



Transmitted via e-mail

April 10, 2025

Geoffrey C. Buchheim, Administrative Services Director
City of Desert Hot Springs
11999 Palm Drive
Desert Hot Springs, CA 92240

Last and Final Recognized Obligation Payment Schedule Determination

Pursuant to Health and Safety Code (HSC) section 34191.6 (b), the City of Desert Hot Springs Successor Agency (Agency) submitted a Last and Final Recognized Obligation Payment Schedule (Last and Final ROPS) to the California Department of Finance (Finance) on January 22, 2025. Finance has completed its review of the Agency's Last and Final ROPS.

HSC section 34191.6 (c) authorizes Finance to make amendments or changes to the Last and Final ROPS if the changes are agreed to in writing by the Agency. The Agency has agreed in writing to the following changes made by Finance to the Agency's Last and Final ROPS:

- Item Nos. 1, 14, 39, and 40 – The Agency inadvertently omitted the July 1, 2025 through June 30, 2026 (ROPS 25-26) requested amounts totaling \$1,579,812 in Redevelopment Property Tax Trust Fund (RPTTF) funding and \$250,000 in Administrative Redevelopment Property Tax Trust Fund (Administrative RPTTF) funding for these line items. Finance transferred these ROPS 25-26 requested amounts to the Last and Final ROPS.
- Item No. 14 – Successor Agency Administration Costs in the amount of \$880,000 have been adjusted by \$205,000 to \$675,000. The Agency originally requested \$250,000 in Administrative Costs for the ROPS 25-26 period and agreed to reduce it to \$45,000, consistent with the other periods on the Last and Final ROPS. Therefore, and with the Agency's concurrence, Finance adjusted the Administrative Costs for the entire Last and Final ROPS to the amount of \$675,000.

- Item No. 39 – 2017 Subordinate Tax Allocation Refunding Bond (interest only portion). The Agency requested the amount of \$4,282,850 in error. According to the debt service schedule, the amount of \$4,282,850 for all Last and Final ROPS periods was incorrect and should be \$3,986,469. This was due to an incorrect amount inadvertently requested for the January 1, 2026 through June 30, 2026 period (ROPS 26-27B period), which caused a cascading effect on every subsequent ROPS B period funding request. Therefore, with the Agency's concurrence, Finance made adjustments totaling \$296,381 to decrease the requested amount to \$3,986,469 and accurately reflect the total amount required by the debt service schedule. Adjustments specific to each ROPS period are reflected in the approved Last and Final ROPS.

In addition, the total requested amount of \$303,656 for the ROPS 25-26 period is partially reclassified. According to our review of cash balances and activities for the period of July 1, 2022 through June 30, 2023, the Agency has approximately \$500 in Other Funds available to fund enforceable obligations on the Last and Final ROPS. HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF funding. This item does not require payment from property tax revenues. Therefore, with the Agency's concurrence, the funding source for this item has been reclassified. Finance is approving RPTTF in the amount of \$303,156 and the use of Other Funds in the amount of \$500, totaling \$303,656 for the ROPS 25-26 period.

Finance is approving the Agency's Last and Final ROPS with the above amendments and changes. These changes are reflected in the approved Last and Final ROPS.

The Agency's maximum approved RPTTF distribution for the Last and Final ROPS is \$19,368,469, as summarized in the Approved RPTTF Distribution table (see Attachment).

Please refer to the approved Last and Final ROPS schedule used to calculate the total RPTTF approved for distribution:

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

Any agreed-upon amendments or changes are reflected in the approved Last and Final ROPS posted on the above website.

This is Finance's determination related to the enforceable obligations reported on the Last and Final ROPS. HSC section 34191.6 (c) (2) allows agencies to submit no more than two requests to amend the approved Last and Final ROPS.

ROPS distributions will occur twice annually, one distribution for the July 1 through December 31 (ROPS A period), and one distribution for the January 1 through June 30 (ROPS B period). The Agency will receive RPTTF distributions up to the maximum approved amount on the Last and Final ROPS.

The Agency shall not expend more than the amount approved for each enforceable obligation listed and approved on the Last and Final ROPS. All unspent RPTTF received for enforceable obligations by the Agency should be retained for distribution to the affected taxing entities pursuant to HSC section 34191.6 (d) (2) (G). Further, any revenues, interest, and earnings of the Agency not authorized for use pursuant to the approved Last and Final ROPS shall be remitted to the County Auditor-Controller (CAC) pursuant to HSC section 34191.6 (c) (3). Pursuant to HSC section 34187 (e), once an agency has retired or paid off all enforceable obligations and all real property has been disposed of, the Agency is required to dispose of all remaining assets and remit any proceeds to the CAC for distribution to the affected taxing entities.

