

May 17, 2016

Ms. Rose Tam, Assistant Accounting Manager
City of Baldwin Park
14403 East Pacific Avenue
Baldwin Park, CA 91706

Dear Ms. Tam:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated March 31, 2016. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Baldwin Park Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period of July 1, 2016 through June 30, 2017 (ROPS 16-17) to Finance on January 28, 2016. Finance issued a ROPS determination letter on March 31, 2016. Subsequently, the Agency requested a Meet and Confer session on one or more of the determinations made by Finance. The Meet and Confer session was held on April 26, 2016.

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.

- Finance maintains our adjustment to the Administrative Cost Allowance (ACA). Pursuant to HSC section 34171 (b) (4), commencing July 1, 2016, a successor agency's annual administrative costs shall not exceed 50 percent of the total Redevelopment Property Tax Trust Fund (RPTTF) distributed to pay enforceable obligations in the preceding fiscal year. During the meet and confer, the Agency explained that based on the State Controller's Office Asset Transfer Review completed in November 2014, the City of Baldwin Park (City) was required to transfer \$3,473,836 back to the Agency. When the transfer was made in late 2014, it provided funding for several ROPS periods and no RPTTF was requested or distributed for the ROPS 15-16A or B periods. The Agency contends that the amount transferred back by the City to the Agency should not be accounted for in the administrative cost allowance calculation. However, based on our application of HSC section 34171 (b) (4), 50 percent of \$0 RPTTF funds distributed to the Agency for enforceable obligations in the ROPS 15-16 A and B periods equals \$0. Therefore, the Agency's request for \$250,000 in administrative cost allowance is not allowed.

In addition, per Finance's letter dated March 31, 2016, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

- Item No. 43 – Property Maintenance costs in the amount of \$100 for the ROPS 16-17 period. Per discussion with Agency staff, the amount requested in Redevelopment Property Tax Trust Fund (RPTTF) should be zero and the obligation should be retired.

Except for the items denied in whole or adjusted, Finance is not objecting to the remaining items listed on your ROPS 16-17.

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 \$1,957,097 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>

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 Evelyn Suess, Dispute Resolution Supervisor, or Michael Barr, Lead Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Mr. Marc Castagnola, Community Development Manager, City of Baldwin Park
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)	641,017	1,316,180	1,957,197
Requested Administrative RPTTF	175,000	75,000	250,000
Total RPTTF requested for obligations on ROPS 16-17	816,017	1,391,180	\$ 2,207,197
Adjustment to Agency Requested RPTTF	(50)	(50)	(100)
Adjustment to Agency Requested Administrative RPTTF	0	0	0
Total RPTTF adjustments	(50)	(50)	\$ (100)
Total RPTTF authorized	640,967	1,316,130	\$ 1,957,097
Total Administrative RPTTF requested	175,000	75,000	250,000
Administrative costs in excess of the cap (see Administrative Cost Allowance Cap table below)	(175,000)	(75,000)	(250,000)
Total Administrative RPTTF authorized	0	0	\$ 0
Total RPTTF approved for distribution	640,967	1,316,130	\$ 1,957,097

Administrative Cost Allowance Cap Calculation	
Actual RPTTF distributed for fiscal year 2015-16	0
Less sponsoring entity loan and Administrative RPTTF	0
Actual RPTTF distributed for 2015-16 after adjustment	0
Administrative Cap for 2016-17 per HSC section 34171 (b)	0
ROPS 16-17 Administrative RPTTF after Finance adjustments	250,000
Administrative Cost Allowance in excess of the cap	\$ (250,000)