



October 20, 2012

Mr. Martin Tuttle, City Manager
City of West Sacramento
1110 West Capitol Avenue
West Sacramento, CA 95691

Dear Mr. Tuttle:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of West Sacramento successor agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on September 6, 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. 11 – Delta Lane Housing Loan in the amount of \$9.7 million. Although this loan agreement was signed on June 22, 2012, prior to the June 27, 2012 cut-off date, the agreement contains a clause which releases the Agency from its duty to fulfill the commitment if all funds necessary to disburse the loan are unavailable. Funds are not available because tax increment is no longer allocated to the Agency pursuant to HSC section 33670. Therefore, this item is not an enforceable obligation and not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item No. 16 and 25 – Bridge District 2014 Plan and Bridge District Infrastructure in the amount of \$145.1 million are loans with the City of West Sacramento (City). HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the redevelopment agency (RDA) and the former RDA are not enforceable. Since the agreement requiring the Agency to provide funding is between the City and the RDA, this item is not an enforceable obligation and not eligible for RPTTF funding. Further, the underlying development agreements are between the City and third parties, and the Agency is not a party.
- Item No. 17, 18, 20, and 21 – Various projects in the amount of \$1.0 million. No documents were provided to support the expenditure plan as enforceable obligations.
- Item No. 19 – Hotel Project in the amount of \$310,329. This contract is between the City of West Sacramento and Garfield Traub California Developments, Inc. As the former

RDA is neither a party to the contract nor responsible for contract payment, this item is not an enforceable obligation.

- Administrative costs exceed the allowance by \$86,176. 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. The Agency is eligible for \$416,542 in administrative costs for fiscal year 2012-13. The Auditor-Controller's Office distributed \$238,718 of administrative costs for the July through December 2012 period, thus leaving a balance of \$177,824 available for the January through June 2013 period. Therefore, \$86,176 of the claimed \$264,000 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 RPTTF distribution for the reporting period is: \$5,742,737 as summarized below:

Approved RPTTF Distribution Amount	
For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 8,798,305
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Item 11	2,850,000
Item 16	92,780
Item 17	31,033
Item 18	39,000
Item 19	110,000
Item 20	34,520
Item 21	45,545
Item 25	30,514
Total approved RPTTF for enforceable obligations	\$ 5,564,913
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	177,824
Total RPTTF approved:	\$ 5,742,737

Administrative Cost Calculation	
Total RPTTF for the period July through December 2012	\$ 8,319,811
Total RPTTF for the period January through June 2013	5,564,913
Total RPTTF for fiscal year 2012-13:	\$ 13,884,724
Allowable administrative cost for fiscal year 2012-13 (Greater of 3% or \$250,000)	416,542
Administrative allowance for the period of July through December 2012	238,718
Allowable RPTTF distribution for administrative cost for ROPS III:	\$ 177,824

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:

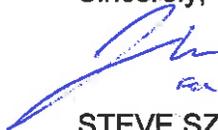
http://www.dof.ca.gov/redevelopment/ROPS/ROPS_III_Forms_by_Successor_Agency/.

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 Derk Symons, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Mr. Paul Blumberg, Public Finance Manager, City of West Sacramento
Mr. Howard Newens, Auditor-Controller, County of Yolo