



May 17, 2019

Mr. Steve Dush, Deputy Director
City of Imperial Beach
825 Imperial Beach Boulevard
Imperial Beach, CA 91932

Dear Mr. Dush:

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 Imperial 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 29, 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. 22 – 9th and Palm Avenue Real Estate Management, outstanding obligation amount totaling \$100,000. Finance continues to deny this item. Finance originally denied this item because Phase 2 closed on December 10, 2018, and all of the tasks for which the Agency requested funding should have been completed prior to this closing date, and therefore no funding is necessary.

During the Meet and Confer, the Agency indicated funding is needed for various administrative tasks regarding the development of certain real property outside of Phase 2. The Agency cited several sections of a Purchase and Sale Agreement (Agreement) approved through Oversight Board (OB) Resolution No. 13-27, and subsequently approved by Finance on January 21, 2014 in support of this item. The OB determination letter, pursuant to Section 219 of the Agreement, approves the transfer of the former Redevelopment Agency's 2010 Bond Proceeds, in the amount of \$2,200,000, for public improvements, and the related purchase price of the property located between 7th and 9th Street at Palm Avenue.

However, pursuant to HSC section 34177.3 (a), agencies lack the authority to, and shall not, create new enforceable obligations or begin redevelopment work, except in compliance with an enforceable obligation that existed prior to June 28, 2011. Additionally, the OB cannot approve actions contrary to Dissolution Law. Therefore, this item is not an enforceable obligation and the request for \$100,000 in Redevelopment Property Tax Trust Fund (RPTTF) funding is not allowed.

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 \$3,099,208 as summarized in the Approved RPTTF Distribution table on Page 3.

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 the 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 the RPTTF.

Please direct inquiries to Nichelle Jackson, Supervisor, or Michael Painter, Analyst, at (916) 322-2985.

Sincerely,



JW
JENNIFER WHITAKER
Program Budget Manager

cc: Mr. Andy Hall, Executive Director, City of Imperial Beach
Mr. Jon Baker, Senior Auditor and Controller Manager, San Diego 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	\$ 106,525	\$ 2,898,819	\$ 3,005,344
Administrative RPTTF Requested	125,000	125,000	250,000
Total RPTTF Requested	231,525	3,023,819	3,255,344
RPTTF Requested	106,525	2,898,819	3,005,344
<u>Adjustment</u>			
Item No. 22	(50,000)	(50,000)	(100,000)
RPTTF Authorized	56,525	2,848,819	2,905,344
Administrative RPTTF Authorized	125,000	125,000	250,000
Total RPTTF Authorized for Obligations	181,525	2,973,819	3,155,344
Prior Period Adjustment	(56,136)	0	(56,136)
Total RPTTF Approved for Distribution	\$ 125,389	\$ 2,973,819	\$ 3,099,208