



December 17, 2015

Mr. Jeremy Craig, Director of Finance and Technology
City of Vacaville
600 Merchant Street
Vacaville, CA 95688

Dear Mr. Craig:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated November 9, 2015. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Vacaville Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16B) to Finance on September 25, 2015, for the period of January 1 through June 30, 2016. Finance issued a ROPS determination letter on November 9, 2015. Subsequently, the Agency requested a Meet and Confer session on one or more of the determinations made by Finance. The Meet and Confer session was held on November 17, 2015.

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. 24 and 36 – Property Maintenance and Real Property Disposition Plan Costs totaling \$67,639 requested for the ROPS 15-16B period and a total outstanding balance of \$1,187,276 was not approved. The Agency requests \$11,200 in Redevelopment Property Tax Trust Fund (RPTTF) funding and \$20,813 in Other Funds for Item No. 24, and \$56,439 in RPTTF funding for Item No. 36. Finance continues to deny \$28,763 and approves \$5,350 from the RPTTF for Item No. 24 and approves \$56,439 from the RPTTF for Item No. 36.

HSC section 34171 (d) (1) (F) states that agreements necessary for the administration or operation of the Agency, such as the cost of maintaining assets prior to disposition, are enforceable obligations. However, Finance initially denied these items because the properties received approval for future development and should transfer to the City of Vacaville in the Agency's approved Long-Range Property Management Plan (LRPMP) dated May 29, 2015.

During the Meet and Confer process, the Agency provided and Finance approved their amended LRPMP changing the disposition for two properties from future development to sale of property. They estimated costs for staff time and maintenance costs of the Auto Drive Center and the Nut Tree View Corridor is \$5,350. The Agency also provided the

estimated costs to sell the two properties totaling \$56,439. Therefore, Finance approves \$5,350 from the RPTTF for Item No. 24 and approves \$56,439 from the RPTTF for Item No. 36.

- Claimed administrative costs exceed the allowance by \$800. HSC section 34171 (b) limits fiscal year 2015-16 administrative expenses to three percent of property tax allocated to the successor agency or \$250,000, whichever is greater. As a result, the Agency is eligible for \$455,939 in administrative expenses. The Solano County Auditor-Controller's (CAC) Office distributed \$312,194 for the July through December 2015 period, thus leaving a balance of \$143,745 available for the January through June 2016 period. Therefore, \$800 (\$144,545 – \$143,745) of excess administrative costs is not allowed.

In addition, per Finance's letter dated November 9, 2015, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

During our review, which may have included obtaining financial records, 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. As a result of Item No. 24 initially being determined to be ineligible for funding on this ROPS, it was determined the Agency holds \$20,813 of Other Funds.

Therefore, the funding source for the following item has been reclassified to Other Funds and in the amount specific below:

- Item No. 1 – 2006 Tax Revenue Bonds - ABAG in the amount of \$40,578. The Agency requests \$40,578 of RPTTF; however, Finance is reclassifying \$20,813 to Other Funds. This item is an enforceable obligation for the ROPS 15-16B period. However, the Agency has \$20,813 in available Other Funds. Therefore, Finance is approving RPTTF in the amount of \$19,765 and the use of Other Funds in the amount of \$20,813, totaling \$40,578.

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 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.

In addition, Finance noted on the Agency's ROPS 14-15B prior period adjustment worksheet, the Agency's expenditures exceeded Finance's authorization for Item No. 19 funded with Other Funds in the amount of \$97,227. Per HSC section 34177 (a) (3), only those payments listed on a ROPS may be made by the Agency from the funds specified on the ROPS up to the amount authorized by Finance. HSC sections 34177 (a) (4) and 34173 (h) (1) provide mechanisms when Agency payments must exceed the amounts authorized by Finance. Please ensure the proper expenditure authority is received from your oversight board and Finance prior to making payments on enforceable obligations.

Except for the items denied in whole or in part, Finance is not objecting to the remaining items listed on your ROPS 15-16B. The Agency's maximum approved RPTTF distribution for the reporting period is \$2,088,613 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	4,818,155
Total RPTTF requested for administrative obligations	144,545
Total RPTTF requested for obligations on ROPS 15-16B	\$ 4,962,700
Total RPTTF requested for non-administrative obligations	4,818,155
Denied Items	
Item No. 24	(5,850)
	(5,850)
Reclassified Item	
Item No. 1	(20,813)
Total RPTTF authorized for non-administrative obligations	\$ 4,791,492
Total RPTTF requested for administrative obligations	144,545
Administrative costs in excess of the cap (see Admin Cost Cap table below)	(800)
Total RPTTF authorized for administrative obligations	\$ 143,745
Total RPTTF authorized for obligations	\$ 4,935,237
ROPS 14-15B prior period adjustment	(2,846,624)
Total RPTTF approved for distribution	\$ 2,088,613

Administrative Cost Cap Calculation	
Total RPTTF for 15-16A (July through December 2015)	10,406,472
Total RPTTF for 15-16B (January through June 2016)	4,791,492
Total RPTTF for fiscal year 2015-2016	15,197,964
Administrative cost cap for fiscal year 2015-16 (Greater of 3% of Total RPTTF or \$250,000)	455,939
Administrative allowance for ROPS 15-16A (July through December 2015)	(312,194)
Remaining administrative cost cap for ROPS 15-16B	143,745
ROPS 15-16B administrative obligations after Finance adjustments	(144,545)
Administrative costs in excess of the cap	\$ (800)

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>

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.

Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Mary Halterman, Analyst, at (916) 445-3274.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Emily Cantu, Interim Housing Services Director, City of Vacaville
Ms. Rosemary Bettencourt, Deputy Auditor-Controller, Solano County