



May 17, 2016

Ms. Kymberly Horner, Economic Development Director  
City of Oxnard  
214 South C Street  
Oxnard, CA 93030

Dear Ms. Horner:

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 April 14, 2016. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Oxnard 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 February 1, 2016. Finance issued a ROPS determination letter on April 14, 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 28, 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 Nos. 1, 17, 18, 48, and 50 – Various bond payments. Based on our April 14, 2016 letter, the Agency's was of the understanding that Finance is only authorizing the payment of interest on bonds during the ROPS 2016-17 period. However, we note that during the January 1, 2016 through June 30, 2106 (ROPS 15-16B) period, bond payments for the entire 2016 calendar year (March and September payments), were authorized by Finance. As such, it is unnecessary for Finance approve the September 1, 2016 payment amounts requested on the July 1, 2016 through December 31, 2016 period (ROPS A) because they were authorized during ROPS 15-16B period.
- Item No. 1 – CCRP Tax Allocation Refunding Bond 2004 in the amount of \$1,361,471. Finance continues to adjust this item. During the Meet and Confer process, no additional documents were submitted to support the need for the originally requested amount and Agency staff confirmed the adjustments were correct. Per discussion with Agency staff and review of documentation provided during the initial review, the \$1,361,471 requested for the annual period should be \$235,291 for interest due in March 2017.

During the ROPS 15-16B period, bond payments for the entire 2016 calendar year (March and September payments), were authorized. As such, it is unnecessary for Finance approve the September 1, 2016 payment of \$1,361,471 during ROPS 16-17A because it was authorized during ROPS 15-16B. Finance has increased the requested Redevelopment Property Tax Trust Fund (RPTTF) funding from zero to \$235,291 for the ROPS B period because it represents the March 1, 2017 payment. As a result, the requested \$1,361,471 for the ROPS A period is not eligible for RPTTF funding.

- Item No. 17 – HERO Tax Allocation Bond 2006 in the amount of \$776,487. Finance continues to adjust this item. During the Meet and Confer process, no additional documents were submitted to support the need for the originally requested amount and Agency staff confirmed that the adjustments were correct. Per discussion with Agency staff and review of documentation provided during the initial review, the \$776,487 requested for the annual period should be \$238,565 for interest due in March 2017. Therefore, Finance has increased requested RPTTF funding from zero to \$238,565 for the ROPS B period. As a result, the requested \$776,487 for the ROPS A period is not eligible for RPTTF funding.
- Item No. 18 – HERO Tax Allocation Bond 2008 in the total amount of \$708,138. Finance continues to adjust this item. During the Meet and Confer process, no additional documents were submitted to support the need for the originally requested amount and Agency staff confirmed that the adjustments were correct. Per discussion with Agency staff and review of documentation provided during the initial review, the \$708,138 requested for the annual period should be \$238,919 for interest due March 2017. Therefore, Finance has increased requested RPTTF funding from zero to \$238,919 for the ROPS B period. As a result, the requested \$708,138 for the ROPS A period is not eligible for RPTTF funding.
- Item No. 48 – Ormond Beach Tax Allocation Bond 2006 in the amount of \$342,756. Finance continues to adjust this item. During the Meet and Confer process, no additional documents were submitted to support the need for the originally requested amount and Agency staff confirmed that the adjustments were correct. Per discussion with Agency staff and review of documentation provided during the initial review, the \$342,756 requested for the annual period should be \$92,858 due in March 2017. Therefore, Finance has increased requested RPTTF funding from zero to \$92,858 for the ROPS B period. As a result, the requested \$342,756 for the ROPS A period is not eligible for RPTTF funding.
- Item No. 50 – Southwinds Tax Allocation Bond 2006 in the amount of \$194,430. Finance continues to adjust this item. During the Meet and Confer process, no additional documents were submitted to support the need for the originally requested amount and Agency staff confirmed that the adjustments were correct. Per discussion with Agency staff and review of documentation provided during the initial review, the \$194,430 requested for the annual period should be \$53,048 due March 2017. Therefore, Finance has increased requested RPTTF funding from zero to \$53,048 for the ROPS B period. As a result, the requested \$194,430 for the ROPS A period is not eligible for RPTTF funding.

- Item Nos. 87 and 88 – Sponsoring Entity loan repayments in the total outstanding amount of \$2,987,936. Finance continues to deny this item. Finance initially denied these items because the outstanding balances had been fully satisfied during the July 1, 2015 through December 31, 2015 period (ROPS 15-16A). During the meet and confer, the Agency claims that it is eligible to receive additional repayments towards its City Loans per the change in interest rate provided by Senate Bill (SB) 107. However, Finance finds that the agreements were fully satisfied during the July 1, 2015 through December 31, 2015 period (ROPS 15-16A). Therefore, these items are not enforceable obligations and the total requested amount of \$2,987,936 (\$2,901,416 + \$86,520) is not eligible for RPTTF funding.
- Item No. 89 – CCRP City Advances Property Acquisition loan repayment in the total outstanding amount of \$612,309. Finance partially approves this item. Initially, Finance denied the requested funding because the outstanding loan balance was paid off in the ROPS 15-16B period. During the meet and confer, the Agency claims that during ROPS 15-16B, the loan balance was calculated using the Local Agency Investment Fund (LAIF) rate rather than the three percent interest rate pursuant to amendments in RDA Dissolution law enacted by SB 107. Per additional information received, Finance determined the Agency's outstanding balance on the loan is \$274,357. Had the outstanding loan balance been calculated at three percent simple interest rate on the ROPS 15-16B, the outstanding balance would be \$715,056. We note that the Agency requested and was authorized \$440,699 in RPTTF for this obligation on ROPS 15-16B. Therefore, the remaining balance of unpaid principal and interest on the loan is \$274,357 (\$715,056 - \$440,699). As a result, Finance is approving \$274,357 in RPTTF and the remaining requested amount of \$337,952 (\$612,309 - \$274,357) is not eligible for RPTTF funding. .

