



April 11, 2016

Ms. Debbie McIntyre, Accounting Manager  
City of South Lake Tahoe  
1901 Airport Road  
South Lake Tahoe, CA 96150

Dear Ms. McIntyre:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of South Lake Tahoe 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 29, 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:

- The claimed administrative costs exceed the allowance by \$10,000. Pursuant to HSC section 34171 (b) (3), the Administrative Cost Allowance (ACA) shall be up to three percent of the 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 in the preceding fiscal year. The El Dorado County Auditor-Controller distributed \$3,383,018 RPTTF in the 2015-16 fiscal year. As a result, \$250,000 is available for the ACA pursuant to the cap. Although \$250,000 is claimed for administrative cost, Item No. 7 – Contracted Legal Services in the total amount of \$10,000 is considered an administrative cost and should be counted toward the cap. As a result, the Agency's administrative cost totaled \$260,000. Therefore, \$10,000 of excess administrative cost is not allowed.
- Item Nos. 27 and 28 – Finance has updated the naming of these items to properly reflect the correct Agency obligation. The ROPS Detail Form, Project Name/Debt Obligation (Column B) for the following items have been updated:
  - Item No. 27 – Obligation name of “RDA Notes (securing 1999, 2003 and 2004 Refunding Revenue Bonds)” has been updated to “2014 Redevelopment Project Area No. 1 Series A Notes”
  - Item No. 28 – Obligation name of “RDA Notes (securing 2005 Refunding Revenue Bonds)” has been updated to “2015 Redevelopment Project Area No. 1 Series A Notes”

Except for the item denied in part or 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 \$5,641,365 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

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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 Cindie Lor, Supervisor, or Satveer Ark, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

cc: Ms. Olga Tikhomirova, Accountant, City of South Lake Tahoe  
Ms. Sally Zutter, Property Tax Division Manager, El Dorado 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)	\$ 3,724,020	\$ 1,677,345	\$ 5,401,365
Requested Administrative RPTTF	<u>125,000</u>	<u>125,000</u>	<u>250,000</u>
<b>Total RPTTF requested for obligations on ROPS 16-17</b>	<b>3,849,020</b>	<b>1,802,345</b>	<b>\$ 5,651,365</b>
<b>Total RPTTF requested</b>	<b>3,724,020</b>	<b>1,677,345</b>	<b>5,401,365</b>
<u>Reclassified Item</u>			
Item No. 70	<u>(5,000)</u>	<u>(5,000)</u>	<u>(10,000)</u>
<b>Total RPTTF authorized</b>	<b>3,719,020</b>	<b>1,672,345</b>	<b>\$ 5,391,365</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. 7	<u>5,000</u>	<u>5,000</u>	<u>10,000</u>
Total Administrative RPTTF after Finance adjustments	<u>130,000</u>	<u>130,000</u>	<u>260,000</u>
Administrative costs in excess of the cap (see Administrative Cost Allowance Cap table below)	<u>0</u>	<u>(10,000)</u>	<u>(10,000)</u>
<b>Total Administrative RPTTF authorized</b>	<b>130,000</b>	<b>120,000</b>	<b>\$ 250,000</b>
<b>Total RPTTF approved for distribution</b>	<b>3,849,020</b>	<b>1,792,345</b>	<b>\$ 5,641,365</b>

<b>Administrative Cost Allowance Cap Calculation</b>	
Actual RPTTF distributed for fiscal year 2015-16	\$ 3,383,018
Less sponsoring entity loan and Administrative RPTTF	<u>0</u>
Actual RPTTF distributed for 2015-16 after adjustment	3,383,018
Administrative Cap for 2016-17 per HSC section 34171 (b)	250,000
ROPS 16-17 Administrative RPTTF after Finance adjustments	260,000
<b>Administrative Cost Allowance in excess of the cap</b>	<b>\$ (10,000)</b>