DEPARTMENT OF FINANCE
OFFICE OF THE DIRECTOR

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April 9, 2019

Ms. Leslie Fritzsche, Senior Project Manager
City of Sacramento
915 I Street
Sacramento, CA 95814

Dear Ms. Fritzsche:

Subject: 2019-20 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the Sacramento City Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2019 through June 30, 2020 (ROPS 19-20) to the California Department of Finance (Finance) on January 17, 2019. Finance has completed its review of the ROPS 19-20.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item No. 385 – Property Disposition Costs in the requested amount of $161,000 are partially allowed. The Agency provided a breakdown of costs totaling $70,300 to support this item. However, of the $70,300, the Agency was unable to provide adequate documentation or support for marketing and contingency costs of $14,850. Therefore, Finance approves $55,450 ($70,300 – $14,850) and $105,550 ($161,000 – $55,450) is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding on the ROPS.

- On the ROPS 19-20 form, the Agency reported cash balances and activity for the period July 1, 2016 through June 30, 2017 (ROPS 16-17), and reported Other Funds in the amount of $227,931 available for use during ROPS 19-20.

  Originally, the Agency requested the following amounts from the following fund sources:

Item No.	Item Name/Project Name	Requested Amounts			
		Reserve Balances	Other Funds	RPTTF	Total Funding
11	Investment Fees	$ 0	$ 40,000	$ 0	$ 40,000
432	2015 Series A Bonds	4,186,287	187,931	3,623,232	7,997,450
	Total	$4,186,287	$227,931	$3,623,232	$8,037,450

However, according to our cash balance review, the Agency has Reserve Balances in the amount of $119,105 and Other Funds in the amount of $108,826, totaling $227,931, available to fund enforceable obligations on the ROPS 19-20. Therefore, with the Agency's concurrence, $119,105 was adjusted from Other Funds to Reserve Balances on Item 432. The final adjusted amounts for the affected items are specified below:

Item No.	Item Name/Project Name	Authorized Amounts			
		Reserve Balances	Other Funds	RPTTF	Total Funding
11	Investment Fees	$ 0	$ 40,000	$ 0	$ 40,000
432	2015 Series A Bonds	4,305,392	68,826	3,623,232	7,997,450
	Total	$4,305,392	$108,826	$3,623,232	$8,037,450

- The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (3). However, Finance notes the Oversight Board (OB) has approved an amount that appears excessive, given the number and nature of the obligations listed on the ROPS. HSC section 34179 (i) requires the OB to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the OB to apply adequate oversight when evaluating the administrative resources necessary to successfully wind-down the Agency.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations. Reported differences in RPTTF are used to offset current RPTTF distributions. The amount of RPTTF approved in the table on Page 4 includes the prior period adjustment resulting from the County Auditor-Controller's review of the prior period adjustment form submitted by the Agency.

Except for the items adjusted, Finance is not objecting to the remaining items listed on the ROPS 19-20. If the Agency disagrees with our determination with respect to any items on the ROPS 19-20, except items which are the subject of litigation disputing our previous or related determinations, the Agency 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 on our website:

http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/

The Agency's maximum approved RPTTF distribution for the reporting period is $28,820,232 as summarized in the Approved RPTTF Distribution table on Page 4 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1 through December 31 period (ROPS A period), and one distribution for the January 1 through June 30 period (ROPS B period) based on Finance approved amounts. Since this determination is for the entire ROPS 19-20 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 19-20. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be denied until the matter is resolved.

The ROPS 19-20 form submitted by the Agency and this determination letter will be posted on our website:

http://dof.ca.gov/Programs/Redevelopment/ROPS/

This determination is effective for the ROPS 19-20 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 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 redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Nichelle Jackson, Supervisor, or Michael Barr, Lead Analyst, at (916) 322-2985.

Sincerely,

JENNIFER WHITAKER
Program Budget Manager

cc: Ms. Mary Jean Rodriguez, Program Specialist, City of Sacramento
Mr. Ben Lamera, Finance Director, Sacramento County

Attachment

Approved RPTTF Distribution For the period of July 1, 2019 through June 30, 2020			
	ROPS A Period	ROPS B Period	ROPS 19-20 Total
RPTTF Requested	$ 4,607,907	$ 24,161,283	$ 28,769,190
Administrative RPTTF Requested	434,806	434,806	869,612
Total RPTTF Requested	**5,042,713**	**24,596,089**	**29,638,802**
RPTTF Requested	4,607,907	24,161,283	28,769,190
Adjustment			
Item No. 385	(52,775)	(52,775)	(105,550)
RPTTF Authorized	**4,555,132**	**24,108,508**	**28,663,640**
Administrative RPTTF Authorized	**434,806**	**434,806**	**869,612**
Total RPTTF Authorized for Obligations	**4,989,938**	**24,543,314**	**29,533,252**
Prior Period Adjustment	(713,020)	0	(713,020)
Total RPTTF Approved for Distribution	**$ 4,276,918**	**$ 24,543,314**	**$ 28,820,232**