



May 30, 2012

Travis C. Hickey, Assistant Director of Finance and Administrative Services
City of Santa Fe Springs
11710 E. Telegraph Road
Santa Fe Springs, CA 90670

Dear Mr. Hickey:

Subject: Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Santa Fe Springs (City) Successor Agency submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on May 21, 2012 for the periods January to June 2012 and July to December 2012. Finance is assuming appropriate oversight board approval. Finance has completed its review of your ROPS, which may have included obtaining clarification for various items.

Except for items disallowed in whole or in part as enforceable obligations noted below, Finance is approving the remaining items listed in your ROPS for both periods. 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:

January through June 2012 ROPS:

- Combined Project Area, page 1, line item 11 in the amount of \$1,964,840. This item is a contract between the Santa Fe Springs Water Utility Authority, a City agency, and Geoscience Support Services. Therefore, it is an obligation of the City and not the former RDA.
- Administrative costs exceed allowance by \$299,852. HSC section 34171 (b) limits fiscal year 2011-12 administrative cost allowance to five percent of the property tax allocated to the successor agency or \$250,000, whichever is greater. Five percent of the property tax allocated is \$226,157. Therefore, the administrative cost allowance for 2011-12 is \$250,000. The following line items are considered administrative costs:

Page	Item #	Project Name/Debt Obligation	Amount
1	14	Property Management	\$123,852
1	15	Administrative Expenses	426,000
		Total:	\$549,852

July through December 2012 ROPS:

- Combined Project Area, page 1, line item 11 in the amount of \$1,786,015. This item is a contract between the Santa Fe Springs Water Utility Authority, a City agency, and Geoscience Support Services. Therefore, it is an obligation of the City and not the former RDA.
- Administrative costs exceed allowance by \$174,493. HSC section 34171 (b) limits fiscal year 2012-13 administrative cost allowance to three percent of the property tax allocated to the successor agency or \$250,000, whichever is greater. Three percent of the property tax allocated is \$374,459. Therefore, the administrative cost allowance for 2011-12 is \$374,459. The following line items are considered administrative costs:

Page	Item #	Project Name/Debt Obligation	Amount
1	14	Property Management	\$123,852
1	15	Administrative Expenses	425,100
		Total:	\$548,952

This is our determination with respect to any items funded from the Redevelopment Property Tax Trust Fund (RPTTF) for the June 1, 2012 property tax allocations. If your oversight board disagrees with our determination with respect to any items not funded with property tax, any future resolution of the disputed issue may be accommodated by amending the ROPS for the appropriate time period. Items not questioned during this review are subject to a subsequent review, if they are included on a future ROPS. If an item included on a future ROPS is not an enforceable obligation, Finance reserves the right to remove that item from the future ROPS, even if it was not removed from the preceding ROPS.

Please refer to Exhibit 12 at http://www.dof.ca.gov/assembly_bills_26-27/view.php for the amount of RPTTF that was approved by Finance based on the schedule submitted.

As you are aware the amount of available RPTTF is the same as the property tax increment that was available prior to 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 in the RPTTF.

Please direct inquiries to Evelyn Suess, Supervisor or Michael Barr, Lead Analyst at (916) 322-2985.

Sincerely,



MARK HILL
Program Budget Manager

cc: Ms. Kristina Burns, Program Specialist III, Los Angeles County Auditor/Controller Office