



REVISED

March 16, 2016

Mr. Satwant S. Takhar, Administrative Services Director
City of Marysville
526 C Street
Marysville, CA 95901

Dear Mr. Takhar:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS 16-17) determination letter dated March 16, 2016. A revision is necessary based on updated information received from the Yuba County Auditor-Controller (CAC). Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Marysville Successor Agency (Agency) submitted a ROPS 16-17 to Finance on January 14, 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. 1 – 2001 Series A Association of Bay Area Governments Financing is approved in the total amount of \$138,124. The Agency originally requested to expend \$68,625 from Redevelopment Property Tax Trust Fund (RPTTF) and \$5,439 from Reserve funding, totaling \$74,064. Since the Agency requires \$138,124 for this obligation, Finance is increasing the Reserve funding request from \$5,439 to \$69,499, an increase of \$64,060. The increase of \$64,060 in Reserve funds for ROPS 16-17 is funds the Agency should have on hand as the funds were distributed to the Agency during the ROPS 15-16B period.
- Item No. 3 – City loan repayment in the amount of \$104,454 is partially approved in the amount of \$99,987. HSC section 34191.4 (b) (3) (A) allows repayment to be equal to one-half of the increase between the ROPS residual pass-through distributed to the taxing entities in that fiscal year and the ROPS residual pass-through distributed to the taxing entities in the fiscal year 2012-13 base year.

According to the CAC report, the ROPS residual pass-through amount distributed to the taxing entities for fiscal year 2012-13 and 2015-16 are zero and \$199,974, respectively. Therefore, pursuant to the repayment formula, the maximum repayment amount authorized for the ROPS 16-17 period is \$99,987. The Agency may be eligible for additional funding beginning in the ROPS 17-18 period.

- Item No. 4 – Claimed administrative costs exceed the allowance by \$19,900. The Agency requests \$16,263 from Reserve Balance, \$9,885 from Other Funds, and \$13,653 in Admin RPTTF, totaling \$39,801.

HSC section 34171 (b) (3) limits the fiscal year 2016-17 Administrative Cost Allowance (ACA) to three percent of actual distributed RPTTF in the preceding fiscal year or \$250,000, whichever is greater; not to exceed 50 percent of the distributed RPTTF in the preceding fiscal year. As a result, the Agency's maximum ACA is \$19,901 for the fiscal year 2016-17.

Although \$39,801 is claimed for administrative cost, only \$19,901 is available pursuant to the cap. Therefore, \$16,263 from Reserve Balance and \$3,638 from Other Funds totaling \$19,901 is approved for the Agency's ROPS 16-17 ACA. The remaining amount of \$6,247 (\$9,885 - \$3,638) from Other Funds and \$13,653 of excess RPTTF administrative cost for a total of \$19,900 (\$13,653 + 6,247) is not allowed.

Except for the item denied in whole or in part, 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/

On the ROPS 16-17 form, the Agency reported cash balances and activity for the period of July 1, 2015 through June 30, 2016. Pursuant to HSC section 34177 (l) (1) (E), agencies are required to use all available funding sources prior to RPTTF for payment of enforceable obligations. During our review, Finance determined the Agency possess \$6,247 in Other Funds that were originally requested to be used for administrative costs, but subsequently disallowed. Therefore, the funding source for the following item has been reclassified to Other Funds.

Item No. 6 – Brokerage Fees for property sales in the amount of \$6,247. The Agency requests \$15,100 from RPTTF; however, Finance is reclassifying \$6,247 to Other Funds. This item is an enforceable obligation for the ROPS 16-17 period. Therefore, Finance is approving \$8,853 from RPTTF, \$6,247 from Other Funds, totaling \$15,100 for this obligation.

The Agency's maximum approved RPTTF distribution for the reporting period is \$178,841 as summarized in the Approved RPTTF Distribution Table on Page 4 (See Attachment).

ROPS distributions will occur twice annually, one distribution for the ROPS A period, and one distribution for the 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 ROPS 18-19 RPTTF distribution. Therefore, the Agency should retain any unexpended RPTTF for ROPS 15-16A and ROPS 15-16B.

Please refer to the ROPS 16-17 schedule used to calculate the total RPTTF approved for distribution:

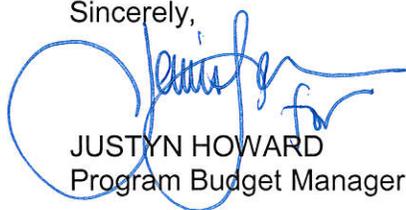
<http://www.dof.ca.gov/redevelopment/ROPS>

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 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 Wendy Griffe, Supervisor, or Jared Smith, Lead Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Billie Fangman, City Clerk, City of Marysville
Mr. C. Richard Eberle, Auditor, Yuba County

Attachment

Approved RPTTF Distribution			
For the period of July 2016 through June 2017			
	ROPS A Period	ROPS B Period	Total
Requested RPTTF (excluding administrative obligations)	\$ 127,786	\$ 61,769	\$ 189,555
Requested Administrative RPTTF	13,653	0	13,653
Total RPTTF requested for obligations on ROPS 16-17	141,439	61,769	\$ 203,208
Total RPTTF requested	127,786	61,769	189,555
<u>Denied Item</u>			
Item No. 3	(4,467)	0	(4,467)
<u>Reclassified Item</u>			
Item No. 6	(6,247)	0	(6,247)
Total RPTTF authorized	117,072	61,769	\$ 178,841
Total Administrative RPTTF Requested	13,653	0	13,653
Administrative costs in excess of the cap (see Administrative Cost Allowance Cap table below)	(13,653)	0	(13,653)
Total Administrative RPTTF Authorized	0	0	\$ 0
Total RPTTF approved for distribution	117,072	61,769	\$ 178,841

Administrative Cost Allowance Cap Calculation	
Actual RPTTF distributed for fiscal year 2015-16	\$ 175,528
Less sponsoring entity loan and Administrative RPTTF	135,727
Actual RPTTF distributed for 2015-16 after adjustment	39,801
Administrative Cap for 2016-17 per HSC section 34171 (b)	19,901
Less Reserve Balance and Other Funds	19,901
Available Administrative Cost Allowance eligible for RPTTF funding	\$ 0
Less ROPS 16-17 RPTTF Administrative Cost Requested by Agency	13,653
Administrative Cost Allowance in excess of the cap	\$ (13,653)

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