DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR
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October 14, 2012

Ms. Linda Daniels, Assistant City Manager
10500 Civic Center Drive
Rancho Cucamonga, CA 91730

Dear Ms. Daniels:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the Rancho Cucamonga 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. 8 - Barton Plaza in the amount of $15,000 funded by reserves. HSC section 34163(b) prohibits an agency from entering into contract with any entity after June 27, 2011. It is our understanding that no contract exists for the project.

- Item Nos. 23, 45 and 62 – Various projects in the amount of $3,022,656 million funded by bond proceeds. As the former redevelopment agency (RDA) is neither a party to the contract nor responsible for payment of the contract, these line items are not enforceable obligations.

- Item 57 – Fire station vehicles in the amount of $153,059. Sufficient documentation was not provided showing the former RDA authorized the purchase of the vehicles. Therefore, this item is not an enforceable obligation and is not eligible for Redevelopment Property Tax Trust funding.

- Items 75, 76, 85 and 156 – Various project in the amount of $162,600 funded with reserve balances. 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.

Furthermore, Item No. 197 in the amount of $13,000 for Audit for Successor Agency was reclassified as an administrative cost. Although this reclassification increased administrative costs to $693,818, 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/

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: $23,208,706 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2013		
Total RPTTF funding requested for obligations	$	22,693,947
Less: Six-month total for items denied or reclassified as administrative cost		
Item 57		153,059
Item 197*		13,000
Total approved RPTTF for enforceable obligations	$	22,527,888
Plus: Allowable RPTTF distribution for administrative cost for ROPS III		680,818
Total RPTTF approved:	$	23,208,706

*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/.

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

Sincerely,

STEVE SZALAY
Local Government Consultant

cc: Mr. Flavio Nunez, Management Analyst I, City of Rancho Cucamonga
Ms. Vanessa Doyle, Auditor Controller Manager, San Bernardino County