



October 1, 2012

Ms. Cindy Prothro, Finance Director
City of Barstow
220 East Mountain View Street, Suite A
Barstow, CA 92311

Dear Ms. Prothro:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Barstow submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 17, 2012 for the period of January through June 2013. Finance has completed its review of your ROPS III, 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:

- Item No. 7 – Contract for consulting services with HDL Coren and Cone in the amount of \$4,000. The former redevelopment agency (RDA) is not a party to the contract. Therefore, it is not an enforceable obligation and not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item No. 9 – City Loan to Construct Pool Reserve in the amount of \$2.8 million. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the RDA and the former RDA are not enforceable. This shall remain the case until and unless a finding of completion is issued by Finance and the oversight board makes a finding the loan was for legitimate redevelopment purposes pursuant to HSC section 34191.4 (b). Therefore, this item is not an enforceable obligation and not eligible for RPTTF funding on this ROPS.
- Item Nos. 11 and 12 – New Hope Village and Desert Sanctuary contracts, totaling \$120,000. HSC section 34176 (a) (2) states if a city, county, or city and county elect to retain the authority to perform housing functions previously performed by a RDA, all rights, powers, duties, obligations, and housing assets shall be transferred to the city, county, or city and county. Since the City of Barstow assumed the housing functions, these items are not enforceable obligations and not eligible for RPTTF funding.
- Item No. 13 – Deferred Housing Set-Aside payment in the amount of \$1.4 million. HSC section 34176 (e) (6) (B) specifies loan or deferral repayments to the low mod income housing fund shall not be made prior to the 2013-14 fiscal year. Since this item

cannot be paid at this time, this item is not an enforceable obligation and not eligible for RPTTF funding on this ROPS.

Furthermore, Item No. 5 – Contract for Audit Services in the amount of \$3,420. This item was reclassified as an administrative cost. Although this reclassification increased administrative costs to \$128,420, the administrative cost allowance has not been exceeded.

Except for items denied in whole or in part as enforceable obligations as noted above, Finance is approving the remaining items listed in your ROPS III. If you disagree with the determination with respect to any items on your ROPS III, 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 Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is \$663,540 as summarized below:

Approved RPTTF Distribution Amount	
For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 968,540
Less: Six-month total for items denied or reclassified as administrative cost	
Item No. 5*	3,420
Item No. 7	4,000
Item No. 9	286,000
Item No. 11	20,000
Item No. 12	20,000
Item No. 13	100,000
Total approved RPTTF for enforceable obligations	\$ 535,120
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	128,420
Total RPTTF approved:	\$ 663,540

* Reclassified as administrative cost.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county auditor-controller to account for differences between actual payments and past estimated obligations. Additionally, these estimates and accounts are subject to audit by the county auditor-controller and the State Controller.

Please refer to the ROPS III schedule that was used to calculate the approved RPTTF amount:

[http://www.dof.ca.gov/redevelopment/ROPS/ROPS III Forms by Successor Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS%20III%20Forms%20by%20Successor%20Agency/).

All items listed on a future ROPS are subject to a subsequent review. An item included on a future ROPS may be denied even if it was not questioned from the preceding ROPS.

The amount available from the RPTTF is the same as the 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.

Please direct inquiries to Nichelle Thomas, Supervisor or Susana Medina Jackson Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Ms. Mary Stapp, Assistant Finance Director, City of Barstow
Vanessa Doyle, Auditor Controller Manager, San Bernardino County