



Transmitted via e-mail

May 17, 2021

June Du, Interim Finance Director
City of San Pablo
1000 Gateway Avenue
San Pablo, CA 94806

2021-22 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 14, 2021. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of San Pablo Successor Agency (Agency) submitted an annual ROPS for the period of July 1, 2021 through June 30, 2022 (ROPS 21-22) to Finance on February 3, 2021. The Agency requested a Meet and Confer on one or more of the determinations made by Finance. The Meet and Confer was held on April 26, 2021.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific determinations being disputed:

- Item Nos. 47, 48, and 49 – Bond Fees for Continuing Disclosure Services, Legal Services, and Audit Services in the total outstanding amount \$31,800 (\$10,000 + \$15,000 + \$6,800). Finance no longer denies these items. Finance previously denied these items as it was our understanding the Agency was not a party to the contracts. During the Meet and Confer review, the Agency provided contracts between the Agency and the third parties. As such, these costs are no longer denied; however, payment for the legal services are considered general administrative costs and the \$15,000 requested has been reclassified from Redevelopment Property Tax Trust Fund (RPTTF) to Administrative RPTTF funding.
- Item No. 50 – Loan from the City for fiscal years 2016-17 through 2019-20 in the total outstanding amount of \$1,996,683. Finance continues to deny this item. Finance initially denied this item as bridging documentation and general ledger transactions provided by the Agency were insufficient to support the total requested amount because they did not specify which amounts were paid for by the City's loaned funds or which items remained unfunded. During the Meet and Confer review, the Agency provided additional information as to the items that were paid for by the City. It is now our understanding the City wired \$318,796 in fiscal year 2018-19 and \$1,677,886 in fiscal year 2019-20, for a total of \$1,996,682, directly to the bond trustee for payment on bond Item Nos. 5, 38, and 39. Since funds were paid directly to the bond trustee and a transfer of funds was not made to the Agency, this item is not considered a loan.

Further, pursuant to HSC section 34173 (h) (1), a City may loan funds to the Agency for the payment of enforceable obligations to the extent the Agency receives an insufficient distribution from RPTTF. According to RPTTF distribution reports provided by the County Auditor-Controller (CAC), the Agency did not have an insufficient distribution. Therefore, the requested amount of \$1,996,683 in RPTTF funding is not allowed.

- The claimed administrative costs exceed the allowance by \$15,000. HSC section 34171 (b) limits the fiscal year 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 2021-22. Although \$0 was claimed for ACA, Item Nos. 29 and 48 are considered administrative costs and should be counted toward the cap. Therefore, as noted in the table below, \$15,000 in excess ACA is not allowed:

Administrative Cost Allowance (ACA) Calculation	
Actual RPTTF distributed for fiscal year 2020-21	\$4,939,808
Less distributed Administrative RPTTF	(110,000)
Less sponsoring entity loan repayments	0
RPTTF distributed for 2020-21 after adjustments	\$4,829,808
ACA Cap for 2021-22 per HSC section 34171 (b)	\$250,000
ACA requested for 2021-22	0
Plus amount reclassified to ACA	265,000
Total ACA requested for 2021-22	\$265,000
ACA in Excess of the Cap	(\$15,000)

In addition, per Finance's letter dated April 14, 2021 we continue to make the following determinations not contested by the Agency during the Meet and Confer review:

- Item No. 29 – Administrative Fees requested in the amount of \$250,000 are considered a general administrative cost and have been reclassified from RPTTF to Administrative RPTTF.

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, 2018 through June 30, 2019 (ROPS 18-19) period. The ROPS 18-19 prior period adjustment (PPA) will offset the ROPS 21-22 RPTTF distribution. The CAC's review of the PPA form submitted by the Agency resulted in no PPA.

The Agency's maximum approved RPTTF distribution for the reporting period is \$8,716,550, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2021 through December 31, 2021 period (ROPS A period), and one distribution for the January 1, 2022 through June 30, 2022 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 21-22 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

This is our final determination regarding the obligations listed on the ROPS 21-22. 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 21-22 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 21-22 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 Todd Vermillion, Supervisor, or Brian Dunham, 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

Approved RPTTF Distribution July 2021 through June 2022			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 3,315,175	\$ 7,413,058	\$ 10,728,233
Administrative RPTTF Requested	0	0	0
Total RPTTF Requested	3,315,175	7,413,058	10,728,233
RPTTF Requested	3,315,175	7,413,058	10,728,233
<u>Adjustment(s)</u>			
Item No. 29	(250,000)	0	(250,000)
Item No. 48	(7,500)	(7,500)	(15,000)
Item No. 50	0	(1,996,683)	(1,996,683)
	(257,500)	(2,004,183)	(2,261,683)
RPTTF Authorized	3,057,675	5,408,875	8,466,550
Administrative RPTTF Requested	0	0	0
<u>Adjustment(s)</u>			
Item No. 29	250,000	0	250,000
Item No. 48	7,500	7,500	15,000
Adjusted Administrative RPTTF	257,500	7,500	265,000
Excess Administrative Costs	(7,500)	(7,500)	(15,000)
Administrative RPTTF Authorized	250,000	0	250,000
Total RPTTF Approved for Distribution	\$ 3,307,675	\$ 5,408,875	\$ 8,716,550

ICC: Dunham, Vermillion, Takagi-Galamba, McAllister, McCormick, Whitaker

Final Path: J:\Audits and Review\ROPS 21-22 Letters PDF

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