



May 30, 2012

Rachelle Rickard, Director of Administrative Services  
City of Atascadero  
6907 El Camino Real  
Atascadero, CA 93422

Dear Ms. Rickard

Pursuant to Health and Safety Code (HSC) section 34177 (I) (2) (C), the City of Atascadero Successor Agency (SA) submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on April 17, 2012 for the periods January through June and July through December 2012. Finance is assuming appropriate oversight board approval. On April 25, 2012, Finance noticed the SA of its ROPS review results, listing several line items as non-enforceable obligations.

On May 10, 2012, the SA provided additional documents to support some of the obligations denied as enforceable included in our April letter. As a result, Finance revised conclusions on some of the line items the results of which are provided herewith.

Finance is approving the items listed in both ROPS except for the items summarized below:

January through June 2012 Period

- Contracts with the City (shown below) totaling \$20.4 million are not EOs. HSC section 34171 (d) (2) states agreements, contracts, or arrangements between the city that created the redevelopment agency (RDA) and the former RDA are not enforceable.

Project Area	Project Name	Item No.	Page	Amount
Project Area #1	City Loan Entered in 2002	5	2 of 15	\$ 774,152
Project Area #1	Blight Reduction	22	3 of 15	5,621,180
Project Area #1	Zoo Wall Improvement	46	5 of 15	240,000
Project Area #1	Affordable Housing	49	5 of 15	5,543,800
Project Area #1	Blight Elimination	53	5 of 15	8,176,820

\$20,355,952

- Item 57 – Wayfinding Project street signs and kiosks not yet installed in the amount of \$52,263. HSC section 34163(b) prohibits the installation to commence if valid contracts have not been entered into prior to June 27, 2011.
- Item 107 – Historic City Hall Earthquake Repair/Rehab Project landscaping restoration not yet awarded in the amount of \$350,000. HSC section 34163 (b) prohibits the restoration to commence if valid contracts have not been entered into prior to June 27, 2011.

- Contracts executed after June 27, 2011 (shown below) totaling \$269,623 are not EOs. (HSC section 34163 (b)). The contracts below were signed after June 27, 2011.

Project Area	Project Name	Item No.	Page	Amount
Project Area #1	Sunken Garden Holiday Enhancement	31	4 of 15	\$ 7,200
Project Area #1	Events and Promotions	38	4 of 15	20,000
Project Area #1	Property Purchase	59	5 of 15	125,008
Project Area #1	Pedestrian Bridge	65	6 of 15	106,605
Project Area #1	Pedestrian Bridge	66	6 of 15	10,810

\$269,623

July through December 2012 Period

- Contracts with the City (shown below) totaling \$20.4 million are not EOs. HSC section 34171 (d) (2) states agreements, contracts, or arrangements between the city that created the redevelopment agency (RDA) and the former RDA are not enforceable.

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This letter supersedes prior letters issued by our office and is our determination with respect to any items funded from the Redevelopment Property Tax Trust Fund (RPTTF) for the June 1, 2012 property tax allocations. If your oversight board disagrees with our determination with respect to any items not funded with property tax, any future resolution of the disputed issue may be accommodated by amending the ROPS for the appropriate time period. Items not questioned during this review are subject to a subsequent review, if they are included on a future ROPS. If an item included on a future ROPS is not an enforceable obligation, Finance reserves the right to remove that item from the future ROPS, even if it was not removed from the preceding ROPS.

Please refer to Exhibit 12 at [http://www.dof.ca.gov/assembly\\_bills\\_26-27/view.php](http://www.dof.ca.gov/assembly_bills_26-27/view.php) for the amount of RPTTF that was approved by Finance based on the schedule submitted.

As you are aware, the amount of available RPTTF is the same as the property tax increment that was available prior to ABx1 26. 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 in the RPTTF.

Please direct any inquiries to Robert Scott, Supervisor or Kylie Le Lead Analyst at (916) 322-2985.

Sincerely,



MARK HILL  
Program Budget Manager

cc: Ms. Barbara Godwin, Property Tax Manager, San Louis Obispo County