



Transmitted via e-mail

April 12, 2024

John Raymond, Assistant City Manager
City of Carson
701 East Carson Street
Carson, CA 90745

2024-25 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Carson Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2024 through June 30, 2025 (ROPS 24-25) to the California Department of Finance (Finance) on February 1, 2024. Finance has completed its review of the ROPS 24-25.

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

- Item Nos. 1, 168, and 173 – Debt service payments for 2003B, 2015B, and 2016A Tax Allocation Bonds have been partially adjusted. With the Agency's concurrence, Finance reclassified \$6,756,288 during the July 1, 2023 through June 30, 2024 period from Redevelopment Property Tax Trust Fund (RPTTF) to Other Funds. However, the Agency subsequently determined those funds to be restricted and were to be used for a bond refund. In order to provide the Agency with sufficient RPTTF for the bond payments, Finance makes the following adjustments:

Item No.	Item Name	Requested	Adjusted	Authorized
1	Tax Allocation 2003B	\$2,210,000	\$2,210,000	\$4,420,000
168	Tax Allocation Bonds 2015 Series B	4,197,084	4,171,393	8,368,477
173	Tax Allocation Bonds 2016A	3,242,342	374,895	3,617,237
	Total	\$9,649,426	\$6,756,288	\$16,405,714

- Item No. 72 – Avalon Disposition and Development Agreement in the total outstanding amount of \$160,524 is not allowed. The Agreement and the subsequent Agreement amendments provided were valid for a 30-year period from the date the Certificate of Occupancy was issued and do not indicate a continuation past that period. Because the Certificate of Occupancy was issued on February 23, 1994 and the requirement for the subsidy has elapsed as of February 23, 2024, this item is no longer enforceable, and the requested amount of \$160,524 from RPTTF is not allowed.
- Item No. 137 – Contract for Services in the amount of \$33,225 is partially allowed. The Agency provided a contract for continuing disclosure services that supported the annual amount of \$28,375. Therefore those amounts have been allowed and the excess \$4,850 is not eligible for RPTTF funding.
- Item No. 150 – 2014 Tax Allocation Refunding Bonds debt service is adjusted. The Agency requested the wrong amount from RPTTF in error. According to the debt service schedule provided by the Agency, the amount requested for the July 1, 2024 through December 31, 2024 period (ROPS A period) should be \$48,125. Therefore, to accurately reflect the correct debt service payment, Finance adjusts the amount by \$48,125 from \$0 to \$48,125.
- Item Nos. 167, 172, 174, and 181 – Debt service payments for 2015B, 2016A, 2017A Tax Allocation Bonds, and 2020A Tax Allocation Housing Refunding Bonds are partially adjusted. The Agency requests RPTTF in the ROPS A period for use in the January 1, 2025 through June 30, 2025 period (ROPS B period), but did not reflect the use of these funds as Reserve Balances. Therefore, to accurately reflect the correct debt service payment, Finance makes the following adjustments for the use of Reserve Balances in the ROPS B period:

Item No.	Item Name	Requested Reserve Balances	Adjustment to Reserve Balances	Authorized Reserve Balances
167	Tax Allocation Bonds 2015 Series B	\$ 0	\$ 4,197,084	\$ 4,197,084
172	Tax Allocation Bonds 2016A	0	3,242,342	3,242,342
174	Tax Allocation Bonds 2017A	0	748,153	748,153
181	Subordinate Tax Allocation Refunding Bonds, 2020 Series B	0	409,100	409,100
	Total	\$ 0	\$ 8,596,679	\$ 8,596,679

- The claimed administrative costs exceed the allowance by \$300,689. 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 \$274,766 for fiscal year 2024-25.

Although \$575,455 is claimed for ACA, only \$274,766 is available pursuant to the cap. Therefore, as noted in the table below, \$300,689 in excess ACA is not allowed:

Administrative Cost Allowance (ACA) Calculation	
Actual RPTTF distributed for fiscal year 2023-24	\$ 9,543,350
Less distributed Administrative RPTTF	(384,487)
RPTTF distributed for 2023-24 after adjustments	\$ 9,158,863
ACA Cap for 2024-25 per HSC section 34171 (b)	\$ 274,766
ACA requested for 2024-25	575,455
ACA in Excess of the Cap	(\$300,689)

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, 2021 through June 30, 2022 (ROPS 21-22) period. The ROPS 21-22 prior period adjustment (PPA) will offset the ROPS 24-25 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 \$22,571,490, 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 24-25 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 24-25 at this time. If the Agency disagrees with our determination with respect to any items on the ROPS 24-25, 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 24-25. 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.

John Raymond
April 12, 2024
Page 4

The ROPS 24-25 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 24-25 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: James Nguyen, Project Manager, City of Carson
Linda Santillano, Property Tax Apportionment Division Chief, Los Angeles County
Cesar Hernandez, Countywide Oversight Board Representative

Approved RPTTF Distribution July 2024 through June 2025			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 12,350,363	\$ 3,791,174	\$ 16,141,537
Administrative RPTTF Requested	287,727	287,728	575,455
Total RPTTF Requested	12,638,090	4,078,902	16,716,992
RPTTF Requested	12,350,363	3,791,174	16,141,537
<u>Adjustment(s)</u>			
Item No. 1	2,210,000	0	2,210,000
Item No. 72	(80,262)	(80,262)	(160,524)
Item No. 137	(4,850)	0	(4,850)
Item No. 150	48,125	0	48,125
Item No. 168	4,171,393	0	4,171,393
Item No. 173	374,895	0	374,895
	6,719,301	(80,262)	6,639,039
RPTTF Authorized	19,069,664	3,710,912	22,780,576
Administrative RPTTF Requested	287,727	287,728	575,455
Excess Administrative Costs	(12,961)	(287,728)	(300,689)
Administrative RPTTF Authorized	274,766	0	274,766
ROPS 21-22 prior period adjustment (PPA)	(483,852)	0	(483,852)
Total RPTTF Approved for Distribution	\$ 18,860,578	\$ 3,710,912	\$ 22,571,490