



Transmitted via e-mail

April 4, 2025

Joshua Nelson, City Manager  
City of Industry  
15625 Mayor Dave Way  
City of Industry, CA 91744

### **2025-26 Annual Recognized Obligation Payment Schedule**

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Industry 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. 291 - Industry East and Industry Business Center in the requested amount of \$5,000,000 from Other Funds is partially allowed. It is our understanding a Contract Agreement between the Agency and CT&T Concrete Paving Inc. states the Agency is obligated to pay CT&T for Grand Avenue and La Puente Intersection improvements at a cost not to exceed \$4,046,154. Therefore, of the requested \$5,000,000, the excess \$953,846 is not eligible for Other Funds.
- Item No. 303 – Industry East and Industry Business Center Traffic Mitigation Improvements in the outstanding amount of \$2,500,000 is not allowed. The Agency did not provide documentation to support the requested amounts because no agreement has been finalized at this time. Therefore, the requested amount of \$2,500,000 from Other Funds is not allowed. To the extent the Agency can provide suitable documentation, such as an executed contract, to support the requested amount, the Agency may be eligible for funding on a future ROPS.
- Item No. 322 - Industry East Development in the requested amount of \$125,000 from Other Funds is partially allowed. The agreement between the Agency and Verdantas, Inc. obligates the Agency to pay Verdantas Inc. for the Baker Parkway Rehabilitation project not to exceed \$30,000. Therefore, of the requested \$125,000, the excess \$95,000 is not eligible for Other Funds.

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 Redevelopment Property Tax Trust Fund (RPTTF) distribution. The County Auditor-Controller's (CAC) review of the PPA form submitted by the Agency resulted in a \$17,413,597 PPA. The ROPS 25-26 did not include requests for RPTTF to allow any of the PPA to be applied this ROPS period. Therefore, as authorized by HSC section 34177 (d), the Agency should remit \$17,413,597 to the CAC for distribution to the affected taxing entities.

Additionally, Finance noted on the ROPS 22-23 PPA form, the Agency exceeded Finance's authorization of Other Funds totaling \$452,719 for Item Nos. 123, 148, and 205. Pursuant to HSC section 34177 (a) (3), only those payments listed on a ROPS may be made by the Agency from the funds and source specified on the ROPS, up to the amount authorized by Finance. Finance reminds the Agency that funds in excess of the amounts authorized on the ROPS cannot be expended. Any excess funds must be retained and expended once the Agency receives approval for their use on a future ROPS.

HSC sections 34177 (a) (4) and 34173 (h) provide mechanisms when Agency payments exceed the amounts authorized by Finance. The Agency should ensure the proper expenditure authority is received from its Oversight Board and Finance prior to making payments on approved enforceable obligations.

The Agency requested Other Funds to fund its enforceable obligations and did not request any RPTTF. Therefore, the Agency's maximum approved RPTTF distribution for the reporting period is \$0, 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/](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](mailto:RedevelopmentAdministration@dof.ca.gov).

Sincerely,

Original signed by:

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

cc: Yamini Pathak, Finance Director, City of Industry  
Linda Santillano, Property Tax Apportionment Division Chief, Los Angeles County  
Cesar Hernandez, Countywide Oversight Board Representative

**Attachment**

Approved RPTTF Distribution July 2025 through June 2026			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 0	\$ 0	\$ 0
Administrative RPTTF Requested	0	0	0
<b>Total RPTTF Requested</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>RPTTF Authorized</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Administrative RPTTF Authorized</b>	<b>0</b>	<b>0</b>	<b>0</b>
ROPS 22-23 Prior Period Adjustment (PPA)	0	(17,413,597)	(17,413,597)
Excess PPA	0	17,413,597	17,413,597
<b>Total RPTTF Approved for Distribution</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>