DEPARTMENT OF FINANCE

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REVISED

May 24, 2016

Mr. Pio Martin, Finance Director
City of Firebaugh
1133 P Street
Firebaugh, CA 93622

Dear Mr. Martin:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 10, 2016. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Firebaugh Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period of July 1, 2016 through June 30, 2017 (ROPS 16-17) to Finance on January 28, 2016,. Finance issued a ROPS determination letter on April 10, 2016. Subsequently, the Agency requested a Meet and Confer session on one or more of the determinations made by Finance. The Meet and Confer session was held on April 26, 2016.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific determinations being disputed.

- Item No. 17 – Property Disposition Costs in the total outstanding obligation amount of $60,000. Finance partially approves this item. Finance initially denied this item because the contract with Rosenow Spevacek Group, Inc. (RSG) for various services stated that any incurred costs should be funded by the Administrative Cost Allowance (ACA). During Meet and Confer, the Agency contended that although certain costs should be funded with ACA, the property disposition costs should be funded with other available funds, including Redevelopment Property Tax Trust Fund (RPTTF) funds. Subsequently, the Agency submitted Oversight Board (OB) Resolution No. OB 16-05 approving an amended contract with RSG detailing various funding sources. Our review of the OB 16-05 determined that the amended contract is not specific to the types of services and costs to be incurred specifically for property disposition. However, the Agency provided sufficient support documentation to support property disposition cost in the amount of $17,260. Therefore, Finance partially approves this item in the amount of $17,260 and denies $42,740 ($60,000 - $17,260) in RPTTF for ROPS 16-17.

In addition, per Finance's letter dated April 10, 2016, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

- The Agency's claimed administrative costs exceed the allowance by $173,062. HSC section 34171 (b) (3) limits the fiscal year 2016-17 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 $76,938 for the fiscal year 2016-17. Although $250,000 is claimed for administrative cost, only $76,938 is available pursuant to the cap. Therefore, $173,062 of excess administrative cost is not allowed.

Except for the item denied in whole or in part, or the item that has been adjusted, Finance is not objecting to the remaining items listed on your ROPS 16-17.

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 $510,051 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

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 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 Evelyn Suess, Dispute Resolution Supervisor, or Nicole Prisakar, Analyst, at (916) 445-3274.

Sincerely,

JUSTYN HOWARD
Program Budget Manager

cc: Ms. Jane Carlson, Consultant, City of Firebaugh
Mr. George Gomez, Accounting Financial Manager, Fresno 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)	$ 290,623	$ 185,230	$ 475,853
Requested Administrative RPTTF	125,000	125,000	$ 250,000
Total Requested RPTTF on ROPS 16-17	$ 415,623	$ 310,230	**$ 725,853**
Total RPTTF Requested	290,623	185,230	**475,853**
Denied Item			
Item No. 17	(12,740)	(30,000)	(42,740)
Total RPTTF authorized	277,883	155,230	**$ 433,113**
Total Administrative RPTTF requested	125,000	125,000	**250,000**
Administrative costs in excess of the cap (see Admin Cost Cap table below)	(48,062)	(125,000)	(173,062)
Total Administrative RPTTF authorized	76,938	0	**$ 76,938**
Total RPTTF approved for distribution	354,821	155,230	**$ 510,051**

Administrative Cost Allowance Cap Calculation	
Actual RPTTF distributed for fiscal year 2015-16	$ 153,876
Less sponsoring entity loan and Administrative RPTTF	0
Actual RPTTF distributed for 2015-16 after adjustment	153,876
Administrative Cap for 2016-17 per HSC section 34171 (b)	76,938
ROPS 16-17 Administrative RPTTF after Finance adjustments	250,000
Administrative Cost Allowance in excess of the cap	**$ (173,062)**