



Transmitted via e-mail

April 15, 2020

Daniel S. Briney, Finance Director  
City of Wasco  
764 E Street  
Wasco, CA 93280

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

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Wasco 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 29, 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. 10 and 11 – Legal fees for sale of RDA land (Item No. 10) and land sale broker costs (Item No. 11) in the total amount of \$80,000. Finance approved the Agency's Long Range Property Management Plan (LRPMP) on May 2, 2014, and contracts and agreements necessary to maintain assets prior to disposition are allowable. It is our understanding these costs pertain to properties approved for sale in the LRPMP for APN 487-250-177, 487-250-276, and 487-250-284. The Agency confirmed all three properties were sold prior to ROPS 20-21. Therefore, these costs are no longer needed and are not eligible for Reserve Balance funding.
- The claimed administrative costs requested on Item No. 3 exceed the allowance by \$40,000. HSC section 34171 (b) (3) limits the fiscal year Administrative Cost Allowance (ACA) to three percent of actual Redevelopment Property Tax Trust Fund (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 \$0 for fiscal year 2020-21. Therefore, as noted in the table on the following page, \$40,000 in excess ACA is not allowed.

<b>Administrative Cost Allowance (ACA) Calculation</b>	
Actual RPTTF distributed for fiscal year 2019-20	\$0
Less distributed Administrative RPTTF	0
Less sponsoring entity loan repayments	0
<b>RPTTF distributed for 2019-20 after adjustments</b>	<b>\$ 0</b>
ACA Cap for 2020-21 per HSC section 34171 (b)	\$ 0
ACA requested for 2020-21 after adjustments	\$40,000
<b>ACA in Excess of the Cap</b>	<b>\$(40,000)</b>

- On the ROPS 20-21 form, the Agency reported cash balances and activity for the period July 1, 2017 through June 30, 2018 (ROPS 17-18). According to our review, the Agency has approximately \$268,598 from Other Funds and \$81,606 from unexpended RPTTF, totaling \$350,204 (\$268,598 + \$81,606), available to fund enforceable obligations on the ROPS 20-21. HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF. However, based on the adjustments made for Item Nos. 3, 10 and 11, the Agency has no outstanding obligations. Therefore, the Agency should remit these funds to the Kern County Auditor-Controller (CAC) for distribution to the affected taxing entities.

To the extent the Agency is ready to dissolve, HSC section 34187 (b) states that when all of the enforceable obligations have been retired or paid off, all real property has been disposed, and all outstanding litigation has been resolved, the Agency shall, within 30 days of meeting the aforementioned criteria, submit to the Oversight Board a request, with a copy of the request to the CAC, to formally dissolve the successor agency. The Oversight Board shall approve the request within 30 days, and shall submit the request for Finance's review.

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 17-18 period. Reported differences in RPTTF are used to offset current RPTTF distributions. The amount of RPTTF authorized includes the prior period adjustment resulting from the CAC's review of the prior period adjustment form submitted by the Agency. Total authorized RPTTF is insufficient to allow for any of the PPA to be applied this ROPS period, resulting in an excess PPA that should be applied prior to requesting RPTTF on future ROPS or, if the Agency is ready to dissolve, remitted to the CAC for distribution to the affected taxing entities.

The Agency's maximum approved RPTTF distribution for the reporting period is \$0, as summarized in the Approved RPTTF Distribution table (see Attachment).

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 Kylie Oltmann, Supervisor, or Jessica Yip, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER  
Program Budget Manager

cc: Diego Viramontes, Accounting Manager, City of Wasco  
Mary B. Bedard, Auditor-Controller, Kern County

**Attachment**

<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	\$ 0	\$ 0	\$ 0
Administrative RPTTF Requested	20,000	20,000	40,000
<b>Total RPTTF Requested</b>	<b>20,000</b>	<b>20,000</b>	<b>40,000</b>
<b>RPTTF Authorized</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Administrative RPTTF Requested</b>	<b>20,000</b>	<b>20,000</b>	<b>40,000</b>
Excess Administrative Costs	(20,000)	(20,000)	(40,000)
<b>Administrative RPTTF Authorized</b>	<b>0</b>	<b>0</b>	<b>0</b>
ROPS 17-18 prior period adjustment (PPA)	0	(9,624)	(9,624)
Excess PPA	0	9,624	9,624
<b>Total RPTTF Approved for Distribution</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>