



May 17, 2016

Mr. David Bilby, Assistant Director of Development
City of Chula Vista
276 Fourth Avenue
Chula Vista, CA 91910

Dear Mr. Bilby:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated March 31, 2016. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Chula Vista Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period of July 1, 2016 through June 30, 2017 (ROPS 16-17) to Finance on January 28, 2016. Finance issued a ROPS determination letter on March 31, 2016. 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 April 25, 2016.

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. 49 – Third Avenue Streetscape Improvements in the total outstanding obligation amount of \$1,330,388 in bond proceeds. During the meet and confer, the Agency claims that it inadvertently retired this item during ROPS14-15B and now wishes to use the pre-2010 excess bond proceeds.

It is our understanding this item is related to OB Resolution 2016-07 submitted to Finance on April 11, 2016. The OB took an action to approve a bond proceeds expenditure agreement between the City of Chula Vista (City) and the Agency providing for the transfer of excess bond proceeds to the City for bond-eligible purposes and directed the transfer of such funds to the City. Per our May 17, 2016 OB Action letter, Finance has reviewed and approved OB action 2016-07. Therefore, this item has been reinstated and \$1,330,388 in bond proceeds is approved on the ROPS 16-17.

In addition, per Finance's letter dated March 31, 2016, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

- Item No. 26 – Bayfront Master Plan legal fees in the amount of \$133,989 is partially approved for \$36,000. The Agency provided documentation such as the Legal Services Agreement (Agreement). However, the Agreement states the total amount of service

and costs to be paid shall not exceed \$36,000. Therefore, the amount of \$97,989 (\$133,989 - \$36,000) is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding for the July 1, 2016 through December 31, 2016 (ROPS A period).

- Item No. 48 – Vector Control in the amount of \$305 is partially approved for \$70. Agency requested Mosquito and Vector Disease Control Assessment Fees in the amount of \$305 relating to properties that were approved in the Agency's Long-Range Property Management Plan as government use or sale of property. Finance notes only 14 out of the 23 properties are pending sale/disposition and eligible for maintenance costs. Therefore, the requested amount of \$235 (\$305 - \$70) is not eligible for RPTTF funding for the July 1, 2016 through December 31, 2016 (ROPS A period).

Except for the items denied in whole or in part or the item that has been adjusted, Finance is not objecting to the remaining items listed on your ROPS 16-17.

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 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 and in the amount specified below:

Item No. 10 – Low-Mod Income Housing Fund Loan in the amount of \$310,696. The Agency requests \$310,696 of RPTTF; however, Finance is reclassifying \$57,038 to Other Funds. This item is an enforceable obligation for the ROPS 16-17 period. However, the obligation does not require payment from property tax revenues and the Agency has \$57,038 in available Other Funds. Therefore, Finance is approving RPTTF in the amount of \$253,658 and the use of Other Funds in the amount of \$57,038, totaling \$310,696 for the July 1, 2016 through December 31, 2016 (ROPS A period).

The Agency's maximum approved RPTTF distribution for the reporting period is \$4,967,149 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. 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 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 future RPTTF distribution. Therefore, the Agency should retain any difference in 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>

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.

Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Michael Barr, Lead Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Rachelle Barrera, Finance, City of Chula Vista
Mr. Jon Baker, Senior Auditor and Controller Manager, San Diego County

Attachment

Approved RPTTF Distribution			
For the period of July 2016 through June 2017			
	<u>ROPS A Period</u>	<u>ROPS B Period</u>	<u>Total</u>
Requested RPTTF (excluding administrative obligations)	\$ 3,913,174	\$ 959,237	\$4,872,411
Requested Administrative RPTTF	125,000	125,000	250,000
Total RPTTF requested for obligations on ROPS 16-17	4,038,174	1,084,237	\$5,122,411
Total RPTTF requested	3,913,174	959,237	4,872,411
<u>Denied Items</u>			
Item No. 26	(97,989)	0	(97,989)
Item No. 48	(235)	0	(235)
	(98,224)	0	(98,224)
<u>Reclassified Item</u>			
Item No. 10	(57,038)	0	(57,038)
Total RPTTF authorized	3,757,912	959,237	\$4,717,149
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	3,882,912	1,084,237	\$4,967,149