DEPARTMENT OF FINANCE

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915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

October 9, 2012

Mr. Charles Adams, Finance and Administrative Services Director
City of Albany
Administration and Finance
1000 San Pablo Avenue
Albany, CA 94706

Dear Mr. Adams:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Albany Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 28, 2012 for the period of January through June 2013. Finance has completed its review of your ROPS III, 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 Nos. 2 through 6 – Loans and Cash Advances from the City of Albany to the former redevelopment agency (RDA) in the amount of $1.5 million; no funding source was identified . 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. Furthermore, HSC section 34191.4 (b) (2) (A) states that loan repayments shall not be made prior to the 2013-14 fiscal year and until agency receives a finding of completion from Finance. Therefore, the items are not enforceable obligations on this ROPS.

- Administrative cost claimed exceeds the allowance by $37,799. HSC section 34171 (b) limits administrative costs to three percent of property tax allocated to the Agency or $250,000, whichever is greater. The Agency claimed $125,000 in administrative costs for the January through June 2013 period; however, only $87,201 is allowable pursuant to the cap. Therefore, $37,799 of excess administrative cost claimed is not allowed.

Except for items denied in whole or in part as enforceable obligations as noted above, Finance is approving the remaining items listed in your ROPS III. If you disagree with the determination with respect to any items on your ROPS III, 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 Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is $87,201 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2013		
Total RPTTF funding requested for obligations*		$0
Less: Six-month total for item(s) denied or reclassified as administrative cost		
Total approved RPTTF for enforceable obligations		$0
Plus: Allowable RPTTF distribution for administrative cost for ROPS III		87,201
Total RPTTF approved:	**$**	87,201
Administrative Cost Calculation		
Total RPTTF for the period July through December 2012		$0
Total RPTTF for the period January through June 2013		0
Total RPTTF for fiscal year 2012-13:	**$**	**250,000**
Allowable administrative cost for fiscal year 2012-13 (Greater of 3% or $250,000)		250,000
Administrative allowance for the period of July through December 2012		162,799
Allowable RPTTF distribution for administrative cost for ROPS III:	**$**	**87,201**

* No RPTTF funding was requested for the reporting period.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county auditor-controller to account for differences between actual payments and past estimated obligations. Additionally, these estimates and accounts are subject to audit by the county auditor-controller and the State Controller.

Please refer to the ROPS III schedule that was used to calculate the approved RPTTF amount:

http://www.dof.ca.gov/redevelopment/ROPS/ROPS III Forms by Successor Agency/.

All items listed on a future ROPS are subject to a subsequent review. An item included on a future ROPS may be denied even if it was not questioned from the preceding ROPS.

The amount available from the RPTTF is the same as the 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.

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

Sincerely,

STEVE SZALAY
Local Government Consultant

cc: Ms. Judith R. Lieberman, Projects Director, City of Albany
Ms. Nicole Almaguer, City Clerk, City of Albany
Ms. Carol S. Orth, Tax Analysis Division Chief, Alameda County Auditor-Controller