



April 3, 2020

Keith Kang, Assistant Finance Manager
City of Palmdale
38300 Sierra Highway, Suite D
Palmdale, CA 93550

2020-21 Annual Recognized Obligation Payment Schedule - Revised

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule determination letter for the period of July 1, 2020 through June 30, 2021 (ROPS 20-21) dated March 23, 2020. A revision is necessary to adjust the funding authorized for property assessments related to Item Nos. 60 and 65.

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Palmdale Successor Agency (Agency) submitted an annual ROPS 20-21 to Finance on January 27, 2020. Finance has completed its review of the ROPS 20-21.

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

- Item Nos. 60 and 65 – Property Assessments in the amount of \$20,000 and \$200,000, respectively, is partially allowed. The Agency is requesting Redevelopment Property Tax Trust Fund (RPTTF) funding for property assessments. However, documentation provided by the Agency supports funding in the amount of \$10,000 for Item No. 60 and \$100,000 for Item No. 65. Therefore, Finance is reducing RPTTF funding in the amount of \$10,000 for Item No. 60 and \$100,000 for Item No. 65, totaling \$110,000.
- The claimed administrative costs exceed the allowance by \$34,913. 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. As a result, the Agency's maximum ACA is \$290,361 for fiscal year 2020-21. Although \$325,274 is claimed for ACA, only \$290,361 is available pursuant to the cap. Therefore, as noted in the table on the following page, \$34,913 in excess ACA is not allowed.

| Administrative Cost Allowance (ACA) Calculation | |
|--|--------------------|
| Actual RPTTF distributed for fiscal year 2019-20 | \$10,023,070 |
| Less distributed Administrative RPTTF | (344,382) |
| Less sponsoring entity loan repayments | (0) |
| RPTTF distributed for 2019-20 after adjustments | \$9,678,688 |
| ACA Cap for 2020-21 per HSC section 34171 (b) | \$290,361 |
| ACA requested for 2020-21 after adjustments | 325,274 |
| ACA in Excess of the Cap | (\$34,913) |

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations (prior period adjustments) for the July 1, 2017 through June 30, 2018 (ROPS 17-18) period. Reported differences in RPTTF are used to offset current RPTTF distributions. The amount of RPTTF authorized includes the prior period adjustment (PPA) resulting from the County Auditor-Controller's review of the PPA form submitted by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$10,920,910, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2020 through December 31, 2020 period (ROPS A period), and one distribution for the January 1, 2021 through June 30, 2021 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 20-21 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 items adjusted, Finance is not objecting to the remaining items listed on the ROPS 20-21. If the Agency disagrees with our determination with respect to any items on the ROPS 20-21, 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 must use the RAD App to complete and submit its Meet and Confer request form.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 20-21. 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 deemed denied until the matter is resolved.

The ROPS 20-21 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 20-21 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).

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 Kylie Oltmann, Supervisor, or Michael Painter, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Willy Galindo, Senior Financial Analyst, City of Palmdale
Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County

Attachment

| Approved RPTTF Distribution July 2020 through June 2021 | | | |
|--|---------------------|---------------------|-------------------------|
| | ROPS A | ROPS B | ROPS 20-21 Total |
| RPTTF Requested | \$ 4,360,804 | \$ 6,450,219 | \$ 10,811,023 |
| Administrative RPTTF Requested | 325,274 | 0 | 325,274 |
| Total RPTTF Requested | 4,686,078 | 6,450,219 | 11,136,297 |
| RPTTF Requested | 4,360,804 | 6,450,219 | 10,811,023 |
| <u>Adjustment(s)</u> | | | |
| Item No. 60 | (5,000) | (5,000) | (10,000) |
| Item No. 65 | (50,000) | (50,000) | (100,000) |
| | (55,000) | (55,000) | (110,000) |
| RPTTF Authorized | 4,305,804 | 6,395,219 | 10,701,023 |
| Administrative RPTTF Requested | 325,274 | 0 | 325,274 |
| Excess Administrative Costs | 34,913 | 0 | 34,913 |
| Administrative RPTTF Authorized | 290,361 | 0 | 290,361 |
| ROPS 17-18 prior period adjustment (PPA) | (70,474) | 0 | (70,474) |
| Total RPTTF Approved for Distribution | \$ 4,525,691 | \$ 6,395,219 | \$ 10,920,910 |