



April 15, 2019

Ms. Deborah Cullen, City Finance Director
City of Rancho Palos Verdes
30940 Hawthorne Boulevard
Rancho Palos Verdes, CA 90275

Dear Ms. Cullen:

Subject: 2019-20 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Rancho Palos Verdes 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 February 4, 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. 1 – 1997 Tax Increment Bond debt service payment totaling \$462,500 is ineligible for Redevelopment Property Tax Trust Fund (RPTTF) funding. It is our understanding the Los Angeles County Auditor-Controller (CAC) pays the debt service prior to the distribution of RPTTF to the Agency. Therefore, the CAC requested Finance to reclassify the funding source for this item from RPTTF to Other Funds for this and all future ROPS periods. As a result, the funding source for this item has been reclassified from RPTTF to Other Funds in the amount of \$462,500.
- On the ROPS 19-20 form, the Agency reported cash balances and activity for the period July 1, 2016 through June 30, 2017 (ROPS 16-17). According to our review, the Agency has approximately \$388,831 from Other Funds available to fund enforceable obligations on the ROPS 19-20. HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF. Therefore, the funding source for the following items have been reclassified in the amounts specified below:

Item No.	Item Name/Project Name	Total Funding Authorized	RPTTF Approved	Other Funds Approved
3	Consolidated Loan from City	\$ 193,118	\$0	\$ 193,118
7	Administrative Costs	50,000	0	50,000
Total		\$ 243,118	\$0	\$ 243,118

After the above adjustment, the Agency's cash balance shows \$145,713 (\$388,831 - \$243,118) in excess Other Funds. As such, \$145,713 should be available to fund enforceable obligations on ROPS 20-21.

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 CAC's review of the prior period adjustment form submitted by the Agency resulted in no prior period adjustment.

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 zero 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:

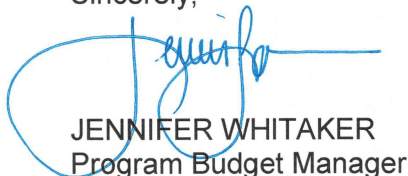
<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

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 Daisy Rose, Lead Analyst, at (916) 322-2985.

Sincerely,



JENNIFER WHITAKER
Program Budget Manager

cc: Ms. Trang Nguyen, Deputy Director of Finance, City of Rancho Palos Verdes
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	\$ 523,348	\$ 182,270	\$ 705,618
Administrative RPTTF Requested	0	0	0
Total RPTTF Requested	523,348	182,270	705,618
RPTTF Requested	523,348	182,270	705,618
<u>Adjustments</u>			
Item No. 1	(374,750)	(87,750)	(462,500)
Item No. 3	(123,598)	(69,520)	(193,118)
Item No. 7	(25,000)	(25,000)	(50,000)
	<u>(523,348)</u>	<u>(182,270)</u>	<u>(705,618)</u>
RPTTF Authorized	0	0	0
Administrative RPTTF Authorized	0	0	0
Total RPTTF Authorized for Obligations	0	0	0
Prior Period Adjustment	0	0	0
Total RPTTF Approved for Distribution	\$ 0	\$ 0	\$ 0