



October 11, 2012

Mr. Al Hernandez, City Administrator  
City of San Fernando  
117 Macneil Street  
San Fernando, CA 91340

Dear Mr. Hernandez:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of San Fernando Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 28, 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. 4 and 17 – Retirement Tax Override totaling \$1.2 million. The retirement payments are not enforceable obligations and not eligible for Redevelopment Property Tax Trust Fund (RPTTF) for the following reasons:
  - On April 9, 1946, the voters of the City of San Fernando (City) approved a ballot measure authorizing the levying of an additional tax rate to raise funds necessary to pay the City's annual obligation to the California Public Employees' Retirement System (PERS). The tax levy is applicable to the City and not the Agency; therefore, the retirement payments are an obligation of the City.
  - In resolution No. 7451 dated August 15, 2011 the City Council authorized fixing the property tax rate to raise the funds necessary to pay the City's annual obligation to PERS. HSC section 34163 (c) prohibits a redevelopment agency from amending or modifying existing agreements, obligations or commitments with any entity. Additionally, HSC section 34177.3 prohibits the Agency from creating new enforceable obligations and prohibits the transfer of any revenues of the Agency to any party, public or private, except pursuant to an enforceable obligation on an approved Recognized Obligation Payment Schedule (ROPS). Therefore, resolution no. 7451 is not enforceable.
- Item No. 16 - SERAF loan repayment in the amount of \$1.8 million. HSC section 34176 (e) (6) (B) states that loan or deferral repayments shall not be made prior to the 2013-14

fiscal year. Therefore, this line item is not an enforceable obligation and not eligible for RPTTF funding at this time.

Except for item(s) denied in whole or in part as enforceable obligation(s) 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 RPTTF distribution for the reporting period is: \$884,465 as summarized below:

<b>Approved RPTTF Distribution Amount For the period of January through June 2013</b>	
Total RPTTF funding requested for obligations	\$ 2,464,369
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Item 4	470,871
Item 16	600,000
Item 17	746,194
Total approved RPTTF for enforceable obligations	\$ 647,304
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	237,161
<b>Total RPTTF approved:</b>	<b>\$ 884,465</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.

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Please direct inquiries to Kylie Le, Supervisor or Brian Dunham, Lead Analyst at  
(916) 445-1546.

Sincerely,



STEVE SZALAY  
Local Government Consultant

cc: Ms. Sonia Garcia, Junior Accountant, City of San Fernando  
Ms. Kristina Burns, Manager, Los Angeles County Department of Auditor-Controller