



Transmitted via e-mail

April 11, 2025

Daniel Kahn, Chief Executive Officer and Chief Operating Officer
City of Los Angeles Designated Local Authority
448 South Hill Street, Suite 301
Los Angeles, CA 90013

2025-26 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Los Angeles Designated Local Authority 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 24, 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. 468 – Other Post Employee Benefits in the total amount of \$2,098,346 is not allowed. The Agency requests \$1,064,923 in Redevelopment Property Tax Trust Fund (RPTTF) and the use of Other Funds in the amount of \$1,033,423. It is our understanding the Agency is no longer required to contribute to the California Employers' Retiree Benefit Trust Fund (Trust) as of June 30, 2023. Additionally, the Trust will be reimbursing the Agency for these expenses, and no additional contributions need to be made to the Trust by the Agency at this time. Therefore, this obligation is not eligible for RPTTF or Other Funds funding.
- Item No. 478 – Independent Living Center of Southern California Settlement, with a total requested amount of \$18,642,130, is partially allowed. Upon further review, the Agency requested to decrease its initial estimate. Therefore, based on the updated estimate, \$11,600,000 is supported, and the remaining \$7,042,130 (\$18,642,130 - \$11,600,000) is not eligible for RPTTF funding.
- The claimed administrative costs exceed the allowance by \$221,126. HSC section 34171 (b) (3) limits the fiscal year Administrative Cost Allowance (ACA) to three percent of actual RPTTF distributed in the preceding fiscal year or \$250,000, whichever is greater; not to exceed 50 percent of the RPTTF distributed in the preceding fiscal year. As a result, the Agency's maximum ACA is \$1,847,207 for the fiscal year 2025-26.

Although \$2,068,333 is claimed for ACA, only \$1,847,207 is available pursuant to the cap. Therefore, as noted in the table below, \$221,126 in excess ACA is not allowed:

Administrative Cost Allowance (ACA) Calculation	
Actual RPTTF distributed for fiscal year 2024-25	\$63,447,547
Less distributed Administrative RPTTF	(1,873,976)
RPTTF distributed for 2024-25 after adjustments	61,573,571
ACA Cap for 2025-26 per HSC section 34171 (b)	1,847,207
ACA requested for 2025-26	2,068,333
ACA in Excess of the Cap	(\$221,126)

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 \$56,016,074, 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: De Dinh, Senior Accountant, City of Los Angeles Designated Local Authority
Linda Santillano, Property Tax Apportionment Division Chief, Los Angeles County
Martha Arana, Countywide Oversight Board Representative

Attachment

Approved RPTTF Distribution July 2025 through June 2026			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 35,849,374	\$ 38,092,415	\$ 73,941,789
Administrative RPTTF Requested	1,764,572	303,761	2,068,333
Total RPTTF Requested	37,613,946	38,396,176	76,010,122
RPTTF Requested	35,849,374	38,092,415	73,941,789
<u>Adjustment(s)</u>			
Item No. 468	(1,064,923)	0	(1,064,923)
Item No. 478	(7,042,130)	0	(7,042,130)
	(8,107,053)	0	(8,107,053)
RPTTF Authorized	27,742,321	38,092,415	65,834,736
Administrative RPTTF Requested	1,764,572	303,761	2,068,333
Excess Administrative Costs	(0)	(221,126)	(221,126)
Administrative RPTTF Authorized	1,764,572	82,635	1,847,207
ROPS 22-23 Prior Period Adjustment (PPA)	(11,665,869)	0	(11,665,869)
Total RPTTF Approved for Distribution	\$ 17,841,024	\$ 38,175,050	\$ 56,016,074