



October 9, 2012

Mr. Matt Pressey, Finance Director  
City of Salinas  
200 Lincoln Ave  
Salinas, CA 93901

Dear Mr. Pressey:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the Salinas Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 27, 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 No. 3 – Monterey Street Parking Garage project in the amount of \$24.3 million. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that create the redevelopment agency (RDA) and the former RDA are not enforceable. The Cooperation and Reimbursement Agreement, between the City of Salinas and the RDA, therefore, is not an enforceable obligation and not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item No. 19 – City Data Services contract in the amount of \$40,950. The contract is between the City of Salinas, and the vendor, not the former RDA. Therefore, this line item is not an enforceable obligation and not eligible for RPTTF funding.

Furthermore, the following item was reclassified as an administrative cost:

Item No. 20 – Oversight Board Legal Representation in the amount of \$195,000. Although this reclassification increased administrative costs to \$15,000, the administrative cost allowance has not been exceeded for fiscal year 2012-13.

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is \$1,555,703 as summarized below:

<b>Approved RPTTF Distribution Amount For the period of January through June 2013</b>	
Total RPTTF funding requested for obligations	\$2,647,566
Less: Six-month total for item reclassified as administrative cost	
Item 3	1,090,288
Item 19	1,575
Item 20*	15,000
Total approved RPTTF for enforceable obligations	<u>\$1,540,703</u>
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	<u>15,000</u>
<b>Total RPTTF approved:</b>	<b>\$1,555,703</b>

\* Reclassified as administrative cost

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/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS%20III%20Forms%20by%20Successor%20Agency/).

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 Nichelle Thomas, Supervisor or Susana Medina Jackson, Lead Analyst at (916) 445-1546.

Sincerely,

  
STEVE SZALAY  
Local Government Consultant

cc: Mr. Don Reynolds, Project Manager, City of Salinas  
Ms. Julie Aguero, Auditor Controller Analyst II, County of Monterey