



October 18, 2012

Ms. Eileen Dalton, Deputy Director
Alameda County
224 W. Winton Ave, #110
Hayward, CA 94544

Dear Ms. Dalton:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the Alameda County Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on September 4, 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. 13 – 3295 Castro Valley Blvd. in the amount of \$990,000. Although total Redevelopment Property Tax Trust Fund (RPTTF) requested is \$990,000, only \$29,115 for the interest is due during the ROPS III period. Therefore, the excess \$960,885 is not an enforceable obligation and not eligible for RPTTF funding.
- Item No. 13a – Engineering Contract in the amount of \$175,000. The full contract amount of \$24,950 for the fiscal year 2012-13 was requested during the July through December 2012 ROPS period. Therefore, the \$17,500 requested for the ROPS III period is not supported and not eligible for RPTTF funding.
- HSC section 34163(b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. The following items are not eligible for RPTTF funding:
 - Item Nos. 18, 18a, 18b, and 18c in the amount of \$9.4 million. Because the design contract was executed after June 27, 2011 for these items, they are not enforceable obligations.
 - Item No. 19 in the amount of \$212,863. No contract has been executed to establish item as an enforceable obligation.
- Item No. 22 – Graffiti Protective Coating in the amount of \$324,896. HSC section 34163 (c) (1) states redevelopment agencies are not allowed to amend or modify existing contracts, including extending terms of agreements. The contract term initially ended June 30, 2011. An amendment was executed on June 28, 2011 to extend the

term to June 30, 2013 and increase the amount from \$450,000 to \$870,000. Therefore, item is not an enforceable obligation and not eligible for RPTTF funding.

- Item No. 46 – Housing Projects in the amount of \$52,300 of Low and Moderate Income Housing Fund. HSC section 34176 (a)(1) states that the Housing Successor Entity shall be responsible for the housing functions and obligations previously performed by the RDA. The item is related to monitoring costs, which is considered housing operational costs that are the responsibility of the Housing Successor Entity. Therefore, the item is not an enforceable obligation of the Agency and not eligible for Low and Moderate Income Housing Fund funding.
- Administrative costs claimed for RPTTF exceed the allowance by \$193,831. HSC section 34171 (b) limits the 2012-13 administrative expenses to three percent of property tax allocated to the Agency or \$250,000, whichever is greater. Additionally, Item Nos. 32, 44, and 47 were reclassified as administrative costs.

Amount administrative costs for fiscal year 2012-13	\$250,000
Administrative costs claimed for July through December 2012	0
Administrative costs claimed for January through June 2013	443,831
Overage	\$193,831

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 \$2,702,483 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 3,590,918
Less: Six-month total for items denied or reclassified as administrative cost	
Item 13	960,885
Item 13a	17,500
Items 18, 18a, 18b, and 18c*	0
Item 19	45,000
Item 22	80,000
Item 32**	14,800
Item 47**	20,250
Total approved RPTTF for enforceable obligations	<u>\$ 2,452,483</u>
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	250,000
Total RPTTF approved:	\$ 2,702,483

*No RPTTF funding requested for the reporting period

**Reclassified as administrative cost

Administrative Cost Calculation	
Total RPTTF for the period July through December 2012	\$ 650,000
Total RPTTF for the period January through June 2013	2,452,483
Total RPTTF for fiscal year 2012-13:	\$ 3,102,483
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	0
Allowable RPTTF distribution for administrative cost for ROPS III:	\$ 250,000

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

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Ms. Marita Hawryluk, Assistant Deputy Director, County of Alameda
Ms. Carol S. Orth, Tax Analysis, Division Chief, County of Alameda