



October 20, 2012

Mr. Eddie Manfro, Interim City Manager  
City of Westminster  
8200 Westminster Boulevard  
Westminster, CA 92683

Dear Mr. Manfro:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Westminster Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on September 5, 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. 10 – Professional Legal Services in the amount of \$100,000. The former Redevelopment Agency (RDA) is not a party to the contract; it is between the City of Westminster and the Law Offices of Richard D. Jones. The Agency could not provide documentation that supports this item; therefore, this item is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item Nos. 25, 26, and 31 – Lease Agreements totaling \$379,492. These agreements are between the City and the former RDA. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the RDA and the former RDA are not enforceable. Therefore, these items are not enforceable obligations and not eligible for RPTTF funding.
- Item No. 34 – Police and Parking Facility bond funds in the amount of \$11 million. The former RDA is not a party to this contract; it is between the City of Westminster and Griffin Structures, Inc. This is an obligation of the City and not the Agency. Therefore, this item is not an enforceable obligation.
- Item No. 38 – Professional Agreement in the amount of \$5,167. The former RDA is not a party to this contract; it is between the City of Westminster and Downstream Services, Inc. This is an obligation of the City and not the Agency. Therefore, this item is not an enforceable obligation and not eligible for RPTTF funding.

- Administrative costs in the amount of \$14,539 out of the claimed \$462,723 for the January to June 2013 period are not an enforceable obligation. HSC section 34171 (b) limits administrative costs for fiscal year 2012-13 to three percent of property tax allocated to the successor agency or \$250,000, whichever is greater. Three percent of your FY 2012-13 approved RPTTF funding would be \$448,184. Therefore the remaining \$14,539 is denied.

Except for the 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 \$15,387,638 as summarized below:

<b>Approved RPTTF Distribution Amount For the period of January through June 2013</b>	
Total RPTTF funding requested for obligations	\$ 15,424,113
Less: Six-month total for items denied or reclassified as administrative cost	
Item 10	100,000
Item 25	34,280
Item 26	195,212
Item 31	150,000
Item 38	5,167
Total approved RPTTF for enforceable obligations	<u>14,939,454</u>
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	<u>\$ 448,184</u>
<b>Total RPTTF approved:</b>	<b>15,387,638</b>

<b>Administrative Cost Calculation</b>	
Total RPTTF for the period July through December 2012	\$0
Total RPTTF for the period January through June 2013	14,939,456
<b>Total RPTTF for fiscal year 2012-13:</b>	<b>\$ 14,939,456</b>
Allowable administrative cost for fiscal year 2012-13 (Greater of 3% or \$250,000)	448,184
Administrative allowance for the period of July through December 2012	0
<b>Allowable RPTTF distribution for administrative cost for ROPS III:</b>	<b>\$ 448,184</b>

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/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS%20III%20Forms%20by%20Successor%20Agency/).

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.

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

Sincerely,



STEVE SZALAY  
Local Government Consultant

cc: Ms. Robin Roberts, City Clerk, City of Westminster  
Mr. Frank Davies, Property Tax Manager, Orange County Auditor-Controller