



REVISED

November 15, 2012

Ms. Linda Benedetti-Leal, City Manager  
City of Paramount  
16400 Colorado Avenue,  
Paramount, CA 90723

Dear Ms. Benedetti-Leal:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Paramount Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on September 24, 2012 for the period of January through June 2013.

On November 8, 2012, Finance issued a letter stating Item No. 44 through 52 – Pass through payments totaling \$1.1 million were not enforceable obligations and not eligible for funding. It has come to our attention Item No. 47 through 49 for deferred county passthrough payments totaling \$851,924 are enforceable obligations and therefore, we are issuing a revised letter to reflect the change. The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period remains unchanged.

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. 27 in the amount of \$5.5 million. Although an enforceable obligation, the Owner Participation Agreement dated February 1, 2011 between the Agency and Falcon Fuels states the Agency's obligations are to be paid from existing redevelopment agency (RDA) funds and shall not be construed as a pledge of any other revenues of the Agency. Therefore, this item is not eligible for Redevelopment Property Tax Trust Fund (RPTTF).
- Item Nos. 29, 30, and 54 totaling \$4.2 million are contracts between the City and third parties and the Agency is not a party to the agreement. Further, Item No. 30 and 54 were entered into after June 27, 2011. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. Therefore, these items are not enforceable obligations and not eligible for funding.
- Item Nos. 39 through 43 – Housing Successor Administrative Costs totaling \$754,500. HSC section 34176 (a) (2) 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 Paramount 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 RPTTF funding.

- Item Nos. 44, 45, 46, 50, 51, and 52 – Pass through payments totaling \$274,560. 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, these items are not enforceable obligations and not eligible for funding.
- Item No. 56 - Bond funded projects totaling \$1.9 million. It is our understanding that contracts are not in place for this line item. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. Therefore, this line item is not an enforceable obligation and not eligible for bond funding on this ROPS. Upon receiving a Finding of Completion from Finance, this item may become enforceable pursuant to HSC section 34191.4 (c). Until then, this item is not an enforceable obligation and not authorized for payment.
- Item Nos. 28, 31, 32, 36, 53, and 57 – Although enforceable, the types of services requested totaling \$47,330 are considered general administrative expenses and have been reclassified.

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: \$3,176,141 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	\$ 3,289,241
Less: Six-month total for items denied or reclassified as administrative cost	
Item 27	200,000
Item 28*	1,130
Item 29	15,600
Item 30	15,000
Item 31*	6,300
Item 32*	25,000
Item 36*	2,500
Item 39	5,000
Item 42	2,500
Item 44**	0
Item 45**	0
Item 46**	0
Item 50**	0
Item 51**	0
Item 52**	0
Item 53*	10,000
Item 57*	2,400
Total approved RPTTF for enforceable obligations	<u>\$ 3,003,811</u>
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	<u>172,330</u>
<b>Total RPTTF approved:</b>	<b>\$ 3,176,141</b>

\*Reclassified as administrative cost

\*\*No payments requested for the reporting period

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. Terry Cahoon, Assistant Finance Director, Paramount City  
Ms. Kristina Burns, Manager, Los Angeles County Department of Auditor-Controller  
California State Controller's Office