



October 14, 2012

Ms. Linda Kelly, City Manager  
City of Sonoma  
No. 1 The Plaza  
Sonoma CA, 95476

Dear Ms. Kelly:

**Subject: Recognized Obligation Payment Schedule**

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Sonoma 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. 13 – Memorandum of Understanding in the amount of \$65,000.** The agreement with the Sonoma Valley Chamber of Commerce is for the period between July 9, 2010 and July 9, 2012. The contract ended before the ROPS III period begins and may not be extended. HSC section 34163 (b) and 34163 (c) prohibits the Agency from entering into a contract or amending a contract with any entity after June 27, 2011. Therefore, this item is not an enforceable obligation and not eligible for ROPS III funding.
- **Item No. 28 – Affordable Housing Project in the amount of \$1.5 million.** HSC section 34163 (b) prohibits a redevelopment agency for entering into a contract with any entity after June 27, 2011. The ROPS III form shows the contract was signed on January 1, 2012. Furthermore, requested documents were not provided to support the expenditure plan. Therefore, the item is not an enforceable obligation and not eligible for Redevelopment Property Tax Trust Fund (RPTTF) money.
- **Item No. 30 through 48 in the amount of \$7.5 million.** HSC 34163 (b) prohibits the successor agency from entering into contracts after June 27, 2011. The contracts provided were either signed after June 27, 2011 or did not support the amount requested for this ROPS period. Upon receiving a Finding of Completion from Finance, these items may become enforceable pursuant to HSC section 34191.4 (c). Until then, they are not enforceable obligations and not authorized for payment.

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 RPTTF distribution for the reporting period is: \$789,725 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	\$ 572,225
Less: Item 13 - Memorandum of understanding	32,500
Total approved RPTTF for enforceable obligations	\$ 539,725
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	250,000
<b>Total RPTTF approved:</b>	<b>\$ 789,725</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/>.

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 Robert Scott, Supervisor or Jenny DeAngelis, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY  
Local Government Consultant

cc: Ms. Carol Giovanatto, Assistant City Manager, City of Sonoma  
Mr. Erick Roeser, Property Tax Manager, County of Sonoma