



November 5, 2015

Mr. Jim Vanderpool, City Manager  
City of Buena Park  
6650 Beach Boulevard  
Buena Park, CA 90621

Dear Mr. Vanderpool:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m) (1) (A), the City of Buena Park 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 September 24, 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. 6 – Jonathan Lehrer-Graiwer Judgment (Judgment) in the amount of \$5,502,557 requested for ROPS 15-16B and total outstanding balance of \$103,824,908 is not allowed. Finance continues to deny this item. The Agency contends the item is an enforceable obligation because the Judgment, which was entered by a competent court of Law, requires the Agency to deposit 25 percent of gross tax increment into a separate Low and Moderate Income Housing Fund to be used for low and moderate income housing purposes. Because there are no longer such taxes allocated to the Agency, there are no longer required set-asides to enforce. The Agency did not provide any information indicating the amounts requested to be set aside were related to an enforceable obligation existing prior to June 27, 2011. Pursuant to ABx1 26 and AB 1484, tax increment is no longer payable to the former redevelopment agency and therefore there is no obligation. Therefore, this item is not an enforceable obligation and is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding in the amount of \$5,502,557 on this ROPS.
- Item No. 22 – Bond Consulting Services in the amount of \$20,000 has been adjusted. At the Agency's request, Finance has reduced this item by \$12,500. Therefore, Finance is approving RPTTF in the amount of \$7,500 for this item on the ROPS.
- Item No. 25 – Legal Services – Special Counsel in the amount of \$50,000. According to the Agency, the item is winding down and Legal Services will no longer be required as of next year. Therefore, at the Agency's request, Finance is approving no RPTTF and retiring this line item on the ROPS.

- Item No. 51 – Property Maintenance/Repairs for emergency repair contingencies in the amount of \$20,000 requested for ROPS 15-16B and total outstanding balance of \$190,000 is not allowed. It is our understanding there are no expenditure contracts in place, and allocating funds for unknown contingencies is not an allowable use of funds. However, to the extent the Agency can provide suitable supporting documentation, such as vendor invoices or an executed contract, this item may be eligible for RPTTF funding in the future. Therefore, this item is not an enforceable obligation and is not eligible for RPTTF funding in the amount of \$20,000 on this ROPS.
- Item No. 62 – Property Re-use Valuation Services for Property Dispositions in the amount of \$15,000 is not allowed. Finance approved the Agency's Long-Range Property Management Plan (LRPMP) in our letter dated April 23, 2015. However, any actions taken that require the Agency to enter into new agreements require OB approval pursuant to HSC section 34181 (f), and then submitted to Finance for review and approval.

Furthermore, although HSC 34171 (d) (1) (F) allows contracts or agreements necessary for the maintenance of assets prior to disposition, the Agency was unable to provide sufficient documentation demonstrating the need for property re-use valuation services. HSC section 34177.3 (b) states that, unless required by an enforceable obligation, costs of winding down a redevelopment agency do not include planning, design, and other similar work. Therefore, this item is not an enforceable obligation and is not eligible for RPTTF funding on this ROPS.

- The Agency's claimed administrative costs exceed the allowance by \$217,951. HSC section 34171 (b) (2) limits the fiscal year 15-16 administrative expenses to three percent of the RPTTF allocated or \$250,000, whichever is greater. The Orange County Auditor-Controller distributed \$250,000 for the July through December 2015 period, leaving a balance of \$22,227 available for the January through June 2016 period. Although \$240,178 is claimed for administrative cost, only \$22,227 is available pursuant to the cap. Therefore, \$217,951 of excess administrative costs is not allowed.

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). The amount of Redevelopment Property Tax Trust Fund (RPTTF) approved in the table below includes the prior period adjustment resulting from the CAC's review of the Agency's self-reported prior period adjustment.

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/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is \$1,955,231 as summarized in the Approved RPTTF Distribution table below:

<b>Approved RPTTF Distribution</b>	
<b>For the period of January through June 2016</b>	
Total RPTTF requested for non-administrative obligations	8,005,922
Total RPTTF requested for administrative obligations	240,178
<b>Total RPTTF requested for obligations on ROPS 15-16B</b>	<b>\$ 8,246,100</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>8,005,922</b>
<u>Denied Items</u>	
Item No. 6	(5,502,557)
Item No. 22	(12,500)
Item No. 25	(50,000)
Item No. 51	(20,000)
Item No. 62	(15,000)
	(5,600,057)
<b>Total RPTTF authorized for non-administrative obligations</b>	<b>\$ 2,405,865</b>
<b>Total RPTTF requested for administrative obligations</b>	<b>240,178</b>
Administrative costs in excess of the cap (see Admin Cost Cap table below)	(217,951)
<b>Total RPTTF authorized for administrative obligations</b>	<b>\$ 22,227</b>
<b>Total RPTTF authorized for obligations</b>	<b>\$ 2,428,092</b>
ROPS 14-15B prior period adjustment	(472,861)
<b>Total RPTTF approved for distribution</b>	<b>\$ 1,955,231</b>

<b>Administrative Cost Cap Calculation</b>	
Total RPTTF for 15-16A (July through December 2015)	6,668,355
Total RPTTF for 15-16B (January through June 2016)	2,405,865
Less approved unfunded obligations from prior periods	0
<b>Total RPTTF for fiscal year 2015-2016</b>	<b>9,074,220</b>
Administrative cost cap for fiscal year 2015-16 (Greater of 3% of Total RPTTF or \$250,000)	272,227
Administrative allowance for ROPS 15-16A (July through December 2015)	(250,000)
<b>Remaining administrative cost cap for ROPS 15-16B</b>	<b>22,227</b>
ROPS 15-16B administrative obligations after Finance adjustments	(240,178)
<b>Administrative costs in excess of the cap</b>	<b>\$ (217,951)</b>

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.

Please direct inquiries to Nichelle Thomas, Supervisor, or Alexander Watt, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

cc: Mr. Scott Riordan, Economic Development Manager, City of Buena Park  
Mr. Frank Davies, Property Tax Manager, Orange County