



April 13, 2013

Mr. Jeremy Craig, Director of Finance and Technology
City of Vacaville Successor Agency
600 Merchant Street
Vacaville, CA 95688

Dear Mr. Craig:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Vacaville Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14A) to the California Department of Finance (Finance) on February 28, 2013 for the period of July through December 2013. Finance has completed its review of your ROPS 13-14A, which may have included obtaining clarification for various items.

HSC section 34171 (d) defines enforceable obligations. Based on a sample of line items reviewed and application of the law, the following do not qualify as enforceable obligations:

- Item No. 3 – 2000A Multifamily Mortgage bond payment in the amount of \$187,493 is in excess of the amount pledged in the bond indenture. The bond indenture states the Agency is not responsible for any amount in excess of \$178,772 for the fiscal year. Therefore, \$5,721 of the requested amount is not considered an enforceable obligation and not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding on the ROPS.
- Item No. 16 – Supplementation Education Revenue Augmentation Fund (SERAF) loan repayment in the amount of \$905,087 is not allowed at this time. HSC section 34176 (e) (6) (B) specifies loan or deferral repayments shall not be made prior to the 2013-14 fiscal year. While ROPS 13-14A technically falls within fiscal year 2013-14, the repayment of these loaned amounts is subject to the repayment formula outlined in HSC section 34176 (e) (6) (B). HSC section 34176 (e) (6) (B) allows this repayment to be equal to one-half of the increase between the ROPS residual pass-through distributed to the taxing entities in that fiscal year and the ROPS residual pass-through distributed to the taxing entities in the 2012-13 base year. Since the formula does not allow for estimates, the Agency must wait until the ROPS residual pass-through distributions are known for fiscal year 2013-14 before requesting funding for this obligation. Therefore, the Agency may be able to request funding for the repayment of SERAF loans beginning with ROPS 14-15A.
- Item No. 17 – Claimed administrative costs exceed the allowance by \$27,734. HSC section 34171 (b) limits the fiscal year 2013-14 administrative expenses to three percent

of property tax allocated to the Agency or \$250,000, whichever is greater. Although \$296,273 is claimed for administrative cost, only \$268,539 is available pursuant to the cap. Therefore, \$27,734 of excess administrative cost is not allowed.

- Item No. 18 – Employee Separation Costs in the amount of \$10,128. Finance was unable to ascertain whether the separation costs were for staff that worked for the former RDA. Therefore, unless additional clarification and documentation can be provided this item is not eligible for RPTTF funding on the ROPS and is not an enforceable obligation of the Agency.
- Item No. 34 – Carnegie Library Property Assessments in the amount of \$3,514. Per the Agency’s lease agreement with the Vacaville Chamber of Commerce (Tenant), the Tenant is responsible for paying all real property taxes on the property. Therefore, this line item is not an enforceable obligation and not eligible for RPTTF funding on the ROPS.

Except for items denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining items listed on your ROPS 13-14A. This determination applies only to items where funding was requested for the six month period. If you disagree with the determination with respect to any items on your ROPS 13-14A, you 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 at Finance’s website below:

http://www.dof.ca.gov/redevelopment/meet_and_confer/

The Agency’s maximum approved RPTTF distribution for the reporting period is: \$7,476,508 as summarized on next page:

Approved RPTTF Distribution Amount	
For the period of July through December 2013	
Total RPTTF funding requested for obligations	\$ 9,875,765
Minus: Six-month total for items denied or reclassified as administrative cost	
Item 3	5,721
Item 16	905,087
Item 18	10,128
Item 34	3,514
Total approved RPTTF for enforceable obligations	\$ 8,951,315
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	268,539
Minus: ROPS II prior period adjustment	(1,743,346)
Total RPTTF approved for distribution:	\$ 7,476,508

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2012 period. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. The amount of RPTTF approved in the above table includes the prior period adjustment resulting from the CAC’s audit of the Agency’s self-reported prior period adjustment.

Please refer to the ROPS 13-14A schedule that was used to calculate the approved RPTTF amount:

[http://www.dof.ca.gov/redevelopment/ROPS/ROPS 13-14A Forms by Successor Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS_13-14A_Forms_by_Successor_Agency/).

This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2013. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination 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 that was available prior to enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. 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 successor agency in the RPTTF.

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to 34171 (d), HSC section 34191.4 (c)(2)(B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

Please direct inquiries to Wendy Griffe, Supervisor or Derk Symons, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Ms. Cyndi Johnston, Housing Services Director, City of Vacaville
Mr. Jun Adeva, Deputy Auditor Controller, County of Solano
California State Controller's Office