



April 14, 2013

Ms. Stacey Winton, Administrative Analyst II
City of Davis
23 Russell Boulevard, Suite 1
Davis, CA 95616

Dear Ms. Winton:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Davis Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14A) to the California Department of Finance (Finance) on March 1, 2013 for the period of July through December 2013. Finance has completed its review of your ROPS 13-14A, 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. 18 – Hotel/Conference Center Project Traffic Study in the amount of \$7,500 is not an enforceable obligation. HSC section 34163 (c) prohibits a redevelopment agency from amending or modifying existing agreements, obligations, or commitments with any entity for any purpose after June 27, 2011. Therefore, the amendment and associated costs are not enforceable.
- Contracts in the amount of \$15.7 million include the following:
 - Downtown Parking and Streetscape Enhancements
 - Item No. 25 – F St Streetscape Design
 - Item No. 46 – Public Hearing Notice Publications
 - Item No. 47 – First St Path Lighting
 - Item No. 48 – Remaining Commitment
 - Item No. 49 – Streetlight Fixtures CIP 8164
 - Item No. 50 – Art Consultation-3rd Street CIP 8164
 - Item No. 51 – Bid Documents CIP 8234
 - Item No. 52 – Lighting Improvements CIP 8234
 - Item No. 53 – Tank House
 - Item No. 60 – F St Streetscape Design

- Olive/Richards Access Improvements
 - Item No. 54 – Remaining Commitment

- Park/Greenbelt Improvements
 - Item No. 55 – Central Park Improvements and Remaining Commitment

- Hotel/Conference Facility
 - Item No. 56 – Remaining Commitment
 - Item No. 57 – Fiscal Consultant CIP 8226
 - Item No. 58 – Traffic Consultant CIP 8226
 - Item No. 59 – Market Consultant CIP 8226

HSC section 34163(b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. It is our understanding that contracts for these line items were awarded after June 27, 2011 or have not yet been awarded. Also, all items above except Item No. 25 requested bond proceeds as the funding source. Pursuant to HSC section 34191.4 (c), successor agencies that have been issued a Finding of Completion by Finance will be allowed to use bond proceeds from bonds issued prior to December 31, 2010 for the purpose for which the bonds were issued.

If the bonds were issued after December 31, 2010, the benefits provided in HSC section 34191.4 (c) (1) do not apply. HSC section 34191.4 (c) (2) (B) requires these proceeds to be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

- Items No. 63 and 64 totaling \$110,000 (\$10,000 and \$100,000, respectively) are considered general administrative costs and have been reclassified. Although this reclassification increased administrative costs to \$235,000, the administrative cost allowance has not been exceeded.

Except for items denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining items listed on your ROPS 13-14A. This determination applies only to items where funding was requested for the six month period. If you disagree with the determination with respect to any items on your ROPS 13-14A, 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 Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: \$1,960,179 as summarized below:

Approved RPTTF Distribution Amount	
For the period of July through December 2013	
Total RPTTF funding requested for obligations	\$ 2,910,655
Minus: Six-month total for items denied or reclassified as administrative cost	
Item 18	7,024
Item 25	21,350
Item 63*	10,000
Item 64*	100,000
Total approved RPTTF for enforceable obligations	\$ 2,772,281
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	235,000
Minus: ROPS II prior period adjustment	(1,047,102)
Total RPTTF approved for distribution:	\$ 1,960,179

*Reclassified as administrative cost

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2012 period. The amount of RPTTF approved in the above table includes the prior period adjustment that was self-reported by the Agency. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. Any proposed CAC adjustments were not received in time for inclusion in this letter. Therefore, the amount of RPTTF approved in the above table includes only the prior period adjustment that was self-reported by the Agency.

Please refer to the ROPS 13-14A schedule that was used to calculate the approved RPTTF amount:

[http://www.dof.ca.gov/redevelopment/ROPS/ROPS 13-14A Forms by Successor Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS%2013-14A%20Forms%20by%20Successor%20Agency/).

This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 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 denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of 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.

Ms. Stacey Winton
April 14, 2013
Page 4

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Steve Szalay', with a long, sweeping underline that extends to the left.

STEVE SZALAY
Local Government Consultant

cc: Ms. Katherine Hess, Community Development Administrator, City of Davis
Mr. Howard Newens, Auditor-Controller, County of Yolo
California State Controller's Office