



Transmitted via e-mail

May 17, 2021

Jeff Adams, Interim Director of Community Development
City of Whittier
13230 Penn Street
Whittier, CA 90602

2021-22 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 14, 2021. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Whittier Successor Agency (Agency) submitted an annual ROPS for the period July 1, 2021 through June 30, 2022 (ROPS 21-22) to Finance on January 29, 2021. The Agency requested a Meet and Confer on one or more of the determinations made by Finance. The Meet and Confer was held on April 26, 2021.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process. Finance has completed its review of the specific determinations being disputed:

- Item Nos. 6 and 78 – Property Maintenance Costs in the total amounts of \$5,000 and \$25,000, respectively. Finance no longer denies these items. Finance approved the Agency's Long-Range Property Management Plan (LRPMP) on December 17, 2015. Agreements necessary to maintain assets prior to disposition are allowable on Agency owned properties with a permissible use of "Sale." During the Meet and Confer, the Agency specified that Item No. 6 pertains to 12705 Whittier Boulevard and Item No. 78 pertains to 12549 Washington Boulevard and 12540 Whittier Boulevard, the final two properties from the LRPMP that remain to be sold. The Agency provided historical invoices from fiscal years 2019-20 and 2020-21 as support for the requested amounts. Therefore, \$30,000 in Redevelopment Property Tax Trust Fund (RPTTF) funding is allowed.
- Item Nos. 16 and 44 – Appraisal Costs in the total amount of \$12,000 (\$4,500 and \$7,500, respectively). Finance partially approves these items. During the Meet and Confer, the Agency specified that Item No. 16 pertains to 12705 Whittier Boulevard and Item No. 44 pertains to 12549 Washington Boulevard and 12540 Whittier Boulevard. Based on the most recent invoices, Finance determined the Agency has not been able to reasonably support more than \$6,000 (\$2,400 + \$3,600) in total funding needed in ROPS 21-22. Therefore, although \$12,000 was requested, only \$6,000 in appraisal costs are supported. Therefore, the excess \$6,000 (\$2,100 + \$3,900) is not eligible for RPTTF funding.

- Item No. 89 – Appraisal Cost in the total outstanding amount of \$3,000. Finance continues to deny this item. The permissible use for the property located at 7018 Greenleaf Avenue has a permissible use of "Future Development" and it should have been transferred to the City upon approval of the Agency's LRPMP on December 17, 2015. After that date, the Agency no longer had any responsibility for the property. Therefore, this item is not an enforceable obligation of the Agency and the requested amount of \$3,000 is not allowed.
- Item No. 130 – Reconveyance Cost in the total outstanding amount of \$13,000. Finance no longer denies this item. These types of costs should be taken out of the sales proceeds during the escrow process at the time of sale. Therefore, the requested amount of \$13,000 is being reclassified from RPTTF to Other Funds.
- Item Nos. 132 through 136 – Various unfunded items from prior ROPS totaling \$19,250. Finance continues to deny these items. During the Meet and Confer review, the Agency stated they were requesting authorization for obligations that had been fully funded. However, Finance does not retroactively approve funds that were not authorized on a previous ROPS. Therefore, the requested \$379 from RPTTF, and \$18,871 from Other Funds, totaling \$19,250 is not eligible for funding.

Item	Name	Funding Source	Funding Requested	Adjusted	Funding Approved
132	Quad DDA	Other Funds	\$2,695	(\$2,695)	\$0
133	Arbitrage Fees	Other Funds	7,000	(7,000)	0
134	Property Maintenance	Other Funds	8,176	(8,176)	0
135	Trustee Fees	Other Funds	1,000	(1,000)	0
136	Consulting Services Fees	RPTTF	379	(379)	0
		Total	\$19,250	(\$19,250)	\$0

In addition, per Finance's letter dated April 14, 2021, we continue to make the following determinations not contested by the Agency during the Meet and Confer review:

- Item 68 – Whittwood Owner Participation Agreement in the amount of \$1,025,000 is partially allowed. The Agency provided documentation supporting a property tax increment and sales tax reimbursement estimate of \$335,000 due in November 2021 and May 2022, totaling \$670,000. Therefore, the excess \$355,000 requested is ineligible for RPTTF funding on this ROPS. The Agency may request funding on a future ROPS.
- Item No. 129 – Unfunded Pension Liability in the total outstanding amount of \$275,475 continues to be denied. It is our understanding the agreement is between the California Public Employees' Retirement System and the City; the former Redevelopment Agency is not a party to the contract. Therefore, this item is not an enforceable obligation of the Agency and the total outstanding amount of \$275,475 in RPTTF funding is not allowed.

- On the ROPS 21-22 form, the Agency reported cash balances and activity for the period July 1, 2018 through June 30, 2019 (ROPS 18-19). According to our review, the Agency has approximately \$71,526 from Other Funds available to fund enforceable obligations on the ROPS 21-22. HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF funding. This item does not require payment from property tax revenues; therefore, with the Agency's concurrence, the funding source for the following item has been reclassified in the amount specified below:
 - Item No. 17 – City Loan No. 90-439 in the amount of \$1,920,333 is partially reclassified. Finance is approving RPTTF in the amount of \$1,848,807 and the use of Other Funds in the amount of \$71,526, totaling \$1,920,333.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations (prior period adjustments) for the ROPS 18-19 period. The ROPS 18-19 prior period adjustment (PPA) will offset the ROPS 21-22 RPTTF distribution. The amount of RPTTF authorized includes the PPA resulting from the County Auditor-Controller's review of the PPA form submitted by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$8,004,040, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2021 through December 31, 2021 period (ROPS A period), and one distribution for the January 1, 2022 through June 30, 2022 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 21-22 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

This is our final determination regarding the obligations listed on the ROPS 21-22. This determination only applies to items when funding was requested for the 12-month period. If a determination by Finance in a previous ROPS is currently the subject of litigation, the item will continue to reflect the determination until the matter is resolved.

The ROPS 21-22 form submitted by the Agency and this determination letter will be posted on our website:

<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This determination is effective for the ROPS 21-22 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to Finance's review and may be adjusted even if not adjusted on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Todd Vermillion, Supervisor, or Michael Barr, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Ben Pongetti, Development Project Manager, City of Whittier
Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County

Approved RPTTF Distribution July 2021 through June 2022			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 5,864,751	\$ 2,708,188	\$ 8,572,939
Administrative RPTTF Requested	125,000	125,000	250,000
Total RPTTF Requested	5,989,751	2,833,188	8,822,939
RPTTF Requested	5,864,751	2,708,188	8,572,939
<u>Adjustment(s)</u>			
Item No. 16	(2,100)	0	(2,100)
Item No. 17	(71,526)	0	(71,526)
Item No. 44	(3,900)	0	(3,900)
Item No. 68	(335,000)	(20,000)	(355,000)
Item No. 89	(3,000)	0	(3,000)
Item No. 129	(275,475)	0	(275,475)
Item No. 130	(13,000)	0	(13,000)
Item No. 136	(379)	0	(379)
	(704,380)	(20,000)	(724,380)
RPTTF Authorized	5,160,371	2,688,188	7,848,559
Administrative RPTTF Authorized	125,000	125,000	250,000
ROPS 18-19 prior period adjustment (PPA)	(94,519)	0	(94,519)
Total RPTTF Approved for Distribution	\$ 5,190,852	\$ 2,813,188	\$ 8,004,040

ICC: Barr, Vermillion, Takagi-Galamba, McAllister, McCormick,
Whitaker

Final Path: J:\Audits and Review\ROPS 21-22 Letters PDF

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