



March 28, 2019

Mr. John Raymond, Director of Community Development
City of Carson
701 East Carson Street
Carson, CA 90745

Dear Mr. Raymond:

Subject: 2019-20 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 of July 1, 2019 through June 30, 2020 (ROPS 19-20) to the California Department of Finance (Finance) on January 28, 2019. Finance has completed its review of the ROPS 19-20.

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

- Item Nos. 21 and 29 – Various Property Disposition costs in the total requested amount of \$35,000 is partially allowed. It is our understanding, the funding request relates to properties approved for sale (Property Nos. 1 and 4) and transfer to the City of Carson (City) for governmental use (Property No. 3) on the Agency's Long-Range Property Management Plan (LRPMP). Property disposition costs related to No. 3 are ineligible for funding and the property should have transferred to the City upon approval of the LRPMP on October 23, 2013. The Agency was able to provide documentation to support \$20,000 in property maintenance and disposition costs. Therefore, \$10,000 of the \$30,000 requested is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding on the current ROPS. Adjustment was made to Item No. 29.
- Item No. 28 – Environmental Peer Review Services in the total requested amount of \$50,000 is not allowed. This item pertains to costs associated with a property (LRPMP Property No. 3) approved for transfer to the City. Property disposition costs are only allowed for properties awaiting sale. This property should have transferred to the City upon approval of the LRPMP on October 23, 2013 and any costs associated with the property is no longer an Agency obligation. Therefore, the requested amount of \$50,000 is not allowed.
- Item No. 35 – Reimburse Remediation in the total requested amount of \$3,100,000 in Other Funds is partially allowed. It is our understanding the remediation agreement obligates the Agency to compensate Carson Marketplace, LLC at a cost not to exceed \$15,000,000. The remaining outstanding obligation amount reported on this ROPS period is overstated and exceeds the \$15,000,000 overall cap imposed by the remediation agreement. Therefore, of the \$3,100,000 requested, \$13,723 requested in Other Funds is not allowed as this was previously applied to Item No. 168 in ROPS 18-19.

- The claimed administrative costs exceed the allowance by \$1,350. 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 \$568,020 for fiscal year 2019-20. Although \$569,370 is claimed for ACA, only \$568,020 is available pursuant to the cap. Therefore, as noted in the table below, \$1,350 in excess ACA is not allowed.

Administrative Cost Allowance Calculation	
Actual RPTTF distributed for fiscal year 2018-19	\$ 19,702,174
Less distributed Administrative RPTTF	(768,166)
Less sponsoring entity loan repayments	0
RPTTF distributed for 2018-19 after adjustments	18,934,008
ACA Cap for 2019-20 per HSC section 34171 (b)	568,020
ACA requested for 2019-20	569,370
ACA in Excess of the Cap	\$ (1,350)

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations. Reported differences in RPTTF are used to offset current RPTTF distributions. The amount of RPTTF approved in the table on Page 4 includes the prior period adjustment resulting from the County Auditor-Controller's review of the prior period adjustment form submitted by the Agency.

Except for the items adjusted, Finance is not objecting to the remaining items listed on the ROPS 19-20. If the Agency disagrees with our determination with respect to any items on the ROPS 19-20, 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 of the date of this letter. The Meet and Confer process and guidelines are available on our website:

<http://dof.ca.gov/Programs/Redevelopment/Meet And Confer/>

The Agency's maximum approved RPTTF distribution for the reporting period is \$19,719,721 as summarized in the Approved RPTTF Distribution table on Page 4 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1 through December 31 period (ROPS A period), and one distribution for the January 1 through June 30 period (ROPS B period) based on Finance approved amounts. Since this determination is for the entire ROPS 19-20 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 19-20. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be denied until the matter is resolved.

The ROPS 19-20 form submitted by the Agency and this determination letter will be posted on our website:

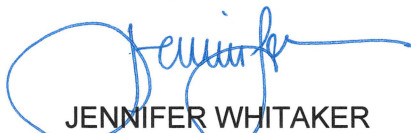
<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This determination is effective for the ROPS 19-20 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if not denied 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 RPTTF is the same as the amount of property tax increment available prior to the enactment of 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 RPTTF.

Please direct inquiries to Kylie Oltmann, Supervisor, or Stephen Franz, Lead Analyst, at (916) 322-2985.

Sincerely,



JENNIFER WHITAKER
Program Budget Manager

cc: Ms. Diane Hadland, Consultant, City of Carson
Ms. Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County

Attachment

Approved RPTTF Distribution			
For the period of July 1, 2019 through June 30, 2020			
	ROPS A Period	ROPS B Period	ROPS 19-20 Total
RPTTF Requested	\$ 8,046,630	\$ 11,754,567	\$ 19,801,197
Administrative RPTTF Requested	284,685	284,685	569,370
Total RPTTF Requested	8,331,315	12,039,252	20,370,567
RPTTF Requested	8,046,630	11,754,567	19,801,197
<u>Adjustments</u>			
Item No. 28	(25,000)	(25,000)	(50,000)
Item No. 29	(7,500)	(2,500)	(10,000)
	(32,500)	(27,500)	(60,000)
RPTTF Authorized	8,014,130	11,727,067	19,741,197
Administrative RPTTF Requested	284,685	284,685	569,370
Excess Administrative Costs	0	(1,350)	(1,350)
Administrative RPTTF Authorized	284,685	283,335	568,020
Total RPTTF Authorized for Obligations	8,298,815	12,010,402	20,309,217
Prior Period Adjustment	(589,496)	0	(589,496)
Total RPTTF Approved for Distribution	\$ 7,709,319	\$ 12,010,402	\$ 19,719,721