DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR

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October 19, 2012

Ms. Gayla R. Chapman, Administrative Services Director
City of Grover Beach
154 South 8th Street
Grover Beach, CA 93433

Dear Ms. Chapman:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Grover Beach 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. 2, 3 and 4 are City of Grover Beach (City) loans in the amount of $1.7 million. HCS section 34171 (d) (2) states that agreements between the City and the Agency are not enforceable obligations. Therefore, these items are not eligible Redevelopment Property Tax Trust Fund (RPTTF) money on this ROPS. Upon receiving a Finding of Completion from Finance, HSC section 34191.4 (b) may cause these items to be enforceable in future ROPS periods.

- Item No. 5 is a Supplemental Educational Revenue Augmentation Fund (SERAF) loan payment in the amount of $301,147. SERAF loans are not payable until fiscal year 2013-14 pursuant to HCS section 34191.4 (b) (2). Therefore, this item is not eligible for RPTTF money on this ROPS.

- Item No. 6 and 7 are for housing projects in the amount of $500,000. HSC section 34163 (b) prohibits a redevelopment agency from entering into contract with any entity after June 27, 2011. The contracts for these items were executed on October 13, 2011. Therefore, these items are not enforceable obligations.

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 RPTTF distribution for the reporting period is: $337,944 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2013		
Total RPTTF funding requested for obligations	$	299,033
Less: Six-month total for item(s) denied or reclassified as administrative cost		
Item No. 2		4,533
Item No. 3		12,952
Item No. 4		11,264
Item No. 5		75,840
Total approved RPTTF for enforceable obligations	$	194,444
Plus: Allowable RPTTF distribution for administrative cost for ROPS III		143,500
Total RPTTF approved:	$	337,944

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/.

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 Robert Scott, Supervisor or Jenny DeAngelis, Lead Analyst at (916) 445-1546.

Sincerely,

For

STEVE SZALAY
Local Government Consultant

cc: Mr. Robert Perrault, City Manager, City of Grover Beach
Ms. Barbara Godwin, Property Tax Manager, San Luis Obispo County Auditor