



April 19, 2012

John Dutrey, Housing Program Manager
City of Rialto Housing Division
131 S. Riverside Ave
Rialto, CA 92376

Dear Mr. Dutrey:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), City of Rialto Housing Division/Redevelopment Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 9, 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:

- Item No. 8 page 1 for 2007 COP Reimbursement Agreement for \$2.1 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 and the former redevelopment agency are not enforceable obligations.
- Item No. 6 thru 16, page 2 and item 25, page 3 totaling \$242.1 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 and the former redevelopment agency are not enforceable obligations.
- Item No. 19 and 20 page 2 for Regional benefit Facilities for \$15.1 million. HSC section 34163(b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. It is our understanding that no contracts for these projects listed in these agreements were awarded prior to June 27, 2011.
- Item No. 8, 12, 15, 24, 26, 27 and 30, page 4 for \$49.4 million of Bond Funded Projects. Section 34177(i) states "bond proceeds shall be used for the purposes for which bonds were sold unless the purposes can no longer be achieved, in which case, the proceeds may be used to defease the bonds." ABx1 26 did not intend for successor agencies to enter into new contracts, unless those contracts are specifically required pursuant to the terms of another pre-existing contract that meets the requirements of ABx1 26. There are no contracts to support the obligation.
- Item No. 27 page 6 for 20% Low Mod Tax Increment, amount unspecified. The requirement to set aside 20 percent of RDA tax increment for low and moderate income housing purposes ended with the passing of the redevelopment dissolution legislation. HSC section 34177 (d) requires that all unencumbered balances in the Low and Moderate Income Housing Fund be remitted to the county auditor controller for distribution to the taxing entities

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 Jenny DeAngelis, Lead Analyst at (916) 322-2985.

Sincerely,



MARK HILL
Program Budget Manager

- cc: Mr. Ed Scott, Mayor Pro Tem, City of Rialto
Mr. John Walton, Housing Program Assistant, City of Rialto
Mr. Bob Page, Principal Management Analyst, County of San Bernardino
Mr. Casey Cridelich, Assistant Superintendent, Services, Rialto Unified School District
Mr. Carleton W. Lockwood Jr., President of the Board of Trustees, San Bernardino
Community College District
Mr. Doug Headrick, General Manager, San Bernardino Valley Municipal Water District
Mr. Franz Zyss, Accountant III, County of San Bernardino
Ms. Vanessa Doyle, Property Tax Manager, County of San Bernardino
Ms. Linda Santillano, Supervising Accountant, County of San Bernardino
Mr. Larry Walker, Auditor Controller, County of San Bernardino