



October 28, 2015

Ms. Joan Michaels Aguilar, Deputy City Manager - Administrative Services
City of Dixon
600 East A Street
Dixon, CA 95620

Dear Ms. Michaels Aguilar:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m) (1) (A), the City of Dixon Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period January 1 through June 30, 2016 (ROPS 15-16B) to the California Department of Finance (Finance) on September 15, 2015. Finance has completed its review of the ROPS 15-16B.

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

- Item Nos. 6, 7, 8, and 9 – Claimed administrative costs exceed the allowance by \$7,040. HSC section 34171 (b) limits fiscal year 2015-2016 administrative expenses to three percent of property tax allocated to the successor agency or \$250,000, whichever is greater. The Solano County Auditor-Controller's Office distributed \$125,290 for the July through December 2014 period, thus leaving a balance of \$124,710 available for the January through June 2015 period.

Although \$125,000 is claimed for administrative cost on Item No. 9, only \$124,710 is available pursuant to the cap. Therefore, \$290 of excess administrative cost is not allowed. Similarly, Item Nos. 6, 7, 8, totaling \$6,750 of Other Funds, are also not eligible during this ROPS period as the request results in exceeding the allowance.

Therefore, Finance is denying Item Nos. 6, 7 and 8 totaling \$6,750 of Other Funds, and for Item No. 9 Finance is approving \$1,922 of Reserve Balances, \$11,101 of Other Funds, and \$111,687 (\$111,977 - \$290) of Redevelopment Property Tax Trust Fund (RPTTF), totaling \$124,710 for administrative costs.

As a result of the Agency's request exceeding the administrative allowance, and the denial of Item Nos. 6, 7, and 8, Finance determined the Agency possesses funds that should be used prior to requesting RPTTF. Pursuant to HSC section 34177 (l) (1) (E), RPTTF may be used as a funding source, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. Therefore, the funding

source for the following item has been reclassified to Other Funds and in the amount specified below:

- Item No. 9 – Administration Allowance in the amount of \$6,750. As noted above, the Agency was authorized \$111,687 (\$111,977 - \$290) of RPTTF; however, Finance is reclassifying \$6,750 to Other Funds. This item is an enforceable obligation for the ROPS 15-16B period. However, the obligation does not require payment from property tax revenues and the Agency has \$6,750 in Other Funds. Therefore, Finance is approving RPTTF in the amount of \$104,937 (\$111,977 - \$290 - \$6,750), the use of Reserve Balances in the amount of \$1,922, and the use of Other Funds in the amount of \$17,851 (\$11,101 + 6,750), totaling \$124,710.

The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (2). However, Finance notes the oversight board continues to approve an amount that appears excessive given the number and nature of the obligations listed on the ROPS. HSC section 34179 (i) requires the oversight board to exercise a fiduciary duty to the taxing entities. Therefore, Finance again encourages the oversight board to use adequate discretion when evaluating the administrative resources required to successfully wind-down the Agency.

Pursuant to HSC section 34186 (a) (1), the Agency was required to report on the ROPS 15-16B form the estimated obligations versus actual payments (prior period adjustment) associated with the January through June 2015 period (ROPS 14-15B). HSC section 34186 (a) (1) also specifies the prior period adjustment self-reported by the Agency is subject to review by the county auditor-controller (CAC). The amount of RPTTF approved in the table on the next page includes the prior period adjustment resulting from the CAC's review of the Agency's self-reported prior period adjustment.

Except for the items denied in whole or in part or the item that has been reclassified, Finance is not objecting to the remaining items listed on your ROPS 15-16B. If you disagree with Finance's determination with respect to any items on your ROPS 15-16B, except for those items which are the subject of litigation disputing Finance's previous or related determinations, 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/

The Agency's maximum approved RPTTF distribution for the reporting period is \$171,576 as summarized in the Approved RPTTF Distribution table on the following page:

Approved RPTTF Distribution	
For the period of January through June 2016	
Total RPTTF requested for non-administrative obligations	66,900
Total RPTTF requested for administrative obligations	111,977
Total RPTTF requested for obligations on ROPS 15-16B	\$ 178,877
Total RPTTF authorized for non-administrative obligations	\$ 66,900
Total RPTTF requested for administrative obligations	111,977
<u>Reclassified Item</u>	
Item No. 9	(6,750)
<u>Denied Item</u>	
Item No. 9	(290)
Total RPTTF authorized for administrative obligations	\$ 104,937
Total RPTTF authorized for obligations	\$ 171,837
ROPS 14-15B prior period adjustment	(261)
Total RPTTF approved for distribution	\$ 171,576

On the ROPS 15-16B form, the Agency reported cash balances and activity for the period January 1 through December 31, 2015. Finance will perform a review of the Agency's self-reported cash balances on an ongoing basis. Please be prepared to submit financial records and bridging documents to support the cash balances reported upon request. If it is determined the Agency possesses cash balances that are available to pay approved obligations, HSC section 34177 (l) (1) (E) requires these balances be used prior to requesting RPTTF.

Please refer to the ROPS 15-16B schedule used to calculate the total RPTTF approved for distribution:

<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 January 1 through June 30, 2016. This determination only applies to items when 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 ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was 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 statutes. 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.

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Please direct inquiries to Wendy Griffe, Supervisor, or Kelly Wyatt, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Mr. D'Andre Wells, Economic Development/Grants Manager, City of Dixon
Ms. Rosemary Bettencourt, Deputy Auditor-Controller, Solano County