



October 14, 2012

Ms. Annie Clark, Senior Financial Analyst  
City of Moreno Valley  
14177 Fredrick Street  
Moreno Valley, CA 92552

Dear Ms. Clark:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Moreno Valley 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 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. 15 – Agency Loans 1 and 2 in the amount of \$2.2 million. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment agency (RDA) and the former RDA are not enforceable obligations. Upon receiving a Finding of Completion from Finance, HSC section 34191.4 (b) may cause this item to be enforceable in future ROPS periods.
- The following items represent contracts between the City of Moreno Valley and third parties. As the former RDA is neither a party to the contract nor responsible for payment of the contract, these line items are not enforceable obligations:

| Item | Project Name   | Fund Source | Total Outstanding Debt |
|------|--|-------------|------------------------|
| 26   | Sunnymead Blvd contracted with Harris and Associates       | Bond        | \$176,000              |
| 58   | Nason/SR-160 Bridge contracted with Parsons Transportation | Bond        | 222,571                |
| 70   | Moreno Beach Ramps contracted with Parsons Transportation  | Bond        | 130,000                |
|      | Total Amount   |             | \$528,571              |

- The following items had no contracts in place prior to June 27, 2011; therefore, these items are not enforceable obligations. HSC section 34163(b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011.

| Item         | Project Name                   | Fund Source | Total Outstanding Debt |
|--------------|--------------------------------|-------------|------------------------|
| 46           | Ironwood Ave-Day St/Barclay Dr | Bond        | \$ 73,000              |
| 47           | Ironwood Ave-Day St/Barclay Dr | Bond        | 500,000                |
| 48           | Ironwood Ave-Day St/Barclay Dr | Bond        | 50,000                 |
| 49           | Ironwood Ave-Day St/Barclay Dr | Bond        | 50,000                 |
| 50           | Ironwood Ave-Day St/Barclay Dr | Bond        | 50,000                 |
| 53           | Nason/SR-60 Bridge             | Bond        | 36,000                 |
| 54           | Nason/SR-60 Bridge             | Bond        | 80,000                 |
| 59           | Nason/SR-60 Bridge             | Bond        | 1,947,220              |
| 60           | Nason/SR-60 Bridge             | Bond        | 9,700,000              |
| 61           | Nason/SR-60 Bridge             | Bond        | 145,000                |
| 62           | Nason/SR-60 Bridge             | Bond        | 170,000                |
| 71           | Moreno Beach Ramps             | Bond        | 11,885                 |
| 72           | Moreno Beach Ramps             | Bond        | 797,822                |
| 77           | Moreno Beach Ramps             | Bond        | 6,693,170              |
| 78           | Moreno Beach Ramps             | Bond        | 98,000                 |
| 79           | Moreno Beach Ramps             | Bond        | 88,000                 |
| Total Amount |                                |             | \$20,490,097           |

- Administrative costs claimed for RPTTF exceed the allowance by \$144,997. HSC section 34171 (b) limits the 2012-13 administrative expenses to three percent of property tax allocated to the Agency or \$250,000, whichever is greater. Additionally, Item Nos. 8, 9, 11, and 12 were reclassified as administrative costs.

|   |           |
|---|-----------|
| Administrative cost cap for fiscal year 2012-13             | \$277,503 |
| Administrative costs claimed for July through December 2012 | 125,000   |
| Administrative costs claimed for January through June 2013  | 297,500   |
| Overage   | \$144,997 |

Except for items denied in whole or in part as enforceable obligation(s) 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/](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: \$6,990,233 as summarized below:

| <b>Approved RPTTF Distribution Amount<br/>For the period of January through June 2013</b> |                     |
|---|---------------------|
| Total RPTTF funding requested for obligations   | \$ 6,927,230        |
| Less: Six-month total for items reclassified as administrative cost                       |                     |
| Item 8  | 36,000              |
| Item 9  | 36,000              |
| Item 11   | 15,000              |
| Item 12   | 2,500               |
| Total approved RPTTF for enforceable obligations  | \$ 6,837,730        |
| Plus: Allowable RPTTF distribution for administrative cost for ROPS III                   | 152,503             |
| <b>Total RPTTF approved:</b>  | <b>\$ 6,990,233</b> |
| <b>Administrative Cost Calculation</b>  |                     |
| Total RPTTF for the period July through December 2012                                     | \$ 2,412,358        |
| Total RPTTF for the period January through June 2013                                      | 6,837,730           |
| <b>Total RPTTF for fiscal year 2012-13:</b>   | <b>\$ 9,250,088</b> |
| Allowable administrative cost for fiscal year 2012-13 (Greater of 3% or \$250,000)        | 277,503             |
| Administrative allowance for the period of July through December 2012                     | 125,000             |
| <b>Allowable RPTTF distribution for administrative cost for ROPS III:</b>                 | <b>\$ 152,503</b>   |

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/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS%20III%20Forms%20by%20Successor%20Agency/).

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. Annie Clark  
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Please direct inquiries to Beliz Chappuie, Supervisor or Mindy Patterson, Lead Analyst at (916) 445-1546.

Sincerely,



**STEVE SZALAY**  
Local Government Consultant

cc: Mr. Richard Teichert, Financial & Administrative Services Director, City of Moreno Valley  
Ms. Pam Elias, Chief Accountant Property Tax Division, Riverside County  
Auditor Controller