



April 12, 2016

Ms. Anita Agramonte, Finance Director  
City of Colton  
650 North La Cadena Drive  
Colton, CA 92324

Dear Ms. Agramonte:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177(o) (1), the City of Colton Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period July 1, 2016 through June 30, 2017 (ROPS 16-17) to the California Department of Finance (Finance) on February 1, 2016. Finance has completed its review of the ROPS 16-17.

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

- Item Nos. 5 and 70 – Joint Participation and Cooperation Agreement (Agreement) in the total outstanding obligation amount of \$333,240 is not allowed. Pursuant to the Agreement dated August 13, 1998 between the former Redevelopment Agency (RDA), the City of Colton (City), and the East Valley Land Company, LLC (Developer), the City is required to pay to the Developer fifty percent of the sales tax revenues generated and actually received by the City in each calendar quarter through the quarter ending June 30, 2020 with respect to development that has occurred on the Property (the "Sales Tax Reimbursables"). Additionally, the former RDA was responsible for the payment of Tax Increment Reimbursables to the Developer under the same Agreement.

It is our understanding the Agency is requesting Redevelopment Property Tax Trust Fund (RPTTF) funding for the City's payment of Sales Tax Reimbursements to the Developer. However, because the payment of Sales Tax Reimbursables is not the responsibility of the Agency, this item is not an enforceable obligation. To the extent the Agency can provide documentation to demonstrate the Agency's responsibility to the Developer, the Agency may request funding on future ROPS. Therefore, these items are not eligible for RPTTF funding in the amount of \$333,240 (\$290,000 + \$43,240) and should be retired from the ROPS.

- Item No. 63 – Agency Administration Costs. The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (3). However, Finance notes the oversight board has approved an amount that appears excessive, given the number and nature of the other obligations listed in the ROPS. HSC section 34179 (i) requires the oversight board to exercise a fiduciary duty to the taxing entities. Therefore,

Finance encourages the oversight board to apply adequate oversight when evaluating the administrative resources required to successfully wind-down the Agency.

Except for the items denied in whole or in part, Finance is not objecting to the remaining items listed on your ROPS 16-17. If you disagree with Finance's determination with respect to any items on your ROPS 16-17, 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/)

On the ROPS 16-17 form, the Agency reported cash balances and activity for the period of July 1, 2015 through June 30, 2016. Finance performs a review of the Agency's self-reported cash balances on an ongoing basis. 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 enforceable obligations, HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF.

The Agency's maximum approved RPTTF distribution for the reporting period is \$2,720,769 as summarized in the Approved RPTTF Distribution Table on Page 4 (See Attachment).

ROPS distributions will occur twice annually, one distribution for the July 1, 2016 through December 31, 2016 (ROPS A period), and one distribution for the January 1, 2017 through June 30, 2017 (ROPS B period) based on Finance's approved amounts. Since Finance's determination is for the entire ROPS 16-17 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

On the ROPS 16-17 form, the Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through December 31, 2015 period (ROPS 15-16A). The Agency will report actual payments for ROPS 15-16A and ROPS 15-16B on the ROPS 18-19 form pursuant to HSC section 34186 (a) (1). A prior period adjustment will be applied to the Agency's future RPTTF distribution. Therefore, the Agency should retain any difference in unexpended RPTTF.

Please refer to the ROPS 16-17 schedule used to calculate the total RPTTF approved for distribution:

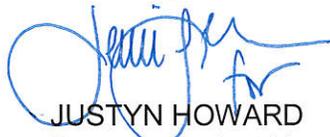
<http://www.dof.ca.gov/redevelopment/ROPS>

Absent a Meet and Confer, this is Finance's determination related to the enforceable obligations reported on your ROPS for the period July 1, 2016 through June 30, 2017. This determination only applies to items when funding was requested for the 12-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 Michael Barr, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

cc: Ms. Altheia Franklin, Senior Accountant , City of Colton  
Ms. Linda Santillano, Property Tax Manager, San Bernardino County

**Attachment**

<b>Approved RPTTF Distribution</b>			
<b>For the period of July 2016 through June 2017</b>			
	<u>ROPS A Period</u>	<u>ROPS B Period</u>	<u>Total</u>
Requested RPTTF (excluding administrative obligations)	\$ 192,740	\$ 2,611,269	\$ 2,804,009
Requested Administrative RPTTF	125,000	125,000	250,000
<b>Total RPTTF requested for obligations on ROPS</b>	<b>317,740</b>	<b>2,736,269</b>	<b>\$ 3,054,009</b>
<b>Total RPTTF requested</b>	<b>192,740</b>	<b>2,611,269</b>	<b>2,804,009</b>
<u>Denied Items</u>			
Item No. 5	(145,000)	(145,000)	(290,000)
Item No. 70	(43,240)	0	(43,240)
	<u>(188,240)</u>	<u>(145,000)</u>	<u>(333,240)</u>
<b>Total RPTTF authorized</b>	<b>4,500</b>	<b>2,466,269</b>	<b>\$ 2,470,769</b>
<b>Total Administrative RPTTF authorized</b>	<b>125,000</b>	<b>125,000</b>	<b>\$ 250,000</b>
<b>Total RPTTF approved for distribution</b>	<b>129,500</b>	<b>2,591,269</b>	<b>\$ 2,720,769</b>