In addition, per Finance's letter dated April 14, 2016, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

- Item No. 4 – Property maintenance costs in the total amount of \$25,500 is partially allowed. The Scope of Services listed in the First Amendment to Agreement for Consulting Services between the Agency and Alert Management Company includes cleaning services for Heritage Square Hall/Chapel located at 731 South A Street, with compensation of \$415 per month. The Agency's Long-Range Property Management Plan (LRPMP) was approved by Finance on December 31, 2015. Funds requested for this line item include costs related to properties that were approved for governmental use on the LRPMP. These properties should have transferred pursuant to the LRPMP and the costs are no longer the responsibility of the Agency. Therefore, of the requested amount of \$25,500, a \$4,980 is not eligible for RPTTF funding.
- Item No. 5 – Heritage Square HOA Dues in the total outstanding balance of \$8,604 is not allowed. As noted in the bullet above, funds requested for this line item include costs related to properties that were approved for governmental use on the LRPMP and are no longer an obligation of the Agency. Therefore, the requested amount of \$8,604 is not eligible for RPTTF funding. Additionally, this item has been retired.

- The claimed administrative costs exceed the allowance by \$295,792. HSC section 34171 (b) (3) limits the fiscal year 2016-17 Administrative Cost Allowance (ACA) to three percent of actual distributed RPTTF in the preceding fiscal year or \$250,000, whichever is greater; not to exceed 50 percent of the distributed RPTTF in the preceding fiscal year. As a result, the Agency's maximum ACA is \$280,730 for the fiscal year 2016-17. Although \$576,522 is claimed for administrative cost, only \$280,730 is available pursuant to the cap. Therefore, \$295,792 of excess administrative cost is not allowed.
- 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 (I) (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. 52 – Downtown Lease Guarantee Payment in the amount of \$1,332,000 has been partially reclassified. The Agency requests \$1,332,000 of RPTTF; however, Finance is reclassifying \$69,155 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 \$69,155 in available Other Funds. Therefore, Finance is approving RPTTF in the amount of \$1,262,845 and the use of Other Funds in the amount of \$69,155, totaling \$1,332,000 for the ROPS 16-17 period.

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

The Agency's maximum approved RPTTF distribution for the reporting period is \$4,902,591 as summarized in the Approved RPTTF Distribution Table on Page 6 - 7 (See Attachment).

ROPS distributions will occur twice annually, one distribution for the ROPS A period, and one distribution for the 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 Daisy Rose, at (916) 445-3274.

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

cc: Ms. Christine Williams, Controller, City of Oxnard  
Ms. Rhoda Farrell, Property Tax Fiscal Manager, Ventura 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)	\$ 9,452,208	\$ 1,102,881	\$ 10,555,089
Requested Administrative RPTTF	293,261	283,261	576,522
<b>Total RPTTF requested for obligations on ROPS 16-17</b>	<b>9,745,469</b>	<b>1,386,142</b>	<b>\$ 11,131,611</b>
Adjustment to Agency Requested RPTTF			
Item No. 1	0	235,291	235,291
Item No. 17	0	238,565	238,565
Item No. 18	0	238,919	238,919
Item No. 48	0	92,858	92,858
Item No. 50	0	53,048	53,048
<b>Total RPTTF adjustments</b>	<b>0</b>	<b>858,681</b>	<b>\$ 858,681</b>
<b>Total RPTTF requested</b>	<b>9,452,208</b>	<b>1,961,562</b>	<b>11,413,770</b>
<u>Denied Items</u>			
Item No. 1	(1,361,471)	0	(1,361,471)
Item No. 4	(2,490)	(2,490)	(4,980)
Item No. 5	(4,302)	(4,302)	(8,604)
Item No. 17	(776,487)	0	(776,487)
Item No. 18	(708,138)	0	(708,138)
Item No. 48	(342,756)	0	(342,756)
Item No. 50	(194,430)	0	(194,430)
Item No. 87	(2,901,416)	0	(2,901,416)
Item No. 88	(86,520)	0	(86,520)
Item No. 89	(337,952)	0	(337,952)
	(6,715,962)	(6,792)	(6,722,754)
<u>Reclassified Item</u>			
Item No. 52	(69,155)	0	(69,155)
<b>Total RPTTF authorized</b>	<b>2,667,091</b>	<b>1,954,770</b>	<b>\$ 4,621,861</b>
<b>Total Administrative RPTTF requested</b>	<b>293,261</b>	<b>283,261</b>	<b>576,522</b>
Administrative costs in excess of the cap (see Administrative Cost Allowance Cap table below)	(12,531)	(283,261)	(295,792)
<b>Total Administrative RPTTF authorized</b>	<b>280,730</b>	<b>0</b>	<b>\$ 280,730</b>
<b>Total RPTTF approved for distribution</b>	<b>2,947,821</b>	<b>1,954,770</b>	<b>\$ 4,902,591</b>

<b>Administrative Cost Allowance Cap Calculation</b>	
Actual RPTTF distributed for fiscal year 2015-16	\$ 12,902,151
Less sponsoring entity loan and Administrative RPTTF	3,544,483
Actual RPTTF distributed for 2015-16 after adjustment	9,357,668
Administrative Cap for 2016-17 per HSC section 34171 (b)	280,730
ROPS 16-17 Administrative RPTTF after Finance adjustments	576,522
<b>Administrative Cost Allowance in excess of the cap</b>	<b>\$ (295,792)</b>