



May 29, 2012

Debbie Fountain, Housing and Neighborhood Services Director
City of Carlsbad
2965 Roosevelt Street, Suite B
Carlsbad, CA 92008

Dear Ms. Fountain:

Subject: Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Carlsbad Successor Agency submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on May 16, 2012 for the periods January through June 2012 and July through December 2012. Finance is assuming appropriate oversight board approval. Finance has completed its review of your ROPS, which may have included obtaining clarification for various items.

Finance is approving the items listed in your ROPS except for the following:

January through June 2012 ROPS

- Page 1, item 2 in amount of \$1.3 million for a City loan. HSC section 34171 (d) (2) states that loans between the entity that created the redevelopment agency (RDA) and the former RDA are only enforceable if made within the first two years of the RDA's existence.
- Page 1, item 5 in amount of \$23,388 is a liability of the City of Carlsbad for leasing land and water pipe line from a third party to provide the public parking spaces. The Redevelopment Agency is not responsible for the payment. Therefore, this is not an EO.
- Page 1, items 6 through 8, 14 and 16 totaling \$7.1 million. No contracts were provided to support this obligation.

July through December 2012 ROPS

- Page 1, item 2 in amount of \$666,804 for a City loan. HSC section 34171 (d) (2) states that loans between the entity that created the redevelopment agency (RDA) and the former RDA are only enforceable if made within the first two years of the RDA's existence.
- Page 1, item 5 in amount of \$24,793 is a liability of the City of Carlsbad for leasing land and water pipe line from a third party to provide the public parking spaces. The Redevelopment Agency is not responsible for the payment. Therefore, this is not an EO.
- Page 1, items 7, 14 and 15 totaling 1.9 million. No contracts were provided to support this obligation.

- Page 1, item 8 in amount of \$237,439 for amending the Management Agent Services on November 17, 2011. HSC Section 34163 (b) prohibits the commitment to commence if valid contracts have not been entered into prior to June 27, 2011.

This is our determination with respect to any items funded from the Redevelopment Property Tax Trust Fund for the June 1, 2012 property tax allocations. If your oversight board disagrees with our determination with respect to any items not funded with property tax, any future resolution of the disputed issue may be accommodated by amending the ROPS for the appropriate time period. Items not questioned during this review are subject to a subsequent review, if they are included on a future ROPS. If an item included on a future ROPS is not an enforceable obligation, Finance reserves the right to remove that item from the future ROPS, even if it was not removed from the preceding ROPS.

Please refer to Exhibit 12 at http://www.dof.ca.gov/assembly_bills_26-27/view.php for the amount of Redevelopment Property Tax Trust Fund (RPTTF) that was approved by Finance based on the schedule submitted.

As you are aware the amount of available RPTTF is the same as the property tax increment that was available prior to ABx1 26. 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 in the RPTTF.

Please direct inquiries to Robert Scott, Supervisor or Kylie Le, Lead Analyst at (916) 322-2985.

Sincerely,



MARK HILL
Program Budget Manager

cc: Mr. Juan Perez, Senior Auditor and Controller Manager, San Diego County
Ms. Nenita DeJesus, Senior Auditor and Controller Accountant, San Diego County