



May 4, 2012

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

Dear Mr. Schindler:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Whittier Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 17, 2012 for the period January through June 2012 and July through December 2012. Finance staff contacted you for clarification of items listed in the ROPS.

HSC section 34171 (d) lists enforceable obligation (EO) characteristics. Based on a sample of line items reviewed and application of the law, the following do not qualify as EOs:

January through June 2012 ROPS

- Item 1 on page 4 for Greenleaf Avenue/Upton Whittier Redevelopment Project Area (GAUWPA), item 1 on page 4 for Whittier Earthquake Recovery Project Area (EQPA), item 1 on page 4 for Whittier Commercial Corridor Redevelopment Project Area (WCCPA); and item 1 on page 4 for Whittier Boulevard Redevelopment Project Area (WBPA), totaling \$1.9 million. 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. HSC section 34177 (d) requires that all unencumbered balances in the Low and Moderate Income Housing Fund be remitted to the county auditor-controller for distribution to the taxing entities.
- Items 1 through 5 and 7 through 13 on page 1 for WBPA, item 3 on page 1 for EQPA, and item 3 on page 1 for WCCPA totaling \$7.1 million. HSC section 34171(d) (2) states that agreements, contracts or arrangements between the entity that created the RDA and the former RDA are only enforceable if made within the first two years of the RDA's existence. The City of Whittier RDA was established in 1971. The loans between the City and the RDA were made subsequent to the first two-year period. Therefore, the loans are not EOs and should not be listed on the ROPS.
- Item 1 on page 2 for EQPA, and item 3 on page 2 for LMIHF totaling \$19 million. HSC section 34177(i) states that bond proceeds shall be used for the purposes for which bonds were sold unless the purposes can no longer be achieved, in which case, the proceeds may be used to defease the bonds. It is our understanding that contracts for these line items were not in place prior to June 28, 2011.

- Item 22 on page 1 for WCCPA in the amount of \$6.4 million. HSC section 34163(b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. It is our understanding that contracts for this line item were not in place prior to June 28, 2011.
- Administrative expenses totaling \$36,224 (see Attachment A). HSC section 34171 (b) limits the 2011-12 administrative cost allowance to five percent of the property tax allocated to the successor agency or \$250,000, whichever is greater. Five percent of the property tax allocated to the Whittier Successor Agency in 2011-12 equated to approximately \$319,198. Therefore, \$36,224 of the claimed \$355,422 in administrative expenses is not an EO.
- Items 3 and 16 through 18 on page 1 and items 1 through 3 on page 2 for LMIHF totaling \$15.3 million. Multiple funding sources are listed for these line items. Please specify a single funding source for each line item.
- Items 1, 2, and 5 on page 4 are not enforceable obligations. The requirement to set aside 20 percent of RDA tax increment for low and moderate income housing purposes ended with the passing of the redevelopment dissolution legislation. Additionally, HSC section 34177 (d) requires that all unencumbered balances in the LMIF be remitted to the county auditor controller for distribution to the taxing entities. Since any payments to the LMIF to repay LMIF advances for SERAF would be unencumbered balances and distributed to the taxing entities anyway, it is not necessary to include this item on your ROPS.

#### July through December 2012 ROPS

- Items 1 through 5 and 7 through 13 on page 1 for WBPA, item 3 on page 1 for EQPA, and item 3 on page 1 for WCCPA totaling \$7.1 million. HSC section 34171(d) (2) states that agreements, contracts or arrangements between the entity that created the RDA and the former RDA are only enforceable if made within the first two years of the RDA's existence. The City of Whittier RDA was established in 1971. The loans between the City and the RDA were made subsequent to the first two-year period. Therefore, the loans are not EOs.
- Item 1 on page 2 for EQPA and item 3 on page 2 for LMIHF totaling \$19 million. HSC section 34177(i) states that bond proceeds shall be used for the purposes for which bonds were sold unless the purposes can no longer be achieved, in which case, the proceeds may be used to defease the bonds. It is our understanding that contracts for these line items were not in place prior to June 28, 2011.
- Item 21 on page 1 for WCCPA in the amount of \$6.4 million. HSC section 34163(b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. It is our understanding that contracts for this line item were not in place prior to June 28, 2011.
- Items 15 through 18 on page 1 and items 1 through 3 on page 2 for LMIHF totaling \$13 million. Multiple funding sources are listed for these line items. Please specify a single funding source for each line item.

Mr. Schindler  
May 4, 2012  
Page 3

As authorized by HSC section 34179 (h), Finance is returning your ROPS for reconsideration. This action will cause the ROPS to be ineffective until Finance approval and may cause payment delays for valid obligations. Furthermore, items listed on future ROPS will be subject to review and may be denied as EOs.

Finance may continue to review items on the ROPS in addition to those mentioned above and identify additional issues. We will provide separate notice if we are requesting further modifications to the ROPS. It is our intent to provide an approval notice with regard to each ROPS prior to the June 1 property tax distribution date.

If you believe we have reached this conclusion in error, please provide further evidence that the items questioned above meet the definition of an EO and submit to the following email address:

[Redevelopment\\_Administration@dof.ca.gov](mailto:Redevelopment_Administration@dof.ca.gov)

Please direct inquiries to Chikako Takagi-Galamba, Supervisor or Wendy Griffe, Analyst at (916) 322-2985.

Sincerely,



MARK HILL  
Program Budget Manager

cc: Mr. Jeff Collier, City Manager, City of Whittier  
Mr. Rod Hill, City Controller, City of Whittier  
Mr. Ben Pongetti, Redevelopment Manager, City of Whittier  
Ms. Kristina Burns, Program Specialist III, Los Angeles County

## Attachment A

Administrative Cost Calculation for the period January - June 2012	
<b>Total RPTTF Funding (GAUWPA, WBPA, EQPA, WCCPA)</b>	<b>7,085,888</b>
Less: Admin costs included in above totals (Item 1 on page 14 for GAUWPA, item 1 on page 27 for WBPA, item 1 on page 23 for EQPA and item 1 on page 21 for WCCPA)	120,000
Less: items denied (line items 1 – 3, 5, 7 -13 on page 1 for WBPA, item 3 on page 1 for EQPA, and item 3 on page 1 for WCCPA)	581,928
Total funded from RPTTF :	6,383,960
5% of tax allocation:	319,198
<b>Allowed Administrative Costs (Greater of 5% or \$250,000):</b>	<b>\$ 319,198</b>

Line Items Considered Administrative Costs					
Project	Page	Line item	Payee	Description	Amount
GAUWPA	1	14	Successor Agency	Oversight Board Facilities and Coordination	\$ 30,000
GAUWPA	3	1	City of Whittier	3% -5% or \$250,000, whichever is more	42,438
WBPA	1	27	Successor Agency	Oversight Board Facilities and Coordination	30,000
WBPA	3	1	City of Whittier	3% -5% or \$250,000, whichever is more	39,468
EQPA	1	23	Successor Agency	Oversight Board Facilities and Coordination	30,000
EQPA	3	1	City of Whittier	3% -5% or \$250,000, whichever is more	83,376
WCCPA	1	21	Successor Agency	Oversight Board Facilities and Coordination	30,000
WCCPA	3	1	City of Whittier	3% -5% or \$250,000, whichever is more	70,140
				Total:	355,422
				Administrative Cap:	

					319,198
<b>Amount Denied (Total - Administrative Cap):</b>					<b>\$ 36,224</b>