



April 15, 2019

Mr. Kenneth McDonald, Interim Finance Director
City of Port Hueneme
250 North Ventura Road
Port Hueneme, CA 93041

Dear Mr. McDonald:

Subject: 2019-20 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Port Hueneme Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2019 through June 30, 2020 (ROPS 19-20) to the California Department of Finance (Finance) on January 31, 2019. Finance has completed its review of the ROPS 19-20.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item No. 5 – Loan between the Surplus Property Authority and Agency in the amount of \$377,064 is not allowed. HSC section 34191.4 (b) (2) requires any outstanding amounts borrowed from or owed to the Low and Moderate Income Housing Fund (LMIHF) for purposes of the Educational Revenue Augmentation Fund (ERAF) to be retired prior to requesting repayment for sponsoring entity loans. The Agency still has outstanding balances owed to the LMIHF at this time. Therefore, the requested \$377,064 in Redevelopment Property Tax Trust Fund (RPTTF) is not allowed at this time. Further, Finance notes the outstanding balance of this loan should be \$372,485. The Agency may be eligible for additional funding on a subsequent ROPS.
- Item Nos. 7 and 8 – Low and Moderate Income Housing Debt loan repayments have been adjusted. ERAF loans are not allowed to accrue interest unless the original loan agreement repayment terms specified an interest rate. HSC section 34191.4 (b) (3) (A) allows this repayment to be equal to one-half of the increase between the ROPS residual pass-through distributed to the taxing entities in preceding fiscal year and the ROPS residual pass-through distributed to the taxing entities in the fiscal year 2012-13 base year.

According to the Ventura County Auditor-Controller's (CAC) report, the amounts distributed to the taxing entities for fiscal year 2012-13 and 2018-19 is \$1,990,174 and \$4,099,517, respectively. Therefore, pursuant to the repayment formula, the maximum repayment amount authorized for the ROPS 19-20 period is \$1,054,672. As a result, Finance adjusted the requested amounts and outstanding balances as follows:

- Item No. 7 – The reported total outstanding amount of \$296,784 is overstated, and was reduced to the original principal loan amount of \$192,717. Therefore, of the requested \$296,784, only \$192,717 in RPTTF is allowed and the excess \$104,067 (\$296,784 - \$192,717) is not eligible for RPTTF funding.
- Item No. 8 – The reported total outstanding amount of \$3,821,504 is overstated, and was reduced to \$2,519,407, to account for the principal loan amount of \$2,569,078 less prior ROPS payments totaling \$49,671. Further, of the requested \$1,369,899, \$861,955 (\$1,054,672 - \$192,717) in RPTTF is allowed and \$507,944 is not eligible for RPTTF. The Agency may be eligible for additional funding on a subsequent ROPS.
- On the ROPS 19-20 form, the Agency reported cash balances and activity for the period July 1, 2016 through June 30, 2017 (ROPS 16-17). According to our review, the Agency has approximately \$34,116 from Other Funds available to fund enforceable obligations on the ROPS 19-20. HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF. Therefore, with the Agency's concurrence, the funding source for the following item has been reclassified in the amount specified below:
 - Item No. 15 – Salaries and benefits in the amount of \$250,000, which includes \$21,043 in Other Funds, is partially reclassified. This item does not require payment from property tax revenues. Therefore, Finance is approving RPTTF in the amount of \$194,841 and the use of Other Funds in the amount of \$55,159 (\$21,043 + \$34,116), totaling \$250,000.

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 4 includes the prior period adjustment resulting from the CAC's review of the prior period adjustment form submitted by the Agency.

Except for the items adjusted, Finance is not objecting to the remaining items listed on the ROPS 19-20. If the Agency disagrees with our determination with respect to any items on the ROPS 19-20, except items which are the subject of litigation disputing our previous or related determinations, the Agency may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available on our website:

[http://dof.ca.gov/Programs/Redevelopment/Meet And Confer/](http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is \$2,608,482 as summarized in the Approved RPTTF Distribution table on Page 4 (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.

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Absent a Meet and Confer, 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 Cindie Lor, Supervisor, or Jeremy Bunting, Lead Analyst, at (916) 322-2985.

Sincerely,



JENNIFER WHITAKER
Program Budget Manager

cc: Mr. Rod Butler, City Manager, City of Port Hueneme
Ms. Rhoda Farrell, Property Tax Fiscal Manager, Ventura 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	\$ 429,867	\$ 2,974,228	\$ 3,404,095
Administrative RPTTF Requested	103,957	125,000	228,957
Total RPTTF Requested	533,824	3,099,228	3,633,052
RPTTF Requested	429,867	2,974,228	3,404,095
<u>Adjustments</u>			
Item No. 5	(377,064)	0	(377,064)
Item No. 7	0	(104,067)	(104,067)
Item No. 8	0	(507,944)	(507,944)
	(377,064)	(612,011)	(989,075)
RPTTF Authorized	52,803	2,362,217	2,415,020
Administrative RPTTF Requested	103,957	125,000	228,957
<u>Adjustment</u>			
Item No. 15	(34,116)	0	(34,116)
Administrative RPTTF Authorized	69,841	125,000	194,841
Total RPTTF Authorized for Obligations	122,644	2,487,217	2,609,861
Prior Period Adjustment	(1,379)	0	(1,379)
Total RPTTF Approved for Distribution	\$ 121,265	\$ 2,487,217	\$ 2,608,482