



October 15, 2012

Ms. Cathy Orme, Finance Director
City of Rohnert Park
130 Avram Avenue
Rohnert Park, CA 94928

Dear Ms. Orme:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Rohnert Park Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 31, 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. 10, 11, and 12 in the amount of \$2.9 million are identified housing operating and administration obligations of the successor housing entity. 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 City of Rohnert Park assumed the housing functions, the operating and administrative costs associated with these functions are the responsibility of the housing successor. Therefore, these items are not enforceable obligations and not eligible for funding from the Low and Moderate Income Housing Fund.
- Claimed administrative costs exceed the allowance by \$126. HSC section 34171 (b) limits fiscal year 2012-13 administrative costs to three percent of property tax allocated to the successor agency or \$250,000, whichever is greater. As a result, the Agency is eligible for \$250,000 in administrative cost allowance. The Sonoma County Auditor-Controller's Office distributed \$250,000 of administrative costs for the July through December 2012 period, thus leaving a balance of \$0 available for the January through June 2013 period. Item 6 in the amount of \$126 is reclassified as an administrative cost. Therefore, \$126 of excess administrative cost is not allowed.

Except for item(s) 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/

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: \$2,300,222 as summarized below:

| Approved RPTTF Distribution Amount | |
|--|---------------------|
| For the period of January through June 2013 | |
| Total RPTTF funding requested for obligations | \$ 2,300,348 |
| Less: Six-month total for item(s) denied or reclassified as administrative cost Item No. 6* | 126 |
| Total approved RPTTF for enforceable obligations | \$ 2,300,222 |
| Plus: Allowable RPTTF distribution for administrative cost for ROPS III | \$ 0 |
| Total RPTTF approved: | \$ 2,300,222 |
| * Reclassified as administrative expense | |
| Administrative Cost Calculation | |
| Total RPTTF for the period July through December 2012 | \$ 2,809,737 |
| Total RPTTF for the period January through June 2013 | 2,300,222 |
| Total RPTTF for fiscal year 2012-13: | \$ 5,109,959 |
| Allowable administrative cost for fiscal year 2012-13 (Greater of 3% or \$250,000) | 250,000 |
| Administrative allowance for the period of July through December 2012 | 250,000 |

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. Orme.
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Please direct inquiries to Robert Scott, Supervisor or Derk Symons, Lead Analyst at
(916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Mr. Erick Roeser, Property Tax Manager, Sonoma County