



December 18, 2012

Ms. Rosanna B. Moore, City Manager  
City of Brawley  
383 North Main Street  
Brawley, CA 92227

Dear Ms. Moore:

Subject: Recognized Obligation Payment Schedule

This letter supersedes Finance's Recognized Obligation Payment Schedule (ROPS) letter dated October 19, 2012. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Brawley 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 1 through June 30, 2013. Finance issued its determination related to those enforceable obligations on October 19, 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 Wednesday, November 21, 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 items being disputed.

- Item No. 4 – Housing Compliance Monitoring in the amount of \$4,500. Finance continues to deny the item. Finance denied the item as HSC section 34163 (b) prohibits a redevelopment agency (RDA) from entering into a contract with any entity after June 27, 2011, and the agreement provided was between the City of Brawley (City) and the third party and not the RDA. The Agency contends the item is an enforceable obligation because the housing compliance monitoring of the Brawley Senior Apartments was annually paid for through the Low and Moderate Income Housing Fund and the state grant that was awarded requires annually monitoring. However, the state grant was awarded to the City, not the former RDA, and the Agency was unable to provide any former RDA Board resolutions committing RDA funds to the grant for monitoring purposes or to the contracts entered into for monitoring. Since the former RDA is not a party to the contract or responsible for payment of the contract, this item is not an enforceable obligation.
- Item No. 6 – Consulting Services in amount of \$100,000. Finance no longer objects to the item. Finance denied the item as HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011, and no services contract was provided. The Agency contends the item is an enforceable obligation because an agreement was made between the former RDA and the consultant Urban

Futures. The Agency was able to provide the agreement with Urban Futures entered into on December 13, 2010. Therefore, the item is an enforceable obligation.

- Item No. 9 – CA Department of Corrections and Rehabilitation (CDCR) in amount of \$55,000. Finance continues to deny the item. Finance denied the item as HSC section 34163 (b) prohibits a RDA from entering into a contract with any entity after June 27, 2011, and the agreement provided was between the City and the third party, not the RDA. The Agency contends the item is an enforceable obligation because the initial contract was entered into with the commitment of RDA funds through fiscal year 2013. However, the contract is between the City and CDCR, not the former RDA, and the Agency was unable to provide any former RDA Board resolutions committing RDA funds to the contract. Since the former RDA is not a party to the contract or responsible for payment of the contract, this item is not an enforceable obligation.
- Item No. 10 – CALEMA EOC Grant Match in amount of \$160,000. Finance continues to deny the item. Finance denied the item as HSC section 34163 (b) prohibits a RDA from entering into a contract with any entity after June 27, 2011, and the grant application package provided was not a valid agreement. Further, the City was listed as the grant applicant, not the RDA. The Agency contends the item is an enforceable obligation because the funds for the grant match were clearly stated and obligated by the former RDA within the grant application for acceptance. However, the state grant was awarded to the City, not the former RDA, and the Agency was unable to provide any former RDA Board resolutions committing RDA funds to the grant as match. The City could not commit the former RDA's funds without authorization from the former RDA's Board. Since the former RDA is not a party to the grant or responsible for providing match to the grant, this item is not an enforceable obligation.

The Agency's maximum approved RPTTF distribution for the reporting period is: \$295,134 as summarized below:

<b>Approved RPTTF Distribution Amount For the period of January through June 2013</b>	
Total RPTTF funding requested for obligations	\$ 389,634
Less: Six-month total for items denied or reclassified as administrative cost	
Item 4	4,500
Item 9	55,000
Item 10	160,000
Total approved RPTTF for enforceable obligations	\$ 170,134
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	125,000
<b>Total RPTTF approved:</b>	<b>\$ 295,134</b>

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 Mary Halterman, Analyst, at (916) 445-1546.

Sincerely,



Steve Szalay  
Local Government Consultant

cc: Ms. Ruby Walla, Finance Director, City of Brawley  
Mr. Douglas R. Newland, Auditor-Controller, Imperial County  
California State Controller's Office