DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR
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October 11, 2012

Ms. Laura Gutierrez, Finance Director
City of Imperial
420 South Imperial Avenue
Imperial, CA 92251

Dear Ms. Gutierrez:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Imperial Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 29, 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 does not qualify as an enforceable obligation:

Item No. 4 – Redevelopment Projects in the amount of $1.2 million of bond funds. HSC section 34177.3 (a) prohibits successor agencies to create new enforceable obligations, except in compliance with an enforceable obligation that existed prior to June 28, 2011. According to a public facilities construction agreement between the County of Imperial (County) and the redevelopment agency (RDA) amended on May 17, 2011, the County was required to execute contracts for the seven remaining projects by June 30, 2011. A County letter dated August 10, 2011 was provided to show the County was submitting the contracts and purchase orders executed for the remaining projects to the RDA. However, copies of those contracts and purchase orders were not provided to establish item as an enforceable obligation.

Except for item 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 Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is $591,750 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2013		
Total RPTTF funding requested for obligations	$	466,750
Less: Six-month total for item denied or reclassified as administrative cost		0
Total approved RPTTF for enforceable obligations	$	466,750
Plus: Allowable RPTTF distribution for administrative cost for ROPS III		125,000
Total RPTTF approved:	$	591,750

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 Beliz Chappuie, Supervisor or Cindie Lor, Lead Analyst at (916) 445-1546.

Sincerely,

STEVE SZALAY
Local Government Consultant

cc: Mr. Jeorge Galvan, Planning and Development Director, City of Imperial
Ms. Ann McDonald, Special Accounting Manager, Imperial County