



March 25, 2016

Ms. Sheryl Bennett, Director of Administrative Services
City of Escondido
201 North Broadway
Escondido, CA 92025

Dear Ms. Bennett:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177(o) (1), the City of Escondido Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period July 1, 2016 through June 30, 2017 (ROPS 16-17) to the California Department of Finance (Finance) on January 28, 2016. Finance has completed its review of the ROPS 16-17.

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

Item Nos. 24, 27, and 28 – Property Maintenance in the amount of \$6,000, \$5,000, and \$3,000, respectively, totaling \$14,000 in Other Funds for ROPS 16-17 should no longer be listed on the Agency's ROPS. Finance approved the Agency's Long-Range Property Management Plan on June 26, 2015, at which time all property with a disposition of future development should have transferred to the City of Escondido (City). As the property associated with these items was included in that transfer, there is no need for the Agency to list these expenses on the ROPS.

On the ROPS 16-17 form, the Agency reported cash balances and activity for the period of July 1, 2015 through June 30, 2016. Pursuant to HSC section 34177 (l) (1) (E), agencies are required to use all available funding sources prior to Redevelopment Property Tax Trust Fund (RPTTF) for payment of enforceable obligations. During our review, which may have included obtaining financial records, Finance determined the Agency possesses \$58,539 that should be used prior to requesting RPTTF. Therefore, with the Agency's concurrence, the funding source for the following item has been reclassified to Other Funds in the amount specified below:

Item No. 2 – 2007A Lease Revenue Bonds in the amount of \$58,539. The Agency requests \$5,148,875 of RPTTF; however, Finance is reclassifying \$58,539 to Other Funds. This item is an enforceable obligation for the ROPS 16-17 period. Therefore, Finance is approving \$5,090,336 from RPTTF, \$58,539 from Other Funds, totaling \$5,148,875.

The Agency's maximum approved RPTTF distribution for the reporting period is \$11,565,106 as summarized in the Approved RPTTF Distribution table on page 4 (See Attachment).

Except for the items that have been reclassified, Finance is not objecting to the remaining items listed on your ROPS 16-17. If you disagree with Finance's determination with respect to any items on your ROPS 16-17, 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/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

ROPS distributions will occur twice annually, one distribution for the July 1, 2016 through December 31, 2016 (ROPS A period), and one distribution for the January 1, 2017 through June 30, 2017 (ROPS B period) based on Finance's approved amounts. Since Finance's determination is for the entire ROPS 16-17 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

On the ROPS 16-17 form, the Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through December 31, 2015 period (ROPS 15-16A). The Agency will report actual payments for ROPS 15-16A and ROPS 15-16B on the ROPS 18-19 form pursuant to HSC section 34186 (a) (1). A prior period adjustment will be applied to the Agency's ROPS 18-19 RPTTF distribution. Therefore, the Agency should retain any unexpended RPTTF for ROPS 15-16A and ROPS 15-16B.

Please refer to the ROPS 16-17 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 determination related to the enforceable obligations reported on your ROPS for the period July 1, 2016 through June 30, 2017. This determination only applies to items when funding was requested for the 12-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.

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

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Joan Ryan, Assistant Finance Director, City of Escondido
Mr. Jon Baker, Senior Auditor and Controller Manager, San Diego County

Attachment

Approved RPTTF Distribution			
For the period of July 2016 through June 2017			
	ROPS A Period	ROPS B Period	Total
Requested RPTTF (excluding administrative obligations)	\$ 8,545,502	\$ 2,823,813	\$ 11,369,315
Requested Administrative RPTTF	127,165	127,165	\$ 254,330
Total Requested RPTTF on ROPS 16-17	\$ 8,672,667	\$ 2,950,978	\$ 11,623,645
Total RPTTF Requested	8,545,502	2,823,813	11,369,315
<u>Reclassified Item</u>			
Item No. 2	(58,539)	0	(58,539)
Total RPTTF authorized	8,486,963	2,823,813	\$ 11,310,776
Total Administrative RPTTF requested	127,165	127,165	254,330
Total Administrative RPTTF authorized	127,165	127,165	\$ 254,330
Total RPTTF approved for distribution	8,614,128	2,950,978	\$ 11,565,106