



Transmitted via e-mail

April 13, 2022

Trang Nguyen, Director of Finance
City of Rancho Palos Verdes
30940 Hawthorne Boulevard
Rancho Palos Verdes, CA 90275

2022-23 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Rancho Palos Verdes 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. 8 - County Deferral of Tax Increment in the total outstanding amount of \$11,415,519 is not allowed. Pursuant to HSC section 34183 (a) (1), all payments owed to local taxing entities through passthrough agreements shall be paid by the County Auditor-Controller (CAC) from the Redevelopment Property Tax Trust Fund (RPTTF). Finance interprets this CAC requirement to include all payment provisions included in a passthrough agreement, whether structured as an annual payment, a loan payment, or other payment terms. Finance notes that a prior deferral of a passthrough payment is not, in and of itself, a requirement to repay. CACs should review whether the passthrough agreement obligated the redevelopment agency to repay the deferral and under what terms.
- The claimed administrative costs exceed the allowance by \$24,000. 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 \$0 for fiscal year 2022-23.

Although \$24,000 is claimed for ACA, \$0 is available pursuant to the cap. Therefore, as noted in the table on the following page, \$24,000 in excess ACA is not allowed:

Administrative Cost Allowance (ACA) Calculation	
Actual RPTTF distributed for fiscal year 2021-22	\$154,400
Less distributed Administrative RPTTF	(\$0)
Less sponsoring entity loan repayments	(154,400)
RPTTF distributed for 2021-22 after adjustments	\$0
ACA Cap for 2022-23 per HSC section 34171 (b)	\$0
ACA requested for 2022-23	\$24,000
ACA in Excess of the Cap	(\$24,000)

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 CAC's review of the PPA form submitted by the Agency resulted in no PPA.

The Agency's maximum approved RPTTF distribution for the reporting period is \$283,800, 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/

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 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 Todd Vermillion, Supervisor, or Lynel Ford, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Vina Ramos, Deputy Director of Finance, City of Rancho Palos Verdes
Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County

Attachment

Approved RPTTF Distribution July 2022 through June 2023			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 283,800	\$ 0	\$ 283,800
Administrative RPTTF Requested	12,000	12,000	24,000
Total RPTTF Requested	295,800	12,000	307,800
RPTTF Authorized	283,800	0	283,800
Administrative RPTTF Requested	12,000	12,000	24,000
Excess Administrative Costs	(12,000)	(12,000)	(24,000)
Administrative RPTTF Authorized	0	0	0
Total RPTTF Approved for Distribution	\$ 283,800	\$ 0	\$ 283,800