



Transmitted via e-mail

March 25, 2022

Angelina Garcia, Director of Administrative Services  
City of Pico Rivera  
6615 Passons Boulevard  
Pico Rivera, CA 90660

### **2022-23 Annual Recognized Obligation Payment Schedule**

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Pico Rivera Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2022 through June 30, 2023 (ROPS 22-23) to the California Department of Finance (Finance) on February 1, 2022. Finance has completed its review of the ROPS 22-23.

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

- Item No. 2 – Loan from Low and Moderate Housing loan repayment in the amount of \$249,260 is partially allowed. HSC section 34191.4 (b) (3) (A) allows repayment to be equal to one-half of the increase between the ROPS residual pass-through distributed to the taxing entities in the preceding fiscal year and the ROPS residual pass-through distributed to the taxing entities in the fiscal year 2012-13 base year. According to the Los Angeles County Auditor-Controller's report, the ROPS residual pass-through amount distributed to the taxing entities for fiscal year 2012-13 and 2021-22 are \$0 and \$310,448, respectively. Pursuant to the repayment formula, the maximum repayment amount authorized for the ROPS 22-23 period is \$155,224. Therefore, of the \$249,260 requested, \$94,036 is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding. The Agency may be eligible for additional funding on subsequent ROPS.

Further, the total outstanding amount of \$2,623,163 has been adjusted to \$1,655,058. Pursuant to HSC section 34191.6 (b) (2), interest on the remaining outstanding principal amount of the loan shall be recalculated from the date of origination of the loan on a quarterly basis, at a simple interest rate of three percent and repayments shall be applied first to principal, and second to interest. However, the Agency erroneously calculated the total outstanding balance by using estimated residual balances in subsequent ROPS periods. It appeared the estimated residual balance amount was used rather than the beginning outstanding balance less any prior payments plus accrued interest.

With the Agency's concurrence, Finance has recalculated the total outstanding loan balance as \$1,655,058. Therefore, Finance adjusted the outstanding loan balance by \$968,105 from \$2,623,163 to \$1,655,058.

- 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. 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, as adjusted by Finance. Specifically, Finance adjusted available amounts to include the prior PPA amount of \$58,206. This adjustment resulted in a current PPA of \$58,206.

The Agency's maximum approved RPTTF distribution for the reporting period is \$3,236,491, 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.

Except for the adjusted item, Finance approves the remaining items listed on the ROPS 22-23 at this time. If the Agency disagrees with our determination with respect to any items on the ROPS 22-23, 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/](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.

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.

Please direct inquiries to Joshua Mortimer, Supervisor, or Austin Lange, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER  
Program Budget Manager

cc: Jim Simon, Consultant, RSG, City of Pico Rivera  
Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County

**Attachment**

<b>Approved RPTTF Distribution July 2022 through June 2023</b>			
	<b>ROPS A</b>	<b>ROPS B</b>	<b>Total</b>
RPTTF Requested	\$ 2,320,959	\$ 817,774	\$ 3,138,733
Administrative RPTTF Requested	0	250,000	250,000
<b>Total RPTTF Requested</b>	<b>2,320,959</b>	<b>1,067,774</b>	<b>3,388,733</b>
<b>RPTTF Requested</b>	<b>2,320,959</b>	<b>817,774</b>	<b>3,138,733</b>
<u>Adjustment(s)</u>			
Item No. 2	(94,036)	0	(94,036)
<b>RPTTF Authorized</b>	<b>2,226,923</b>	<b>817,774</b>	<b>3,044,697</b>
<b>Administrative RPTTF Authorized</b>	<b>0</b>	<b>250,000</b>	<b>250,000</b>
ROPS 19-20 prior period adjustment (PPA)	(58,206)	0	(58,206)
<b>Total RPTTF Approved for Distribution</b>	<b>\$ 2,168,717</b>	<b>\$ 1,067,774</b>	<b>\$ 3,236,491</b>