



May 30, 2012

Bill Workman, City Manager  
City of Redondo Beach  
415 Diamond Street  
Redondo Beach, CA 90277

Dear Mr. Workman:

Subject: Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Redondo Beach submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on May 30, 2012 for the periods of the January to June 2012 and July to December 2012. Finance is assuming appropriate oversight board approval. Finance has completed its review of your ROPS, which may have included obtaining clarification for various items.

HSC section 34171 (d) lists enforceable obligation (EO) characteristics. Based on a sample of line items reviewed and application of the law, the following do not qualify as EOs:

January to June 2012 ROPS

- Form A, item 4 in the amount of \$7.9 million for a loan from the City to the former redevelopment agency (RDA). HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the RDA and the RDA are not enforceable unless the loan agreements were entered into within the first two years of the date of the creation of the RDA. The loan was not issued within the first two years of the RDA's establishment date.
- Administrative expenses in the amount of \$125,648. HSC section 34171 (b) limits administrative expenses for 2011-12 to five percent of property tax allocated to the successor agency or \$250,000, whichever is greater. Five percent of the property tax allocated is \$164,136. Therefore, \$125,648 of the claimed \$375,648 is not an EO. Item 6 on Form A and item 1 on Form C were considered administrative expenses.

July to December 2012 ROPS

- Form A, item 3 in the amount of \$7.9 million for a loan from the City to the former RDA. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the RDA and the RDA are not enforceable unless the loan agreements were entered into within the first two years of the date of the creation of the RDA. The loan was not issued within the first two years of the RDA's establishment date.

Except for items disallowed in whole or in part as enforceable obligations noted above, Department of Finance is approving the remaining items listed in your ROPS for both periods. This is our determination with respect to any items funded from the Redevelopment Property Tax Trust Fund (RPTTF) for the June 1 property tax allocations. If your oversight board

Mr. Workman  
May 30, 2012  
Page 2

disagrees with our determination with respect to any items not funded with property tax, any future resolution of the disputed issue may be accommodated by amending the ROPS for the appropriate time period. Items not questioned during this review are subject to a subsequent review, if they are included on a future ROPS. If an item included on a future ROPS is not an enforceable obligation, Finance reserves the right to remove that item from the future ROPS, even if it was not removed from the preceding ROPS.

Please refer to Exhibit 12 at [http://www.dof.ca.gov/assembly\\_bills\\_26-27/view.php](http://www.dof.ca.gov/assembly_bills_26-27/view.php) for the amount of RPTTF that was approved by Finance based on the schedule submitted.

As you are aware the amount of available RPTTF is the same as the property tax increment that was available prior to ABx1 26. 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 in the RPTTF.

Please direct inquiries to Chikako Takagi-Galamba, Supervisor or Cindie Lor, Lead Analyst at (916) 322-2985.

Sincerely,



MARK HILL  
Program Budget Manager

cc: Mr. Peter Grant, Assistant City Manager, City of Redondo Beach  
Ms. Marissa Christiansen, Assistant to the City Manager, City of Redondo Beach  
Mr. Doug Kaku, Grants Financial Administrator, City of Redondo Beach  
Ms. Kristina Burns, Program Specialist III, Los Angeles County