

May 17, 2016

Ms. Angela Kraetsch, Finance Director
City of San Bruno
567 El Camino Real
San Bruno, CA 94066

Dear Ms. Kraetsch:

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 08, 2016. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of San Bruno 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 01, 2016. Finance issued a ROPS determination letter on April 08, 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 20, 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. 10 – Cash Deficit in the requested amount of \$150,854. Finance no longer denies \$41,995 as an enforceable obligation. Finance previously denied \$41,995 due to insufficient documentation to substantiate the cash deficit. During the meet and confer, the Agency was able to provide documentation showing obligations approved during the period of January 1, 2013 through June 30, 2013 (ROPS III) and reported on the prior period adjustment as expenditure in this period actually occurred in the period of July 1, 2013 through December 31, 2013 (ROPS 13-14A). As such available cash on June 30, 2013 was overstated, and the Agency did not have an amount of \$76,627 available for reclassification during the period of January 1, 2014 through June 30, 2014 (ROPS 13-14B). Therefore, the remaining cash deficit request of \$41,995 is eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding on the ROPS.

The Agency's maximum approved RPTTF distribution for the reporting period is \$2,361,246 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 period distributions.

On the ROPS 16-17 form, the Agency reported cash balances and activity for the period of July 1, 2015 through June 30, 2016. Finance performs a review of the Agency's self-reported cash balances on an ongoing basis. 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 enforceable obligations, HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF.

In addition, 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 Satveer Ark, Analyst, at (916) 445-3274.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Mr. Mark Sullivan, Long Range Planning Manager, City of San Bruno
Mr. Juan Raigoza, Auditor-Controller, San Mateo 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) | \$ 746,769 | \$ 1,574,415 | \$ 2,321,184 |
| Requested Administrative RPTTF | 20,031 | 20,031 | 40,062 |
| Total RPTTF requested for obligations on ROPS 16-17 | \$ 766,800 | \$ 1,594,446 | \$ 2,361,246 |
| Total RPTTF requested | 746,769 | 1,574,415 | 2,321,184 |
| <u>Denied Item</u> | | | |
| Item No. 10 | | 0 | 0 |
| Total RPTTF authorized | 746,769 | 1,574,415 | \$ 2,321,184 |
| Total Administrative RPTTF requested | 20,031 | 20,031 | 40,062 |
| Total Administrative RPTTF authorized | 20,031 | 20,031 | \$ 40,062 |
| Total RPTTF approved for distribution | 766,800 | 1,594,446 | \$ 2,361,246 |