



March 30, 2016

Mr. Ron Millard, Interim Finance Director  
City of Vallejo  
555 Santa Clara Street  
Vallejo, CA 94590

Dear Mr. Millard:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Vallejo 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. 8 – City loan repayment in the amount of \$34,974 for ROPS 16-17 is partially approved in the amount of \$10,990. 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 Solano County Auditor-Controller's report, the ROPS residual pass-through amount distributed to the taxing entities for fiscal year 2012-13 and 2015-16 are \$363,455 and \$385,435, respectively. Therefore, pursuant to the repayment formula, the maximum repayment amount authorized for the ROPS 16-17 period is \$10,990. As a result, Finance is approving \$10,990 and the remaining request of \$23,984 is not approved. The Agency may be eligible for additional funding on subsequent ROPS.

- Item No. 41 – Property Disposition costs totaling \$50,000 for the ROPS 16-17 period is partially approved in the amount of \$22,500. 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. The Agency requested Redevelopment Property Tax Trust Fund (RPTTF) for disposition costs associated with all 37 of the properties the former Redevelopment Agency owned. However, Finance approved the Agency's Long-Range Property Management Plan on December 30, 2015, and all but six of the properties should have been transferred to the City of Vallejo (City).

The \$22,500 in disposition costs associated with the six properties still owned by the Agency is approved. Therefore, the disposition costs requested in the amount of \$27,500 (\$50,000 - \$22,500) for properties that should have already transferred to the City is not allowed. The \$27,500 in property disposition costs not approved by Finance consists of \$25,000 in RPTTF and \$2,500 in Other Funds.

Except for the items denied 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/](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 \$1,148,081 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 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>

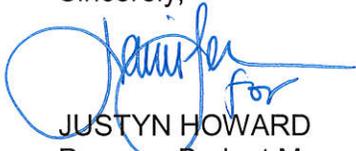
Absent a Meet and Confer, this is Finance's determination related to the enforceable obligations reported on your ROPS for the period July 1, 2016 through June 30, 2017. This determination only applies to items when funding was requested for the 12-month period. Finance's determination is effective for 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. Kathleen Diohep, Economic Development Manager, City of Vallejo  
Ms. Rosemary Bettencourt, Deputy Auditor-Controller, Solano 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)	\$ 455,045	\$ 492,020	\$ 947,065
Requested Administrative RPTTF	125,000	125,000	\$ 250,000
<b>Total RPTTF requested for obligations on ROPS 16-17</b>	<b>\$ 580,045</b>	<b>\$ 617,020</b>	<b>\$ 1,197,065</b>
Total RPTTF requested	455,045	492,020	947,065
<u>Denied Item</u>			
Item No. 8	(23,984)	0	(23,984)
Item No. 41	0	(25,000)	(25,000)
<b>Total RPTTF authorized</b>	<b>431,061</b>	<b>467,020</b>	<b>898,081</b>
Total Administrative RPTTF requested	125,000	125,000	250,000
<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>556,061</b>	<b>592,020</b>	<b>\$ 1,148,081</b>