



October 14, 2012

Mr. Kofi Sefa-Boakye, Director  
City of Compton  
205 South Willowbrook Avenue  
Compton, CA 90220

Dear Mr. Sefa-Boakye:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Compton Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 30, 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. 37 through 40, 63, 64, 107, 111, 118, 121, 125, 126, 128, 129, 132, 133, 141, 145, and 152 through 154 – Projects totaling \$2.1 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 contracts for these line items were executed after this date. Therefore, these line items are not enforceable obligations and not eligible for funding on this ROPS.
- Item Nos. 48, 49, 142 and 151 – Affordable Housing Monitoring and Administrative Costs totaling \$6 million. HSC section 34176 (a) (1) states if a city, county, or city and county elects to retain the authority to perform housing functions previously performed by a RDA, all rights, powers, duties, obligations, and housing assets shall be transferred to the city, county, or city and county. Since the City of Compton assumed the housing functions, the administrative costs associated with these functions are the responsibility of the housing successor. Therefore, these items are not enforceable obligations and not eligible for funding on this ROPS.
- Item Nos. 46, 47, 51, 53, 54, 56 through 60, 65, 67, 68, and 108 – Projects totaling \$66.2 million. It is our understanding that contracts are not in place for these line items. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. Therefore, these line items are not enforceable obligations and not eligible for funding on this ROPS. To the extent bond proceeds are the anticipated funding source for these projects, upon receiving a Finding of Completion from Finance, these items may become enforceable pursuant to HSC section

34191.4 (c). Until then, they are not enforceable obligations and not authorized for payment.

- Item No. 148 – Pass-through payment in the amount of \$1.6 million. Per HSC section 34183 (a) (1), the county auditor-controller will make the required pass-through payments starting with the July through December 2012 ROPS. Therefore, this item is not an enforceable obligation and not eligible for funding on this ROPS.
- Claimed administrative costs exceed the allowance by \$1,651,213. HSC section 34171 (b) limits the fiscal year 2012-13 administrative expenses to three percent of property tax allocated to the Agency or \$250,000, whichever is greater. As a result, the Agency is eligible for \$420,921 for administrative expenses. The Los Angeles Auditor Controller's Office did not distribute administrative costs during the July through December 2012 period, leaving \$420,921 available. Although \$298,100 is claimed for administrative cost, Item Nos. 8, 10 through 20, 35, 62, 71, 72, 76, 80, 98, 112, 120, 122, 124, 143, 144, 155 and 156 totaling \$1,774,034 are considered administrative expenses and should be counted toward the cap. Therefore, \$1,651,213 of excess administrative cost is not allowed.

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 Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: \$7,339,630 as summarized below:

<b>Approved RPTTF Distribution Amount</b>	
<b>For the period of January through June 2013</b>	
Total RPTTF funding requested for obligations	\$ 10,035,206
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Item 8*	130,000
Item 10*	39,000
Item 11*	39,000
Item 12*	182,000
Item 13*	130,000
Item 14*	130,000
Item 15*	130,000
Item 16*	39,000
Item 17*	39,000
Item 18*	39,000
Item 19*	130,000
Item 20*	65,000
Item 35*	60,000
Item 37	8,000
Item 38	12,000
Item 47	70,000
Item 48	75,000
Item 49	75,000
Item 57	600,000
Item 62*	25,000
Item 63	30,000
Item 64	65,000
Item 71*	75,000
Item 72*	97,517
Item 76*	35,000
Item 80*	30,000
Item 98*	85,517
Item 107	5,000
Item 108	20,000
Item 111	4,843
Item 112*	2,000
Item 118	8,000
Item 120*	25,000
Item 122*	40,000
Item 124*	150,000
Item 126	5,000
Item 129	15,000
Item 132	25,000
Item 141	50,000
Item 143*	1,000
Item 144*	1,000

Item 153	8,000
Item 154	5,000
Item 155*	40,000
Item 156*	15,000
Total approved RPTTF for enforceable obligations	\$ 7,180,329
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	420,921
<b>Total RPTTF approved:</b>	<b>\$ 7,339,630</b>

\*Reclassified as administrative cost

<b>Administrative Cost Calculation</b>	
Total RPTTF for the period July through December 2012	\$ 6,850,376
Total RPTTF for the period January through June 2013	7,180,329
<b>Total RPTTF for fiscal year 2012-13:</b>	<b>\$ 14,030,705</b>
Allowable administrative cost for fiscal year 2012-13 (Greater of 3% or \$250,000)	420,921
Administrative allowance for the period of July through December 2012	0
<b>Allowable RPTTF distribution for administrative cost for ROPS III:</b>	<b>\$ 420,921</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/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS%20III%20Forms%20by%20Successor%20Agency/).

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

Sincerely,



STEVE SZALAY  
 Local Government Consultant

cc: Mr. Michael Antwine, Deputy Director, City of Compton  
 Ms. Kristina Burns, Manager, Los Angeles County Department of Auditor-Controller