



November 7, 2012

Mr. John Meyer, Redevelopment Director
City of Vista
200 Civic Center Drive
Vista, CA 92084

Dear Mr. Meyer:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Vista (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 15, 2012 for the period of January through June 2013. Finance has completed its review of your ROPS III, which included obtaining clarification for 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. 12, 14, and 18 are Development and Disposition Agreements related to the North County Square, the Walmart, and the Lowe's project areas and total \$4 million. The documents provided show sales tax revenues as the source to make these obligation repayments. Therefore, these items are not eligible for Redevelopment Property Tax Trust Fund (RPTTF) money. Future ROPS should identify "Other" as the funding source.
- Item No. 34 and 35 in the amount of \$9.8 million are agreements between the City of Vista and the former Redevelopment Agency. HSC section 34171 (d) (2) states that agreements between the city that created the redevelopment agency (RDA) and the former RDA are not enforceable. Upon receiving a Finding of Completion from Finance, HSC section 34191.4 (b) may cause these items to be enforceable in future ROPS periods. Until then these items are not eligible for RPTTF money.
- Item No. 39 is for a note payable in the amount of \$922,606. However, the note repayment is not due until September 2013. HSC section 34177 (l) (3) states that the ROPS shall be forward looking to the next six months. Although this is an enforceable obligation, the amount requested is for an annual payment due in a future ROPS period. This item should be resubmitted for that period.
- Although enforceable, Item No. 43 is considered an administrative expense and has been reclassified.

- Item No. 44 is for county property tax administrative fees in the amount of \$10,000. HSC section 34182 (e) allows the county auditor-controller to deduct from the Redevelopment Property Tax Trust Fund for their administration costs prior to distributing property tax increment funds. Therefore, these costs are not allowed to be claimed on the ROPS.
- Item 61 is for a "City Bridge Loan" in the amount of \$2 million and does not meet the definition of an enforceable obligation. While Finance may have approved RPTTF that exceeded the amount available, the ability to fund items on the ROPS with property tax is limited to the amount of funding available to the successor agency in RPTTF. HSC section 34173 (h) allows for a city to loan funds to a successor for administrative costs and enforceable obligations, and put the repayment on the subsequent ROPS. The Agency is requesting to repay the City for a \$2 million loan they claim was needed to make bond debt service payments in the ROPS II period.

Records from the San Diego County Auditor-Controller indicate the Agency received sufficient funding to pay the July through December 2012 bond debt service payments. Therefore, the loan should not have been necessary.

In reviewing the loan agreement, it appears the loan was entered into as a result of the July 2012 True Up process. The July 2012 True Up process was to collect residual pass-through payments owed to the affecting taxing entities for the January through June 2012 period, not to cause shortfalls in funding for the July through December 2012 period. Therefore, this item is not an enforceable obligation and not eligible for RPTTF money.

- Item 62 is for "Use and Commitment of Unencumbered Housing Bond Proceeds Agreement" in the amount of \$7.5 million. It is our understanding that contracts have not been awarded for these services. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. Upon receiving a Finding of Completion from Finance, this item may become enforceable pursuant to HSC section 34191.4 (c). Until then, this item is not an enforceable obligations and not authorized for payment.

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 RPTTF distribution for the reporting period is: \$3,864,433 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 6,373,423
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Item 12	95,000
Item 14	227,000
Item 18	100,000
Item 34	41,910
Item 35	146,388
Item 39	115,326
Item 43*	4,000
Item 44	3,500
Item 61	1,971,069
Total approved RPTTF for enforceable obligations	\$ 3,669,230
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	195,203
Total RPTTF approved:	\$ 3,864,433

* Reclassified as an administrative expense

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.

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

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Mr. Jeff Zinner, Redevelopment and Housing Manager, City of Vista
Mr. Juan Perez, Senior Auditor and Controller Manager, County of San Diego