



Transmitted via e-mail

April 15, 2020

Conal McNamara, Director of Community Development
City of Whittier
13230 Penn Street
Whittier, CA 90602

2020-21 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Whittier Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2020 through June 30, 2021 (ROPS 20-21) to the California Department of Finance (Finance) on January 31, 2020. Finance has completed its review of the ROPS 20-21.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item No. 6, 16, 44, 78, 89, and 130 – Various Property Maintenance and Disposition Costs totaling \$50,800. Finance approved the Agency's Long-Range Property Management Plan (LRPMP) on December 17, 2015, and contracts and agreements necessary to maintain assets prior to disposition are allowable. Although these costs are enforceable obligations, it appears the Oversight Board has approved an amount for property maintenance and disposition that appears excessive, given the length of time the assets have been available for sale. HSC section 34177 (e) requires agencies to dispose of assets and properties expeditiously and in a manner aimed at maximizing value.
- Item No. 17, 18, and 19 – City Loans in the total outstanding amount of \$8,448, \$1,014, and \$2,070, respectively, totaling \$11,532 are not allowed. Pursuant to HSC section 34191.4 (b) (3), interest on the remaining outstanding principal amount of the loan shall be recalculated from the date of origination of the loan, at a simple interest rate of three percent, and repayments shall be applied first to principal, and second to interest.

The Agency states the request represents interest accumulated after the payment amount was approved, but before the payment was made. However, the loans were fully funded following the June 2019 Redevelopment Property Tax Trust Fund (RPTTF) distribution from the County Auditor-Controller (CAC). Therefore, additional interest is not allowed and the funding requests of \$8,448 in RPTTF for Item No. 17, \$1,014 in RPTTF for Item No. 18, and \$2,070 in RPTTF for Item No. 19, totaling \$11,532, are not approved.

- Item No. 68 – Whittwood Owner Participation Agreement in the amount of \$1,015,000 is partially allowed. The Agency provided documentation supporting property tax increment and sales tax reimbursement estimate of \$345,000 due in November 2020 and May 2021, totaling \$690,000. Therefore, the excess \$325,000 requested is ineligible for RPTTF funding on this ROPS. The Agency may request funding on the next ROPS.
- Item No. 129 – Unfunded Pension Liability in the total outstanding amount of \$220,380 continues to be denied. It is our understanding the agreement is between the California Public Employees' Retirement System and the City; the former Redevelopment Agency is not a party to the contract. Therefore, this item is not an enforceable obligation of the Agency and the total outstanding amount of \$220,380 is ineligible for RPTTF funding.
- On the ROPS 20-21 form, the Agency reported cash balances and activity for the period July 1, 2017 through June 30, 2018 (ROPS 17-18). According to our review, the Agency has approximately \$67,440 from Other Funds, available to fund enforceable obligations on the ROPS 20-21. HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF. This item does not require payment from property tax revenues; therefore, with the Agency's concurrence, the funding source for the following item has been reclassified in the amount specified below:

Item No. 20 – Whittier Marketplace DDA in the amount of \$520,000 is partially reclassified. Finance is approving RPTTF in the amount of \$452,560 and the use of Other Funds in the amount of \$67,440, totaling \$520,000.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations (prior period adjustments) for the ROPS 17-18 period. Reported differences in RPTTF are used to offset current RPTTF distributions. The amount of RPTTF authorized includes the prior period adjustment (PPA) resulting from the CAC's review of the PPA form submitted by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$5,378,625, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2020 through December 31, 2020 period (ROPS A period), and one distribution for the January 1, 2021 through June 30, 2021 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 20-21 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Except for the items adjusted, Finance is not objecting to the remaining items listed on the ROPS 20-21. If the Agency disagrees with our determination with respect to any items on the ROPS 20-21, except items which are the subject of litigation disputing our previous or related determinations, the Agency 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 on our website:

http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/

The Agency must use the RAD App to complete and submit its Meet and Confer request form.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 20-21. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be deemed denied until the matter is resolved.

The ROPS 20-21 form submitted by the Agency and this determination letter will be posted on our website:

<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This determination is effective for the ROPS 20-21 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items 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 available prior to the enactment of the redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Kylie Oltmann, Supervisor, or Michael Painter, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Ben Pongetti, Development Project Manager, City of Whittier
Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County

Approved RPTTF Distribution July 2020 through June 2021			
	ROPS A	ROPS B	ROPS 20-21 Total
RPTTF Requested	\$ 3,436,222	\$ 2,646,583	\$ 6,082,805
Administrative RPTTF Requested	125,000	125,000	250,000
Total RPTTF Requested	3,561,222	2,771,583	6,332,805
RPTTF Requested	3,436,222	2,646,583	6,082,805
<u>Adjustment(s)</u>			
Item No. 17	(8,448)	0	(8,448)
Item No. 18	(1,014)	0	(1,014)
Item No. 19	(2,070)	0	(2,070)
Item No. 20	(67,440)	0	(67,440)
Item No. 68	(325,000)	0	(325,000)
Item No. 129	(220,380)	0	(220,380)
	(624,352)	0	(624,352)
RPTTF Authorized	2,811,870	2,646,583	5,458,453
Administrative RPTTF Authorized	125,000	125,000	250,000
ROPS 17-18 prior period adjustment (PPA)	(329,828)	0	(329,828)
Total RPTTF Approved for Distribution	\$ 2,607,042	\$ 2,771,583	\$ 5,378,625