



March 20, 2015

Ms. Jennifer LaLiberte, Redevelopment/Economic Development Manager  
City of Napa  
1600 First Street  
Napa, CA 94559

Dear Ms. LaLiberte:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Napa Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16A) to the California Department of Finance (Finance) on February 4, 2015 for the period of July 1 through December 31, 2015. Finance has completed its review of your ROPS 15-16A, which may have included obtaining clarification for various items.

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

- Item No. 31 – New Downtown Parking Structure in the amount of \$215,239 of Other Funds is not allowed. The Agency would like to transfer the revenues collected under Parking Structure License Agreement (License Agreement) that is between the former redevelopment agency and Napa Sierra Associate, L.P (Developer) to the City of Napa (City). The Agency contends the revenue collected from the license fee will be applied toward future replacement parking in the vicinity of the parking structure; however, the License Agreement does not specify a restricted use of the revenues collected from the Developer. Therefore, the revenue collected by the Agency is not encumbered by an enforceable obligation and should be used to fund enforceable obligations on subsequent ROPS prior to requesting Redevelopment Property Tax Trust Fund (RPTTF).

The transfer of the parking structure to the City was approved on the Agency's Long-Range Property Management Plan (LRPMP). However, the License Agreement associated with the parking structure was not authorized to transfer to the City by means of approving the Agency's LRPMP, as only real property assets were subject of a LRPMP review. The Agency and the City entered into an Assignment of Parking Structure License Agreement (Assignment Agreement) on November 4, 2014 to assign rights, title, and interest in the License Agreement. However, the Agency's Oversight Board (OB) has not approved the Assignment Agreement. To the extent the OB approves the Assignment Agreement demonstrating that the assignment of revenues is in the best interest of taxing entities pursuant to HSC 34181(e), revenues collected after

the date of the OB approved Assignment Agreement may be permitted to transfer to the City on subsequent ROPS following Finance's approval.

Review of ROPS 15-16A incorporated action taken by the Agency's OB Resolution OB2015-19, which approved the transfer of license agreement funds from the Agency to the City. Finance objects to the OB action and the transfer of funds to the City, as listed for Item No. 31 on ROPS 15-16A.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 15-16A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2014 period. HSC section 34186 (a) also specifies prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. Proposed CAC adjustments were not received in time for inclusion in this letter; therefore, the amount of RPTTF approved in the table below only reflects the prior period adjustment self-reported by the Agency.

Except for the item denied in whole or in part, Finance is not objecting to the remaining items listed on your ROPS 15-16A. If you disagree with the determination with respect to any items on your ROPS 15-16A, you 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 at Finance's website below:

[http://www.dof.ca.gov/redevelopment/meet\\_and\\_confer/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is \$41,691 as summarized in the Approved RPTTF Distribution table below:

<b>Approved RPTTF Distribution</b>	
<b>For the period of July through December 2015</b>	
Total RPTTF requested for non-administrative obligations	0
Total RPTTF requested for administrative obligations	125,000
<b>Total RPTTF requested for obligations on ROPS</b>	<b>\$ 125,000</b>
Total RPTTF authorized for non-administrative obligations	0
Total RPTTF authorized for administrative obligations	125,000
<b>Total RPTTF authorized for obligations</b>	<b>\$ 125,000</b>
ROPS 14-15A prior period adjustment	(83,309)
<b>Total RPTTF approved for distribution</b>	<b>\$ 41,691</b>

Please refer to the ROPS 15-16A schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS>

Absent a Meet and Confer, this is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2015. This determination only applies to items where funding was requested for the six-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS. The only

exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination 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 that was available prior to the enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the agency in the RPTTF.

Pursuant to HSC section 34177 (a) (3), only those payments listed on an approved ROPS may be made by the successor agency from the funds specified in the ROPS. However, if the Agency needs to make payments for approved obligations from another funding source, HSC section 34177 (a) (4) requires the Agency to first obtain oversight board approval.

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to HSC section 34171 (d), HSC section 34191.4 (c) (2) (B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

Please direct inquiries to Beliz Chappuie, Supervisor or Todd Vermillion, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

cc: Ms. Roberta Raper, Finance Director, City of Napa  
Mr. Bob Minahen, Assistant Auditor Controller, Napa County  
California State Controller's Office