



April 17, 2012

Rae James, Director  
Placer County  
3091 County Center Dr., Suite 260  
Auburn, CA 95603

Dear Ms. James:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the Placer County Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 6, 2012. Finance staff contacted you for clarification of items listed in the ROPS.

HSC section 34171 (d) lists enforceable obligation (EO) characteristics. Based on a sample of line items reviewed and application of the law, the following do not qualify as EOs:

- Contracts executed after June 27, 2011 (shown below) totaling \$739,557 are not EOs. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract after June 27, 2011. The contracts below were signed after the June 27, 2012.

Project Area	Project Name	Item No.	Page	Amount
North Auburn	Agreements (CN000834)	1	2 of 4	101,442
North Tahoe	Continued Operations	5	1 of 5	138,115
				<u>\$ 739,557</u>

- Contracts with the City (shown below) totaling \$10.6 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
North Auburn	Continued Operations	15	2 of 4	\$ 4,600
North Tahoe	Agreements	1	3 of 5	4,959,859
North Tahoe	CCIP & Everett (MOU)	2	3 of 5	2,018,200
North Tahoe	Cooperative Agreement	3	3 of 5	3,625,169
Sunset Industrial	Placer County Public Works	2	1 of 4	3,500,000
				<u>\$ 10,607,828</u>

- Administrative expenses of \$441,948 is not and EO. HSC section 34171 (b) limits the 2011-12 administrative cost allowance to five percent of the property tax allocated to the successor agency or \$250,000, whichever is greater. Five percent of the property tax allocated to the Placer County Successor Agency in 2011-12 equated to approximately \$101,055. Therefore, \$441,948 of the claimed \$691,948 is unallowed.

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As authorized by HSC section 34179 (h), Finance is returning your ROPS for your reconsideration. This action will cause the specific ROPS items noted above to be ineffective until Finance approval. Furthermore, items listed on future ROPS will be subject to review and may be denied as EOs.

If you believe we have reached this conclusion in error, please provide further evidence that the items questioned above meet the definition of an EO.

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

Sincerely,



MARK HILL  
Program Budget Manager

cc: Jayne Goulding, County Auditor Controller