



Transmitted via e-mail

March 18, 2021

Hannah Chung, Finance Director
City of Tehachapi
115 South Robinson Street
Tehachapi, CA 93561

2021-22 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Tehachapi Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2021 through June 30, 2022 (ROPS 21-22) to the California Department of Finance (Finance) on February 1, 2021. Finance has completed its review of the ROPS 21-22.

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

- Item Nos. 20 and 21 – Tax Allocation Refunding Bonds Series 2017A and 2017B debt service payments. The Agency requested \$315,236 and \$316,067, respectively, from Redevelopment Property Tax Trust Fund (RPTTF) in error. The Agency received \$631,303 in bond reserves during the July 1, 2020 through June 30, 2021 (ROPS 20-21) period for payments due in the July 1, 2021 through December 31, 2021 (ROPS 21-22A) period. Therefore, these reserves should be used for debt service payments prior to requesting RPTTF. As a result, the RPTTF requested for Item Nos. 20 and 21 has been reduced by \$315,236 and \$316,067, respectively, and the use of Reserve Balances has been increased by the same amounts for the ROPS A period. See the table below for details.

Item No.	Item Name/Project Name	Total Funding Approved	RPTTF Approved	Reserve Balances Approved
20	2017A Tax Allocation Refunding Bonds	\$387,481	\$72,245	\$315,236
21	2017B Tax Allocation Refunding Bonds	398,269	82,202	316,067
	Total	\$785,750	\$154,447	\$631,303

- The claimed administrative costs exceed the allowance by \$54,213. 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 \$195,787 for fiscal year 2021-22. Although \$250,000 is claimed for ACA, only \$195,787 is available pursuant to the cap. Therefore, as noted in the table below, \$54,213 in excess ACA is not allowed.

Administrative Cost Allowance (ACA) Calculation	
Actual RPTTF distributed for fiscal year 2020-21	\$516,574
Less distributed Administrative RPTTF	(125,000)
RPTTF distributed for 2020-21 after adjustments	\$391,574
ACA Cap for 2021-22 per HSC section 34171 (b)	\$195,787
Total ACA requested for 2021-22	\$250,000
ACA in Excess of the Cap	(\$54,213)

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 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 \$976,430, 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.

Except for the adjusted items, Finance does not object to the remaining items listed on the ROPS 21-22. If the Agency disagrees with our determination with respect to any items on the ROPS 21-22, 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/

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 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 Kylie Oltmann, Supervisor, or Michael Painter, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Daisy Wee, Accountant II, City of Tehachapi
Mary B. Bedard, Auditor-Controller, Kern County

Approved RPTTF Distribution July 2021 through June 2022			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 635,103	\$ 795,284	\$ 1,430,387
Administrative RPTTF Requested	125,000	125,000	250,000
Total RPTTF Requested	760,103	920,284	1,680,387
RPTTF Requested	635,103	795,284	1,430,387
<u>Adjustment(s)</u>			
Item No. 20	(315,236)	0	(315,236)
Item No. 21	(316,067)	0	(316,067)
	(631,303)	0	(631,303)
RPTTF Authorized	3,800	795,284	799,084
Administrative RPTTF Requested	125,000	125,000	250,000
Excess Administrative Costs	0	(54,213)	(54,213)
Administrative RPTTF Authorized	125,000	70,787	195,787
ROPS 18-19 prior period adjustment (PPA)	(18,441)	0	(18,441)
Total RPTTF Approved for Distribution	\$ 110,359	\$ 866,071	\$ 976,430