



October 12, 2012

Mr. Roger Hunt, Assistant RMA Director  
County of Tulare  
5961 S. Mooney Blvd  
Visalia, CA 93277

Dear Mr. Hunt:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the County of Tulare Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 28, 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:

- HSC section 34163 (b) prohibits a redevelopment agency (RDA) from entering into a contract with any entity after June 27, 2011. Therefore, following items are not enforceable obligations and not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding:
  - Item No. 21 – Cutler-Orosi Golden Valley School project in the amount of \$50,000. The contract provided was between the County and the contractor, not the RDA.
  - Item Nos. 32, 33, 35 and 37 – Goshen Community Improvement Project in the amount of \$45,000. The contract provided for items 32 and 33 was between the County and the contractor, not the RDA. There were no contracts provided for items 35 and 37.
- Item No. 72 – Housing consultant costs for \$50,000. HSC section 34176 (a) (1) states that the housing entity shall be responsible for the housing functions and obligations previously performed by the RDA. Therefore, the housing entity is responsible for its own operations and administrative costs.
- Based on review of additional information provided with the Agency's appeal letter, the following items remain denied as enforceable obligations and are not eligible for RPTTF funding:
  - Item No. 19 – CMAQ-TUL-10-025 Match FY13/14 in the amount of \$175,897. No contract has been executed to show RDA funds were obligated as matching funds.

- Item Nos. 41, 51, 55 and 58 – Various improvement projects in the amount of \$270,544. Review of contracts and documents provided showed that items were obligations of the County and not the RDA.
  - Item No. 49 – Poplar-Cotton Center Community improvement in the amount of \$171,081. The RDA received federal funding from the California Department of Transportation (Caltrans) to complete the project. However, due to non-compliance issues the RDA was required to remit to Caltrans \$171,081. The payment should be made using other funding, not RPTTF funding.
  - Item No. 54 – Ivanhoe Downtown Phase 2 project in the amount of \$140,955. According to the appeal letter, item is related to remaining funds needed for the final phase of the project. The additional documents provided is an agreement between the County and the RDA for staff services and not construction costs related to the project.
- Administrative costs claimed for RPTTF exceed the allowance by \$113,485. HSC section 34171 (b) limits the 2012-13 administrative expenses to three percent of property tax allocated to the Agency or \$250,000, whichever is greater.

Amount administrative costs for fiscal year 2012-13	\$250,000
Administrative costs claimed for July through December 2012	193,485
Administrative costs claimed for January through June 2013	170,000
Overage	\$113,485

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 \$1,324,797 as summarized below:

<b>Approved RPTTF Distribution Amount For the period of January through June 2013</b>	
Total RPTTF funding requested for obligations	\$ 1,880,191
Less: Six-month total for items denied or reclassified as administrative cost	
Item 21	50,000
Items 32, 33, 35 and 37	20,468
Item 72	50,000
Item 19	175,897
Item 41	12,214
Item 51	94,330
Item 54	45,000
Item 55	110,000
Item 58	54,000
Total approved RPTTF for enforceable obligations	\$ 1,268,282
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	56,515
<b>Total RPTTF approved:</b>	<b>\$ 1,324,797</b>
<b>Administrative Cost Calculation</b>	
Total RPTTF for the period July through December 2012	\$ 995,178
Total RPTTF for the period January through June 2013	1,268,282
<b>Total RPTTF for fiscal year 2012-13:</b>	<b>\$ 2,263,460</b>
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	193,485
<b>Allowable RPTTF distribution for administrative cost for ROPS III:</b>	<b>\$ 56,515</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/](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.

Mr. Roger Hunt  
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Please direct inquiries to Beliz Chappuie, Supervisor or Cindie Lor, Lead Analyst at  
(916) 445-1546.

Sincerely,



**STEVE SZALAY**  
Local Government Consultant

cc: Ms. Sophia Almanza, Fiscal Manager, County of Tulare  
Ms. Rita A. Woodard, Auditor-Controller, Tulare County