



September 26, 2012

Mr. Andy Okoro, Deputy City Manager/Director of Finance  
City of Norco  
2870 Clark Avenue  
Norco, CA 92860

Dear Mr. Okoro:

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Norco Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 16, 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. 7 – Supplemental Educational Revenue Augmentation Fund (SERAF) Loan from Low and Moderate Income Housing Fund (LMIHF) in the amount of \$2.5 million. HSC section 34176 (e) (6) (B) specifies loan or deferral repayments to the low mod income housing fund shall not be made prior to the 2013-14 fiscal year. Since this item cannot be paid at this time, this line item is not an enforceable obligation and not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item Nos. 10, 11, and 12 – Improvement Projects for \$3.5 million bond funds. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. The contract with Griffin Construction (Item 10) was executed on July 18, 2012, and no contracts are in place for the Ingalls Park Improvements (Item 11) and the unspecified projects (Item 12). Therefore, these items are not enforceable obligations.

Furthermore, the following item was reclassified as administrative costs:

Item No. 16 – Oversight Board Legal Counsel in the amount of \$6,000. Although this reclassification increased administrative costs to \$131,000, the administrative cost allowance has not been exceeded.

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/](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 \$3,807,046 as summarized below:

<b>Approved RPTTF Distribution Amount</b>	
<b>For the period of January through June 2013</b>	
Total RPTTF funding requested for obligations	\$ 4,182,046
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Item No. 7	500,000
Item No. 16*	6,000
Total approved RPTTF for enforceable obligations	<u>\$ 3,676,046</u>
Plus: Requested RPTTF distribution for administrative cost for ROPS III	<u>131,000</u>
<b>Total RPTTF approved:</b>	<b>\$ 3,807,046</b>

\* Reclassified as administrative cost

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.

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

Sincerely,

  
STEVE SZALAY  
Local Government Consultant

cc: Ms. Brenda Jacobs, City Clerk, City of Norco  
Ms. Pam Elias, Chief Accountant Property Tax Division, County of Riverside  
Auditor-Controller