



March 14, 2016

Ms. Jan Sprague, Admin Secretary  
California City  
21000 Hacienda Boulevard  
California City, CA 93505

Dear Ms. Sprague:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the California City Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period July 1, 2016 through June 30, 2017 (ROPS 16-17) to the California Department of Finance (Finance) on January 15, 2016. Finance has completed its review of the ROPS 16-17.

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

- Item No. 4 – Debt service administration fees in the amount of \$8,000 are partially allowed. The Agency provided documentation to support annual bank administration fees of \$2,420. Therefore the excess amount of \$5,580 is not allowed. To the extent the Agency can provide adequate documentation, such as additional invoices to support the requested funding, the Agency may be able to obtain Redevelopment Property Tax Trust Fund (RPTTF) on future ROPS.
- Item No. 18 – Litigation costs in the amount of \$50,000 have been reclassified to the administrative cost allowance (ACA), and therefore, claimed administrative costs exceed the allowance by \$50,000. Pursuant to HSC section 34171 (d) (1) (F) (i), legal expenses related to civil actions, including writ proceeding, contesting the validity of the dissolution law, or challenging acts taken pursuant to the dissolution law shall only be payable out of the ACA.

Additionally, HSC section 34171 (b) (3) limits fiscal year 2016-17 ACA to three percent of actual distributed Redevelopment Property Tax Trust Fund (RPTTF) in the preceding fiscal year or \$250,000, whichever is greater; not to exceed 50 percent of the distributed RPTTF. As a result, the Agency is eligible for \$250,000 in ACA for the fiscal year 2016-17. Although \$250,000 is claimed for administrative cost, Item No.18 for litigation cost in the amount of \$50,000 is considered general administrative cost and should be counted towards the cap. Therefore, \$50,000 of excess administrative cost is not allowed.

- Item No. 19 – The Agency requested the incorrect amount for the 2014 Tax Allocation Bonds. Per discussion with Agency staff and review of documentation provided, the \$735,964 requested for the ROPS 16-17 period should be \$733,262. As a result, the total ROPS 16-17 RPTTF funding requested for enforceable obligations has been decreased by \$2,702.

Except for the items that have been denied in whole or in part or have been adjusted, Finance is not objecting to the remaining items listed on your ROPS 16-17. If you disagree with Finance's determination with respect to any items on your ROPS 16-17, 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/)

On the ROPS 16-17 form, the Agency reported cash balances and activity for the period of July 1, 2015 through June 30, 2016. Finance performs a review of the Agency's self-reported cash balances on an ongoing basis. 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 enforceable obligations, HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF.

The Agency's maximum approved RPTTF distribution for the reporting period is \$1,463,509 as summarized in the Approved RPTTF Distribution table on page 4 (See Attachment).

ROPS distributions will occur twice annually, one distribution for the July 1, 2016 through December 31, 2016 (ROPS A period), and one distribution for the January 1, 2017 through June 30, 2017 (ROPS B period) based on Finance's approved amounts. Since Finance's determination is for the entire ROPS 16-17 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

On the ROPS 16-17 form, the Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through December 31, 2015 period (ROPS 15-16A). The Agency will report actual payments for ROPS 15-16A and ROPS 15-16B on the ROPS 18-19 form pursuant to HSC section 34186 (a) (1). A prior period adjustment will be applied to the Agency's future RPTTF distribution. Therefore, the Agency should retain any difference in unexpended RPTTF.

Please refer to the ROPS 16-17 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 determination related to the enforceable obligations reported on your ROPS for the period July 1, 2016 through June 30, 2017. This determination only applies to items when funding was requested for the 12-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

Ms. Jan Sprague  
March 14, 2016  
Page 3

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 Kylie Oltmann, Supervisor, or Nicole Prisakar, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

cc: Mr. Tom Weil, City Manager, California City  
Ms. Mary B. Bedard, Auditor-Controller, Kern County

**Attachment**

<b>Approved RPTTF Distribution</b>			
<b>For the period of July 2016 through June 2017</b>			
	<b>ROPS A Period</b>	<b>ROPS B Period</b>	<b>Total</b>
Requested RPTTF (excluding administrative obligations)	\$ 539,682	\$ 732,109	\$ 1,271,791
Requested Administrative RPTTF	125,000	125,000	250,000
<b>Total RPTTF requested for obligations on ROPS</b>	<b>664,682</b>	<b>857,109</b>	<b>\$ 1,521,791</b>
Adjustment to Agency Requested RPTTF	(2,702)	0	(2,702)
Adjustment to Agency Requested Administrative RPTTF	0	0	0
<b>Total RPTTF adjustments</b>	<b>(2,702)</b>	<b>0</b>	<b>\$ (2,702)</b>
<b>Total RPTTF Requested</b>	<b>536,980</b>	<b>732,109</b>	<b>1,269,089</b>
<u>Denied Item</u>			
Item No. 4	(5,580)	0	(5,580)
<u>Reclassified Item</u>			
Item No. 18	(25,000)	(25,000)	(50,000)
<b>Total RPTTF authorized</b>	<b>506,400</b>	<b>707,109</b>	<b>\$ 1,213,509</b>
<b>Total Administrative RPTTF requested</b>	<b>125,000</b>	<b>125,000</b>	<b>250,000</b>
<u>Reclassified Item</u>			
Item No. 18	25,000	25,000	50,000
Total Administrative RPTTF after Finance adjustments	150,000	150,000	300,000
Administrative costs in excess of the cap (see Administrative Cost Allowance Cap table below)	(25,000)	(25,000)	(50,000)
<b>Total Administrative RPTTF authorized</b>	<b>125,000</b>	<b>125,000</b>	<b>\$ 250,000</b>
<b>Total RPTTF approved for distribution</b>	<b>631,400</b>	<b>832,109</b>	<b>\$ 1,463,509</b>

<b>Administrative Cost Allowance Cap Calculation</b>	
Actual RPTTF distributed for fiscal year 2015-16	\$ 1,589,202
Less sponsoring entity loan and Administrative RPTTF	0
Actual RPTTF distributed for 2015-16 after adjustment	1,589,202
Administrative Cap for 2016-17 per HSC section 34171 (b)	250,000
ROPS 16-17 Administrative RPTTF after Finance adjustments	300,000
<b>Administrative Cost Allowance in excess of the cap</b>	<b>\$ (50,000)</b>