DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR

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May 15, 2015

Mr. Greg Wade, Deputy Director
City of Imperial Beach
825 Imperial Beach Boulevard
Imperial Beach, CA 91932

Dear Mr. Wade:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated March 23, 2015. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Imperial Beach Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16A) to Finance on February 12, 2015, for the period of July through December 2015. Finance issued a ROPS determination letter on March 23, 2015. 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 6, 2015.

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. 38 – Successor Housing Entity Administrative Cost Allowance per AB 471 in the amount of $75,000 of Redevelopment Property Tax Trust Fund (RPTTF). Finance continues to deny this item. We note that this item was previously denied in the January through June 2015 ROPS (ROPS 14-15B) and upheld in the Meet and Confer.

  Finance maintains that pursuant to HSC section 34171 (p) (1), the housing successor is eligible for administrative cost allowance only in cases where the city, county, or city and county that authorized the creation of the redevelopment agency elected to not assume the housing functions. Because the housing successor to the former redevelopment agency of the City of Imperial Beach (City) is the City-formed Housing Authority (Authority), and the Authority operates under the control of the City, the Authority is considered the City under Dissolution Law pursuant to HSC section 34167.10. Therefore, the City, by way of the Authority, elected to retain the housing functions pursuant to HSC section 34176 (a) and is not eligible for $75,000 of housing successor administrative allowance.

In addition, per Finance's letter dated March 23, 2015, Finance continues to make the following determinations not contested by the Agency during the Meet and Confer:

Based upon a detailed reconciliation provided by the Agency supporting unfunded enforceable obligations, the Agency has requested that Finance adjust the following:

Item No.	Original Request for RPTTF	Adjustment	Revised Request for RPTTF
14	$5,000	$18,721	$23,721
22	60,000	21,039	81,039
23	3,800	2,125	5,925
34	5,500	2,500	8,000
Totals	**$74,300**	**$44,385**	**$118,685**

Therefore, with the Agency's concurrence Finance is adjusting the RPTTF request upward by a total of $44,385 for unfunded prior obligations associated with Item Nos. 14, 22, 23, and 34.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 15-16A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December, 2014 period. HSC section 34186 (a) also specifies prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. The amount of RPTTF in the table below includes the prior period adjustment resulting from the CAC's review of the Agency's self-reported prior period adjustment.

Except for the item denied in whole, Finance is not objecting to the remaining items listed on your ROPS 15-16A.

The Agency's maximum approved RPTTF distribution for the reporting period is $1,386,277 as summarized in the Approved RPTTF Distribution table on the following page:

Approved RPTTF Distribution For the period of July through December 2015		
Total RPTTF requested for non-administrative obligations		1,363,556
Total RPTTF requested for administrative obligations		125,000
Total RPTTF requested for obligations on ROPS	**$**	**1,488,556**
RPTTF adjustment to non-administrative obligations		44,385
RPTTF adjustment to administrative obligations		0
Total RPTTF adjustments	**$**	**44,385**
Total RPTTF requested for non-administrative obligations		**1,407,941**
Denied Item		
Item No. 38		(75,000)
Total RPTTF authorized for non-administrative obligations	**$**	**1,332,941**
Total RPTTF requested for administrative obligations		**125,000**
Total RPTTF authorized for administrative obligations	**$**	**125,000**
Total RPTTF authorized for obligations	**$**	**1,457,941**
ROPS 14-15A prior period adjustment		(71,664)
Total RPTTF approved for distribution	**$**	**1,386,277**

Please refer to the ROPS 15-16A schedule that was used to calculate the approved RPTTF amount:

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

This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 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 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 Evelyn Suess, Dispute Resolution Supervisor, or Danielle Brandon, Analyst, at (916) 445-3274.

Sincerely,

JUSTYN HOWARD
Program Budget Manager

cc: Mr. Andy Hall, Executive Director, City of Imperial Beach
Mr. Jon Baker, Senior Auditor and Controller Manager, San Diego County
California State Controller's Office

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