



December 17, 2015

Mr. Steve Dush, Deputy Director  
City of Imperial Beach  
825 Imperial Beach Boulevard  
Imperial Beach, CA 91932

Dear Mr. Dush:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated October 22, 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 15-16B) to Finance on September 14, 2015, for the period of January 1 through June 30, 2016. Finance issued a ROPS determination letter on October 22, 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 November 10, 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 the July through December 2015 (ROPS 15-16A) periods and upheld in the subsequent Meet and Confers.

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 housing successor administrative allowance.

- Item No. 40 – Unpaid Housing Administrative Costs Allowance in the amount of \$150,000 of RPTTF. Finance continues to deny this item. Item No. 38, Successor

Housing Entity Administrative Cost Allowance, has been requested by the Agency on the ROPS 14-15B and 15-16A. Finance has denied authorization for this obligation for both periods, which was upheld in the Meet and Confer decisions dated December 17, 2014 and May 15, 2015, respectively. Additionally, Finance continues to deny the Agency's request on the current ROPS as noted above. Therefore, as the underlying request for authorization is denied, all requests for historical funding are also denied.

In addition, per Finance's letter dated October 22, 2015, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

Pursuant to HSC section 34186 (a), the Agency was required to report on the ROPS 15-16B form the estimated obligations versus actual payments (prior period adjustment) associated with the January through June 2015 period (ROPS 14-15B). HSC section 34186 (a) also specifies the prior period adjustment self-reported by the Agency is subject to audit by the county auditor-controller (CAC) and the State Controller. The amount of 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, Finance is not objecting to the remaining items listed on your ROPS 15-16B. The Agency's maximum approved RPTTF distribution for the reporting period is \$2,285,747 as summarized in the Approved RPTTF Distribution table below:

<b>Approved RPTTF Distribution</b>	
<b>For the period of January through June 2016</b>	
Total RPTTF requested for non-administrative obligations	2,416,668
Total RPTTF requested for administrative obligations	125,000
<b>Total RPTTF requested for obligations on ROPS 15-16B</b>	<b>\$ 2,541,668</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>2,416,668</b>
<u>Denied Items</u>	
Item No. 38	(75,000)
Item No. 40	(150,000)
	(225,000)
<b>Total RPTTF authorized for non-administrative obligations</b>	<b>\$ 2,191,668</b>
<b>Total RPTTF authorized for administrative obligations</b>	<b>\$ 125,000</b>
<b>Total RPTTF authorized for obligations</b>	<b>\$ 2,316,668</b>
ROPS 14-15B prior period adjustment	(30,921)
<b>Total RPTTF approved for distribution</b>	<b>\$ 2,285,747</b>

On the ROPS 15-16B form, the Agency reported cash balances and activity for the period January 1 through December 31, 2015. Finance will perform a review of the Agency's self-reported cash balances on an ongoing basis. Please 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 obligations, HSC section 34177 (I) (1) (E) requires these balances be used prior to requesting RPTTF.

Please refer to the ROPS 15-16B schedule used to calculate the total RPTTF approved for distribution:

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

This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2016. This determination only applies to items when 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 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'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 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 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