



Transmitted via e-mail

March 15, 2024

Gregory Humora, City Manager
City of La Mesa
8130 Allison Avenue
La Mesa, CA 91942

2024-25 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of La Mesa 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 January 29, 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 determination:

- The claimed administrative costs exceed the allowance by \$51,199. HSC section 34171 (b) (3) limits the fiscal year Administrative Cost Allowance (ACA) to three percent of actual Redevelopment Property Tax Trust Fund (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 \$9,353 for fiscal year 2024-25. Although \$60,552 is claimed for ACA, only \$9,353 is available pursuant to the cap. Therefore, as noted in the table below, \$51,199 in excess ACA is not allowed:

Administrative Cost Allowance (ACA) Calculation	
Actual RPTTF distributed for fiscal year 2023-24	\$619,130
Less distributed Administrative RPTTF	(134,990)
RPTTF distributed for 2023-24 after adjustments	\$18,706
ACA Cap for 2024-25 per HSC section 34171 (b)	\$9,353
ACA requested for 2024-25	60,552
ACA in Excess of the Cap	(\$51,199)

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 \$896,912, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2024 through December 31, 2024 period (ROPS A period), and one distribution for the January 1, 2025 through June 30, 2025 period (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 item, 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.

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.

Gregory Humora
March 15, 2024
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Please direct inquiries to RedevelopmentAdministration@dof.ca.gov.

Sincerely,

Original signed by:

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

cc: Tammi J. Royales, Director of Finance, City of La Mesa
Becky Greene, Acting Manager, San Diego County
Ardee Apostol, Countywide Oversight Board Representative

Approved RPTTF Distribution July 2024 through June 2025			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 883,669	\$ 20,000	\$ 903,669
Administrative RPTTF Requested	30,276	30,276	60,552
Total RPTTF Requested	913,945	50,276	964,221
RPTTF Authorized	883,669	20,000	903,669
Administrative RPTTF Requested	30,276	30,276	60,552
Excess Administrative Costs	(20,923)	(30,276)	(51,199)
Administrative RPTTF Authorized	9,353	0	9,353
ROPS 21-22 prior period adjustment (PPA)	(16,110)	0	(16,110)
Total RPTTF Approved for Distribution	\$ 876,912	\$ 20,000	\$ 896,912