



Transmitted via e-mail

April 14, 2021

Doug Kaku, Grants Financial Administrator
City of Redondo Beach
415 Diamond Street
Financial Services
Redondo Beach, CA 90277

2021-22 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Redondo Beach 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 February 1, 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:

- Items Nos. 4 and 9 – County Deferral Loans in the total outstanding amount of \$12,861,685 are not allowed. It is our understanding these items are for deferred County pass-through payments. Pursuant to HSC section 34183 (a) (1), the County Auditor-Controller (CAC) shall make the required pass-through payments for any pass-through agreement between the former Redevelopment Agency (RDA) and a taxing entity entered into prior to January 1, 1994 that would be in force during that fiscal year, had the RDA existed at that time. These pass-through agreements between the former RDA, the City of Redondo Beach, and the County of Los Angeles, were entered into on February 14, 1984 and November 15, 1983, respectively. Therefore, the CAC is responsible for determining amounts owed and making payments under these pass-through agreements. As such, it is not necessary to place these obligations on the ROPS and the requested Redevelopment Property Tax Trust Fund (RPTTF) funding totaling \$1,310,863 (\$543,564 + \$767,299) is not allowed.
- On the ROPS 21-22 form, the Agency reported cash balances and activity for the period July 1, 2018 through June 30, 2019 (ROPS 18-19). According to our review, the Agency has approximately \$245,854 from Other Funds available to fund enforceable obligations on the ROPS 21-22. HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF funding. This item does not require payment from property tax revenues; therefore, with the Agency's concurrence, the following item has been reclassified:
 - Item No. 2 – 1996 Tax Allocation Bonds in the amount of \$836,770 is partially reclassified. Finance is approving RPTTF in the amount of \$590,916 and the use of Other Funds in the amount of \$245,854, totaling \$836,770.

- The claimed administrative costs exceed the allowance by \$10,346. 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; not to exceed 50 percent of the RPTTF distributed in the preceding fiscal year. As a result, the Agency's maximum ACA is \$239,654 for fiscal year 2021-22. Although \$250,000 is claimed for ACA, only \$239,654 is available pursuant to the cap. Therefore, as noted in the table below, \$10,346 in excess ACA is not allowed:

Administrative Cost Allowance (ACA) Calculation	
Actual RPTTF distributed for fiscal year 2020-21	\$728,993
Less distributed Administrative RPTTF	(249,685)
RPTTF distributed for 2020-21 after adjustments	\$479,308
ACA Cap for 2021-22 per HSC section 34171 (b)	\$239,654
Total ACA requested for 2021-22	\$250,000
ACA in Excess of the Cap	(\$10,346)

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations (prior period adjustments) for the 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 CAC's review of the PPA form submitted by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$830,554, 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.

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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.

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 Kassie Pas, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Marni Ruhland, Finance Director, City of Redondo Beach
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	\$ 148,135	\$ 2,001,748	\$ 2,149,883
Administrative RPTTF Requested	125,000	125,000	250,000
Total RPTTF Requested	273,135	2,126,748	2,399,883
RPTTF Requested	148,135	2,001,748	2,149,883
<u>Adjustment(s)</u>			
Item No. 2	(145,885)	(99,969)	(245,854)
Item No. 4	0	(543,564)	(543,564)
Item No. 9	0	(767,299)	(767,299)
	(145,885)	(1,410,832)	(1,556,717)
RPTTF Authorized	2,250	590,916	593,166
Administrative RPTTF Requested	125,000	125,000	250,000
Excess Administrative Costs	0	(10,346)	(10,346)
Administrative RPTTF Authorized	125,000	114,654	239,654
ROPS 18-19 prior period adjustment (PPA)	(2,266)	0	(2,266)
Total RPTTF Approved for Distribution	\$ 124,984	\$ 705,570	\$ 830,554