



Transmitted via e-mail

April 9, 2021

Michael Solorza, Director of Finance
City of Montebello
1600 West Beverly Boulevard
Montebello, CA 90640

2021-22 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Montebello Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2021 through June 30, 2022 (ROPS 21-22) to the California Department of Finance (Finance) on January 27, 2021. Finance has completed its review of the ROPS 21-22.

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

- Item No. 12 – 2002 Housing Tax Allocation Parity Bonds debt service payment in the amount of \$489,730 funded by Reserves and Redevelopment Property Tax Trust Fund (RPTTF) has been adjusted. The Agency requested \$201,368 from Reserve Balances and \$288,362 from RPTTF, totaling \$489,730. It is our understanding the Agency requested the incorrect amount of RPTTF for the bond debt service payment for the July through December 2021 (ROPS 21-22A) period. According to the debt service schedule, the amount due is \$490,000. Therefore, to accurately reflect the required debt service payment amount, Finance made an adjustment to increase the requested RPTTF amount by \$270 and is approving \$201,368 in Reserves and \$288,632 in RPTTF, totaling \$490,000.
- Item No. 24 – Property Maintenance Costs in the amount of \$30,000 is not allowed. The Agency provided documentation supporting remediation services for properties held for sale pursuant to the Agency's Long- Range Property Management Plan (LRPMP). However, the property under remediation, located at 1345 North Montebello Boulevard, has been sold. Therefore, the Agency is no longer responsible for remediation costs and the requested amount of \$30,000 in RPTTF is not allowed.
- 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.

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, 2018 through June 30, 2019 (ROPS 18-19) period. The ROPS 18-19 prior period adjustment (PPA) will offset the ROPS 21-22 RPTTF distribution. The amount of RPTTF authorized includes the 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 \$7,032,075, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2021 through December 31, 2021 period (ROPS A period), and one distribution for the January 1, 2022 through June 30, 2022 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 21-22 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 adjusted items, Finance does not object to the remaining items listed on the ROPS 21-22. If the Agency disagrees with our determination with respect to any items on the ROPS 21-22, 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 from 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 21-22. This determination only applies to items when funding was requested for the 12-month period. If a determination by Finance in a previous ROPS is currently the subject of litigation, the item will continue to reflect the determination until the matter is resolved.

The ROPS 21-22 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 21-22 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to Finance's review and may be adjusted even if not adjusted 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.

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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: Van Dao, Accountant, City of Montebello
Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County

Approved RPTTF Distribution July 2021 through June 2022			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 4,646,001	\$ 3,383,462	\$ 8,029,463
Administrative RPTTF Requested	125,000	125,000	250,000
Total RPTTF Requested	4,771,001	3,508,462	8,279,463
RPTTF Requested	4,646,001	3,383,462	8,029,463
<u>Adjustment(s)</u>			
Item No. 12	270	0	270
Item No. 24	(15,000)	(15,000)	(30,000)
	(14,730)	(15,000)	(29,730)
RPTTF Authorized	4,631,271	3,368,462	7,999,733
Administrative RPTTF Authorized	125,000	125,000	250,000
ROPS 18-19 prior period adjustment (PPA)	(1,217,658)	0	(1,217,658)
Total RPTTF Approved for Distribution	\$ 3,538,613	\$ 3,493,462	\$ 7,032,075