



April 13, 2012

Vanessa Kirks, Fiscal Manager  
City of Riverside  
Development Department  
3900 Main Street, 5th Floor  
Riverside, CA 92522

Dear Ms. Kirks:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Riverside Successor Agency (City) submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on March 30, 2012. Finance staff contacted you for clarification of items listed in the ROPS.

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

- HSC section 34171 (d) (2) states in part enforceable obligations do not include any agreements, contracts, or arrangements between the City that created the redevelopment agency and the redevelopment agency itself. The City and the Redevelopment Agency it created entered into multiple loan agreements. The following loan agreements are not EOs:
  - Page 1, items 21 and 27 through 36, and page 9 item 37 lists loans with the City totaling \$41.3 million.
  - Page 1, item 37 and 38 is a cooperative and a grant agreement with the city totaling \$61.2 million.
  - Page 2, item 13 is a loan with the City Housing Authority totaling \$1 million.
- Page 1, item 26 is a revolving line of credit with an unused balance of \$19.9 million. HSC section 34163 (b) prohibits a redevelopment agency from incurring any obligations or making commitments after June 27, 2011. Since the Riverside former RDA never accessed the \$19.9 million line of credit balance and there are no expenditure contracts or agreements supporting the liability, the line item is not an EO.
- Page 4, item 13; page 6, items 13, 16, and 17; page 7, items 34 and 36; Page 8, items 3, 7, and 8; and page 9, item 16 totaling \$19.9 million are contracts with the city and not with the RDA. Therefore, these are not EOs.
- Page 3, item 34; page 4, item 4; page 9, item 36; and page 10, item 1 are various projects with no expenditure contracts in place totaling \$15.4 million. HSC section 34163 (b) prohibits a redevelopment agency from incurring any obligations or making commitments after June 27, 2011.

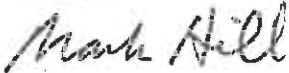
Ms. Kirke  
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As authorized by HSC section 34179 (h), Finance is returning your ROPS for your reconsideration. This action will cause the specific ROPS items noted above to be ineffective until Finance approval. Further, items listed in future ROPS are 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 any inquiries to Robert Scott, Supervisor or Mindy Patterson, Lead Analyst at (916) 322-2985.

Sincerely,



MARK HILL  
Program Budget Manager

cc: Ms. Pam Elias, Chief Accountant Property Tax Division, Riverside County  
Auditor-Controller  
Ms. Jennifer Baschel, Business Process Analyst II, Riverside County Auditor-Controller  
Ms. April Nash, Supervising Accountant, Riverside County Auditor-Controller



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April 12, 2012

Steve Ando, Executive Director  
City of Scotts Valley  
1 Civic Center Drive  
Scotts Valley, CA 95066

Dear Mr. Ando:

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

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

- Item 6 and 14 on page 2 are loan agreements with the City totaling \$3.6 million. HSC section 34171 (d) (2) states that loans between the entity that created the redevelopment agency (RDA) – the City – and the former RDA are only enforceable if made within the first two years of the RDA's existence. The former RDA was created in 1981. The loans were executed in 1991 and 2009, respectively. Therefore, the loans are not EOs.

As authorized by HSC section 34179 (h), Finance is returning your ROPS for your reconsideration. This action will cause the specific ROPS item noted above to be ineffective until Finance approval. Further, items listed in future ROPS are 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 any inquiries to Robert Scott, Supervisor or Jenny DeAngelis, Lead Analyst at (916) 322-2985.

Sincerely,

MARK HILL  
Program Budget Manager

cc: Ms. Mary Jo Walker, Auditor Controller, County of Santa Cruz  
Ms. Marianne Ellis, Property Tax Manager, County of Santa Cruz



April 6, 2012

Lisa L. Kim, Senior Project Manager  
City of Orange  
Economic Development Department  
230 E. Chapman Avenue  
Orange, CA 92866

Dear Ms. Kim:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Orange (City) submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on March 22, 2012. Finance staff contacted you for clarification of items listed in the ROPS.

The ROPS submitted to Finance is incomplete, and therefore, not approved for making obligation payments. The HSC section 34167 (i) states "the Department of Finance...shall...have the authority to require any documents associated with the enforceable obligation to be provided to them in a manner of their choosing." Finance requires the City to revise the ROPS as follows:

- incorporate January obligations
- Identify the funding source for each obligation

Please use the template on the Finance website at [http://www.dof.ca.gov/assembly\\_bills\\_26-27/view.php](http://www.dof.ca.gov/assembly_bills_26-27/view.php) to prepare and submit a revised ROPS for Finance's review.

In addition to the above, Finance has determined several of the line items included on ROPS are not enforceable obligations (EO). The HSC section 34171 (d) lists EO characteristics. Based on our application of the law the following items do not qualify as EOs:

- Item No. 97 - Serrano Woods: Property acquisition & construction costs in the amount of \$7,145,234 executed on November 8, 2011. The HSC section 34163 (b) states that an agency shall not enter into contracts or make commitments to, any entity, but not limited to, loan agreements. The operative date for this provision in the law is June 27, 2011. The City executed the loan agreement after June 27, 2011, therefore, it is not an EO.
- Item Nos. 114 and 115 - Administrative expenses of \$142,060. The 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. The City is allowed \$505,300 for administration costs. Therefore, \$142,060 of the claimed \$647,360 is not allowed.

As authorized by HSC section 34179 (h), Finance is returning your ROPS for your reconsideration. This action will cause the ROPS to be ineffective until Finance approval and may cause payment delays for valid obligations.

Ms. Kim  
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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 any inquiries to Robert Scott, Supervisor or Wendy Griffe, Lead Analyst at (916) 322-2965.

Sincerely,

 for Mark Hill  
MARK HILL  
Program Budget Manager

cc: Mr. John Sibley, Executive Director, City of Orange Successor Agency  
Mr. Rick Otto, Assistant Executive Director, City of Orange Successor Agency  
Mr. Frank Davies, Orange County Auditor Controller, Orange County Development Agency



DEPARTMENT OF  
**FINANCE**

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April 11, 2012

Jeff Kay, Business Development Analyst  
City of San Leandro  
835 E. 14<sup>th</sup> Street, 1<sup>st</sup> Floor  
San Leandro, CA 94577

Dear Mr. Kay:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), San Leandro Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 8, 2012. Finance staff contacted you for clarification of items listed in the ROPS.

HSC section 34171 (d) lists enforceable obligations (EO) characteristics. Based on our application of the law, the following items do not qualify as EOs:

- Item No. 3 on page 1 - City loan in the amount of \$2 million. 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.
- Items No. 8 through 9 on page 2 – Cooperative Agreements totaling \$3.9 million. HSC section 34153 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. We understand the RDA has not entered into any contracts prior to this date.

As authorized by HSC section 34179 (h), Finance is returning your ROPS for your reconsideration. This action will cause the specific ROPS item noted above to be ineffective until Finance approval.

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

Sincerely,

MARK HILL  
Program Budget Manager

cc: Ms. Carol Orth, Tax Analysis Division Chief, Alameda County Auditor-Controller Agency