



December 18, 2012

Ms. Rae James, Director
County of Placer
3091 County Center Drive, Suite 260
Auburn, CA 95603

Dear Ms. James:

Subject: Recognized Obligation Payment Schedule

This letter supersedes Finance's Recognized Obligation Payment Schedule (ROPS) letter dated September 28, 2012. Pursuant to Health and Safety Code (HSC) section 34177 (m), the County of Placer Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 22, 2012 for the period of January 1 through June 30, 2013. Finance issued its determination related to those enforceable obligations on September 28, 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 October 17, 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.

- Items 12 and 13 – Agreements in the amount of \$43,334. Finance denied the items as enforceable obligations as HSC section 34163 (b) prohibits a redevelopment agency (RDA) from entering into a contract with any entity after June 27, 2011. The services agreements were both executed on July 1, 2011. The Agency contends the items are enforceable obligations because the contracts were approved on previous ROPS and the contracts were completed and closed in October 2012. Based on our review of additional information, Finance agrees the items are enforceable obligations and acknowledges that the Agency is not seeking any funding for these items in ROPS III or any future ROPS. Because no amounts were requested in ROPS III, there is no change in the total approved amount to be distributed from the Redevelopment Property Tax Trust Fund (RPTTF).
- Items 15 and 16 – Toxic Cleanup in the amount of \$705,000. Finance denied the items as enforceable obligations as HSC section 34163 (c) does not allow amendments to existing agreements or obligations with any entity for any purpose after June 27, 2011. The original service contract was executed in 2010 for an amount not to exceed \$41,328 and a fourth amendment was executed on June 8, 2012 to increase the contract amount to \$238,887. Additionally, the total obligation of \$705,000 was not supported with documentation provided. The Agency contends the items are enforceable obligations because they are required state agency ordered activities relating to remediation and

monitoring of contaminated property and the brownfield cleanup plan under the Polanco Redevelopment Act (Polanco Act) was adopted by the former RDA in 2005. Based on a review of additional documents and information provided, Finance is no longer objecting to the items. 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.

- Items 28 and 29 – Kings Beach Commercial Core Improvement Project and Hwy 49 Improvement Project for \$11.6 million using bond proceeds. Finance denied the items as enforceable obligations as the Amended and Restated Cooperative Agreements between the County of Placer and the Agency are not valid agreements to establish items as enforceable obligations. The Agency contends the items are enforceable obligations because the bond issuances occurred in 2006. Finance agrees that the items may be enforceable obligations; however, Finance continues to deny the items at this time. Per HSC section 34191.4, any successor agency that has been issued a finding of completion by the Department of Finance may use proceeds derived from bonds issued on or before December 31, 2010, for the purposes for which the bonds were sold. The Agency has not been issued a finding of completion; therefore, the items are currently not enforceable obligations.
- Item 14 – Reclassification of Property Management Contract totaling \$41,616 as administrative cost. The Agency contends the item is not an administrative cost because the property management services and performance of these services are necessary while the Agency holds property pending disposition. Based on a review of additional documents and information provided, Finance is no longer classifying the item as an administrative cost. Per HSC section 34171 (d) (1) (F), enforceable obligations include contracts or agreements necessary for the administration or operation of the successor agency including, but not limited to the costs of maintaining assets prior to disposition.

The Agency's maximum approved RPTTF distribution for the reporting period is: \$919,427 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 826,101
Less: Six-month total for item(s) denied or reclassified as administrative cost	\$ -
Total approved RPTTF for enforceable obligations	\$ 826,101
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	93,326
Total RPTTF approved:	\$ 919,427

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,



Steve Szalay
Local Government Consultant

cc: Ms. Allison Carlos, Principal Management Analyst, Placer County
Ms. Karin Schwab, Deputy County Counsel, Placer County
Ms. Jayne Goulding, Managing Accountant Auditor, Placer County
California State Controller's Office