



Transmitted via e-mail

April 15, 2022

Ronerick Simpson, Interim City Manager
City of Compton
205 South Willowbrook Avenue
Compton, CA 90220

2022-23 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Compton Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2022 through June 30, 2023 (ROPS 22-23) to the California Department of Finance (Finance) on January 31, 2022. Finance has completed its review of the ROPS 22-23.

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

- Item No. 2 – Tax Allocation Series 2010 A Bonds debt service. The Agency requested \$2,590,125 from the Redevelopment Property Tax Trust Fund (RPTTF) in error. The Agency requested \$500,062 for the January 1, 2023 through June 30, 2023 period (ROPS B period). According to the debt service schedule provided by the Agency, the amount requested for the ROPS B period should be \$460,312. Therefore, to accurately reflect the correct debt service payment, Finance made an adjustment in the amount of \$39,750 (\$500,062 - \$460,312) to decrease the total requested amount of \$2,590,125 to \$2,550,375.
- Item No. 4 – Tax Allocation Series 2010 C Bonds debt service. The Agency requested \$2,506,939 from RPTTF in error. The Agency requested \$2,005,000 for the July 1, 2022 through December 31, 2022 period (ROPS A period) and \$501,939 for the ROPS B period. According to the debt service schedule provided by the Agency, the amount requested for the ROPS A period should be \$2,255,970 and the amount requested for the ROPS B period should be \$173,376. Therefore, to accurately reflect the correct debt service payments, Finance made a net adjustment in the amount of \$77,593 (an increase of \$250,970 for the ROPS A period and a decrease of \$328,563 for the ROPS B period) to decrease the total requested amount of \$2,506,939 to \$2,429,346.
- Item No. 25 – Agency Owned Properties in the total outstanding amount of \$80,000 is partially allowed. The Agency was only able to provide details and contract support for appraisal costs of \$52,800. Therefore, Finance made an adjustment of \$27,200 to decrease the total requested amount of \$80,000 to

\$52,800. To the extent the Agency can provide suitable documentation, such as additional executed contracts or vendor invoices to support the total requested amount, the difference may be considered on a future ROPS.

- Item No. 26 – Agency Owned Properties in the total outstanding amount of \$400,000 is partially allowed. The Agency was only able to provide details and support for property maintenance costs of \$153,070. Therefore, Finance made an adjustment of \$246,930 to decrease the total requested amount of \$400,000 to \$153,070. To the extent the Agency can provide suitable documentation, such as additional executed contracts or vendor invoices to support the total requested amount, the difference may be considered on a future ROPS.
- Item No. 31 – Agency Owned Properties in the total outstanding amount of \$225,000 is not allowed. The Agency did not provide documentation to support the remediation of Agency-owned property as an enforceable obligation. Therefore, this item is not an enforceable obligation and the requested amount of \$225,000 is not allowed from RPTTF. To the extent the Agency can provide suitable documentation, such as notice of government-mandated remediation to support the requested amount, the item may be considered on a future ROPS.
- On the ROPS 22-23 form, the Agency reported cash balances and activity for the period July 1, 2019 through June 30, 2020 (ROPS 19-20). According to our review, the Agency has approximately \$993,163 from Other Funds available to fund enforceable obligations on the ROPS 22-23. 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, the funding source for the following item has been reclassified in the amount specified below:
 - Item No. 2 – Tax Allocation Series 2010 A Bonds in the amount of \$2,550,375 is partially reclassified. Finance is approving RPTTF in the amount of \$1,557,212 and the use of Other Funds in the amount of \$993,163, totaling \$2,550,375.

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 19-20 period. The ROPS 19-20 prior period adjustment (PPA) will offset the ROPS 22-23 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 \$13,312,765, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the ROPS A period, and one distribution for the ROPS B period, based on Finance's approved amounts. Since this determination is for the entire ROPS 22-23 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 22-23 at this time. If the Agency disagrees with our determination with respect to any items on the ROPS 22-23, 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 Meet and Confer process and guidelines are available on our website:

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

The Agency must use the RAD App to complete and submit its Meet and Confer request form.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 22-23. 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 22-23 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 22-23 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 Joshua Mortimer, Supervisor, or Daisy Rose, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Michael Antwine, Assistant City Manager, City of Compton
Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County

Approved RPTTF Distribution July 2022 through June 2023			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 6,040,287	\$ 8,522,225	\$ 14,562,512
Administrative RPTTF Requested	408,177	0	408,177
Total RPTTF Requested	6,448,464	8,522,225	14,970,689
RPTTF Requested	6,040,287	8,522,225	14,562,512
<u>Adjustment(s)</u>			
Item No. 2	(993,163)	(39,750)	(1,032,913)
Item No. 4	250,970	(328,563)	(77,593)
Item No. 25	0	(27,200)	(27,200)
Item No. 26	(46,930)	(200,000)	(246,930)
Item No. 31	(225,000)	0	(225,000)
	(1,014,123)	(595,513)	(1,609,636)
RPTTF Authorized	5,026,164	7,926,712	12,952,876
Administrative RPTTF Authorized	408,177	0	408,177
ROPS 19-20 prior period adjustment (PPA)	(48,288)	0	(48,288)
Total RPTTF Approved for Distribution	\$ 5,386,053	\$ 7,926,712	\$ 13,312,765