



November 15, 2017

Mr. William Garay, Director of Finance
Inland Valley Development Agency
1601 East Third Street, Suite 100
San Bernardino, CA 92408

Dear Mr. Garay:

Subject: Amended Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1) (E), the Inland Valley Development Agency Successor Agency (Agency) submitted an amended Recognized Obligation Payment Schedule for the period January 1, 2018 through June 30, 2018 (Amended ROPS 17-18B) to the California Department of Finance (Finance) on September 29, 2017. Finance has completed its review of the Amended ROPS 17-18B.

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

- HSC section 34177 (o) (1) (E) states an agency may only amend the amount requested for payment of approved enforceable obligations; the following items were denied as enforceable obligations in the Agency's ROPS 17-18 Meet and Confer letter dated May 17, 2017. Therefore, the Agency has no authority to request adjustments on the Amended ROPS 17-18B for the following items. Additionally, it is our understanding these items are the subject of current litigation disputing Finance's previous determination without final judgment.
 - Item Nos. 13 and 96 – Airport Operations for the total requested Redevelopment Property Tax Trust Fund (RPTTF) adjustments of \$22,175,476 as specified below:

Item No.	Description	RPTTF Adjustments Requested	RPTTF Adjustment Disallowed
13	Airport Operations	\$11,087,738	\$11,087,738
96	Airport Operations	11,087,738	11,087,738
Total		\$22,175,476	\$22,175,476

- Item Nos. 19 and 98 – Transition Cost Obligations for the requested RPTTF adjustments of \$6,408,784 as specified below:

Item No.	Description	RPTTF Adjustments Requested	RPTTF Adjustment Disallowed
19	Transition Cost Obligations	\$3,204,392	\$3,204,392
98	Transition Cost Obligations	3,204,392	3,204,392
Total		\$6,408,784	\$6,408,784

- Item No. 102 – Military Base Reuse Contract for the requested RPTTF adjustment in the amount of \$7,960,552.
- Item No. 58 – Perris Campus Plaza, LLC Tax Reimbursement in the requested RPTTF adjustment of \$55,000 is not allowed. The Agency was unable to support the requested adjustment and according to the information provided by the Agency, the obligation is fully funded for the ROPS 17-18 year, as shown below:

Amounts	Description
\$40,000	Approved on ROPS 16-17 for fiscal year 2016-17
(42,758)	Amount due to Perris Campus Plaza for 2016-17
\$50,000	Approved on ROPS 17-18 for 2016-17 and 2017-18
(45,713)	Amount due to Perris Campus Plaza for 2017-18
\$1,529	Remaining Balance

Therefore, the total requested RPTTF adjustment in the amount of \$55,000 is not allowed.

- Item No.103 – Pass-Through Agreement for the requested adjustment of \$4,410,738 is not allowed. HSC section 34177 (o) (1) (E) states an agency may only amend the amount requested for payment of approved enforceable obligations, and this item was denied as an enforceable obligation in the Agency’s ROPS 17-18 Meet and Confer letter dated May 17, 2017. Therefore, the Agency has no authority to request an adjustment on the Amended ROPS 17-18B for this item, and the requested amount of \$4,410,738 in RPTTF funding is not allowed.
- The claimed administrative costs exceed the allowance by \$1,229,633. HSC section 34171 (b) (3) limits the fiscal year Administrative Cost Allowance (ACA) to three percent of actual RPTTF distributed in the preceding fiscal year or \$250,000, whichever is greater, not to exceed 50 percent of the RPTTF distributed in the preceding fiscal year. As a result, the Agency’s maximum ACA is \$364,078 for the fiscal year 2017-18.

Although \$1,593,711 is claimed for the ACA, only \$364,078 is available pursuant to the cap. Therefore, as noted in the table on the next page, \$1,229,633 of excess ACA is not allowed:

Administrative Cost Allowance Calculation	
Actual RPTTF distributed for fiscal year 2016-17	\$ 12,628,482
Less distributed Administrative RPTTF	(492,564)
RPTTF distributed for 2016- 17 after adjustment	12,135,918
ACA Cap for 2017-18 per HSC section 34171 (b)	364,078
ACA requested for 2017-18	1,593,711
Total ACA	1,593,711
ACA in Excess of Cap	\$ (1,229,633)

The Agency's amended maximum approved RPTTF distribution for the ROPS 17-18B period is \$6,395,658 as summarized in the Approved RPTTF Distribution table on Page 4 (see Attachment).

Please refer to the ROPS 17-18B 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 funding of enforceable obligations reported on your Amended ROPS 17-18B. Please note there is no Meet and Confer option for the Amended ROPS process and Finance's determination is final. This 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 not denied on this Amended 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 is limited to the amount of funding available to the Agency in the RPTTF.

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

Sincerely,



ERIKA LI
Program Budget Manager

cc: Ms. Alka Chudasma, Accounting Manager, Inland Valley Development Agency
Ms. Linda Santillano, Property Tax Manager, San Bernardino County

Attachment

Approved RPTTF Distribution	
For the period of January 2018 through June 2018	
Authorized RPTTF on ROPS 17-18B	\$ 6,031,580
Authorized Administrative RPTTF on ROPS 17-18B	0
Total Authorized RPTTF on ROPS 17-18B	6,031,580
Total Requested 17-18B RPTTF Adjustments	41,010,550
Finance RPTTF Adjustments	
Item No. 13	(11,087,738)
Item No. 19	(3,204,392)
Item No. 58	(55,000)
Item No. 96	(11,087,738)
Item No. 98	(3,204,392)
Item No. 102	(7,960,552)
Item No. 103	(4,410,738)
	(41,010,550)
Authorized RPTTF 17-18B Adjustments	0
Total Requested 17-18B Administrative RPTTF Adjustments	1,593,711
Finance Administrative RPTTF Adjustments	(1,229,633)
Authorized 17-18B Administrative RPTTF Adjustments	364,078
Total Finance Authorized 17-18B Adjustments	364,078
Total Amended ROPS 17-18B RPTTF approved for distribution	\$ 6,395,658