



October 21, 2013

Ms. Allison Carlos, Principal Management Analyst  
Placer County  
175 Fulweiler Avenue  
Auburn, CA 95603

Dear Ms. Carlos:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the Placer County Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14B) to the California Department of Finance (Finance) on September 06, 2013 for the period of January through June 2014. Finance has completed its review of your ROPS 13-14B, 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 for the reasons specified:

- Item No. 7 – Goodwin Consulting contract in the amount of \$25,000. The documentation provided by the Agency indicates that the contract for this line item has not been executed. Therefore, this item is not an enforceable obligation and not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item No. 14 – Property Maintenance in the amount of \$101,980 of RPTTF and \$30,000 of Other Funds. HSC section 34171 (d) (1) (F), states that enforceable obligations include contracts or agreements necessary for maintaining assets prior to disposition. The Agency was able to provide documentation to support utilities and snow removal agreements with Yankton Inc. and Gensburg & Sons as enforceable obligations in totaling \$25,798. Remaining of the amounts requested is not supported with contracts because the Agency stated that some of the contracts with third party vendors are not yet executed. Since the Agency requested to use \$30,000 in Other Funds, the Agency is permitted to pay for the \$25,798 maintenance costs with Other Funds. However, Agency's request for \$101,980 in RPTTF and \$4,202 in remaining Other Funds is not approved.

In addition, this item contains more than one contract and more than one payee. On the future ROPS, the Agency should list each contract as a separate obligation with its own item number and list them in sequential order. Pursuant to HSC section 34177 (m) (1), the Agency is required to complete the ROPS in a manner provided by Finance.

- Item Nos. 15 and 16 – Toxic cleanup costs in the amount of \$75,000. Agency's Consultant Services Agreement with Kleinfelder West, Inc. is for hazardous substances remediation services affecting Ronning and Swiss Mart Gas Station properties in King Beach. This contract applies to both items and was amended to extend the contract period through June 30, 2014 and augmented the compensation amount to \$263,887. While the agreement is an enforceable obligation, the Agency has requested and was approved for over \$425,000 in funding exceeding the total contract amount of \$263,887 through the preceding ROPS. Therefore, Agency's request for additional funding is not supported.

Furthermore, the Agency's request to increase RPTTF funding during the ROPS 13-14B period for Toxic Cleanup from \$50,000 to \$190,000 for Item No. 16 is not approved. Our review notes that the request to increase funding for this line item relates to a separate agreement the Agency executed with Eagle Environmental Construction for soil excavation and off-site disposal. The agreement with Eagle Environmental Construction is a separate obligation and should be placed on a new line on ROPS 13-14B. However, Finance is not accepting revised ROPS after the due date of October 1, 2013. Therefore, the request cannot be considered an enforceable obligation at this time.

- Item No. 21 – Property Disposition in the amount of \$71,017. Our review notes that \$71,017 of the \$121,017 requested for the six month period consists of future staff costs and services to be performed by multiple third party vendors after Finance's determination on the Agency's Long-Range Property Management Plan. The Agency provided supporting documents for the legal services in the amount of \$50,000 which is considered an enforceable obligation. The remaining amount of \$71,017 (\$121,017 - \$50,000) is not supported by executed contracts; therefore, is not an enforceable obligation and not eligible for RPTTF funding.

Pursuant to HSC Section 34186 (a), successor agencies were required to report the estimated obligations and actual payments (prior period adjustments) associated with the January through June 2013 period. The amount of RPTTF approved in the table below includes the prior period adjustment that was self-reported by the Agency. 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. Any proposed CAC adjustments were not received in time for inclusion in this letter. Therefore, the amount of RPTTF approved in the table below includes only the prior period adjustment that was self-reported by the Agency.

Except for the items denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining items listed on your ROPS 13-14B. If you disagree with the determination with respect to any items on your ROPS 13-14B, 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/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is \$933,405 as summarized below:

<b>Approved RPTTF Distribution Amount For the period of January through June 2014</b>	
Total RPTTF requested for non-administrative obligations	1,171,114
Total RPTTF requested for administrative obligations	125,000
<b>Total RPTTF requested for obligations</b>	<b>\$ 1,296,114</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>1,171,114</b>
<u>Denied Items</u>	
Item No. 7	(11,000)
Item No. 14	(101,980)
Item No. 15	(25,000)
Item No. 16	(50,000)
Item No. 21	(71,017)
Total Denied Items	(258,997)
<b>Total RPTTF approved for non-administrative obligations</b>	<b>912,117</b>
<b>Total RPTTF requested for administrative obligations</b>	<b>125,000</b>
<b>Total RPTTF for administrative obligations</b>	<b>125,000</b>
Total ROPS III PPA	(103,712)
<b>Total RPTTF approved for distribution</b>	<b>\$ 933,405</b>

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

[http://www.dof.ca.gov/redevelopment/ROPS/ROPS 13-14B Forms by Successor Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS%2013-14B%20Forms%20by%20Successor%20Agency/).

Absent a Meet and Confer, this is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2014. This determination applies only to items where funding was requested for the six month period. 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 HSC section 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.

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Please direct inquiries to Beliz Chappuie, Supervisor or Todd Vermillion, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Assistant Program Budget Manager

cc: Mr. Andy Heath, Deputy County Executive Officer, Placer County  
Ms. Jayne Goulding, Managing Accountant Auditor, Placer County  
California State Controller's Office