



April 9, 2019

Ms. Karen Johnston, Finance Manager
City of Palmdale
38300 Sierra Highway, Suite D
Palmdale, CA 93550

Dear Ms. Johnston:

Subject: 2019-20 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Palmdale 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 determination:

The claimed administrative costs exceed the allowance by \$19,455. 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 \$344,382 for fiscal year 2019-20. Although \$363,837 is claimed for ACA, only \$344,382 is available pursuant to the cap. Therefore, as noted in the table below, \$19,455 in excess ACA is not allowed:

Administrative Cost Allowance Calculation	
Actual RPTTF distributed for fiscal year 2018-19	\$ 11,838,795
Less distributed Administrative RPTTF	(359,388)
RPTTF distributed for 2018-19 after adjustments	11,479,407
ACA Cap for 2019-20 per HSC section 34171 (b)	344,382
ACA requested for 2019-20	363,837
ACA in Excess of the Cap	\$ (19,455)

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 3 includes the prior period adjustment resulting from the County Auditor-Controller's review of the prior period adjustment form submitted by the Agency.

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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 \$10,023,070 as summarized in the Approved RPTTF Distribution table on Page 3 (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: Mr. Willy Galindo, Senior Financial Analyst, City of Palmdale
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	\$ 4,333,497	\$ 6,508,971	\$ 10,842,468
Administrative RPTTF Requested	250,000	113,837	363,837
Total RPTTF Requested	4,583,497	6,622,808	11,206,305
RPTTF Authorized	4,333,497	6,508,971	10,842,468
Administrative RPTTF Requested	250,000	113,837	363,837
Excess Administrative Costs	0	(19,455)	(19,455)
Administrative RPTTF Authorized	250,000	94,382	344,382
Total RPTTF Authorized for Obligations	4,583,497	6,603,353	11,186,850
Prior Period Adjustment	(1,163,780)	0	(1,163,780)
Total RPTTF Approved for Distribution	\$ 3,419,717	\$ 6,603,353	\$ 10,023,070