



March 28, 2016

Ms. Kathleen H. Kane, Executive Director  
Sonoma County  
1440 Guerneville Road  
Santa Rosa, CA 95403

Dear Ms. Kane:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the Sonoma County 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 28, 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. 2 – 2008 Springs Tax Allocation Bonds in the amount of \$1,123,788 is partially allowed. Although total Redevelopment Property Tax Trust Fund (RPTTF) requested is \$1,123,788, only \$1,122,788 is due during the ROPS 16-17 period. Therefore, the excess \$1,000 is not eligible for RPTTF funding.
- Item Nos. 29 through 31, 33, 34, 37, 97, 98, 117, and 118 – Thompson Parking Lot and Guerneville Restrooms property maintenance costs in the total amount of \$44,694 from Reserve Balance and \$33,511 from RPTTF funding, totaling \$78,205, are no longer obligations of the Agency. The parking lot and restroom properties were listed in the Agency's Long-Range Property Management Plan (LRPMP) as governmental use assets, to be transferred to the County of Sonoma (County). Finance approved the Agency's LRPMP on December 16, 2015. Therefore, the properties should be transferred to the County in accordance with the approved LRPMP, and the costs associated with the properties are no longer Agency obligations. As such, Thompson Parking Lot and Guerneville Restrooms property maintenance costs totaling \$78,205 are not eligible for funding.
- Item No. 100 – Roseland Village Redevelopment, the Agency requests \$2,866,479 of RPTTF; however, Finance is reclassifying \$44,694 to Reserve Balances. This item is an enforceable obligation for the ROPS 16-17 period. However the obligation does not require payment from property tax revenues and as a result of Finance's determination in the above bullet, the Agency has \$44,694 in available Reserve Balances. Therefore, Finance is approving RPTTF in the amount of \$2,821,785, Reserve Balances in the

amount of \$3,144,694, and Other Funds in the amount of \$101,446, totaling \$6,067,925 for the July 1, 2016 through December 31, 2016 (ROPS A) period.

- Item No. 107 – Litigation costs in the amount of \$220,000 has been reclassified to the Administrative Cost Allowance (ACA). 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. Therefore, litigation costs are considered general administrative costs. Furthermore, although \$250,000 is claimed for ACA, only \$250,000 is available pursuant to HSC section 34171 (b) (3). Therefore, \$220,000 of excess administrative cost is not allowed for the January 1, 2017 through June 30, 2017 (ROPS B) period.
- Item No. 120 – Housing administrative costs total outstanding amount of \$750,000 and \$450,000 for the ROPS 16-17 period is not allowed. Pursuant to HSC section 34171 (p), the housing successor administrative cost allowance is applicable only in cases where the city, county, or city and county that authorized the creation of the redevelopment agency elected to not assume the housing functions. Because the housing successor to the former redevelopment agency of the County is the County-formed Housing Authority (Authority) and the Authority operates under the control of the County, the Authority is considered the County under Dissolution Law pursuant to HSC section 34167.10. Therefore, the housing successor administrative allowance is not authorized to be funded on the ROPS.

Except for the items denied in whole or in part or the items that 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 \$6,581,600 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 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 Erika Santiago, Lead Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

cc: Ms. Dawn Chandler, Accountant, Sonoma County  
Ms. Brooke Koop, Property Tax Manager, Sonoma 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)	\$ 6,339,055	\$ 741,750	\$ 7,080,805
Requested Administrative RPTTF	125,000	125,000	250,000
<b>Total Requested RPTTF on ROPS 16-17</b>	<b>\$ 6,464,055</b>	<b>\$ 866,750</b>	<b>\$ 7,330,805</b>
<b>Total RPTTF requested</b>	<b>6,339,055</b>	<b>741,750</b>	<b>7,080,805</b>
<u>Denied Items</u>			
Item No. 2	0	(1,000)	(1,000)
Item No. 29	(400)	0	(400)
Item No. 30	(1,000)	0	(1,000)
Item No. 31	(1,200)	0	(1,200)
Item No. 97	(17,700)	0	(17,700)
Item No. 98	(13,211)	0	(13,211)
Item No. 52	(450,000)	0	(450,000)
	(483,511)	(1,000)	(484,511)
<u>Reclassified Items</u>			
Item No. 100	(44,694)	0	(44,694)
Item No. 107	(110,000)	(110,000)	(220,000)
	(154,694)	(110,000)	(264,694)
<b>Total RPTTF authorized</b>	<b>5,700,850</b>	<b>630,750</b>	<b>\$ 6,331,600</b>
Total Administrative RPTTF requested	125,000	125,000	250,000
<u>Reclassified Item</u>			
Item No. 107	110,000	110,000	220,000
Total Administrative RPTTF after Finance adjustments	235,000	235,000	<b>\$ 470,000</b>
Administrative costs in excess of the cap (see Admin Cost Cap table below)	0	(220,000)	(220,000)
<b>Total Administrative RPTTF authorized</b>	<b>235,000</b>	<b>15,000</b>	<b>\$ 250,000</b>
<b>Total RPTTF approved for distribution</b>	<b>5,935,850</b>	<b>645,750</b>	<b>\$ 6,581,600</b>

<b>Administrative Cost Allowance Cap Calculation</b>	
Actual RPTTF distributed for fiscal year 2015-16	\$ 3,013,397
Less sponsoring entity loan and Administrative RPTTF	149,009
Actual RPTTF distributed for 2015-16 after adjustment	2,864,388
Administrative Cap for 2016-17 per HSC section 34171 (b)	250,000
ROPS 16-17 Administrative RPTTF after Finance adjustments	470,000
<b>Administrative Cost Allowance in excess of the cap</b>	<b>\$ (220,000)</b>