustment (PPA)	(93,794)	0	(93,794)
Total RPTTF Approved for Distribution	\$ 2,090,143	\$ 938,569	\$ 3,028,712