



May 17, 2013

Mr. Jim Vanderpool, City Manager  
City of Buena Park  
6649 Beach Boulevard  
Buena Park, CA 90621

Dear Mr. Vanderpool:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS 13-14A) letter dated April 13, 2013. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Buena Park Successor Agency (Agency) submitted a ROPS 13-14A to Finance on February 27, 2013 for the period of July through December 2013. Subsequently, the Agency requested a Meet and Confer session on one or more of the items denied by Finance. The Meet and Confer session was held on April 29, 2013.

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 items being disputed.

- Item No. 18 – Property Tax Administration in the amount of \$5,000. Finance no longer denies this item. Finance originally denied this, mistaking the line item to mean county auditor controller administrative costs. During the Meet and Confer, the Agency provided additional documentation and clarification to support the Property and Sales Tax Consultants used to provide the sales and property tax information in calculating the payments owed to developers based upon property and sales taxes generated. Although enforceable, the type of service requested is considered general administrative service and was appropriately classified by the Agency.
- Item Nos. 46 through 56 – Property maintenance costs totaling \$120,613 reclassified as administrative costs. Finance no longer reclassifies these items as administrative expenses. During the Meet and Confer, the Agency provided clarification that line items 46 through 56 are for the costs of maintaining assets prior to disposition through the long range property management plan. Therefore, these line items are enforceable obligations.
- The Agency disputed the County Auditor-Controller (CAC) adjustment of \$119,300. Because Finance is not responsible for the calculation of this adjustment, the CAC was contacted to verify the amount. After consulting with the CAC, the adjustment for the administrative cost allowance in the amount of \$119,300 was revised to zero; therefore, Finance has revised the prior period adjustment amount to zero.

In addition, per Finance's ROPS letter dated April 13, 2013, the following items continue to be denied and were not contested by the Agency:

- Item No. 5 – Property Taxes in the amount of \$17,400. Since government owned property is exempt from property taxes this line item is being adjusted by \$5,424. The remaining amount of \$11,976 was verified as Orange County Sewer Department Sewer User Fees for property owned by the Agency and is therefore eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item No. 57 – Tice Housing Acquisition and Improvements in the amount of \$48,112. Finance continues to reclassify this item as an administrative cost. This item is a general administrative expense that does not fall into any of the following categories that are specifically excluded from the administrative cap as defined by HSC section 34171(b):
  - Any litigation expenses related to assets or obligations.
  - Settlements and judgments.
  - The costs of maintaining assets prior to disposition.
  - Employee costs associated with work on specific project implementation activities, including, but not limited to, construction inspection, project management, or actual construction, shall be considered project-specific costs.

Although this reclassification increased administrative costs to \$315,569, the administrative cost allowance has not been exceeded.

- Item No. 15 – CWD Developer Disposition Agreement. Finance has adjusted the funding source for this line item. The Agency originally requested \$2.6 million in Reserve funding. Pursuant to HSC section 34179.6 (f), the unencumbered Other Funds and Account balances, as determined in the Due Diligence Review by Finance, shall be remitted to the affected taxing entities. Therefore, the funding source for this item has been changed from Reserves to RPTTF.

Except for items denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining items listed on your ROPS 13-14A. Obligations deemed not to be enforceable shall be removed from your ROPS. This is Finance's final determination related to the enforceable obligations reported on your ROPS for July through December 2013. Finance's determination is effective for this time period only and should not be conclusively relied on for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS.

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is \$11,917,795 as summarized below:

<b>Approved RPTTF Distribution Amount For the period of July through December 2013</b>	
Total RPTTF funding requested for obligations	\$ 9,031,138
Minus: Six-month total for items denied or reclassified as administrative cost	
Item 5	5,424
Items 57*	48,112
Total approved RPTTF for enforceable obligations	\$ 8,977,602
Plus: Reserve balances reclassified as RPTTF for Item 15	\$ 2,624,624
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	315,569
Minus: ROPS II prior period adjustment	-
<b>Total RPTTF approved for distribution:</b>	<b>\$ 11,917,795</b>

\*Reclassified as administrative costs.

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2012 period. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. The amount of RPTTF approved in the above table includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

Please refer to the ROPS 13-14A schedule that was used to calculate the approved RPTTF amount:

[http://www.dof.ca.gov/redevelopment/ROPS/ROPS 13-14A Forms by Successor Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS%2013-14A%20Forms%20by%20Successor%20Agency/)

This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2013. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination 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 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.

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to 34171 (d), HSC section 34191.4 (c)(2)(B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

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Please direct inquiries to Kylie Le, Supervisor or Brian Dunham, 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, County of Orange  
California State Controller's Office