



April 4, 2014

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 14-15A) to the California Department of Finance (Finance) on February 26, 2014 for the period of July through December 2014. Finance has completed its review of your ROPS 14-15A, 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 for the reasons specified:

- Item No. 6 – Jonathan Lehrer-Graiwer Judgment (Judgment) in the amount of \$103,824,908. The Agency contends the item is an enforceable obligation because the Judgment, which was entered by a competent court of Law, requires the Agency to deposit 25 percent of gross tax increment into a separate Low and Moderate Income Housing Fund to be used for low and moderate income housing purposes. Because there are no longer such taxes allocated to the Agency, there are no longer required set-asides to enforce. The Agency did not provide any information indicating the amounts requested to be set aside were related to an enforceable obligation existing prior to June 27, 2011. Pursuant to ABx1 26 and AB 1484, tax increment is no longer payable to the former RDA and therefore there is no obligation. Additionally, this item was denied as an inclusion to the ROPS for the period January through June 2013, and January through June 2014, as stated in letters dated December 18, 2012 and December 17, 2013. Therefore, this item is not an enforceable obligation and is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item Nos. 11, 49, 51, and 56 – Various Property Management/Repairs and Insurance costs totaling \$1,439,926. The Agency requests \$100,565 for the 6-month period; however, no documentation was provided to support the amounts claimed. To the extent the Agency can provide suitable documentation, such as executed contracts or vendor invoices, to support the requested funding, the Agency may be able to obtain RPTTF funding on future ROPS.

- Item No. 38 – Environmental Remediation in the amount of \$400,000. The Agency provided insufficient documentation to support the full amount claimed; the draft remedial action plan prepared by SCS Engineers provides for a total cost of \$298,750 if the Agency selects the preferred solution. To the extent the Agency can provide suitable documentation, such as an amended remedial action plan, or vendor invoices, to support the full amount requested, the Agency may be able to obtain an additional \$101,250 on future ROPS. Therefore, the excess \$101,250 (\$400,000-298,750) is not eligible for RPTTF funding on this ROPS.
- Item Nos. 61 to 64 – Various Property Disposition costs totaling \$380,000. The Agency requests \$120,000 for the 6-month period; however, documentation was not provided to support the amounts requested. To the extent the Agency can provide suitable documentation, such as the executed contracts or vendor invoices, the Agency may be able to obtain funding on future ROPS. The Agency requested and was approved, for funding totaling \$90,000 for these items during ROPS 13-14B. The Agency still has authority to expend funds approved in ROPS 13-14B through June 30, 2014. Therefore, \$120,000 is not eligible for RPTTF funding on this ROPS.
- Claimed administrative costs exceed the allowance by \$174,731. HSC section 34171 (b) limits the fiscal year 2014-2015 administrative expenses to three percent of property tax allocated to the Agency or \$250,000, whichever is greater. Although \$449,889 is claimed for administrative cost, only \$275,157 is available pursuant to the cap. Therefore, \$174,732 of excess administrative cost is not allowed.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2013 period. HSC section 34186 (a) also specifies 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 table below includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

The Agency's maximum approved RPTTF distribution for the reporting period is \$8,735,983 as summarized below:

Approved RPTTF Distribution	
For the period of July through December 2014	
Total RPTTF requested for non-administrative obligations	14,996,286
Total RPTTF requested for administrative obligations	449,889
Total RPTTF requested for obligations	\$ 15,446,175
Total RPTTF requested for non-administrative obligations	14,996,286
<u>Denied Item</u>	
Item No. 6	(5,502,557)
Item No. 11	(39,405)
Item No. 38	(101,250)
Item No. 49	(20,000)
Item No. 51	(30,000)
Item No. 56	(11,160)
Item No. 61	(30,000)
Item No. 62	(30,000)
Item No. 63	(20,000)
Item No. 64	(40,000)
	(5,824,372)
Total RPTTF authorized for non-administrative obligations	\$ 9,171,914
Total RPTTF requested for administrative obligations	449,889
Administrative costs in excess of the cap (see Admin Cost Cap table below)	(174,732)
Total RPTTF authorized for administrative obligations	\$ 275,157
Total RPTTF authorized for obligations	\$ 9,447,071
ROPS 13-14A prior period adjustment	(711,088)
Total RPTTF approved for distribution	\$ 8,735,983

Administrative Cost Cap Calculation	
Total RPTTF authorized for non-administrative obligations	9,171,914
Percent allowed pursuant to HSC section 34171 (b)	3%
Total RPTTF allowable for administrative obligations	275,157
Total RPTTF administrative obligations after Finance adjustments	449,889
Administrative costs in excess of the cap	\$ (174,732)

Please refer to the ROPS 14-15A schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS>

Absent a Meet and Confer, this is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2014. This determination only applies to items where funding was requested for the six-month period. 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 section 34177.5 (i). Finance's review of items that have received a Final and

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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 HSC section 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.

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

Sincerely,



JUSTYN HOWARD
Assistant Program Budget Manager

cc: Mr. Scott Riordan, Economic Development Manager, City of Buena Park
Mr. Frank Davies, Property Tax Manager, Orange County
California State Controller's Office