



December 18, 2012

Ms. Rachelle Rickard, Director of Administrative Services
City of Atascadero
6907 El Camino Real
Atascadero, CA 93422

Dear Ms. Rickard

Subject: Recognized Obligation Payment Schedule

This letter supersedes Finance's Recognized Obligation Payment Schedule (ROPS) letter dated October 1, 2012. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Atascadero Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 17, 2012 for the period of January 1 through June 30, 2013. Finance issued its determination related to those enforceable obligations on October 1, 2012. Subsequently, the Agency requested a Meet and Confer session on one or more of the items denied by Finance. The Meet and Confer session was held on October 15, 2012.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific items being disputed.

Notwithstanding the current progress or the merits of the project, Finance continues to deny the items listed below:

- Item Nos. 23 and 30 – Golden State Steel and Taft Electrical construction contracts, both dated June 28, 2011 in the amounts of \$313,535 and \$598,687, respectively. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011.
- Item Nos. 25 and 33 – Historic City Hall Earthquake Repair and Rehabilitation Project for landscaping restoration and equipment and fixture replacement in the amounts of \$650,000 and \$150,000, respectively. It is our understanding that contracts have not been awarded for these services. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011.
- Item No. 46 – Historic City Hall Earthquake Repair and Rehabilitation Project for construction contingency allocations in the amount of \$3,648,451. There are no expenditure contracts in place and allocating funds for unknown contingencies is not an allowable use of funds. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011.

Bond proceeds account for much of the requested funding source for the items denied above. Upon receiving a Finding of Completion from Finance, these items may become enforceable pursuant to HSC section 34191.4 (c). Until then, they are not enforceable obligations and not authorized for payment.

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: \$1,358,461 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 1,233,461
Less: Six-month total for items denied or reclassified as administrative cost	0
Total approved RPTTF for enforceable obligations	<u>\$ 1,233,461</u>
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	<u>125,000</u>
Total RPTTF approved:	\$ 1,358,461

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.

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.

Except for items disallowed as noted above, Finance is not objecting to the remaining items listed in your ROPS III. Obligations deemed not to be enforceable shall be removed from your ROPS. This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2013. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not questioned on this ROPS or a preceding ROPS.

Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Danielle Brandon, Analyst, at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Ms. Barbara Godwin, Property Tax Manager, San Luis Obispo County
California State Controller's Office