



Transmitted via e-mail

April 11, 2025

Grace E. Kim, Project Manager
City of Garden Grove
11222 Acacia Parkway
Garden Grove, CA 92840

2025-26 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Garden Grove Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2025 through June 30, 2026 (ROPS 25-26) to the California Department of Finance (Finance) on January 31, 2025. Finance has completed its review of the ROPS 25-26.

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

- Item No. 16 – Sycamore Walk Disposition and Development Agreement (DDA) in the total outstanding amount of \$21,244 is not allowed. The Agency provided copies of the DDA entered into on November 12, 1996 and amended on April 14, 1998, which requires remediation work. However, no other agreements or work estimates were submitted demonstrating a current obligation for continued remediation work. Therefore, the requested amount of \$21,244 from the Redevelopment Property Tax Trust Fund (RPTTF) is not allowed. To the extent the Agency can provide adequate documentation to demonstrate remediation costs still exist, funding may be allowed on a subsequent ROPS.
- Item No. 24 – Payments for this type of service requested in the amount of \$72,274 is considered a general administrative cost and with the Agency's concurrence, have been reclassified to Administrative Redevelopment Property Tax Trust Fund.
- On the ROPS 25-26 form, the Agency reported cash balances and activity for the period July 1, 2022 through June 30, 2023 (ROPS 22-23). According to our review, the Agency has approximately \$371,016 from Other Funds, available to fund enforceable obligations on the ROPS 25-26. 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 the following item has been reclassified in the amount specified on the following page:

- Item No. 39 – 2014 Tax Allocation Refunding Bonds in the amount of \$2,342,625 is partially reclassified. Finance approves RPTTF in the amount of \$1,971,609 and the use of Other Funds in the amount of \$371,016, totaling \$2,342,625.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations (prior period adjustments) for the July 1, 2022 through June 30, 2023 (ROPS 22-23) period. The ROPS 22-23 prior period adjustment (PPA) will offset the ROPS 25-26 RPTTF distribution. The amount of RPTTF authorized includes the PPA resulting from the County Auditor-Controller's review of the PPA form submitted by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$6,412,691, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2025 through December 31, 2025 period (ROPS A period), and one distribution for the January 1, 2026 through June 30, 2026 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 25-26 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 adjusted items, Finance approves the remaining items listed on the ROPS 25-26 at this time. If the Agency disagrees with our determination with respect to any items on the ROPS 25-26, 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 from the date of this letter. The Agency must use the RAD App to complete and submit its Meet and Confer request form. The Meet and Confer process and guidelines are available on our website:

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

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 25-26. This determination only applies to items when funding was requested for the 12-month period. If a determination by Finance in a previous ROPS is currently the subject of litigation, the item will continue to reflect the determination until the matter is resolved.

The ROPS 25-26 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 25-26 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to Finance's review and may be adjusted even if not adjusted 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 RPTF 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 RPTF.

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

Sincerely,

Original signed by:

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

cc: Ursula Luna-Reynosa, Economic Development and Housing Director, City
of Garden Grove
Samantha Nguyen, Fiscal Analyst, Property Tax Unit, Orange County
Kathy Tavoularis, Countywide Oversight Board Representative

Attachment

Approved RPTTF Distribution July 2025 through June 2026			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 5,440,939	\$ 2,125,331	\$ 7,566,270
Administrative RPTTF Requested	125,000	125,000	250,000
Total RPTTF Requested	5,565,939	2,250,331	7,816,270
RPTTF Requested	5,440,939	2,125,331	7,566,270
<u>Adjustment(s)</u>			
Item No. 16	0	(21,244)	(21,244)
Item No. 24	(36,137)	(36,137)	(72,274)
Item No. 39	(371,016)	0	(371,016)
	(407,153)	(57,381)	(464,534)
RPTTF Authorized	5,033,786	2,067,950	7,101,736
Administrative RPTTF Requested	125,000	125,000	250,000
<u>Adjustment(s)</u>			
Item No. 24	36,137	36,137	72,274
Administrative RPTTF Authorized	161,137	161,137	322,274
ROPS 22-23 Prior Period Adjustment (PPA)	(1,011,319)	0	(1,011,319)
Total RPTTF Approved for Distribution	\$ 4,183,604	\$ 2,229,087	\$ 6,412,691