

October 26, 2012

Ms. Marti Noel, Redevelopment & Housing Assistant Director
Monterey County
168 West Alisal Street, 3rd Floor
Salinas, CA 93901

Dear Ms. Noel:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177(m), the County of Monterey Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on September 11, 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 Nos. 12 and 13 – Pass through payments for the Fort Ord Project area totaling \$411,871 payable from Redevelopment Property Tax Trust Fund (Item No. 12) and \$129,892 payable from other funds (Item No. 13). HSC section 34182 (c) (3) directs the county auditor-controller to prepare estimates of property tax to be allocated and distributed, and the amounts of pass through payments to be made, in the upcoming six-month period.
- Item No. 16 – County loan advance in the amount of \$221,297, no funding source identified. HSC section 34171(d) (2) states that agreements, contracts, or arrangements between the city that created the redevelopment agency (RDA) and the former RDA are not enforceable. Upon receiving a Finding of Completion from Finance, HSC section 34191.4 (b) may cause this item to be enforceable in future ROPS periods.
- Item No. 27 – Goldfarb & Lipman housing service contract totaling \$13,000, payable from the Low and Moderate Income Housing Fund. HSC section 34176(a) (2) states if a city, county, or city and county elects to retain the authority to perform housing functions previously performed by a RDA, all rights, powers, duties, obligations, and housing assets shall be transferred to the city, county, or city and county. Since the County of Monterey assumed the housing function, this item is not an enforceable obligation.

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 Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is \$1,553,713 as summarized below:

Approved RPTTF Distribution Amount	
For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 1,450,945
Less: Six-month total for item denied	
Item 12	27,232
Total approved RPTTF for enforceable obligations	<u>\$ 1,423,713</u>
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	<u>130,000</u>
Total RPTTF approved:	\$ 1,553,713

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.

Ms. Marti Noel
October 26, 2012
Page 3

Please direct inquiries to Nichelle Thomas, Supervisor or Susana Medina Jackson, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Ms. Bertha Calderon, Redevelopment & Housing Project Analyst, County of Monterey
Ms. Julie Aguero, Auditor Controller Analyst II, County of Monterey