



Transmitted via e-mail

April 13, 2020

Diego Ibanez, Director of Finance
San Fernando City
117 Macneil Street
San Fernando, CA 91340

2020-21 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the San Fernando City 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:

- On the ROPS 20-21 form, the Agency reported cash balances and activity for the period July 1, 2017 through June 30, 2018 (ROPS 17-18). According to our review, the Agency has approximately \$3,803,479 from Other Funds available to fund enforceable obligations on the ROPS 20-21. HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting Redevelopment Property Tax Trust Fund (RPTTF) funds. These items do not require payment from property tax revenues; therefore, with the Agency's concurrence, the funding source for the following items have been reclassified in the amounts specified below:

Item No.	Item Name	Total Funding Approved	RPTTF Approved	Administrative RPTTF Approved	Other Funds Approved
7	Administrative Costs	\$250,000	\$0	\$0	\$250,000
13	LAUSD Litigation	2,000	0	0	2,000
31	SERAF Loan	797,321	0	0	797,321
	Total	\$1,049,321	\$0	\$0	\$1,049,321

After the above adjustment, the Agency's cash balance shows \$2,754,158 (\$3,803,479 - \$1,049,321) in excess Other Funds. As such, \$2,754,158 should be available to fund enforceable obligations on ROPS 21-22.

- The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (3). However, Finance notes the Oversight Board (OB) has approved an amount that appears excessive, given the number and nature of the obligations listed on the ROPS. HSC section 34179 (i) requires the OB to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the OB to apply adequate oversight when evaluating the administrative resources necessary to successfully wind-down the Agency.

Further, based on support provided, the Agency used administrative RPTTF for maintenance of properties that should have transferred to the City of San Fernando for governmental use and future development pursuant to the Long Range Property Management Plan (LRPMP) approved by Finance on July 9, 2014. Pursuant to HSC 34191.3, the approved LRPMP shall govern, and supersede all other provisions relating to, the disposition and use of all real property assets of the former redevelopment agency. Therefore, these maintenance costs are no longer an obligation of the Agency and administrative RPTTF funding should not be used for such costs.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations for the 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 \$0, as summarized in the Approved RPTTF Distribution table (see Attachment). Since \$0 RPTTF is being approved for the ROPS 20-21 period, the CAC's PPA of \$4,393 is considered excess PPA and should be available to funds obligations in future ROPS periods.

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 review of Final and Conclusive items is limited to 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.

Please direct inquiries to Kylie Oltmann, Supervisor, or Jessica Yip, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Sonia Garcia, Senior Accountant, San Fernando City
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	\$ 798,321	\$ 1,000	\$ 799,321
Administrative RPTTF Requested	125,000	125,000	250,000
Total RPTTF Requested	923,321	126,000	1,049,321
RPTTF Requested	798,321	1,000	799,321
<u>Adjustment(s)</u>			
Item No. 13	(1,000)	(1,000)	(2,000)
Item No. 31	(797,321)	0	(797,321)
	(798,321)	(1,000)	(799,321)
RPTTF Authorized	0	0	0
Administrative RPTTF Requested	125,000	125,000	250,000
<u>Adjustment(s)</u>			
Item No. 7	(125,000)	(125,000)	(250,000)
Adjusted Administrative RPTTF	0	0	0
Administrative RPTTF Authorized	0	0	0
ROPS 17-18 prior period adjustment (PPA)	0	(4,393)	(4,393)
Excess PPA	0	4,393	4,393
Total RPTTF Approved for Distribution	\$ 0	\$ 0	\$ 0