



Transmitted via e-mail

April 15, 2022

Elise McCaleb, Economic Development Manager
City of Signal Hill
2175 Cherry Avenue
Signal Hill, CA 90755

2022-23 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Signal Hill 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 January 27, 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. 21 – Reimbursement Agreement loan repayment totaling \$1,810,000 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 \$328,035 and \$3,807,615, respectively. Pursuant to the repayment formula, the maximum repayment amount authorized for the ROPS 22-23 period is \$1,739,790. Therefore of the \$1,810,000 requested, \$70,210 is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding. The Agency may be eligible for additional funding on subsequent ROPS.

- Item 127 – Shortfall in 20-21 Item No. 16, in the total outstanding amount of \$160,442 is not allowed. It is our understanding this amount was requested under Item No. 16 on the July 1, 2021 through June 30, 2022 (ROPS 21-22) period and was denied in our letter dated May 17, 2021. Finance continues to deny the requested amount as the Agency previously confirmed \$160,442 was funded from other sources. Therefore, this item has not gone unfunded and the requested amount in \$160,442 from RPTTF is not allowed.

- The claimed administrative costs exceed the allowance by \$9,000. 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 \$314,099 for fiscal year 2022-23.

Although \$323,099 is claimed for ACA, only \$314,099 is available pursuant to the cap. Therefore, as noted in the table below, \$9,000 in excess ACA is not allowed:

Administrative Cost Allowance (ACA) Calculation	
Actual RPTTF distributed for fiscal year 2021-22	\$11,988,681
Less distributed Administrative RPTTF	(294,045)
Less sponsoring entity loan repayments	(1,224,667)
RPTTF distributed for 2021-22 after adjustments	\$10,469,969
ACA Cap for 2022-23 per HSC section 34171 (b)	\$314,099
ACA requested for 2022-23	323,099
ACA in Excess of the Cap	\$9,000

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 amount of RPTTF authorized includes the prior period adjustment (PPA) resulting from the County Auditor-Controller's (CAC) review of the PPA form submitted by the Agency, as adjusted by Finance.

Specifically, Finance determined the Agency was required to pay \$945,113 in debt service in the ROPS 19-20 period for the 2011 Tax Allocation Parity Bonds (Item No. 8) which included RPTTF in the amount of \$776,407 approved in the January 1, 2019 through June 30, 2019 (ROPS 18-19B) period, for use as a Reserve in the ROPS 19-20 period; and RPTTF in the amount of \$168,706 in ROPS 19-20 for use in ROPS 19-20. Therefore, the adjustment made by the CAC to reduce the Agency's actual expenditure by \$9,998 from \$168,706 to \$158,708 has been reversed to allow for the funding needed for Item No. 8. As a result, the Agency's PPA has been reduced from \$832,833 to \$822,835.

The Agency's maximum approved RPTTF distribution for the reporting period is \$12,265,098, 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 items, 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.

Elise McCaleb
April 15, 2022
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Please direct inquiries to Todd Vermillion, Supervisor, or Michael Painter, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Sharon del Rosario, Administrative Services Officer/Finance Director,
City of Signal Hill
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	\$ 8,081,987	\$ 4,922,499	\$ 13,004,486
Administrative RPTTF Requested	323,099	0	323,099
Total RPTTF Requested	8,405,086	4,922,499	13,327,585
RPTTF Requested	8,081,987	4,922,499	13,004,486
<u>Adjustment(s)</u>			
Item No. 21	(70,210)	0	(70,210)
Item No. 127	(160,442)	0	(160,442)
	(230,652)	0	(230,652)
RPTTF Authorized	7,851,335	4,922,499	12,773,834
Administrative RPTTF Requested	323,099	0	323,099
Excess Administrative Costs	(9,000)	(0)	(9,000)
Administrative RPTTF Authorized	314,099	0	314,099
ROPS 19-20 prior period adjustment (PPA)	(822,835)	0	(822,835)
Total RPTTF Approved for Distribution	\$ 7,342,599	\$ 4,922,499	\$ 12,265,098