



Transmitted via e-mail

April 14, 2020

Robert Torrez, Interim Finance Director
City of Rosemead
8838 East Valley Boulevard
Rosemead, CA 91770

2020-21 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Rosemead Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2020 through June 30, 2021 (ROPS 20-21) to the California Department of Finance (Finance) on January 21, 2020. Finance has completed its review of the ROPS 20-21.

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

- Item Nos. 22, 23, 25, and 26 – Senior Housing Land Lease and Operations Overhead with the total outstanding amounts totaling \$11,801,859 are not allowed. The Agency has included these items pursuant to an Assistance and Operating Agreement (2002 Agreement), dated August 13, 2002. However, the Agreement indicates the Agency is responsible for the shortfall occurring between the gross receipts and the operating expenses of the project. In addition, the ground leases with regard to Item Nos. 22 and 25 are between the Rosemead Housing Development Corporation (RHDC) and the City of Rosemead; the former Redevelopment Agency is not a party to the ground lease. Therefore, Redevelopment Property Tax Trust Fund (RPTTF) in the amount of \$91,200, \$113,100, \$181,300, and \$113,100 for Item Nos. 22, 23, 25, and 26, respectively, totaling \$498,700 is not approved.
- Item Nos. 24 and 27 – Senior Housing Shortfall Subsidy with the total outstanding amounts of \$2,785,088 and \$1,282,729, respectively, is being adjusted. Under the 2002 Agreement, as noted above, the Agency is responsible for reimbursing the RHDC the shortfall between the gross receipts and the operating expenses with regard to the senior housing project. The Agency has requested \$32,000 in RPTTF for Item No. 24, and \$10,000 in RPTTF for Item No. 27. However, documentation provided by the Agency indicates increases in funding are necessary to adequately reflect the actual shortfall amounts required under the 2002 Agreement. Therefore, Finance is increasing the funding requested for Item No. 24, by \$68,000, from \$32,000 to \$100,000 in RPTTF, and for Item No. 27, by \$40,000 from \$10,000 to \$50,000 in RPTTF.

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 \$3,421,993, 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). Finance's Final and Conclusive review is confirming the scheduled payments as required by the obligation.

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.

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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: Tess Anson, Finance Manager, City of Rosemead
Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County

Approved RPTTF Distribution July 2020 through June 2021			
	ROPS A	ROPS B	ROPS 20-21 Total
RPTTF Requested	\$ 3,192,225	\$ 769,850	\$ 3,962,075
Administrative RPTTF Requested	60,000	60,000	120,000
Total RPTTF Requested	3,252,225	829,850	4,082,075
RPTTF Requested	3,192,225	769,850	3,962,075
<u>Adjustment(s)</u>			
Item No. 22	(45,600)	(45,600)	(91,200)
Item No. 23	(56,550)	(56,550)	(113,100)
Item No. 24	34,000	34,000	68,000
Item No. 25	(126,275)	(55,025)	(181,300)
Item No. 26	(56,550)	(56,550)	(113,100)
Item No. 27	20,000	20,000	40,000
	(230,975)	(159,725)	(390,700)
RPTTF Authorized	2,961,250	610,125	3,571,375
Administrative RPTTF Authorized	60,000	60,000	120,000
ROPS 17-18 prior period adjustment (PPA)	(269,382)	0	(269,382)
Total RPTTF Approved for Distribution	\$ 2,751,868	\$ 670,125	\$ 3,421,993