



October 6, 2012

Mr. John Dutrey, Housing Program Manager  
City of Rialto  
131 South Palm Avenue  
Rialto, CA 92376

Dear Mr. Dutrey:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Rialto (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 23, 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 Nos. 19 and 20 – 2007 Certificates of Participation reimbursement agreements in the amount of \$1.9 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 (RDA) and the former RDA 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 that the agreement was for legitimate redevelopment purposes pursuant to HSC section 34191.4(b). Therefore, these items are not enforceable obligations and not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item No. 27 – Pass through agreement for the West San Bernardino Water District in the amount of \$739,468. HSC section 34182 (c) (3) directs the county auditor-controller to prepare estimates of amounts of property tax to be allocated and disturbed, and the amounts of pass through payments to be made, in the upcoming six-month period. Therefore, pass through payments are not eligible for RPTTF funding.
- Item Nos. 61, 63, and 64 – various projects between the former RDA, the City of Rialto, and San Bernardino County totaling \$31.4 million bond funds. HSC section 34163 (b) prohibits a RDA from entering into a contract with any entity after June 27, 2011. There are no contracts in place for the various projects; therefore, these items are not enforceable obligations.
- Item Nos. 72 and 73 – West Jackson project agreement with Southern California Housing Resources and Development in the amount of \$5.9 million bond funds. HSC section 34163 (b) prohibits a RDA from entering into a contract with any entity after

June 27, 2011. There are no contracts in place for the various projects; therefore, these items are not enforceable obligations.

- Item No. 75 – Crossroads Mixed Use Housing agreement with the KDF Communities in the amount of \$7.2 million bond funds. HSC section 34163 (b) prohibits a RDA from entering into a contract with any entity after June 27, 2011. There are no contracts in place for the various projects; therefore, these items are not enforceable obligations.
- Item No. 83 – Certificates of Participation reimbursement agreement with the City of Rialto in the amount of \$8.3 million, no fund source identified. HSC section 34163 (b) prohibits a RDA from entering into a contract with any entity after June 27, 2011. There are no contracts in place for the various projects; therefore, these items are not enforceable obligations.
- Item Nos. 108 through 123 – Pass through payments totaling \$2.2 million other funds. HSC section 34182 (c) (3) directs the county auditor-controller to prepare estimates of amounts of property tax to be allocated and disturbed, and the amounts of pass through payments to be made, in the upcoming six-month period.

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/](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 \$8,251,333 as summarized below:

<b>Approved RPTTF Distribution Amount For the period of January through June 2013</b>	
Total RPTTF funding requested for obligations	\$ 8,203,801
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Item 20	157,500
Item 27	41,082
Total approved RPTTF for enforceable obligations	<u>\$ 8,005,219</u>
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	<u>246,114</u>
<b>Total RPTTF approved:</b>	<b>\$ 8,251,333</b>

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/>.

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. Vanessa Doyle, Auditor Controller Manager, San Bernardino County