



November 12, 2015

Mr. Alvin Burrell, Interim Finance Director
City of Port Hueneme
250 North Ventura Road
Port Hueneme, CA 93041

Dear Mr. Burrell:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m) (1) (A), the City of Port Hueneme Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period January 1 through June 30, 2016 (ROPS 15-16B) to the California Department of Finance (Finance) on September 29, 2015. Finance has completed its review of the ROPS 15-16B.

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

- Item No. 8 – Low and Moderate Income Housing Fund Debt for purposes of the Supplemental Educational Revenue Augmentation Fund (SERAF) in the amount of \$16,557 is not allowed.

HSC section 34191.4 (b) (3) (A) allows this repayment to be equal to one-half of the increase between the ROPS residual pass-through distributed to the taxing entities in that fiscal year and the ROPS residual pass-through distributed to the taxing entities in the fiscal year 2012-13 base year.

According to the County Auditor-Controller's report, the amount distributed to the taxing entities for fiscal year 2012-13 and 2014-15 are \$1,990,174 and \$3,324,855, respectively. Therefore, pursuant to the repayment formula, the maximum repayment amount authorized for 2015-16 is \$667,341. During ROPS 15-16A, the Agency was approved for the maximum repayment amount authorized for 2015-16. Therefore, the requested \$16,557 is not eligible for funding on this ROPS. The Agency may be eligible for additional funding beginning ROPS 16-17.

- Claimed administrative costs exceed the allowance by \$30,000. HSC section 34171 (b) (2) limits fiscal year 2015-16 administrative expenses to three percent of distributed RPTTF in the preceding fiscal year or \$250,000, whichever is greater. As a result, the Agency is eligible for \$250,000 in administrative expenses. The Ventura County Auditor-Controller's Office distributed \$125,000 administrative costs for the July through December 2015 period, thus leaving a balance of \$125,000 available for the January

through June 2016 period (only for ROPS B series). Although \$125,000 is claimed for administrative costs, Item No. 11 for Contract Services in the amount of \$30,000 is considered an administrative expense and should be counted toward the cap. Therefore, \$30,000 of excess administrative cost is not allowed.

Pursuant to HSC section 34186 (a) (1), 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) (1) also specifies the prior period adjustment self-reported by the Agency is subject to review by the county auditor-controller (CAC). Proposed CAC adjustments were not received in time for inclusion in this letter; therefore, the amount of Redevelopment Property Tax Trust Funds (RPTTF) approved in the table below only reflects the Agency's self-reported prior period adjustment.

Except for the item that has been reclassified, Finance is not objecting to the remaining items listed on your ROPS 15-16B. If you disagree with Finance's determination with respect to any items on your ROPS 15-16B, except for those items which are the subject of litigation disputing Finance's previous or related determinations, 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 \$1,656,289 as summarized in the Approved RPTTF Distribution table below:

Approved RPTTF Distribution	
For the period of January through June 2016	
Total RPTTF requested for non-administrative obligations	1,594,593
Total RPTTF requested for administrative obligations	125,000
Total RPTTF requested for obligations on ROPS 15-16B	\$ 1,719,593
Total RPTTF requested for non-administrative obligations	1,594,593
<u>Denied Items</u>	
Item No. 8	(16,557)
	(16,557)
<u>Reclassified Item</u>	
Item No. 11	(30,000)
Total RPTTF authorized for non-administrative obligations	\$ 1,548,036
Total RPTTF requested for administrative obligations	125,000
<u>Reclassified Item</u>	
Item No. 11	30,000
Administrative costs in excess of the cap (see Admin Cost Cap table below)	(30,000)
Total RPTTF authorized for administrative obligations	\$ 125,000
Total RPTTF authorized for obligations	\$ 1,673,036
ROPS 14-15B prior period adjustment	(16,747)
Total RPTTF approved for distribution	\$ 1,656,289

Administrative Cost Cap Calculation	
Total RPTTF for 15-16A (July through December 2015)	957,878
Total RPTTF for 15-16B (January through June 2016)	1,548,036
Total RPTTF for fiscal year 2015-2016	2,505,914
Administrative cost cap for fiscal year 2015-16 (Greater of 3% of Total RPTTF or \$250,000)	250,000
Administrative allowance for ROPS 15-16A (July through December 2015)	(125,000)
Remaining administrative cost cap for ROPS 15-16B	125,000
ROPS 15-16B administrative obligations after Finance adjustments	(155,000)
Administrative costs in excess of the cap	\$ (30,000)

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 (l) (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>

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, 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 Cindie Lor, Supervisor, or Satveer Ark, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Carmen Nichols, Assistant City Manager, City of Port Hueneme
Ms. Rhoda Farrell, Property Tax Fiscal Manager, Ventura County