



Transmitted via e-mail

April 4, 2025

Jeremy Starkey, Finance Director
City of Claremont
207 Harvard Avenue
Claremont, CA 91711

2025-26 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Claremont Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2025 through June 30, 2026 (ROPS 25-26) to the California Department of Finance (Finance) on January 29, 2025. Finance has completed its review of the ROPS 25-26.

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

- Item No. 11 – 2014 Tax Allocation Refunding Bonds in the requested amount of \$389,500 have been reclassified. The Agency requested \$389,500 from Redevelopment Property Tax Trust Fund (RPTTF) funding during the July 1, 2024 through June 30, 2025 (ROPS 24-25) period to hold as a reserve for the final debt service payment due on September 1, 2025. Since the Agency received the requested RPTTF funding during ROPS 24-25, Finance has reclassified \$389,500 from RPTTF to Reserve Balances funding.
- The claimed administrative costs exceed the allowance by \$54,303. 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 \$95,948 for fiscal year 2025-26. Although \$150,251 (\$78,653 from Other Funds and \$71,598 from Administrative RPTTF) is claimed for ACA, only \$95,948 is available pursuant to the cap. Therefore, as noted in the table on the next page, \$54,303 in excess ACA is not allowed:

Administrative Cost Allowance (ACA) Calculation	
Actual RPTTF distributed for fiscal year 2024-25	\$ 319,890
Less distributed Administrative RPTTF	(127,995)
RPTTF distributed for 2024-25 after adjustments	191,895
ACA Cap for 2025-26 per HSC section 34171 (b)	95,948
ACA requested for 2025-26	150,251
ACA in Excess of the Cap	(\$54,303)

- On the ROPS 25-26 form, the Agency reported cash balances and activity for the period July 1, 2022 through June 30, 2023 (ROPS 22-23). According to our review, the Agency has approximately \$161,289 from Other Funds, available to fund enforceable obligations on the ROPS 25-26. HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF funding. These items do not require payment from property tax revenues, therefore, with the Agency's concurrence, the funding source for the following items have been reclassified in the amounts specified below:

Item No.	Item Name	Total Funding Requested	RPTTF Approved	Other Funds Approved
6	Bond Administrative Fees	\$1,000	\$0	\$1,000
8	Contract for Rental Subsidies	10,128	0	10,128
9	Administrative Costs*	95,948	0	95,948
	Total	\$107,076	\$0	\$107,076

*The total funding requested amount reflects the disallowed portion of administrative costs described above: \$95,948 = \$78,653 Other funds + \$17,295 (\$71,598 - \$54,303) Administrative RPTTF.

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 22-23 period. The ROPS 22-23 prior period adjustment (PPA) will offset the ROPS 25-26 RPTTF distribution. The total authorized RPTTF is insufficient to allow the entire PPA to be applied during this ROPS period, resulting in an excess PPA that should be applied prior to requesting RPTTF on future ROPS.

The Agency's maximum approved RPTTF distribution for the reporting period is \$0, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2025 through December 31, 2025 period (ROPS A period), and one distribution for the January 1, 2026 through June 30, 2026 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 25-26 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 25-26 at this time. If the Agency disagrees with our determination with respect to any items on the ROPS 25-26, 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 25-26. 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 25-26 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 25-26 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: Adam Pirrie, City Manager, City of Claremont
Linda Santillano, Property Tax Apportionment Division Chief, Los Angeles County
Cesar Hernandez, Countywide Oversight Board Representative

Attachment

Approved RPTTF Distribution July 2025 through June 2026			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 6,064	\$ 394,564	\$ 400,628
Administrative RPTTF Requested	35,799	35,799	71,598
Total RPTTF Requested	41,863	430,363	472,226
RPTTF Requested	6,064	394,564	400,628
<u>Adjustment(s)</u>			
Item No. 6	(1,000)	0	(1,000)
Item No. 8	(5,064)	(5,064)	(10,128)
Item No. 11	0	(389,500)	(389,500)
	(6,064)	(394,564)	(400,628)
RPTTF Authorized	0	0	0
Administrative RPTTF Requested	35,799	35,799	71,598
<u>Adjustment(s)</u>			
Item No. 9	(17,295)	0	(17,295)
Adjusted Administrative RPTTF	18,504	35,799	54,303
Excess Administrative Costs	(18,504)	(35,799)	(54,303)
Administrative RPTTF Authorized	0	0	0
ROPS 22-23 Prior Period Adjustment (PPA)	(23,359)	(33,019)	(56,378)
Excess PPA	23,359	33,019	56,378
Total RPTTF Approved for Distribution	\$ 0	\$ 0	\$ 0