

March 23, 2015

Mr. Lorenzo Hines, Jr., Assistant City Manager
City of Pacifica
170 Santa Maria Avenue
Pacifica, CA 94044

Dear Mr. Hines:

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 15-16A) to the California Department of Finance (Finance) on February 11, 2015 for the period of July 1 through December 31, 2015. Finance has completed its review of your ROPS 15-16A, 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 determinations:

- Agency possesses funds that should be used prior to requesting Redevelopment Property Tax Trust Fund (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. Agency provided a Summary Detail of its revenue and expenditures since dissolution, which showed \$72,275 of excess RPTTF held by the Agency.

Therefore, with the Agency's concurrence, the funding source for the following item has been reclassified to Reserve Balances and in the amount specified below:

- Item No. 11 – City Loan No. 4 from the General Fund, OB Resolution 17-88 in the amount of \$72,275. The Agency requests \$100,902 of RPTTF; however, Finance is reclassifying \$72,275 to Reserve Balances. This item is an enforceable obligation for the ROPS 15-16A period. However, the obligation does not require payment from property tax revenues and the Agency has \$72,275 in available Reserve Balances. Therefore, Finance is approving RPTTF in the amount of \$28,627 (\$100,902 - \$72,275) and the use of Reserve Balances in the amount of \$72,275, totaling \$100,902.

- With the Agency's concurrence, Finance will adjust the RPTTF requests for the following items:

Item No.	ROPS 15-16A Requested RPTTF	Finance Adjustment	Total Request for ROPS 15-16A
1	\$0	\$37,092	\$37,092
4	10,000	7,474	17,474
10	37,092	(37,092)	0
17	7,574	(7,574)	0
Total	\$54,666	(\$100)	\$54,566

- Item Nos. 1 and 10 – Bond Payment Transferred to Trustee, and 2004 Tax Allocation Bond Series A, respectively. The Agency is requesting funding for its debt service payment to be transferred to the Trustee in the current ROPS cycle. As the Agency will continue to place its debt service payments with the Trustee in the period received, it is no longer necessary to request a separate reserve fund. The Agency has asked Finance to delete the \$37,092 of RPTTF requested for its reserve funding and retire Item No. 10, and transfer the request for \$37,092 of RPTTF to Item No. 1.
- Item Nos. 4 and 17 – Administration Successor Agency, and Costs Which Exceeded the Original Budget Estimate, respectively. The Agency advised that the \$7,574 requested for Item No. 17 was not a result of being unfunded but rather for costs that exceeded estimates for its expenses. The Agency has requested this obligation be retired, and that the \$7,474 requested for Item No. 17 be moved to Item No. 4.

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 Redevelopment Property Tax Trust Fund (RPTTF) approved 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 items denied in whole or in part or items that have been reclassified, Finance is not objecting to the remaining items listed on your ROPS 15-16A. If you disagree with the determination with respect to any items on your ROPS 15-16A, 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 distribution for the reporting period is \$106,683 as summarized in the Approved RPTTF Distribution table below:

Approved RPTTF Distribution	
For the period of July through December 2015	
Total RPTTF requested for non-administrative obligations	140,494
Total RPTTF requested for administrative obligations	40,074
Total RPTTF requested for obligations on ROPS	\$ 180,568
RPTTF adjustment to non-administrative obligations (Item No. 1)	37,092
RPTTF adjustment to administrative obligations (Item No. 4)	7,474
Total RPTTF adjustments	\$ 44,566
Total RPTTF requested for non-administrative obligations	177,586
<u>Denied Item</u>	
Item No. 10	(37,092)
<u>Reclassified Item</u>	
Item No. 12	(72,275)
Total RPTTF authorized for non-administrative obligations	\$ 68,219
Total RPTTF requested for administrative obligations	47,548
<u>Denied Item</u>	
Item No. 17	(7,574)
Total RPTTF authorized for administrative obligations	\$ 39,974
Total RPTTF authorized for obligations	\$ 108,193
ROPS 14-15A prior period adjustment	(1,510)
Total RPTTF approved for distribution	\$ 106,683

Pursuant to HSC section 34177 (l) (1) (E), agencies are required to use all available funding sources prior to RPTTF for payment of enforceable obligations. During the ROPS 15-16A review, Finance requested financial records to support the cash balances reported by the Agency. The Agency was able to support the amounts reported except for the funds due from City of Pacifica. Therefore, as noted above, Finance has reclassified the available cash balances of \$72,275 that were supported by the Agency's records. Finance will continue to work with the Agency after the ROPS 15-16A review period to resolve any remaining issues as described above. If it is determined the Agency possesses additional cash balances that are available to pay approved obligations, the Agency should request the use of these cash balances prior to requesting RPTTF in ROPS 15-16B.

Please refer to the ROPS 15-16A 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 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 Wendy Griffe, Supervisor or Kelly Wyatt, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
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