



April 3, 2019

Mr. Andrew Mowbray, Finance Director
City of Pomona
505 South Garey Avenue
Pomona, CA 91766

Dear Mr. Mowbray:

Subject: 2019-20 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Pomona 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 31, 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 No. 2 – Series X Tax Allocation Refunding Bonds in the amount of \$68,625 is partially allowed. It is our understanding the Agency requested the amount in error. Pursuant to the debt service schedule, only \$68,360 is due during ROPS 19-20 period. Therefore, with the Agency's concurrence, of the requested \$68,625, the excess \$265 is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item No. 37 – Property and Business Improvement District Assessments in the amount of \$57,602 is partially allowed. It is our understanding the Agency requested the amount in error. Per the support provided by the Agency, only \$48,174 is needed during ROPS 19-20 period. Therefore, with the Agency's concurrence, of the requested \$57,602, the excess \$9,428 is not eligible for RPTTF funding.
- Item No. 72 – Supplemental Educational Revenue Augmentation Fund loan repayment in the amount of \$3,000,000 is partially allowed. HSC section 34191.4 (b) (3) (A) allows repayment to be equal to one-half of the increase between the ROPS residual pass-through distributed to the taxing entities in the preceding fiscal year and the ROPS residual pass-through distributed to the taxing entities in the fiscal year 2012-13 base year.

According to the Los Angeles County Auditor-Controller's (CAC) report, the ROPS residual pass-through amount distributed to the taxing entities for fiscal year 2012-13 and 2018-19 are zero and \$5,635,149, respectively. Pursuant to the repayment formula, the maximum repayment amount authorized for the ROPS 19-20 period is \$2,817,575. Therefore of the \$3,000,000 requested, \$182,425 (\$3,000,000 – \$2,817,575) is not eligible for RPTTF. The Agency may be eligible for additional funding on subsequent ROPS.

- Item No.105 – Litigation costs in the amount of \$100,000 in Other Funds is not approved. It is our understanding the litigation case has been resolved and the Agency no longer requires funding for this obligation. Therefore, with the Agency’s concurrence, the requested \$100,000 in Other Funds has been adjusted to zero.
- Item No.106 – Los Angeles County contribution to the Low and Moderate Housing Asset Fund in the requested amount of \$600,000 is not allowed. It is our understanding this item is for deferred County pass-through payments. Pursuant to HSC section 34183 (a) (1), the CAC shall make the required pass-through payments for any pass-through agreement between the former Redevelopment Agency (RDA) and a taxing entity entered into prior to January 1, 1994 that would be in force during that fiscal year, had the RDA existed at that time. This pass-through agreement between the former Pomona RDA, the City of Pomona, the County of Los Angeles, was entered into on December 5, 1988. Therefore, the CAC is responsible for determining amounts owed and making payments under this pass-through agreement. As such, it is not necessary to place this obligation on the ROPS.
- The claimed administrative costs exceed the allowance by \$119,173. 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 \$416,364 for fiscal year 2019-20.

Although \$535,537 is claimed for ACA, only \$416,364 is available pursuant to the cap. Therefore, as noted in the table below, \$119,173 in excess ACA is not allowed:

Administrative Cost Allowance Calculation	
Actual RPTTF distributed for fiscal year 2018-19	\$ 13,878,810
Less distributed Administrative RPTTF	0
RPTTF distributed for 2018-19 after adjustments	13,878,810
ACA Cap for 2019-20 per HSC section 34171 (b)	416,364
ACA requested for 2019-20	535,537
ACA in Excess of the Cap	\$ (119,173)

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 CAC’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 \$16,145,376 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 Nicole Prisakar, Lead Analyst, at (916) 322-2985.

Sincerely,



JENNIFER WHITAKER
Program Budget Manager

cc: Ms. Gavin Houn, Senior Accountant, City of Pomona
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	\$ 10,138,807	\$ 6,655,293	\$ 16,794,100
Administrative RPTTF Requested	157,769	157,768	315,537
Total RPTTF Requested	10,296,576	6,813,061	17,109,637
RPTTF Requested	10,138,807	6,655,293	16,794,100
<u>Adjustments</u>			
Item No. 2	(265)	0	(265)
Item No. 37	(9,428)	0	(9,428)
Item No. 72	(182,425)	0	(182,425)
Item No. 106	0	(600,000)	(600,000)
	(192,118)	(600,000)	(792,118)
RPTTF Authorized	9,946,689	6,055,293	16,001,982
Administrative RPTTF Requested	157,769	157,768	315,537
Excess Administrative Costs	0	(119,173)	(119,173)
Administrative RPTTF Authorized	157,769	38,595	196,364
Total RPTTF Authorized for Obligations	10,104,458	6,093,888	16,198,346
Prior Period Adjustment	(52,970)	0	(52,970)
Total RPTTF Approved for Distribution	\$ 10,051,488	\$ 6,093,888	\$ 16,145,376