



Transmitted via e-mail

May 17, 2024

Yulia Carter, Assistant City Manager/Administrative Services Director
City of Pacifica
540 Crespi Drive
Pacifica, CA 94044

2024-25 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated March 22, 2024. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Pacifica Successor Agency (Agency) submitted an annual ROPS for the period July 1, 2024 through June 30, 2025 (ROPS 24-25) to Finance on January 23, 2024. 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 29, 2024.

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. 13 – City loan in the total outstanding amount of \$936,972. Finance continues to deny this item. Pursuant to HSC section 34191.4 (b), loan agreements between the former Redevelopment Agency (RDA) and sponsoring entity may be placed on the ROPS if the following requirements are met: (1) the Agency has received a Finding of Completion; and (2) the Agency's Oversight Board (OB) approves the loan as an enforceable obligation by finding the loan was for legitimate redevelopment purposes.

The Agency received a Finding of Completion on April 26, 2013. The OB issued OB Resolution No. 2013-04, approving a Loan Agreement between the City of Pacifica and the former RDA totaling \$3,237,150 for loans between 1985 through 1994 (ROPS Item Nos. 11 through 16) pursuant to the Loan Agreement, and finding the Loan Agreement was for legitimate redevelopment purposes. The Loan Agreement provided for the City to loan funds to and advance funds on behalf of the former RDA for costs and expenses incurred in the formation, coordination, administration, and implementation of the RDA Plan.

HSC section 34191.4 (b) (2) defines a valid loan agreement as an agreement between the former RDA and the sponsoring entity involving the exchange of money. During the Meet and Confer, the Agency contends the 1990 audited financial statements support an exchange of money and the Agency provided a hypothetical example of what the journal entry could have looked like to record the advance. However, the actual journal entries or other evidence impacting the cash account was not provided and the audited financial statements themselves do not clearly demonstrate an exchange of money. Therefore, this item is not an enforceable obligation and the requested amount of \$110,000 is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.

In addition, per Finance's letter dated March 22, 2024, we continue to make the following determination not contested by the Agency during the Meet and Confer review:

- Item No. 1 – 2004A Bond debt service. The Agency requested \$123,393 from the 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) and January 1, 2025 through June 30, 2025 period (ROPS B period) period should total \$126,112. Therefore, to accurately reflect the correct debt service payment, Finance increased the amount by \$2,719 from \$123,393 to \$126,112.

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 County Auditor-Controller's review of the PPA form submitted by the Agency resulted in no PPA.

The Agency's maximum approved RPTTF distribution for the reporting period is \$169,012, 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.

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.

Please direct inquiries to RedevelopmentAdministration@dof.ca.gov.

Sincerely,

Original signed by:

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

cc: Lucy Xie, Deputy Finance Director, City of Pacifica
Amanda Johnson, Property Tax Division Manager, San Mateo County
Barbara Christensen, Countywide Oversight Board Representative

Approved RPTTF Distribution July 2024 through June 2025			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 105,337	\$ 130,556	\$ 235,893
Administrative RPTTF Requested	40,400	0	40,400
Total RPTTF Requested	145,737	130,556	276,293
RPTTF Requested	105,337	130,556	235,893
<u>Adjustment(s)</u>			
Item No. 1	(82,281)	85,000	2,719
Item No. 13	0	(110,000)	(110,000)
RPTTF Authorized	23,056	105,556	128,612
Administrative RPTTF Authorized	40,400	0	40,400
Total RPTTF Approved for Distribution	\$ 63,456	\$ 105,556	\$ 169,012