



April 12, 2013

Ms. Sarah Haddox, Senior Redevelopment Project Coordinator
City of Redding
777 Cypress Avenue
Redding, CA

Dear Ms. Haddox:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Redding Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 13-14A) to the California Department of Finance (Finance) on February 27, 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. 9 – City loan in the amount of \$45,800. 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. This shall remain the case until and unless a finding of completion is issued by the Department of Finance and the oversight board makes a finding that the loan was for legitimate redevelopment purposes (HSC section 34191.4 (b)). Therefore, this item is not an enforceable obligation and not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding on this ROPS.
- Requested RPTTF for pass-through payments totaling \$3,106. Specifically:
 - Item No. 19 – Contract-H&S Code Sec 33401 payable to Shasta High School in the amount of \$1,048.
 - Item No. 20 – Contract-H&S Code Sec 33401 payable to County Schools in the amount of \$136.
 - Item No. 22 – Contract-H&S Code Sec 33401 payable to Enterprise Elementary School in the amount of \$1,388.
 - Item No. 43 – Contract-H&S Code Sec 33401 payable to County Schools in the amount of \$534.

HSC 34183 (a) (1) states that the auditor-controller shall remit RPTTF funds for pass-through agreements prior to distributing RPTTF to the successor agency. Therefore, these items are not eligible for RPTTF funding on the ROPS.

- Item No. 53 – Contract-Clover Creek Drainage in the amount of \$9,300. The Helm Biological Consulting Contract is an obligation of the City of Redding, not the former RDA. The former RDA is neither a party to the contract nor responsible for payment of the contract. Therefore, Item No. 53 is not an enforceable obligation and is not eligible for funding on the ROPS.

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 RPTTF distribution for the reporting period is \$3,342,959 as summarized below:

Approved RPTTF Distribution Amount	
For the period of July through December 2013	
Total RPTTF funding requested for obligations	\$ 3,278,182
Minus: Six-month total for items denied or reclassified as administrative cost	
Item 9	45,800
Item 19	1,048
Item 20	136
Item 22	1,388
Item 43	534
Item 53	9,300
Total approved RPTTF for enforceable obligations	\$ 3,219,976
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	125,000
Minus: ROPS II prior period adjustment	(2,017)
Total RPTTF approved for distribution:	\$ 3,342,959

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. 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. The amount of RPTTF approved in the above table includes the prior period adjustment resulting from the CAC’s audit of the Agency’s self-reported prior period adjustment.

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/>.

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.

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to 34171 (d), HSC section 34191.4 (c)(2)(B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

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

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Ms. Cathy Bullock, Senior Accountant, City of Redding
Ms. Sherri Jenkins, Managing Accountant Auditor, Shasta County
California State Controller's Office