



Transmitted via e-mail

April 11, 2025

Travis Hopkins, City Manager
City of Huntington Beach
2000 Main Street
Huntington Beach, CA 92648

2025-26 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Huntington Beach 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 30, 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:

- The claimed administrative costs exceed the allowance by \$150,000. HSC section 34171 (b) (3) limits the fiscal year Administrative Cost Allowance (ACA) to three percent of actual Redevelopment Property Tax Trust Fund (RPTTF) distributed in the preceding fiscal year or \$250,000, whichever is greater; not to exceed 50 percent of RPTTF distributed in the preceding fiscal year. As a result, the Agency's maximum ACA is \$0 for fiscal year 2025-26.

Although \$150,000 is claimed for ACA, no ACA is available pursuant to the cap. Therefore, as noted in the table below, \$150,000 in excess ACA is not allowed:

Administrative Cost Allowance (ACA) Calculation	
Actual RPTTF distributed for fiscal year 2024-25	\$8,405,859
Less distributed Administrative RPTTF	(125,000)
Less sponsoring entity loan repayment*	(8,280,859)
RPTTF distributed for 2024-25 after adjustments	0
ACA Cap for 2025-26 per HSC section 34171 (b)	0
ACA requested for 2025-26	150,000
ACA in Excess of the Cap	(\$150,000)

*The total approved sponsoring entity loan repayment amount was \$8,595,708, which includes the \$314,849 ROPS 21-22 prior period adjustment that offset ROPS 24-25 RPTTF distribution for the loan repayment. The amounts noted in the table adjust the RPTTF distributed amount to zero.

- 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 \$89,445 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. The item below 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. 30 – Bella Terra Phase II Property Tax Sharing Agreement in the amount of \$1,342,620 is partially reclassified. Finance approves RPTTF in the amount of \$1,253,175 and the use of Other Funds in the amount of \$89,445, totaling \$1,342,620.

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 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 \$9,947,606, 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 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 RedevelopmentAdministration@dof.ca.gov.

Sincerely,

Original signed by:

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

cc: Steve Holtz, Deputy Director of Community Development, City of Huntington Beach
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	\$ 4,737,480	\$ 5,781,018	\$ 10,518,498
Administrative RPTTF Requested	75,000	75,000	150,000
Total RPTTF Requested	4,812,480	5,856,018	10,668,498
RPTTF Requested	4,737,480	5,781,018	10,518,498
<u>Adjustment(s)</u>			
Item No. 30	0	(89,445)	(89,445)
RPTTF Authorized	4,737,480	5,691,573	10,429,053
Administrative RPTTF Requested	75,000	75,000	150,000
Excess Administrative Costs	(75,000)	(75,000)	(150,000)
Administrative RPTTF Authorized	0	0	0
ROPS 22-23 Prior Period Adjustment (PPA)	(481,447)	0	(481,447)
Total RPTTF Approved for Distribution	\$ 4,256,033	\$ 5,691,573	\$ 9,947,606