



November 17, 2014

Ms. Sandra, McClellan, Assistant Finance Director
City of Pacifica
170 Santa Maria Avenue
Pacifica, CA 94044

Dear Ms. McClellan:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Pacifica Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15B) to the California Department of Finance (Finance) on October 3, 2014 for the period of January 1 through June 30, 2015. Finance has completed its review of your ROPS 14-15B, which may have included obtaining clarification for various items.

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

Item No. 9 – Redevelopment Property Tax Trust Fund (RPTTF) Shortfall in the amount of \$6,374. This item is reclassified from RPTTF funding to Administrative Allowance RPTTF. During our review, Finance determined that the Agency's request does not pertain to an RPTTF shortfall; rather, it pertains to an increase in the Agency's estimated fiscal year 2014-15 administrative expenditures. The increase in the Agency's estimate does not cause the Agency to exceed their 2014-15 administrative allowance. Therefore, the Agency's request is permissible. However, Finance is reclassifying Item No. 9 from RPTTF to Administrative Allowance RPTTF in the amount of \$6,374 to properly reflect the requested use of funds.

During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting RPTTF. Pursuant to HSC section 34177 (l) (1) (E), RPTTF may be used as a funding source, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. The Agency was authorized for ROPS 14-15A RPTTF expenditures totaling \$26,623. However, the Agency had a ROPS 13-14A prior period adjustment (PPA) of \$51,353. Consequently, only \$26,623 of the Agency's ROPS 13-14A PPA is encumbered by authorized ROPS 14-15A RPTTF obligations. The excess ROPS 13-14A PPA monies in the amount of \$24,730 (\$51,353 - \$26,623) are not encumbered by ROPS obligations and should be available to fund ROPS 14-15B obligations.

Therefore, the funding sources for the following items have been reclassified from Administrative Allowance RPTTF to Reserve Balances in the amounts specified below:

Item No.	Project Name / Debt Obligation	Requested Administrative RPTTF	Amount Reclassified to Reserve Balances
3	Annual Audit	\$ 2,000	\$ 2,000
4	Successor Agency Administration	6,000	6,000
6	Administration - Legal	10,000	10,000
7	Administration - Legal	10,000	6,730
	Total	\$ 28,000	\$ 24,730

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15B form the estimated obligations and actual payments (PPA) associated with the January through June 2014 period. HSC section 34186 (a) also specifies PPA self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. The amount of RPTTF approved in the table below includes the PPA resulting from the CAC's review of the Agency's self-reported PPA.

Except for the items that have been reclassified, Finance is not objecting to the remaining items listed on your ROPS 14-15B. If you disagree with the determination with respect to any items on your ROPS 14-15B, 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/

The Agency's maximum approved RPTTF for the reporting period is \$51,666 as summarized in the Approved RPTTF Distribution table on the next page:

Approved RPTTF Distribution	
For the period of January through June 2015	
Total RPTTF requested for non-administrative obligations	95,941
Total RPTTF requested for administrative obligations	28,000
Total RPTTF requested for obligations on ROPS	\$ 123,941
Total RPTTF requested for non-administrative obligations	95,941
<u>Reclassified Item</u>	
Item No. 9	(6,374)
Total RPTTF authorized for non-administrative obligations	\$ 89,567
Total RPTTF requested for administrative obligations	28,000
<u>Reclassified Item</u>	
Item No. 9	6,374
<u>Cash Balnces - Items Reclassified to Reserve Balances</u>	
Item No. 3	(2,000)
Item No. 4	(6,000)
Item No. 6	(10,000)
Item No. 7	(6,730)
	(24,730)
Total RPTTF authorized for administrative obligations	\$ 9,644
Total RPTTF authorized for obligations	\$ 99,211
ROPS 13-14B PPA	(47,545)
Total RPTTF approved for distribution	\$ 51,666

Pursuant to HSC section 34177 (I) (1) (E), agencies are required to use all available funding sources prior to RPTTF for payment of enforceable obligations. During the ROPS 14-15B review, Finance requested financial records to support the cash balances reported by the Agency; however, the Agency was unable to support the amounts reported. As a result, Finance will continue to work with the Agency after the ROPS 14-15B review period to properly identify the Agency's cash balances.

Please refer to the ROPS 14-15B schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS>

Absent a Meet and Confer, this is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2015. This determination only applies to items where funding was requested for the six-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination 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 that was available prior to the enactment of ABx1 26 and AB 1484. This amount is not and never

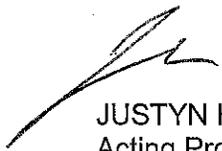
was an unlimited funding source. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the agency in the RPTTF.

Pursuant to HSC section 34177 (a) (3), only those payments listed on an approved ROPS may be made by the successor agency from the funds specified in the ROPS. However, if for whatever reason the Agency needs to make payments for approved obligations from another funding source, HSC section 34177 (a) (4) requires the Agency to first obtain oversight board approval.

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to HSC section 34171 (d), HSC section 34191.4 (c) (2) (B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

Please direct inquiries to Wendy Griffe, Supervisor or Medy Lamorena, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Acting Program Budget Manager

cc: Ms. Lorie Tinfow, City Manager, City of Pacifica
Mr. Bob Adler, Auditor-Controller, San Mateo County
California State Controller's Office