



May 17, 2019

Ms. Deanne Purcell, Administrative Services Director
City of Grover Beach
154 South 8th Street
Grover Beach, CA 93433

Dear Ms. Purcell:

Subject: 2019-20 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 15, 2019. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the Grover Beach Successor Agency (Agency) submitted an annual ROPS for the period July 1, 2019 through June 30, 2020 (ROPS 19-20) to Finance on January 30, 2019. The Agency requested a Meet and Confer on one or more of the determinations made by Finance. The Meet and Confer was held on April 25, 2019.

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 determination being disputed:

Item No. 1 – 2005 Tax Allocation Bonds in the total requested amount of \$374,973. Finance continues to partially approve this item. Finance originally adjusted funding for this item to accurately reflect the debt service payment amount due during the ROPS period based on the debt service payment schedule. During the Meet and Confer, the Agency stated the amount requested in excess of the required debt service payment, \$87,961, is necessary to make the Agency whole in connection with prior insufficient Redevelopment Property Tax Trust Fund (RPTTF) distributions for this item.

The Agency provided an explanation and documentation suggesting the prior period adjustment (PPA) for the January 1, 2012 through June 30, 2013 (ROPS I) period used to offset the January 1, 2013 through June 30, 2013 (ROPS III) RPTTF distribution was calculated in error by the San Luis Obispo County Auditor-Controller. The Agency further contends the incorrect PPA contributed to a deficit of RPTTF distributed to make payments towards the 2005 Tax Allocation Bonds (2005 TABs). However, despite any error that may have been made in the calculation of the PPA, the accounting records and other documentation provided by the Agency supports the debt service payments to the 2005 TABs have been fully funded.

In addition, the priority of payments defined under HSC section 34183 (a) (2) requires the receipt of RPTTF be applied to debt service first. The RPTTF received in ROPS III was sufficient to cover the Agency's debt service; therefore, no funding deficit exists for this item.

To the extent the Agency can support that specific prior ROPS items remain unfunded due to a RPTTF shortfall, a request may be made on subsequent ROPS. Therefore, Finance continues to make an adjustment of \$87,961 to decrease the total requested amount of \$374,973 to \$287,012 in RPTTF funding.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations. Reported differences in RPTTF are used to offset current RPTTF distributions. The amount of RPTTF approved in the table on Page 3 includes the prior period adjustment resulting from the County Auditor-Controller's review of the prior period adjustment form submitted by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$729,493 as summarized in the Approved RPTTF Distribution table on Page 3 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1 through December 31 period (ROPS A period), and one distribution for the January 1 through June 30 period (ROPS B period) based on Finance approved amounts. Since this determination is for the entire ROPS 19-20 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

This is our final determination regarding the obligations listed on the ROPS 19-20. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be denied until the matter is resolved.

The ROPS 19-20 form submitted by the Agency and this determination letter will be posted on our website:

<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This determination is effective for the ROPS 19-20 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 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 RPTTF is the same as the amount of property tax increment available prior to the enactment of redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in RPTTF.

Please direct inquiries to Nichelle Jackson, Supervisor, or Todd Vermillion, Lead Analyst, at (916) 322-2985.

Sincerely,



 JENNIFER WHITAKER
Program Budget Manager

cc: Mr. Matt Bronson, City Manager, City of Grover Beach
Ms. Aaronne Kessler, Property Tax Manager, San Luis Obispo County

Attachment

Approved RPTTF Distribution			
For the period of July 1, 2019 through June 30, 2020			
	ROPS A Period	ROPS B Period	ROPS 19-20 Total
RPTTF Requested	\$ 483,492	\$ 334,141	\$ 817,633
Administrative RPTTF Requested	27,178	0	27,178
Total RPTTF Requested	510,670	334,141	844,811
RPTTF Requested	483,492	334,141	817,633
<u>Adjustment</u>			
Item No. 1	(87,961)	0	(87,961)
RPTTF Authorized	395,531	334,141	729,672
Administrative RPTTF Authorized	27,178	0	27,178
Total RPTTF Authorized for Obligations	422,709	334,141	756,850
Prior Period Adjustment	(27,357)	0	(27,357)
Total RPTTF Approved for Distribution	\$ 395,352	\$ 334,141	\$ 729,493