



October 14, 2012

Mr. Travis C. Hickey, Assistant Director of Finance and Administration  
City of Santa Fe Springs  
11710 E. Telegraph Road  
Santa Fe Springs, CA 90670

Dear Mr. Hickey:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Santa Fe Springs Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 30, 2012 for the periods 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. 8 and 9 – ERAF loan repayments totaling \$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, these line items are not enforceable obligations and will not be eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding at this time.
- Item No. 27 and 39 – Neighborhood Center Renovation Project totaling \$5.6 million. Although the original contract was executed in 2010, the Takeover Agreement was executed on October 25, 2011. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any other entity after June 27, 2011. Additionally, HSC section 34163 (c) prohibits an Agency from amending or modifying existing agreements. Therefore, this line item is not an enforceable obligation and not eligible for RPTTF funding.
- Items No. 31, 36 and 37 – Although enforceable, the types of services requested totaling \$36,120 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: \$2,899,682 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                                    | \$ 6,147,201        |
| Less: Six-month total for item(s) denied or reclassified* as administrative cost |                     |
| Item 8   | 122,031             |
| Item 9   | 128,310             |
| Item 27  | 383,522             |
| Item 31  | 24,000 *            |
| Item 36  | 10,000 *            |
| Item 37  | 2,120 *             |
| Item 39  | 2,716,575           |
| Total approved RPTTF for enforceable obligations                                 | \$ 2,760,643        |
| Plus: Allowable RPTTF distribution for administrative cost for ROPS III          | 139,039             |
| <b>Total RPTTF approved:</b>   | <b>\$ 2,899,682</b> |

\*Reclassified as administrative cost

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 Michael Barr Lead Analyst at (916) 445-1546.

Sincerely,

  
STEVE SZALAY  
Local Government Consultant

cc: Ms. Kristina Burns, Manager, Los Angeles County Auditor-Controller's Office  
Mr. Jose Gomez, Asst. City Manager/Director of Finance, Santa Fe Springs