



Transmitted via e-mail

May 17, 2023

Sonia Fabela, Finance Director
City of Loma Linda
25541 Barton Road
Loma Linda, CA 92354

2023-24 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated March 24, 2023. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Loma Linda Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2023 through June 30, 2024 (ROPS 23-24) to the California Department of Finance (Finance) on January 26, 2023. The Agency requested a Meet and Confer on one or more of the determinations made by Finance. The Meet and Confer was held on April 11, 2023.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific determination being disputed:

- Item No. 6 – Professional Services in the amount of \$20,000 requested from the Redevelopment Property Tax Trust Fund (RPTTF). Finance initially reclassified this item to the Administrative Cost Allowance (ACA) as payments for these types of services are considered general administrative costs. Finance continues to reclassify this obligation to the ACA. During the Meet and Confer review, the Agency contended this obligation should be funded by RPTTF due to the inclusion of continuing disclosure costs. However, the majority of the costs included per the supporting documentation are considered general administrative costs and continue to be reclassified to the Agency's ACA. In the future, Finance advises the Agency to isolate these costs by allocating them to Item Nos. 6 and 27, continuing disclosure costs and general administrative costs, respectively.

In addition, per Finance's letter dated March 24, 2023, we continue to make the following determinations not contested by the Agency during the Meet and Confer review:

- Item No. 27 – Administrative Cost Allocation in the amount of \$195,000. The Agency inadvertently requested \$8,364 from Reserve Balances, which is the July 1, 2020 through June 30, 2021 (ROPS 20-21) prior period adjustment (PPA). However, as described below, the PPA is deducted from the ROPS 23-24 total RPTTF distribution. As such, Finance is reducing \$8,364 requested in Reserve Balances and increasing \$8,364 in Administrative RPTTF.
- The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (3). However, Finance notes the Oversight Board (OB) has approved an amount that appears excessive, given the number and nature of the obligations listed on the ROPS. HSC section 34179 (i) requires the OB to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the OB to apply adequate oversight when evaluating the administrative resources necessary to successfully wind-down the Agency.

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 20-21 period. The ROPS 20-21 PPA will offset the ROPS 23-24 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 \$4,898,299, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2023 through December 31, 2023 period (ROPS A period), and one distribution for the January 1, 2024 through June 30, 2024 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 23-24 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

This is our final determination regarding the obligations listed on the ROPS 23-24. 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 23-24 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 23-24 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.

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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 Jeremy Bunting, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Steve Dukett, TKE Engineering, City of Loma Linda
Franz Zyss, Interim Chief Deputy, Property Tax Division/Countywide Oversight
Board Representative, San Bernardino County

Approved RPTTF Distribution July 2023 through June 2024			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 2,369,090	\$ 2,368,865	\$ 4,737,955
Administrative RPTTF Requested	72,844	87,500	160,344
Total RPTTF Requested	2,441,934	2,456,365	4,898,299
RPTTF Requested	2,369,090	2,368,865	4,737,955
<u>Adjustment(s)</u>			
Item No. 6	(10,000)	(10,000)	(20,000)
RPTTF Authorized	2,359,090	2,358,865	4,717,955
Administrative RPTTF Requested	72,844	87,500	160,344
<u>Adjustment(s)</u>			
Item No. 6	10,000	10,000	20,000
Item No. 27	8,364	0	8,364
	18,364	10,000	28,364
Administrative RPTTF Authorized	91,208	97,500	188,708
ROPS 20-21 prior period adjustment (PPA)	(8,364)	0	(8,364)
Total RPTTF Approved for Distribution	\$ 2,441,934	\$ 2,456,365	\$ 4,898,299