



October 14, 2012

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), the City of Buena Park Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 30, 2012 for the period of January through June 2013. Finance has completed its review of your ROPS III, which may have included obtaining clarification for various items.

HSC section 34171 (d) defines enforceable obligations. Based on a sample of line items reviewed and application of the law, the following do not qualify as enforceable obligations:

- Item No. 23 – Jonathan Lehrer-Graiwer judgment in the amount of \$104 million. The judgment is not an enforceable obligation. The requirement to set aside 20 percent of redevelopment agency (RDA) tax increment for low and moderate income housing purposes ended with the passing of the redevelopment dissolution legislation. Because there no longer are such taxes allocated to the Agency, there is no payment obligation. Therefore, this item is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item No. 33 – CDW Developer Disposition Agreement (DDA) in the amount of \$72.8 million. The agreement between the RDA and CDW was signed on February 14, 2006. However, the funding source for the DDA is reported as 65 percent of the sales and use revenue generated by the developer. Therefore, the item is not an enforceable obligation and is not eligible for RPTTF funding.
- Item No. 35 and 44 – The Source DDA and related legal services in the amount of \$59.2 million RPTTF funding. The construction contract for this item is dated June 20, 2012. HSC section 341639(b) prohibits an RDA from entering into a contract with any entity after June 27, 2011. Therefore, the DDA and related legal services are not enforceable obligations.

- Item No. 37 and 46 – Property Tax Administration and ABX1 26 Administration in the amount of \$25,923. HSC section 34182(e) allows the county auditor-controller to deduct from the RPTTF for their administration costs prior to distributing property tax increment funds. Therefore, these items are not eligible for RPTTF funding.
- Items No. 64 through 66 – Property Demolitions in the amount of \$2.0 million RPTTF funding. HSC section 34163(b) prohibits an RDA from entering into a contract with any entity after June 27, 2011. These items did not have valid contracts executed prior to June 28, 2011. Furthermore, HSC section 34176(a) (1) states that if a city elects to retain the authority to perform housing functions, all rights, powers, duties and obligations shall be transferred to the city. Because many of the properties slated for demolition have been transferred to the City of Buena Park Housing Authority (Housing Authority), these properties are no longer the responsibility of the Agency. Therefore, these items are not considered enforceable obligations.
- Items No. 81, 84 and 87 – Property maintenance and repairs in the amount of \$198,000 RPTTF funding. HSC section 34176(a) (1) states that if a city elects to retain the housing assets and functions, all rights, powers, duties and obligations shall be transferred to the city. Because many of the properties receiving maintenance and repairs have been transferred to the Housing Authority, these properties are no longer the responsibility of the Agency. Therefore, these items are not considered enforceable obligations.

Although Item No. 56 – Office Equipment Maintenance in the amount of \$80 was reclassified as an administrative cost, the administrative cost allowance has not been exceeded

Except for items denied in whole or in part as enforceable obligations as noted above, Finance is approving the remaining items listed in your ROPS III. If you disagree with the determination with respect to any items on your ROPS III, 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: \$6,434,768 as summarized below:

<b>Approved RPTTF Distribution Amount For the period of January through June 2013</b>	
Total RPTTF funding requested for obligations	\$ 11,843,728
Less: Six-month total for items denied or reclassified as administrative cost	
Item 23	2,751,279
Item 33	2,313,938
Item 35	0
Item 37	2,500
Item 44	6,000
Item 46	20,923
Item 56*	80
Item 64	0
Item 65	332,758
Item 66	12,632
Item 81	27,000
Item 84	12,000
Item 87	60,000
Total approved RPTTF for enforceable obligations	<u>\$ 6,304,618</u>
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	<u>130,150</u>
<b>Total RPTTF approved:</b>	<b>\$ 6,434,768</b>

\* Reclassified as administrative cost

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county auditor-controller to account for differences between actual payments and past estimated obligations. Additionally, these estimates and accounts are subject to audit by the county auditor-controller and the State Controller.

Please refer to the ROPS III schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS/ROPS III Forms by Successor Agency/>.

All items listed on a future ROPS are subject to a subsequent review. An item included on a future ROPS may be denied even if it was not questioned from the preceding ROPS.

The amount available from the RPTTF is the same as the property tax increment that was available prior to enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. 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 successor agency in the RPTTF.

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

Sincerely,



STEVE SZALAY  
Local Government Consultant

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