



November 13, 2015

Mr. Will Kaholokula, Director of Finance and Administrative Services
City of Bell Gardens
7100 Garfield Avenue
Bell Gardens, CA 90201

Dear Mr. Kaholokula:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m) (1) (A), the City of Bell Gardens Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period January 1 through June 30, 2016 (ROPS 15-16B) to the California Department of Finance (Finance) on October 1, 2015. Finance has completed its review of the ROPS 15-16B.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item No. 29 – Burke Oil Project in the amount of \$20,000 is not allowed. Insufficient documentation was provided to support the amounts claimed. The Agency provided a letter from Water Resources Control Board approximating \$6,000 needed for oversight costs for fiscal year 2015-16. However, these documents are insufficient to support the \$20,000 requested because Finance previously approved \$9,000 on ROPS 15-16A. To the extent the Agency can provide suitable documentation to validate the requested amounts, the Agency may be able to obtain Redevelopment Property Tax Trust Fund (RPTTF) Funds.
- Item Nos. 45 – Property maintenance costs in the amount of \$60,000. Per the Agency's request, the six-month funding request of \$60,000 in RPTTF has been reduced to \$15,000. As a result, the total ROPS 15-16B RPTTF funding requested for enforceable obligations has been decreased by \$45,000.
- Item Nos. 54 and 56 – Remediation and Remediation consulting costs for the Burke Oil Site in the total outstanding amount of \$4,525,000 is not allowed. The Agency requests a total of \$75,000 for the six-month period. HSC section 34177.3 (b) states unless required by an existing enforceable obligation, wind down activities do not include site remediation. Since there are no existing obligations related to the remediation of this property, these costs are not enforceable and not eligible for RPTTF funds.
- Item No. 57 – Fiscal Agent Reserve Shortfall Payment from ROPS II in the amount of \$28,832 is not allowed. The Agency received RPTTF funding for the ROPS II Shortfall

Loan from the City of Bell Gardens (Item No. 52) in ROPS 15-16A; therefore, funding for this item is not necessary and not eligible for RPTTF funds.

Pursuant to HSC section 34186 (a) (1), the Agency was required to report on the ROPS 15-16B form the estimated obligations versus actual payments (prior period adjustment) associated with the January through June 2015 period (ROPS 14-15B). HSC section 34186 (a) (1) also specifies the prior period adjustment self-reported by the Agency is subject to review by the county auditor-controller (CAC). Proposed CAC adjustments were not received in time for inclusion in this letter; therefore, the amount of RPTTF approved in the table on the next page only reflects the Agency's self-reported prior period adjustment.

In addition, Finance noted on the Agency's ROPS 14-15B prior period adjustment worksheet, the Agency's expenditures exceeded Finance's authorization for the following items:

- Bond Proceeds totaling \$103,193 – Item No. 14, \$2,930; Item No. 42, \$4,198; Item No. 48, \$89,469; Item No. 49, \$1,078; Item No. 50, \$2,662; and Item No. 51, \$2,856.

Per HSC section 34177 (a) (3), only those payments listed on a ROPS may be made by the Agency from the funds specified on the ROPS up to the amount authorized by Finance. HSC sections 34177 (a) (4) and 34173 (h) (1) provide mechanisms when Agency payments must exceed the amounts authorized by Finance. Please ensure the proper expenditure authority is received from your oversight board and Finance prior to making payments on enforceable obligations.

Except for the items denied in whole or in part, Finance is not objecting to the remaining items listed on your ROPS 15-16B. If you disagree with Finance's determination with respect to any items on your ROPS 15-16B, except for those items which are the subject of litigation disputing Finance's previous or related determinations, 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 RPTTF distribution for the reporting period is \$2,287,575 as summarized in the Approved RPTTF Distribution table on the following page:

Approved RPTTF Distribution For the period of January through June 2016	
Total RPTTF requested for non-administrative obligations	2,607,116
Total RPTTF requested for administrative obligations	0
Total RPTTF requested for obligations on ROPS 15-16B	\$ 2,607,116
RPTTF adjustment to non-administrative obligations	(45,000)
Total RPTTF adjustments	\$ 45,000
Total RPTTF requested for non-administrative obligations	2,562,116
<u>Denied Items</u>	
Item No. 29	(20,000)
Item No. 54	(25,000)
Item No. 56	(50,000)
Item No. 57	(28,832)
	(123,832)
Total RPTTF authorized for non-administrative obligations	\$ 2,438,284
Total RPTTF authorized for administrative obligations	\$ 0
Total RPTTF authorized for obligations	\$ 2,438,284
ROPS 14-15B prior period adjustment	(150,709)
Total RPTTF approved for distribution	\$ 2,287,575

On the ROPS 15-16B form, the Agency reported cash balances and activity for the period January 1 through December 31, 2015. Finance will perform a review of the Agency's self-reported cash balances on an ongoing basis. Please be prepared to submit financial records and bridging documents to support the cash balances reported upon request. If it is determined the Agency possesses cash balances that are available to pay approved obligations, HSC section 34177 (l) (1) (E) requires these balances be used prior to requesting RPTTF.

Please refer to the ROPS 15-16B schedule used to calculate the total RPTTF approved for distribution:

<http://www.dof.ca.gov/redevelopment/ROPS>

Absent a Meet and Confer, this is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2016. This determination only applies to items when funding was requested for the six-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was not denied 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 statutes. 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 Agency in the RPTTF.

Mr. Will Kaholokula
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Please direct inquiries to Kylie Oltmann, Supervisor, or Zuber Tejani, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Mr. John Oropeza, Assistant City Manager, City of Bell Gardens
Ms. Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County