



March 31, 2016

Mr. Brian J. Bosse, Waterfront Business Manager
City of Santa Barbara
132 Harbor Way A
Santa Barbara, CA 93109

Dear Mr. Bosse:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Santa Barbara 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 27, 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 determinations:

Item No. 19 – Cabrillo Pavilion and Bathhouse Renovation in the amount of \$1,500,000 is partially approved for \$900,000. Although the total requested from Bond Proceeds is \$1,500,000, only \$900,000 is supported by the project estimates for the 2016-17 ROPS period. Therefore, the excess \$600,000 is not allowed for the ROPS 2016-17 period.

Except for the item denied in part, 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/

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 funds 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. 4 – Fiscal Agent Charges in the amount of \$137. The Agency requests \$1,453,491 of RPTTF; however, Finance is reclassifying \$137 to Other Funds. This item is an enforceable obligation for the ROPS 2016-17 period. However, the Agency has \$137 in available Other Funds. Therefore, Finance is approving RPTTF in the amount of \$1,453,354 and the use of Other Funds in the amount of \$137, totaling \$1,453,491 for the July 1, 2016 through December 31, 2016 period.

The Agency's maximum approved RPTTF distribution for the reporting period is \$8,743,493 as summarized in the Approved RPTTF Distribution Table on Page 4 (See Attachment).

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. As 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.

Please refer to the ROPS 16-17 schedule used to calculate the total RPTTF approved for distribution:

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

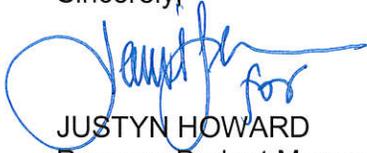
Absent a Meet and Confer, this is Finance's determination related to the enforceable obligations reported on your ROPS for the period July 1, 2016 through June 30, 2017. This determination only applies to items when funding was requested for the 12-month period. Finance's determination is effective for 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 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 Erika Santiago, Lead Analyst, at (916) 445-1546.

Sincerely,

A handwritten signature in blue ink, appearing to read "Justyn Howard", with a large circular flourish on the left side.

JUSTYN HOWARD
Program Budget Manager

cc: Ms. Sue Gray, Community Development Business Manager, City of Santa Barbara
Mr. Ed Price, Division Chief Property Tax Division, Santa Barbara 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)	\$ 1,453,491	\$ 7,040,139	\$ 8,493,630
Requested Administrative RPTTF	125,000	125,000	\$ 250,000
Total RPTTF requested for obligations on ROPS 16-17	\$ 1,578,491	\$ 7,165,139	\$ 8,743,630
Total RPTTF requested	1,453,491	7,040,139	8,493,630
<u>Reclassified Item</u>			
Item No. 4	(137)	0	(137)
Total RPTTF authorized	1,453,354	7,040,139	\$ 8,493,493
Total Administrative RPTTF requested	125,000	125,000	250,000
Total Administrative RPTTF authorized	125,000	125,000	\$ 250,000
Total RPTTF approved for distribution	1,578,354	7,165,139	\$ 8,743,493