



October 12, 2012

Mr. Ken Duran, Assistant City Manager  
City of San Dimas  
245 Bonita Avenue  
San Dimas, CA 91773

Dear Mr. Duran:

**Subject: Recognized Obligation Payment Schedule**

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of San Dimas 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 obligation(s):

- Item Nos. 4, 5, and 6 - City loans totaling \$23.7 million that were entered into in 1997, 2001, and 2009 are not enforceable obligations. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the RDA and the former RDA are not enforceable, unless issued within two years of the RDA's creation date or for issuance of indebtedness to third-party investors or bondholders. The Agency was created in 1972; therefore, these items are not enforceable obligations. Upon receiving a Finding of Completion from Finance, HSC section 34191.4 (b) may cause these items to be enforceable in future ROPS periods.
- Item No. 8 – SERAF loan repayments in the amount of \$1.3 million. HSC section 34176 (e) (6) (B) specifies 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 Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item No. 13 – City of San Dimas (City) parking lot lease in the amount of \$6.6 million. The document provided indicates this is an agreement between the City and Costco Wholesale Corporation and the Agency is not a party to the agreement. Therefore, this line item is not an enforceable obligation and not eligible for RPTTF funding.
- Item No. 14 – Grove Station Housing Assistance in the amount of \$2.7 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. Finance notes this item was on the Housing Assets Transfer list as an

encumbrance. However, absent a valid enforceable obligation, an encumbrance does not exist. Additionally, since the City assumed the housing functions, the administrative and operating costs associated with these functions are the responsibility of the housing successor. Therefore, this line item is not an enforceable obligation and not eligible for funding from the Low and Moderate Income Housing Fund.

- Claimed administrative costs exceed the allowance by \$70,024. 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 \$250,000 for administrative expenses. The Los Angeles Auditor Controller's Office distributed \$131,842 in administrative costs during the July through December 2012 period. Although \$127,982 is claimed for administrative cost, Item No. 10 in the amount of \$60,200 for legal and audit services are considered administrative expense and should be counted toward the cap. Therefore, \$70,024 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: \$302,567 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	\$ 876,719
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Item 4	0 *
Item 5	0 *
Item 6	0 *
Item 8	417,110
Item 10	60,200
Item 13	215,000
Total approved RPTTF for enforceable obligations	<u>\$ 184,409</u>
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	<u>118,158</u>
<b>Total RPTTF approved:</b>	<b>\$ 302,567</b>

\* No payments requested for the reporting period

<b>Administrative Cost Calculation</b>	
Total RPTTF for the period July through December 2012	\$ 1,096,741
Total RPTTF for the period January through June 2013	184,409
<b>Total RPTTF for fiscal year 2012-13:</b>	<b>\$ 1,281,150</b>
Allowable administrative cost for fiscal year 2012-13 (Greater of 3% or \$250,000)	250,000
Administrative allowance for the period of July through December 2012	131,842
<b>Allowable RPTTF distribution for administrative cost for ROPS III:</b>	<b>\$ 118,158</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/>.

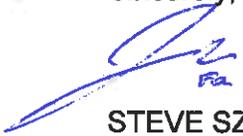
All items listed on a future ROPS are subject to a subsequent review. An item included on a future ROPS may be denied even if it was not questioned from the preceding ROPS.

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. Barbara Bishop, Finance Manager, City of San Dimas  
Ms. Kristina Burns, Manager, Los Angeles County Department of Auditor-Controller