



December 18, 2012

Ms. Toni Benson, Accounting Technician
City of Colusa
425 Webster Street
Colusa, CA 95932

Dear Ms. Benson:

Subject: Recognized Obligation Payment Schedule

This letter supersedes Finance's Recognized Obligation Payment Schedule (ROPS) letter dated October 14, 2012. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Colusa Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 30, 2012 for the period of January 1 through June 30, 2013. Finance issued its determination related to those enforceable obligations on October 14, 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 29, 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 item being disputed.

- Item No. 2 – RDA Urban Development Study for \$189,000 in RPTTF. Finance continues to deny the Item. This is a consultant agreement between the City of Colusa (City) and Urban Ideation. Since the former Redevelopment Agency is not a party to the agreement, this line item is not an enforceable obligation. In addition, it is our understanding that the Agency believes the reimbursement agreement between the former RDA and the City allows them to incur debt on behalf of the former RDA. However, HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city, county, or city and county that created the RDA and the former RDA are not enforceable obligations. This provision includes the ability of those agreements to create an enforceable obligation.

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: \$419,303 as summarized below:

| Approved RPTTF Distribution Amount For the period of January through June 2013 | |
|---|-------------------|
| Total RPTTF funding requested for obligations | \$ 593,853 |
| Less: Six-month total for items denied Item No. 2 | 189,000 |
| Total approved RPTTF for enforceable obligations | 404,853 |
| Plus: Allowable RPTTF distribution for administrative cost for ROPS III | 14,450 |
| Total RPTTF approved: | \$ 419,303 |

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: Mr. Randy Dunn, Acting City Manager, City of Colusa
Ms. Peggy Scroggins, Auditor-Controller, Colusa County
California State Controller's Office