



October 14, 2012

Aldo Schindler, Director of Community Development
City of Whittier
13230 Penn Street
Whittier, CA 90602

Dear Mr. Schindler:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Whittier Successor 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. 11 – Deferred Low and Moderate Income Housing Fund (LMIHF) payments in the amount of \$194,249. HSC section 34176 (e) (6) (B) specifies loan or deferral repayments to the LMIHF shall not be made prior to the 2013-14 fiscal year. Since this item cannot be paid at this time, this item is not an enforceable obligation and not eligible for RPTTF funding on this ROPS.
- Item No. 12, 40, 61, and 84 – SERAF loan repayments in the amount of \$2.4 million. HSC section 34176 (e) (6) (B) specifies loan or deferral repayments shall not be made prior to the 2013-14 fiscal year. Therefore, this line item is not an enforceable obligation and not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item No. 92 through 96 and 105 – Housing administrative costs totaling \$80,000 funded by the Low and Moderate Income Housing Fund. HSC section 34176 (a) (2) states if a city, county, or city and county elects to retain the authority to perform housing functions previously performed by a RDA, all rights, powers, duties, obligations, and housing assets shall be transferred to the city, county, or city and county. Since the City of Whittier assumed the housing functions, the operating and administrative costs associated with these functions are the responsibility of the housing successor. Therefore, these items are not enforceable obligations and not eligible for funding from the Low and Moderate Income Housing Fund.
- Claimed administrative costs exceed the allowance by \$175,563. HSC section 34171 (b) limits the fiscal year 2012-13 administrative expenses to three percent of

property tax allocated to the Agency or \$250,000, whichever is greater. As a result, the Agency is eligible for \$250,000 for administrative expenses. The Los Angeles Auditor Controller's Office did not distribute administrative costs during the July through December 2012 period, thus leaving \$250,000 available for administrative costs. Although \$153,401 is claimed for administrative costs, items 2 through 6, 9, 31 through 35, 39, 49 through 53, 60, 72 through 78, and 82 totaling \$272,162 are considered administrative expenses and should be counted toward the cap. Therefore, \$175,563 of excess administrative cost is not allowed.

Except for item(s) denied in whole or in part as enforceable obligation(s) 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/

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: \$3,851,373 as summarized below:

Approved RPTTF Distribution Amount	
For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 5,113,361
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Item 2*	2,063
Item 3*	3,000
Item 4*	20,000
Item 5*	10,000
Item 6*	2,410
Item 9*	15,000
Item 11	29,884
Item 12	268,888
Item 31*	2,063
Item 32*	3,000
Item 33*	5,000
Item 34*	7,500
Item 35*	1,750
Item 39*	15,000
Item 40	243,760
Item 49*	2,063
Item 50*	3,000
Item 51*	25,000
Item 52*	11,500
Item 53*	6,000
Item 60*	15,000
Item 61	423,854
Item 72*	14,000
Item 73*	15,000
Item 74*	2,063
Item 75*	3,000
Item 76*	45,000
Item 77*	25,000
Item 78*	3,750
Item 82*	15,000
Item 84	273,440
Total approved RPTTF for enforceable obligations	<u>\$ 3,601,373</u>
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	250,000
Total RPTTF approved:	\$ 3,851,373

* Reclassified as administrative cost

Administrative Cost Calculation	
Total RPTTF for the period July through December 2012	\$ 3,502,254
Total RPTTF for the period January through June 2013	3,601,373
Total RPTTF for fiscal year 2012-13:	\$ 7,103,627
Allowable administrative cost for fiscal year 2012-13 (Greater of 3% or \$250,000)	250,000
Administrative allowance for the period of July through December 2012	-
Allowable RPTTF distribution for administrative cost for ROPS III:	\$ 250,000

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 Kylie Le, Supervisor or Brian Dunham, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

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