



Transmitted by e-mail

March 30, 2020

Kofi Antobam, Director of Administrative Services  
City of Rancho Mirage  
69825 Highway 111  
Rancho Mirage, CA 92270

### **2020-21 Annual Recognized Obligation Payment Schedule**

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Rancho Mirage Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2020 through June 30, 2021 (ROPS 20-21) to the California Department of Finance (Finance) on January 21, 2020. Finance has completed its review of the ROPS 20-21.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item Nos. 5 and 6 – Agency Repayment of Supplemental Educational Revenue Augmentation Fund (SERAF) Loans #1 and #2 have been adjusted to decrease the total outstanding balances owed. It is our understanding the Agency calculated three percent interest on the SERAF balances; however, the former Redevelopment Agency (RDA) did not enter into loan agreements which defined interest rate terms. Therefore, HSC section 34191.4 (b) (2) (C) (3) does not apply in the absence of loan agreements. As a result, Finance decreases the total outstanding balances by the amounts approved on prior ROPSs and makes the following determinations:
  - Item No. 5 – SERAF-Loan #1 in the total outstanding amount of \$2,220,501 is not allowed. The obligation was fully satisfied during fiscal year 2019-20 and subsequently retired by the Agency during the ROPS 19-20 period. Therefore, the requested amount of \$2,220,501 from Redevelopment Property Tax Trust Fund (RPTTF) funds is not allowed.
  - Item No. 6 – SERAF-Loan #2 in the total outstanding amount of \$2,087,469 is overstated and the requested amount of \$1,764,421 is partially allowed. The outstanding loan balance reported on the Agency's ROPS Detail Form has been reduced by \$603,385 to \$1,484,084. As a result, the Agency's current ROPS request of \$1,764,421 has been reduced to \$1,484,084 to only allow the funds necessary to fulfill this obligation. Therefore, \$280,337 is not eligible for RPTTF.

- Item No. 76 – Maintenance Agreement with U.S. Postal Services-Parking Lot & Landscape in the total outstanding amount of \$250,000 is not allowed. It is our understanding these agreements entered into on June 4, 2019 are between the City of Rancho Mirage and DesertArc; the former RDA is not a party to the contract. Additionally, it is our understanding that the property subject to the landscaping services is no longer owned by the Agency and was not listed on the Agency's Long-Range Property Management Plan. Therefore, this item is not an enforceable obligation and the requested amount of \$10,000 from RPTTF is not allowed.

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, 2017 through June 30, 2018 (ROPS 17-18) period. Reported differences in RPTTF are used to offset current RPTTF distributions. The amount of RPTTF authorized includes the prior period adjustment (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 \$12,266,760, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2020 through December 31, 2020 period (ROPS A period), and one distribution for the January 1, 2021 through June 30, 2021 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 20-21 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 items adjusted, Finance is not objecting to the remaining items listed on the ROPS 20-21. If the Agency disagrees with our determination with respect to any items on the ROPS 20-21, 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 of 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 20-21. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be deemed denied until the matter is resolved.

The ROPS 20-21 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 20-21 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if not denied 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 Todd Vermillion, Supervisor, or Jeremy Bunting, Analyst, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER  
Program Budget Manager

cc: Joseph Carpenter, Finance Manager, City of Rancho Mirage  
Pam Elias, Chief Accountant Property Tax Division, Riverside County

<b>Approved RPTTF Distribution July 2020 through June 2021</b>			
	<b>ROPS A</b>	<b>ROPS B</b>	<b>ROPS 20-21 Total</b>
RPTTF Requested	\$ 9,233,939	\$ 5,239,016	\$ 14,472,955
Administrative RPTTF Requested	156,458	156,458	312,916
<b>Total RPTTF Requested</b>	<b>9,390,397</b>	<b>5,395,474</b>	<b>14,785,871</b>
<b>RPTTF Requested</b>	<b>9,233,939</b>	<b>5,239,016</b>	<b>14,472,955</b>
<u>Adjustments</u>			
Item No. 5	(2,220,501)	0	(2,220,501)
Item No. 6	(280,337)	0	(280,337)
Item No. 76	(10,000)	0	(10,000)
	(2,510,838)	0	(2,510,838)
<b>RPTTF Authorized</b>	<b>6,723,101</b>	<b>5,239,016</b>	<b>11,962,117</b>
<b>Administrative RPTTF Authorized</b>	<b>156,458</b>	<b>156,458</b>	<b>312,916</b>
ROPS 17-18 prior period adjustment (PPA)	(8,273)	0	(8,273)
<b>Total RPTTF Approved for Distribution</b>	<b>\$ 6,871,286</b>	<b>\$ 5,395,474</b>	<b>\$ 12,266,760</b>