



May 17, 2013

Mr. Bill Aiken, Development Analyst
Community Investment, City Manager's Office
City of Roseville
311 Vernon Street
Roseville, CA 95678

Dear Mr Aiken:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS 13-14A) letter dated April 13, 2013. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Roseville Successor Agency (Agency) submitted a ROPS 13-14A to Finance on February 27, 2013 for the period of July through December 2013. 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 April 23, 2013.

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 item being disputed.

- Item No. 46 – Town Square Capital Improvement Project in the amount of \$350,661. Finance originally denied this item because the contracts provided were between the City of Roseville (City) and Carducci and Associates and the Agency was not a party to the contract. In addition, these contracts were entered into after June 27, 2011. Specifically, these contracts were dated March 7, 2012 in the amount of \$120,000 and an amendment dated August 15, 2012 for an additional \$58,990. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. Therefore, these contracts are not enforceable obligations and not eligible for funding.

However, during the Meet and Confer, the Agency stated incorrect contracts were inadvertently provided. Subsequent to the Meet and Confer, the Agency provided the original Professional Services Agreement in the amount of \$307,257, executed on March 17, 2010, between the former RDA and Carducci and Associates. The Agency provided accounting records to support \$167,554 of payments made to date. Therefore, this agreement is an enforceable obligation and eligible for \$167,554 to be funded with Redevelopment Property Tax Trust Fund (RPTTF) on this ROPS. Although, \$139,703 remains, the Agency indicated the balance of the original contract in the amount of \$139,703 was paid prior to December 31, 2011 when the redevelopment funds were available. As such, no further request for RPTTF funding is needed for this project.

In addition, per Finance's ROPS letter dated April 13, 2013, the following item continues to be denied and was not contested by the Agency:

- Item No. 44 – United States Postal Service (USPS) Relocation Costs in the amount of \$130,000. The lease agreement executed between the former Redevelopment Agency (RDA) and USPS state that the RDA is required to pay for relocation costs to move the USPS only if the RDA were to proceed with the redevelopment of the premises during the term of the lease. There have been no contracts or agreements executed prior to the dissolution of the RDA to redevelop the premises currently occupied by the USPS. Furthermore, HSC section 34177.3 (a) states that Successor agencies shall lack the authority to begin new redevelopment work, except in compliance with an enforceable obligation that existed prior to June 28, 2011. The Agency has not provided documentation to demonstrate that there is redevelopment work at these premises and USPS is not required to relocate; therefore, this item is not an enforceable obligation and not eligible for funding from the Redevelopment Property Tax Trust Fund (RPTTF) on this 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. 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 July through December 2013. Finance's determination is effective for this time period only and should not be conclusively relied on 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 Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: \$975,331 as summarized below:

Approved RPTTF Distribution Amount	
For the period of July through December 2013	
Total RPTTF funding requested for obligations	\$ 1,168,546
Minus: Six-month total for items denied or reclassified as administrative cost	
Item 44	52,000
Item 46	183,107
Total approved RPTTF for enforceable obligations	<u>\$ 933,439</u>
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	<u>125,000</u>
Minus: ROPS II prior period adjustment	<u>(83,108)</u>
Total RPTTF approved for distribution:	\$ 975,331

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.

The Agency disputed the CAC adjustment of \$83,108. Because Finance is not responsible for the calculation of this adjustment, the CAC was contacted to verify the amount. According to the CAC, the Agency paid \$411,220 of the \$505,318 negotiated school pass-through payment

owed, creating a shortfall of \$94,098. After an adjustment of \$79 for reimbursement for payroll and \$10,911 for various RPTTF obligations, the remaining balance is \$83,108. Therefore, per CAC the ROPS II prior period adjustment remains the same on this ROPS period.

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_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 Kylie Le, Supervisor or Michael Barr, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Ms. Melissa Hagan, Financial Analyst, City of Roseville
Mr. Kevin Payne, Revitalization Manager, City of Roseville
Ms. Jayne Goulding, Managing Accountant Auditor, Placer County
California State Controller's Office