



May 25, 2012

Glenda D. Jay, Finance Director
City of Fillmore
250 Central Avenue
Fillmore, CA 93015

Dear Ms. Jay:

Subject: Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Fillmore Successor Agency submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on April 17, 2012 for the period January to June 2012 and on May 14, 2012 for period July to 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 both ROPS except for items summarized below. HSC section 34171 (d) lists enforceable obligation (EO) characteristics. Based on our review and application of the law, the following do not qualify as EOs:

January to June 2012 ROPS

- Page 1, line item 17 – 20% Housing Set-Aside of \$641,124. The requirement to set aside 20 percent of RDA tax increment for low and moderate income housing purposes ended with the passing of the redevelopment dissolution legislation. HSC section 34177 (d) requires that all unencumbered balances in the Low and Moderate Income Housing Fund be remitted to the county auditor controller for distribution to the taxing entities.
- Page 1, line items 19, 20, and 27 – Deficit Balances totaling \$1,987,641. HSC section 34163(b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. The contract agreement dates stated on the final ROPS is 6/30/2011 and 1/31/2012. This is after the operative date of ABx1 26.
- Page 1, line item 22, 23, 24, 25 and page 3, line item 1 - Administrative cost allowance is exceeded by \$47,645. HSC section 34171 (b) limits the 2011-12 administrative cost allowance to five percent of the property tax allocated to the successor agency or \$250,000, whichever is greater. Five percent of the property tax allocated to Fillmore Redevelopment Agency in 2011-12 equated to approximately \$289,100. Therefore, \$47,645 of the claimed \$336,745 is not allowed. .
- Page 3, line item 2 – Administrative expenses of \$125,000. These costs pertain to the July through December 2012 period and should be removed from the ROPS.

July to December 2012 ROPS

- Page Form A, line 16 – 20% Housing Set Aside. The requirement to set aside 20% percent of RDA tax increment for low and moderate income housing purposes ended with the passing of the redevelopment. HSC section 34177 (d) requires that all unencumbered balances in the Low and Moderate Income Housing fund be remitted to the county auditor controller for distribution to the taxing entities.
- Form A, line 18 – Deficit Balance. No contracts were provided to support the obligation for the former redevelopment agency. Therefore, this is not an EO.

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: Ms. Yvonne Quiring, City Manager, City of Fillmore
Ms. Sandra Bickford, Chief Deputy, Venture County