



April 10, 2017

Mr. Donald L. Parker, Finance Director  
City of Montclair  
5111 Benito Street  
Montclair, CA 91763

Dear Mr. Parker:

Subject: 2017-18 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Montclair Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2017 through June 30, 2018 (ROPS 17-18) to the California Department of Finance (Finance) on January 26, 2017. Finance has completed its review of the ROPS 17-18.

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

- Item Nos. 1 through 7 – Various Tax Allocation Bonds (TABs), Fiscal Year 2017-18 requested amounts totaling \$3,784,433 have been partially reclassified. While enforceable obligations, these items do not require payment from Redevelopment Property Tax Trust Fund (RPTTF) and the Agency currently has \$1,529,500 in Other Funds available from the recent sale of Agency owned property. Therefore, the funding source for the following items has been reclassified in the amounts specified below:

Item No.	ROPS 17-18B Total Funding Requested	ROPS 17-18B RPTTF Approved	ROPS 17-18B Other Funds Approved
1	\$33,820	\$33,304	\$516
2	1,585,050	1,560,901	24,149
3	303,200	298,581	4,619
4	367,750	362,147	5,603
5	765,710	0	765,710
6	573,103	0	573,103
7	155,800	0	155,800
Total	\$3,784,433	\$2,254,933	\$1,529,500

- Item Nos. 12, 14, and 15 – Various bond-related service fees totaling the requested amount of \$44,500 are partially allowed. The Agency provided invoices for past payments made on these items to support the amounts requested. However, the invoices only support portions of the requested amounts. Therefore, the excess

amounts are not eligible for RPTTF funding and they have been adjusted in the January through June 2018 (ROPS 17-18B) period as shown in the table below:

Item No.	Total FY 2017-18 Requested Amount	Amount Supported by Invoices	Amount Adjusted in the ROPS 17-18B Period
12	\$20,000	\$16,438	\$3,562
14	12,000	10,000	2,000
15	12,500	9,000	3,500
<b>Total</b>	<b>\$44,500</b>	<b>\$35,438</b>	<b>\$9,062</b>

- No. 51 – Montclair Housing Authority-Housing Entity Administrative Cost Allowance total requested outstanding balance in the amount of \$750,000 is not allowed. Finance continues to deny this item. Pursuant to HSC section 34171 (p), the housing successor administrative cost allowance is applicable only in cases where the city, county, or city and county that authorized the creation of the Redevelopment Agency (RDA) elected to not assume the housing functions and the housing functions were transferred to a local housing authority in the territorial jurisdiction of the RDA. However, in this case the City of Montclair Housing Authority (Authority) elected to be the housing successor to the RDA and retained the housing assets by submitting the housing asset transfer form to Finance July 26, 2012. Therefore, the Authority is not eligible for the housing successor administrative cost allowance and the total requested amount of \$600,000 from RPTTF is not allowed.
- The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (3). However, the Oversight Board (OB) has approved an amount that appears excessive, given the number and nature of the other obligations listed on the ROPS. HSC section 34179 (i) requires the OB to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the OB to apply adequate oversight when evaluating the administrative resources required to successfully wind-down the Agency.

Except for the items adjusted, Finance is not objecting to the remaining items listed on the ROPS 17-18. If the Agency disagrees with Finance’s determination with respect to any items on the ROPS 17-18, except items which are the subject of litigation disputing Finance’s 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 Finance’s website:

<http://dof.ca.gov/Programs/Redevelopment/Meet And Confer/>

The Agency’s maximum approved RPTTF distribution for the reporting period is \$2,513,371 as summarized in the Approved RPTTF Distribution table on Page 4 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2017 through December 31, 2017 period (ROPS A period) and one distribution for the January 1, 2018 through June 30, 2018 period (ROPS B period) based on Finance’s approved amounts. Since Finance’s determination is for the entire ROPS 17-18 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

On the ROPS 17-18 form, the Agency reported cash balances and activity for the period of January 1, 2016 through June 30, 2016. Finance reviews the Agency's self-reported cash balances on an ongoing basis. The Agency should be prepared to submit financial records and bridging documents to support the cash balances reported upon request. HSC section 34177 (l) (1) (E) requires the balances be used prior to requesting RPTTF.

The Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through June 30, 2016 period (ROPS 15-16). The Agency will report actual payments for ROPS 15-16 on ROPS 18-19, pursuant to HSC section 34186 (a) (1). A prior period adjustment may be applied to the Agency's ROPS 18-19 RPTTF distribution. Therefore, the Agency should retain any unexpended ROPS 15-16 RPTTF.

Absent a Meet and Confer, this is Finance's determination regarding the obligations listed on the ROPS 17-18. This determination only applies to items when funding was requested for the 12-month period.

The ROPS 17-18 form submitted by the Agency and Finance's determination letter will be posted on Finance's website:

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

Finance's determination is effective for the ROPS 17-18 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 Nichelle Thomas, Supervisor, or Moses Ofurio, Lead Analyst, at (916) 322-2985.

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

cc: Ms. Marilyn Staats, Deputy City Manager/Exec. Dir. Econ. Dev., City of Montclair  
Ms. Linda Santillano, Property Tax Manager, San Bernardino County

**Attachment**

<b>Approved RPTTF Distribution</b>			
<b>For the period of July 2017 through June 2018</b>			
	<b>ROPS A Period</b>	<b>ROPS B Period</b>	<b>ROPS 17-18 Total</b>
RPTTF Requested	\$ 17,500	\$ 4,419,433	\$ 4,436,933
Administrative RPTTF Requested	115,000	100,000	215,000
<b>Total RPTTF Requested</b>	<b>132,500</b>	<b>4,519,433</b>	<b>4,651,933</b>
<b>RPTTF Requested</b>	<b>17,500</b>	<b>4,419,433</b>	<b>4,436,933</b>
<u>Adjustment</u>			
Item No. 1	0	(516)	(516)
Item No. 2	0	(24,149)	(24,149)
Item No. 3	0	(4,619)	(4,619)
Item No. 4	0	(5,603)	(5,603)
Item No. 5	0	(765,710)	(765,710)
Item No. 6	0	(573,103)	(573,103)
Item No. 7	0	(155,800)	(155,800)
Item No. 12	0	(3,562)	(3,562)
Item No. 14	0	(2,000)	(2,000)
Item No. 15	0	(3,500)	(3,500)
Item No. 51	0	(600,000)	(600,000)
	0	(2,138,562)	(2,138,562)
<b>RPTTF Authorized</b>	<b>17,500</b>	<b>2,280,871</b>	<b>2,298,371</b>
<b>Administrative RPTTF Authorized</b>	<b>115,000</b>	<b>100,000</b>	<b>215,000</b>
<b>Total RPTTF Approved for Distribution</b>	<b>\$ 132,500</b>	<b>\$ 2,380,871</b>	<b>\$ 2,513,371</b>