



Transmitted via e-mail

May 17, 2022

Matt Marquez, Director of Economic Development
City of Azusa
213 East Foothill Boulevard
Azusa, CA 91702

2022-23 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 13, 2022. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Azusa Successor Agency (Agency) submitted an annual ROPS for the period July 1, 2022 through June 30, 2023 (ROPS 22-23) to Finance on February 10, 2022. The Agency requested a Meet and Confer on one or more of the determinations made by Finance. The Meet and Confer was held on April 28, 2022.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific determinations being disputed:

- Item No. 34 – Administrative Allocation in the total outstanding amount of \$300,000. Finance no longer denies this item. The Agency originally requested these funds under Item No. 35 in error. Item No. 35 is related to the 1989 Ranch Center Project Loan and for consistency purposes, the requested funds have been moved to Item No. 34 which is related to Housing Entity Administrative Costs. The Agency provided canceled checks, invoices, and accounting records as support for the amounts requested. These documents indicate the Agency has paid \$450,000 of the \$750,000 obligation amount. In addition, the Agency provided an invoice dated September 29, 2021, indicating an outstanding balance of \$300,000. As a result, Finance approves the entire amount as requested on the ROPS totaling \$300,000 of Redevelopment Property Tax Trust Fund (RPTTF) funding.

In addition, per Finance's letter dated April 13, 2022, we continue to make the following determinations not contested by the Agency during the Meet and Confer review:

- 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, 2019 through June 30, 2020 (ROPS 19-20) period. The ROPS 19-20 prior period adjustment (PPA) will offset the ROPS 22-23 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 \$3,950,234, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2022 through December 31, 2022 period (ROPS A period), and one distribution for the January 1, 2023 through June 30, 2023 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 22-23 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

This is our final determination regarding the obligations listed on the ROPS 22-23. 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 22-23 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 22-23 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.

Matt Marquez
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Please direct inquiries to Zuber Tejani, Supervisor, or Michael Painter, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Talika Johnson, Director of Administrative Services, City of Azusa
Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County

Approved RPTTF Distribution July 2022 through June 2023			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 3,057,932	\$ 800,187	\$ 3,858,119
Administrative RPTTF Requested	125,000	125,000	250,000
Total RPTTF Requested	3,182,932	925,187	4,108,119
RPTTF Authorized	3,057,932	800,187	3,858,119
Administrative RPTTF Authorized	125,000	125,000	250,000
ROPS 19-20 prior period adjustment (PPA)	(157,885)	0	(157,885)
Total RPTTF Approved for Distribution	\$ 3,025,047	\$ 925,187	\$ 3,950,234