



April 3, 2017

Ms. Diana De Anda, Finance Director  
City of Loma Linda  
25541 Barton Road  
Loma Linda, CA 92354

Dear Ms. De Anda:

Subject: 2017-18 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Loma Linda 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 25, 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 No. 15 – Reentered Agreement. It is our understanding the Agency requested \$72,896 of the total \$3,867,483 from the incorrect fund. Per discussion with Agency staff and review of documentation provided, the \$72,896 requested from Other Funds should have been requested from Redevelopment Property Tax Trust Funds (RPTTF). As a result, the total ROPS 17-18 RPTTF requested amount has been increased by \$72,896, for a total of \$3,867,483.
- Item No. 39 – Housing Entity Administrative Costs Allowance in the total outstanding obligation amount of \$750,000 is not allowed. 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, the City of Loma Linda (City) elected to be the housing successor to the RDA and retained the housing assets by submitting the housing asset transfer form to Finance on August 27, 2012. Therefore, the City is not eligible for the housing successor administrative cost allowance and \$150,000 requested for RPTTF for the ROPS 17-18 period is not allowed.

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/](http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is \$8,057,036 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. Finance's ROPS 17-18 cash balances review indicates the Agency has approximately \$1,758 of Other Funds available to pay for enforceable obligations on the ROPS for the period of July 1, 2018 through June 30, 2019 (ROPS 18-19). 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 Michael Barr, Lead Analyst, at (916) 322-2985.

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

cc: Ms. Diane Hadland, DHA Consulting, City of Loma Linda  
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	\$ 4,429,231	\$ 3,454,909	\$ 7,884,140
Administrative RPTTF Requested	125,000	125,000	250,000
<b>Total RPTTF Requested</b>	<b>4,554,231</b>	<b>3,579,909</b>	<b>8,134,140</b>
<b>RPTTF Requested</b>	<b>4,429,231</b>	<b>3,454,909</b>	<b>7,884,140</b>
<u>Adjustments</u>			
Item No. 15	72,896	0	72,896
Item No. 39	(150,000)	0	(150,000)
	(77,104)	0	(77,104)
<b>RPTTF Authorized</b>	<b>4,352,127</b>	<b>3,454,909</b>	<b>7,807,036</b>
<b>Administrative RPTTF Authorized</b>	<b>125,000</b>	<b>125,000</b>	<b>250,000</b>
<b>Total RPTTF Approved for Distribution</b>	<b>\$ 4,477,127</b>	<b>\$ 3,579,909</b>	<b>\$ 8,057,036</b>