



April 12, 2013

Mr. John Haig, Redevelopment Manager
Sonoma County Community Development Commission
1440 Guerneville Road
Santa Rosa, CA 95403

Dear Mr. Haig:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the Sonoma County Community Development Commission (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:

- Reimbursement Agreements totaling \$14.6 million includes the following:
 - Item 100 – Roseland Village Redevelopment in the amount of \$5.1 million
 - Item 101 – Highway 12 Phase 2 in the amount of \$2.2 million
 - Item 102 – Highway 12 Phase 2 in the amount of \$7.3 million

HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment agency (RDA) and the former RDA are not enforceable. The following items continue not to be enforceable obligations because the underlying document is a reimbursement agreement between the Agency and the entity that created it – Sonoma County.

In relation to the bond proceeds identified as a funding source for Item No. 101, the item may be allowed for expenditure in the future per HSC section 34191.4, which states that any successor agency that has been issued a finding of completion by Finance may use proceeds derived from bonds issued on or before December 31, 2010, for the purposes for which the bonds were sold. The Agency has not been issued a finding of completion; therefore, the item is currently not an enforceable obligation.

- Administrative costs funded by Redevelopment Property Tax Trust Fund (RPTTF) exceed the allowance by \$299,446. HSC section 34171 (b) limits administrative expenses to three percent of property tax allocated to the successor agency or \$250,000, whichever is greater. As a result, the Agency is eligible for \$250,000 in

administrative costs for the fiscal year. Therefore, \$299,446 of the claimed \$549,446 is not an enforceable obligation. The following items were considered administrative expenses and therefore have been reclassified:

- Item No. 80 – Leased Space Rent
- Item No. 81 – Lease/Support for Office Equipment
- Item No. 87 – Supplies & Small Tools
- Item No. 88 – Memberships
- Item No. 89 – Subscriptions
- Item No. 92 – Copier and Fax Supplies
- Item No. 93 – Equipment Repairs
- Item No. 94 – Document Security
- Items No. 95 and 96 – Recruitment Expenses
- Item No. 103 – Fiscal Consulting Services
- Item No. 105 – Audit Services
- Items No. 106, 107, and 108 – Legal Services
- Item No. 109 – Board Services
- Item No. 110 – Leased Vehicles
- Item No. 111 – Computer Hardware and Software, Records
- Items No. 112 and 114 – Communications
- Item No. 113 – Postage

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 \$1,305,640 as summarized on the next page:

Approved RPTTF Distribution Amount	
For the period of July through December 2013	
Total RPTTF funding requested for obligations	\$ 1,921,561
Minus: Six-month total for items denied or reclassified as administrative cost	
Item 100	319,477
Item 102	17,563
Item 80*	19,032
Item 81*	846
Item 87*	1,062
Item 88*	126
Item 89*	84
Item 92*	216
Item 93*	132
Item 94*	42
Item 95*	420
Item 96*	216
Item 103*	50,000
Item 105*	5,000
Item 106*	19,032
Item 107*	210,000
Item 108*	95,000
Item 109*	6,342
Item 110*	2,196
Item 111*	6,900
Item 112*	3,804
Item 113*	2,856
Item 114*	1,140
Total approved RPTTF for enforceable obligations	\$ 1,160,075
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	250,000
Minus: ROPS II prior period adjustment	(104,435)
Total RPTTF approved for distribution:	\$ 1,305,640

*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. 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/](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.

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. Kathleen Kane, Executive Director, County of Sonoma
Mr. Erick Roeser, Property Tax Manager, County of Sonoma
California State Controller's Office