



December 18, 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

This letter supersedes Finance's Recognized Obligation Payment Schedule (ROPS) letter dated October 12, 2012. 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 1 through June 30, 2013. Finance issued its determination related to those enforceable obligations on October 12, 2012. Subsequently, the Agency requested a Meet and Confer session on one or more of the items denied by Finance. The Meet and Confer session was held on November 6, 2012.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific items being disputed.

- Various contracts – As further discussed below, Finance no longer objects to Item 21; however, Finance continues to deny Items 32, 33, 35, and 37. Finance originally denied the items as HSC section 34163 (b) prohibits a redevelopment agency (RDA) from entering into a contract with any entity after June 27, 2011.
  - Item No. 21 – Cutler-Orosi Golden Valley School project in the amount of \$50,000. Finance denied the item as the contract provided was between the County of Tulare (County) and the contractor, not the RDA. The Agency contends the item is an enforceable obligation because the item is a 2008 commitment to provide the local match and non-participating items associated with a Safe Routes to Schools grant for the Cutler-Orosi Pedestrian Corridor Project Phases 8 & 9. The former RDA Board committed matching funds to the County's State Safe Routes to School Grant on November 18, 2008. The grant has been awarded and the grant agreement has been executed by County. Therefore, the item is an enforceable obligation.
  - 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 and there were no contracts provided for items 35 and 37. The Agency contends these items are enforceable obligations

because these are costs associated with the ongoing maintenance of the Goshen Ponding Basin/Recreation Park. However, the contracts provided are between the County and a third party, not the former RDA or the Agency. Since the former RDA and the Agency are not parties to the agreements or responsible for payment, the items are not enforceable obligations. However, Finance approves the cost of the Agency's water services totaling \$7,700; therefore, \$7,700 of the maintenance costs of the Agency's assets is an enforceable obligation.

- Item No. 19 – CMAQ-TUL-10-025 Match FY13/14 in the amount of \$175,897. Finance continues to deny the item. Finance denied the item as no contract has been executed to show RDA funds were obligated as matching funds. The Agency contends the item is an enforceable obligation because it is a 2010 commitment from the former RDA as the local match required for a 2009 Congestion Mitigation and Air Quality grant application. However, no grant has been executed to obligate the Agency to provide matching funds. Therefore, the item is not an enforceable obligation.

In addition, per Finance's ROPS letter dated October 12, 2012, the following items not disputed by the Agency continue to be denied:

- 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.
- 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

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is \$1,382,497 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	
Items 32, 33, 35 and 37	12,768
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	\$ 1,325,982
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	56,515
<b>Total RPTTF approved:</b>	<b>\$ 1,382,497</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	1,325,982
<b>Total RPTTF for fiscal year 2012-13:</b>	<b>\$ 2,321,160</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.

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.

Except for items disallowed as noted above, Finance is not objecting to the remaining items listed in your ROPS III. Obligations deemed not to be enforceable shall be removed from your ROPS. This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2013. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not questioned on this ROPS or a preceding ROPS.

Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Mary Halterman, 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  
California State Controller's Office