DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR

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May 26, 2012

Karin Schnaider, Administrative Services Director
City of Sierra Madre
232 West Sierra Madre Boulevard
Sierra Madre, CA 91024

Dear Ms. Schnaider:

Subject: Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Sierra Madre (City) Successor Agency (Agency) submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on May 24, 2012 for the periods 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.

January through June 2012 ROPS:

- Page 1, item 8 – Market demand study in the amount of $30,000. It is our understanding that this is an agreement with the City, not the Agency. In addition, the agreement was executed on July 13, 2011. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011.

- Page 1, item 10 – Workforce Housing in the amount of $240,000. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011.

- Page 1, line item 16 – 20 percent Housing Set-Aside of $131,185. The requirement to set aside 20 percent of RDA tax increment for low and moderate income housing purposes ended with the passing of the redevelopment dissolution legislation. HSC section 34177 (d) requires that all unencumbered balances in the Low and Moderate Income Housing Fund be remitted to the county auditor controller for distribution to the taxing entities.

- Page 1, items 17, 21, 31 and 32 totaling $45,904 for pressure washing, water/sewer services, grounds maintenance and electricity. These agreements are between the City of Sierra Madre and various vendors and not between the Agency and the vendors. Therefore, this is not an enforceable obligation.

July through December 2012 ROPS:

- Page 1, item 8 – Market demand study in the amount of $30,000. It is our understanding that this is an agreement with the City, not the Agency. In addition, the agreement was

executed on July 13, 2011. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011.

- Page 1, item 10 in the amount of $240,000. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011.

- Page 1, line item 16 – 20 percent Housing Set-Aside of $131,185. The requirement to set aside 20 percent of RDA tax increment for low and moderate income housing purposes ended with the passing of the redevelopment dissolution legislation. HSC section 34177 (d) requires that all unencumbered balances in the Low and Moderate Income Housing Fund be remitted to the county auditor controller for distribution to the taxing entities.

- Page 1, items 17, 21, 31 and 32 – For pressure washing, water/sewer services, grounds maintenance and electricity totaling $45,904. These agreements are between the City and various vendors and not the Agency. Therefore, this is not an enforceable obligation of the Agency.

Except for items disallowed in whole or in part as EOs noted above, 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, 2012 property tax allocations. If your oversight board 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 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 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 Evelyn Suess, Supervisor or Brian Dunham, Lead Analyst at (916) 322-2985.

Sincerely,

MARK HILL
Program Budget Manager

cc: Ms. Kristina Burns, Program Specialist III, County of Los Angeles