



October 15, 2012

Mr. Thomas Marston, Director of Finance
425 S. Mission Drive
San Gabriel, CA 91776

Dear Mr. Marston:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of San Gabriel Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on 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. 1 – Cooperative Agreement between the City of San Gabriel and the Agency in the amount of \$4 million. The agreement dated June 1993 states the Agency will reimburse the City for costs and expenses incurred on behalf of the Agency; however no loan documents and repayment schedules were provided. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment agency (RDA) and the former RDA are not enforceable obligations. Therefore, this item is not an enforceable obligation and not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item No. 17 – Affordable Housing Monitoring and Administrative Costs totaling \$1.7 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 redevelopment agency, all rights, powers, duties, obligations and housing assets shall be transferred to the city, county, or city and county. The administrative costs associated with the housing functions are the responsibility of the housing successor. Therefore, this item is not an enforceable obligation and not eligible for Low and Moderate Income Housing Funds.
- Item Nos. 25 and 29 – Construction and Improvement Projects totaling \$1 million. For item No. 25 it is our understanding the contract with Marina Landscape was entered into on July 19, 2011. For item No. 29, it is our understanding the grant agreement was signed 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, this line item is not an enforceable obligation and not eligible for RPTTF funding.

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/

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: \$250,900 as summarized below:

Approved RPTTF Distribution Amount	
For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 925,020
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Item 1	230,250
Item 25	553,870
Item 29*	0
Total approved RPTTF for enforceable obligations	\$ 140,900
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	110,000
Total RPTTF approved:	\$ 250,900

* No RPTTF funding 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/](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.

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

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Ms. Robin Scherr, Economic Development Manager, City of San Gabriel
Ms. Kristina Burns, Manager, Los Angeles County Auditor-Controller's Office