



May 25, 2012

Kymerly Horner, Interim Redevelopment Services Manager
City of Oxnard
214 South C Street
Oxnard, CA 93030

Dear Ms. Horner:

Subject: Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the Oxnard Successor Agency submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on May 15, 2012 for the period January to June 2012 and 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.

HSC section 34171 (d) lists enforceable obligation (EO) characteristics. Based on a sample of line items reviewed and application of the law, the following do not qualify as EOs:

January through June 2012 ROPS

- HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the redevelopment agency (RDA) and the former RDA are not enforceable unless the loan agreements were entered into within the first two years of the date of the creation of the RDA. Per the SCO Community Redevelopment Agencies Annual Report for the fiscal year ended June 31, 2011, the former Oxford Community Development Commission was formed in 1960. The following line items totaling \$424 million are for agreements or loans with the City of Oxnard that were not entered into within two years of 1960 and thus do not qualify as EOs:

Project Area	Item	Page	Amount
CCRP	12	1	\$8,265,215
CCRP	13	1	635,880
Downtown	1	2	1,139,572
Southwinds	2	5	430,560
Multiple Project Areas	5	6	411,525,850
Multiple Project Areas	16	6	<u>2,028,922</u>
Total			<u>\$424,025,999</u>

- 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. The following items totaling \$166.8 million are for Low and Moderate Income Housing Fund set-asides and do not qualify as EOs:

Project Area	Item	Page	Amount
CCRP	10	1	\$46,756,124
Downtown	5	2	12,690,052
HERO	12	3	98,450,387
Ormond Beach	2	4	<u>8,865,345</u>
Total			\$166,761,908

- HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. It is our understanding that contracts totaling \$19 million were not in place prior to June 28, 2011 for the items below. Furthermore, page 3, item 15 is related to a Tax Allocation Bond that was not issued prior to June 28, 2011:

Project Area	Item	Page	Amount
HERO	15	3	\$16,768,000
HERO	13	3	118,718
HERO	16	3	1,143,903
Ormond Beach	3	4	511,897
Southwinds	4	5	<u>431,000</u>
Total			\$18,973,518

- Administrative cost exceeds allowance by \$1,806,442. HSC section 34171 (b) limits administrative expenses for fiscal year 2011-12 to five percent of property tax allocated to the successor agency or \$250,000, whichever is greater. Five percent of the property tax allocated is \$263,691. Therefore, \$1,542,751 of the claimed \$1,806,442 is not an EO (see Attachment for calculation).

July through December 2012

- HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the redevelopment agency (RDA) and the former RDA are not enforceable unless the loan agreements were entered into within the first two years of the date of the creation of the RDA. Per the SCO Community Redevelopment Agencies Annual Report for the fiscal year ended June 31, 2011, the former Oxford Community Development Commission was formed in 1960. The following line items totaling

\$412.7 million are for agreements or loans with the City of Oxnard that were not entered into within two years of 1960 and thus do not qualify as EOs:

Project Area	Item	Page	Amount
Downtown	1	2	1,139,572
Multiple Project Areas	5	6	<u>411,525,850</u>
Total			\$412,665,422

- 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. The following items totaling \$166.8 million are for Low and Moderate Income Housing Fund set-asides and do not qualify as EOs:

Project Area	Item	Page	Amount
CCRP	10	1	\$46,756,124
Downtown	5	2	12,690,052
HERO	12	3	98,450,387
Ormond Beach	2	4	<u>8,865,345</u>
Total			\$166,761,908

- HSC section 34163(b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. It is our understanding that contracts totaling \$17.4 million were not in place prior to June 28, 2011 for the items below. Furthermore, page 3, item 15 is related to a Tax Allocation Bond that was not issued prior to June 28, 2011:

Project Area	Item	Page	Amount
HERO	15	3	\$16,768,000
HERO	13	3	118,718
Ormond Beach	3	4	<u>511,897</u>
			\$17,398,615

- Administrative cost exceeds allowance by \$868,698. HSC section 34171 (b) limits administrative expenses for fiscal year 2012-13 to three percent of property tax allocated to the successor agency or \$250,000, whichever is greater. Three percent of the property tax allocated is \$93,731. Therefore, \$868,698 of the claimed \$1,118,698 is not an EO. The administrative cost allowance is \$250,000 (see Attachment for calculation).

Except for items disallowed in whole or in part as enforceable obligations noted above, Finance is approving the remaining items listed in your ROPS for both periods. This is our determination with respect to any items funded from the Redevelopment Property Tax Trust Fund (RPTTF) 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 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 Evelyn Suess, Supervisor or Michael Barr, Lead Analyst at (916) 322-2985.

Sincerely,



MARK HILL
Program Budget Manager

Attachment

cc: Ms. Sandra Bickford, Chief Deputy, Ventura County

Administrative Cost Allowance Calculation

Administrative Cap for January to June 2012	
Total RPTTF claimed, all pages	\$ 47,818,835
Less amounts qualifying as administrative expenses	1,806,442
Less denied items	<u>40,738,577</u>
	Total funded from RPTTF: 5,273,816
	5% Property tax allocation: 263,691
Allowable Administrative Costs (Greater of 5% or \$250,000):	\$ 263,691

Amount Claimed for January to June 2012			
Project Area	Item	Description	
Form C	1 - 8	Total, Administrative Costs	\$907,572
Multiple Project Areas	8	Office Rental Fee	843,870
Multiple Project Areas	10	Agency Legal Counsel	<u>55,000</u>
		Total:	1,806,442
		Allowable Administrative Costs:	263,691
		Amount Disallowed (Total - Allowable Administrative Costs):	\$ 1,542,751

Administrative Cap for July to December 2012	
Total RPTTF claimed, all pages	\$ 33,190,978
Less amounts qualifying as administrative expenses	1,118,698
Less denied items	<u>28,947,000</u>
	Total funded from RPTTF: 3,124,280
	3% Property tax allocation = 93,758
Allowable Administrative Costs (Greater of 3% or \$250,000):	\$ 250,000

Amount Claimed for July to December 2012			
Project Area	Item	Description	
Form C	1 - 6	Total, Administrative Costs	\$956,198
Multiple Project Areas	10	Agency Legal Counsel	48,500
Multiple Project Areas	11	Economic Development Functions	104,000
Multiple Project Areas	15	Property Tax Prep	<u>10,000</u>
		Total:	1,118,698
		Allowable Administrative Costs for Fiscal year 2012/13:	250,000
		Amount Disallowed (Total - Allowable Administrative Costs):	\$ 868,698