



April 11, 2016

Mr. Conal McNamara, Director of Community Development
City of Whittier
13230 Penn Street
Whittier, CA 90602

Dear Mr. McNamara:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Whittier 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. 35 and 53 – Property Maintenance Cost for Agency-owned properties in the amount of \$2,000 and \$6,500, respectively, is not allowed. Finance approved the Agency's Long-Range Property Management Plan (LRPMP) on December 17, 2015. It is our understanding the cost relates to properties approved for transfer to the City of Whittier (City) for government use or future development. Therefore the maintenance costs are no longer an obligation of the Agency and not eligible for RPTTF funding.
- Item No. 45 – Quad Disposition and Development Agreement in the amount of \$1,092,795 is partially allowed. The \$1,092,795 requested is the property tax increment and sales tax reimbursement estimate comprised of \$721,410 due for November 2016 and May 2017 (ROPS 16-17) and \$371,384 due November 2017 (ROPS 17-18). It is not necessary to fund this obligation beyond what is needed for the ROPS 16-17 period. Therefore, the excess \$371,384 requested in the January 1, 2017 through June 30, 2017 (ROPS B period) to fund the November 2017 payment is not eligible for RPTTF funding on this ROPS. The Agency may request funding for the excess \$371,384 on the next ROPS.
- Item No. 68 – Whittwood Owner Participation Agreement in the amount of \$887,134 is partially allowed. The \$887,134 requested is the property tax increment and sales tax reimbursement estimate comprised of \$582,132 due November 2016 and May 2017 (ROPS 16-17) and \$305,002 due November 2017 (ROPS 17-18). It is not necessary to fund this obligation beyond what is needed for the ROPS 16-17 period. Therefore, the excess \$305,002 requested in the ROPS B period to fund the November 2017 payment

is not eligible for RPTTF funding on this ROPS. The Agency may request funding for the excess \$305,002 on the next ROPS.

- Item No. 107 – Nelles Site Development in the total outstanding amount of \$6,400,000. This is a duplicate obligation previously listed as Item No. 83 on ROPS III; however no funding was requested. Per discussion with Agency staff, this obligation should be retired as funding will not be requested in the future. Therefore, with the Agency's concurrence, Finance is retiring this item.
- Item No. 118 – Housing Administrative Costs Allowance totaling \$375,000 continues to be denied. Pursuant to HSC section 34171 (p), the housing successor administrative cost allowance is applicable only in cases where the city, county, or city and county that authorized the creation of the redevelopment agency elected to not assume the housing functions. Because the housing successor to the former redevelopment agency of the City of Whittier (City) is the City-formed Housing Authority (Authority), the Authority operates under the control of the City; the Authority is considered the City under Dissolution Law pursuant to HSC section 34167.10. Therefore, \$375,000 of housing successor administrative allowance requested for ROPS 16-17 and the total outstanding amount of \$375,000 is not allowed.
- Item No. 129 – Unfunded Pension Liabilities in the total outstanding amount of \$100,000. It is our understanding the Agency requested the incorrect amount for the obligation. Per discussion with Agency staff and review of documentation provided, the \$100,000 requested for the fiscal year should be \$55,095. As a result, the total RPTTF funding requested for enforceable obligations has been decreased by \$44,905.
- Item No. 130 – Reconveyance Cost for property dispositions in the amount of \$30,000 is partially allowed. It is our understanding the \$30,000 requested is comprised of marketing, title insurance, escrow and closing costs. Of this amount, \$17,000 relates to properties approved for transfer to the City for government use or future development. Therefore, these costs are no longer an obligation of the Agency and not eligible for funding. The remaining \$13,000 is eligible for funding since it relates to three properties approved for sale. However, of the \$13,000 eligible for RPTTF funding, title insurance, escrow and closing costs, totaling \$7,875 should be paid from proceeds from sale of property. Therefore, \$7,875 has been reclassified to Other Funds and the remaining \$5,125 is eligible for RPTTF funding.
- On the ROPS 16-17 form, the Agency reported cash balances and activity for the period of July 1, 2015 through June 30, 2016. Pursuant to HSC section 34177 (I) (1) (E), agencies are required to use all available funding sources prior to RPTTF for payment of enforceable obligations. During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting Redevelopment Property Tax Trust Fund (RPTTF). Therefore, with the Agency's concurrence, the funding source for the following item has been reclassified to Other Funds and in the amount specified below:
 - Item No. 15 – Administrative Cost in the amount of \$62,500 for the July 1, 2016 through December 31, 2016 (ROPS A period). The Agency requests \$62,500 of RPTTF; however, Finance is reclassifying \$11,989 to Other Funds. This item is

an enforceable obligation for the ROPS 16-17 period; however, the obligation does not require payment from property tax revenues. Therefore, Finance is approving RPTTF in the amount of \$50,511 and the use of Other Funds in the amount of \$11,989, totaling \$62,500.

Except for the items denied in whole or in part or the item that has been adjusted, 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/

The Agency's maximum approved RPTTF distribution for the reporting period is \$6,402,337 as summarized in the Approved RPTTF Distribution Table on Page 5 (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.

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Please direct inquiries to Kylie Oltmann, Supervisor, or Nicole Prisakar, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

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

Attachment

Approved RPTTF Distribution			
For the period of July 2016 through June 2017			
	ROPS A Period	ROPS B Period	Total
Requested RPTTF (excluding administrative obligations)	4,588,944	2,704,798	7,293,742
Requested Administrative RPTTF	125,000	125,000	250,000
Total RPTTF requested for obligations on ROPS 16-17	4,713,944	2,829,798	\$ 7,543,742
Adjustment to Agency Requested RPTTF	(44,905)	0	(44,905)
Adjustment to Agency Requested Administrative RPTTF	0	0	0
Total RPTTF adjustments	(44,905)	0	\$ (44,905)
Total RPTTF Requested	4,544,039	2,704,798	7,248,837
<u>Denied Items</u>			
Item No. 35	(1,000)	(1,000)	(2,000)
Item No. 45	0	(371,384)	(371,384)
Item No. 53	(6,250)	0	(6,250)
Item No. 68	0	(305,002)	(305,002)
Item No. 118	(375,000)	0	(375,000)
Item No. 130	(17,000)	0	(17,000)
	(399,250)	(677,386)	(1,076,636)
<u>Reclassified Item</u>			
Item No. 130	(7,875)	0	(7,875)
Total RPTTF authorized	4,136,914	2,027,412	\$ 6,164,326
Total Administrative RPTTF requested	125,000	125,000	250,000
<u>Reclassified Item</u>			
Item No. 15	(11,989)	0	(11,989)
Total Administrative RPTTF authorized	113,011	125,000	\$ 238,011
Total RPTTF approved for distribution	4,249,925	2,152,412	\$ 6,402,337