



Transmitted via e-mail

April 15, 2020

Kelly Sessions, Administrative Services Director  
City of San Pablo  
13831 San Pablo Avenue  
San Pablo, CA 94806

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

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of San Pablo 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 February 4, 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 No. 36 – Property Maintenance Costs totaling \$5,000 is not allowed. The Agency provided insufficient documentation to support the property maintenance costs. Specifically, the cost estimates provided were not supported by executed contracts and/or vendor invoices. Supporting documents should segregate the costs specific to properties held by the Agency with the approved Permissible Use of "Sale of Property," as listed on the Finance approved Long-Range Property Management Plan (LRPMP) dated June 12, 2014. Further, three of the five properties (Properties 2, 3, and 4) were approved for transfer to the City of San Pablo for governmental use in the LRPMP; the maintenance costs for these properties are not the Agency's responsibility. Therefore, the requested \$5,000 is not allowed from Redevelopment Property Tax Trust Fund (RPTTF) funding. To the extent the Agency can provide suitable documentation, such as an executed contract or vendor invoices, to support the requested amount, the item may be considered for funding on a future ROPS.
- The claimed administrative costs exceed the allowance by \$30,000. 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. As a result, the Agency's maximum ACA is \$250,000 for fiscal year 2020-21. Although \$250,000 is claimed for ACA, Item No. 46 in the claimed \$30,000 is considered an administrative cost and should be counted toward the cap. Therefore, as noted in the table on the following page, \$30,000 in excess ACA is not allowed:

<b>Administrative Cost Allowance (ACA) Calculation</b>	
Actual RPTTF distributed for fiscal year 2019-20	\$5,537,351
Less distributed Administrative RPTTF	(250,000)
<b>RPTTF distributed for 2019-20 after adjustments</b>	<b>\$5,287,351</b>
ACA Cap for 2020-21 per HSC section 34171 (b)	\$250,000
ACA requested for 2020-21	250,000
Plus amount reclassified to ACA	30,000
<b>Total ACA requested for 2020-21</b>	<b>\$280,000</b>
<b>ACA in Excess of the Cap</b>	<b>\$(30,000)</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 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 (CAC) review of the PPA form submitted by the Agency, as adjusted by Finance. Specifically, Finance reduced the actual RPTTF expended for Item No. 5 by \$720,000 and allowed the \$59,100 of excess amounts expended on Item No. 38 to make the require bond payment for a net change of \$660,900 to increase the PPA amount from \$1,598,222 to \$2,259,122.

The Agency's maximum approved RPTTF distribution for the reporting period is \$4,939,808, 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 Mindy Patterson, Supervisor, or Rachel Lynch, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER  
Program Budget Manager

cc: Charles Ching, Community & Economic Development Director, City of San Pablo  
Bob Campbell, Auditor-Controller, Contra Costa 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	\$ 1,678,680	\$ 5,305,250	\$ 6,983,930
Administrative RPTTF Requested	125,000	125,000	250,000
<b>Total RPTTF Requested</b>	<b>1,803,680</b>	<b>5,430,250</b>	<b>7,233,930</b>
<b>RPTTF Requested</b>	<b>1,678,680</b>	<b>5,305,250</b>	<b>6,983,930</b>
<u>Adjustments</u>			
Item No. 36	(5,000)	0	(5,000)
Item No. 46	(15,000)	(15,000)	(30,000)
	(20,000)	(15,000)	(35,000)
<b>RPTTF Authorized</b>	<b>1,658,680</b>	<b>5,290,250</b>	<b>6,948,930</b>
<b>Administrative RPTTF Requested</b>	<b>125,000</b>	<b>125,000</b>	<b>250,000</b>
<u>Adjustment</u>			
Item No. 46	15,000	15,000	30,000
<b>Adjusted Administrative RPTTF</b>	<b>140,000</b>	<b>140,000</b>	<b>280,000</b>
Excess Administrative Costs	0	(30,000)	(30,000)
<b>Administrative RPTTF Authorized</b>	<b>140,000</b>	<b>110,000</b>	<b>250,000</b>
ROPS 17-18 prior period adjustment (PPA)	(1,798,680)	(460,442)	(2,259,122)
<b>Total RPTTF Approved for Distribution</b>	<b>\$ 0</b>	<b>\$ 4,939,808</b>	<b>\$ 4,939,808</b>