

November 6, 2015

Ms. Jasmin Bains, Finance Director
City of Parlier
1100 East Parlier Avenue
Parlier, CA 93648

Dear Ms. Bains:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m) (1) (A), the City of Parlier 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 28, 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 No. 28 – Industrial Avenue Property Improvements in the amount of \$1,236,200 is not allowed. The Agency requests funding for capital improvements properties which have been approved for sale pursuant to the Agency's Long-Range Property Management Plan. HSC section 34177.3 (b) states that, except as required by an enforceable obligation, the work of winding down a redevelopment agency does not include site remediation, site development or improvement, land clearance, and other similar work. There are no existing contracts entered into before June 28, 2011, with regards to this item. Therefore, this item is not an enforceable obligation and is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item No. 30 – ROPS 14-15A Administrative Cost Allowance Shortfall in the amount of \$86,535 has been reclassified. Finance approved \$217,531 in administrative expenses for the July 1 through December 31, 2014 ROPS period (ROPS 14-15A), subject to the Administrative Cost Allowance (ACA). However, the Fresno County Auditor-Controller (CAC) only distributed \$130,996 for administrative expenses, leaving a shortfall of \$86,535 (\$217,531 - \$130,996).

However, Finance notes the Agency requested funding for this item from the ACA on this ROPS. Since funding for this item was already counted toward the ACA during the ROPS 14-15A period, this item is not subject to the ACA for the 2015-2016 fiscal year. Therefore, Finance has reclassified this item from the ACA to RPTTF, and it is eligible for RPTTF funding on this ROPS.

- Item No. 31 – Housing Successor Administration in the amount of \$150,000 requested for ROPS 15-16B and total outstanding balance of \$2,550,000 is not allowed. Finance continues to deny this item. HSC section 34176 (a) (1) states if a city, county, or city and county elects to retain the authority to perform housing functions previously performed by a redevelopment agency (RDA), all rights, powers, duties, obligations, and housing assets shall be transferred to the city, county, or city and county. Since the City of Parlier assumed the housing functions, the administrative costs associated with these functions are the responsibility of the housing successor. Therefore, this item is not an enforceable obligation and is not eligible for RPTTF funding in the amount of \$150,000 on this ROPS.
- The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (2). However, Finance notes the oversight board has approved 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 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). 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 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/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is \$408,057 as summarized in the Approved RPTTF Distribution table below:

Approved RPTTF Distribution	
For the period of January through June 2016	
Total RPTTF requested for non-administrative obligations	1,432,722
Total RPTTF requested for administrative obligations	361,535
Total RPTTF requested for obligations on ROPS 15-16B	\$ 1,794,257
Total RPTTF requested for non-administrative obligations	1,432,722
<u>Denied Item</u>	
Item No. 28	(1,236,200)
<u>Reclassified Item</u>	
Item No. 30	86,535
Total RPTTF authorized for non-administrative obligations	\$ 283,057
Total RPTTF requested for administrative obligations	361,535
<u>Reclassified Item</u>	
Item No. 30	(86,535)
<u>Denied Item</u>	
Item No. 31	(150,000)
Total RPTTF authorized for administrative obligations	\$ 125,000
Total RPTTF authorized for obligations	\$ 408,057
ROPS 14-15B prior period adjustment	0
Total RPTTF approved for distribution	\$ 408,057

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 Nichelle Thomas, Supervisor, or Alexander Watt, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Mr. Dale Bacigalupi, Successor Agency Attorney, City of Parlier
Mr. George Gomez, Accounting Financial Manager, Fresno County