



REVISED

December 21, 2012

Ms. Carolyn Galloway-Cooper, Finance Director
City of Guadalupe
918 Obispo Street
Guadalupe, CA 93434

Dear Ms. Galloway-Cooper:

Subject: Recognized Obligation Payment Schedule

This letter supersedes Finance's Recognized Obligation Payment Schedule (ROPS) letter dated October 20, 2012. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Guadalupe 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 20, 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 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. 2 – expenditure contract signed October 7, 2011 in the amount of \$26,456. Finance no longer objects to the item and increases the request from \$2,429 to the full amount due of \$26,456. 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 HSC section 34163 (c) prohibits a RDA from amending or modifying extending agreements with any entity for any purpose after June 27, 2011. The Agency contends the item is an enforceable obligation because a loan agreement was entered into on February 16, 2001. The Agency provide the original Note Secured by a Deed of Trust dated July 29, 2000, which states that all unpaid sums of principal and interest shall be due and payable July 2010. HSC section 34163 (c) prohibits a RDA from amending or modifying extending agreements with any entity for any purpose after June 27, 2011; therefore, the full amount of \$26,456 is currently due and payable. Finance agrees this item is an enforceable obligation.
- Item No. 5 – contract between the City and the former RDA in the amount of \$1.3 million. Finance no longer objects to the item. Finance denied the item as HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the RDA and the former RDA are not enforceable. The Agency contends the item is an enforceable obligation because the environmental cleanup is required and a \$1.5 million state grant was approved to pay for the cleanup. HSC section 34173 (f) allows for any

existing cleanup plans and the liability limits authorized under the Polanco Act shall be transferred to the successor agency. Therefore, this item is an enforceable obligation.

- Items Nos. 6, 11, and 12 – contracts between the City and third parties totaling \$117,000. Finance no longer objects to Item 6, but continues to deny items 11 and 12. Finance denied the items as the former RDA is neither a party to the contracts nor responsible for payments of the contracts. The Agency contends the items are enforceable obligations because the contractors' work includes Agency services, similar to permanent employees. However, the contracts are between the City and various third parties and not the former RDA and the Agency did not provide supporting documentation to demonstrate the commitment of RDA funds to the contracts. Since the former RDA is not a party to the contracts or responsible for payment of the contracts, items 11 and 12 are not enforceable obligations. Item 6 is an enforceable obligation per the reasons discussed in item 5 above.

In addition, per Finance's ROPS letter dated October 20, 2012, items 13 and 14 continue to be reclassified as administrative costs.

The Agency's maximum approved RPTTF distribution for the reporting period is: \$370,846 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 266,846
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Item No. 11	12,000
Item No. 12	9,000
Item No. 13*	10,000
Item No. 14*	50,000
Total approved RPTTF for enforceable obligations	<u>\$ 185,846</u>
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	<u>185,000</u>
Total RPTTF approved:	\$ 370,846

*Reclassified as administrative costs

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.

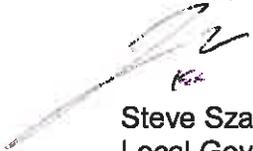
The amount available from the RPTTF is the same as the property tax increment that was available prior to enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited 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,

A handwritten signature in black ink, appearing to read "Steve Szalay", is written over a horizontal line. The signature is stylized and somewhat cursive.

Steve Szalay
Local Government Consultant

cc: Ms. Juana Merino-Escobar, Administrative Assistant, City of Guadalupe
Mr. Ed Price, Division Chief Property Tax Division, County of Santa Barbara
California State Controller's Office