



October 5, 2012

Mr. Michael Amabile, Chair
Los Banos Designated Local Authority
1521 S. 6th Street
Los Banos, CA 93635

Dear Mr. Amabile:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the Los Banos Designated Local Authority (Authority) submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on August 24, 2012 for the periods January to June 2012 and July through December 2012. Finance has completed its review of your ROPS, 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:

January through June 2012:

- HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. The following items are not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding:
 - Form A, Item No. 8 – Weed Abatement, in the amount of \$10,196. No contract was available for the services provided.
 - Form A, Item No. 13 – Railroad Corridor, in the amount of \$38,747. No contract was provided to establish item as an EO.
- Form B, Item No. 2 – Homelessness Program, in the amount of \$12,000 Low and Moderate Income Housing Fund funding. The agreement was between the City of Los Banos and Merced County Association of Government. The redevelopment agency was not a party. Therefore, item is not enforceable.

July through December 2012:

- HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. The following items are not eligible for RPTTF funding:
 - Form A, Item No. 4 – Weed Abatement in the amount of \$10,200. No contract was available for the services provided.
 - Form A, Item No. 11 – L & L District Reimbursement in the amount of \$39,250. No contract was provided to establish item as an enforceable obligation.

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.

The Authority's maximum approved Redevelopment Property Trust Fund (RPTTF) distribution for the reporting period of January through June 2012 is \$2,854,378 and July through December 2012 is \$846,111 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2012	
Total RPTTF funding requested for obligations	\$ 2,845,893
Less: Six-month total for items denied or reclassified as administrative cost	
Form A, Item 4 *	50
Form A, Item 8**	0
Form A, Item 13	38,474
Total approved RPTTF for enforceable obligations	<u>\$ 2,807,369</u>
Plus: Allowable RPTTF distribution for administrative cost for ROPS I	<u>47,009</u>
Total RPTTF approved:	\$ 2,854,378

* Reclassified as administrative cost

** No RPTTF funding requested for the reporting period

Approved RPTTF Distribution Amount For the period of July through December 2012	
Total RPTTF funding requested for obligations	\$ 773,434
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Form A, Item 4	5,100
Form A, Item 11	19,625
Total approved RPTTF for enforceable obligations	<u>\$ 748,709</u>
Plus: Allowable RPTTF distribution for administrative cost for ROPS II	<u>97,402</u>
Total RPTTF approved:	\$ 846,111

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. 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 Beliz Chappuie, Supervisor or Cindie Lor, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
 Local Government Consultant

cc: Mr. Mark Persico, Senior Consultant, Kosmont Company
 Ms. Sylvia Sanchez, Supervising Accountant, Merced County