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 statutes. Therefore, as a practical matter, the ability to fund the items on the Last and Final ROPS with property tax is limited to the amount of funding available to the Agency in the RPTTF. However, HSC section 34191.6 (c) (5) provides mechanisms for the Agency to pay enforceable obligations if insufficient RPTTF is available on an approved Last and Final ROPS.

HSC section 34187 (b) defines the process of final dissolution of the Agency. When all enforceable obligations have been retired or paid off, all real property has been disposed of, and all outstanding litigation has been resolved, the Agency shall, within 30 days of meeting these conditions, submit to the Oversight Board (OB) a request to formally dissolve. The OB shall approve the request within 30 days and submit the request for Finance's review.

Finance approved the Agency's annual ROPS 24-25 on March 29, 2024. Therefore, the Agency's most recent annual ROPS 24-25 approvals will remain effective through June 30, 2025, and funding approved through the Last and Final ROPS will commence with the ROPS 25-26 period.

Pursuant to HSC section 34177 (o) (1), the Agency also submitted ROPS 25-26 to Finance on January 22, 2025. Because Finance is approving the Agency's Last and Final ROPS, Finance's approval of ROPS 25-26 is no longer necessary, and Finance will not issue a ROPS 25-26 determination letter. The Agency's payment of approved enforceable obligations should be in accordance with the Approved ROPS beginning with the ROPS 25-26 period.

Please direct inquiries to RedevelopmentAdministration@dof.ca.gov.

Sincerely,

Original signed by:

Cheryl L. McCormick, CPA
Chief, Office of State Audits and Evaluations

cc: Frank Luckino, City Manager, City of Desert Hot Springs
Jennifer Baechel, Deputy Auditor-Controller, Riverside County
Veronica Clark, Countywide Oversight Board Representative

Attachment

Approved Last and Final ROPS RPTTF Distributions							
	A Periods			B Periods			
ROPS Period	RPTTF	Admin RPTTF	A Period Total	RPTTF	Admin RPTTF	B Period Total	Annual Total
Total requested	\$ 15,572,769	\$ 315,000	\$ 15,887,769	\$ 1,837,769	\$ 315,000	\$ 2,152,769	\$ 18,040,538
Total adjustments	1,275,656	22,500	1,298,156	7,275	22,500	29,775	1,327,931
Totals	16,848,425	337,500	17,185,925	1,845,044	337,500	2,182,544	19,368,469
Total RPTTF approved for distribution							
ROPS 25-26	1,275,656	22,500	1,298,156	303,656	22,500	326,156	1,624,312
ROPS 26-27	1,298,881	22,500	1,321,381	271,381	22,500	293,881	1,615,262
ROPS 27-28	1,323,881	22,500	1,346,381	245,131	22,500	267,631	1,614,012
ROPS 28-29	1,352,631	22,500	1,375,131	217,506	22,500	240,006	1,615,137
ROPS 29-30	1,385,006	22,500	1,407,506	188,381	22,500	210,881	1,618,387
ROPS 30-31	1,405,881	22,500	1,428,381	158,006	22,500	180,506	1,608,887
ROPS 31-32	1,440,506	22,500	1,463,006	126,006	22,500	148,506	1,611,512
ROPS 32-33	1,473,506	22,500	1,496,006	92,381	22,500	114,881	1,610,887
ROPS 33-34	1,034,881	22,500	1,057,381	77,694	22,500	100,194	1,157,575
ROPS 34-35	1,050,194	22,500	1,072,694	61,931	22,500	84,431	1,157,125
ROPS 35-36	924,431	22,500	946,931	47,419	22,500	69,919	1,016,850
ROPS 36-37	879,919	22,500	902,419	33,413	22,500	55,913	958,332
ROPS 37-38	895,913	22,500	918,413	18,900	22,500	41,400	959,813
ROPS 38-39	916,400	22,500	938,900	3,239	22,500	25,739	964,639
ROPS 39-40	190,739	22,500	213,239	0	22,500	22,500	235,739
Total	\$ 16,848,425	\$ 337,500	\$ 17,185,925	\$ 1,845,044	\$ 337,500	\$ 2,182,544	\$ 19,368,469

ICC: Nand, Mortimer, Takagi-Galamba, Standing Horse, McCormick, Parmelee

Final Path:

If approved, LGU>Audits and Review>Last and Final ROPS>Last and Final Issued PDF

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