



Transmitted via e-mail

April 10, 2020

Andrew Mowbray, Finance Director
City of Pomona
505 South Garey Avenue
Pomona, CA 91766

2020-21 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Pomona Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2020 through June 30, 2021 (ROPS 20-21) to the California Department of Finance (Finance) on January 30, 2020. Finance has completed its review of the ROPS 20-21.

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

- Item Nos. 36 and 37 – Property Assessments in the amount of \$326,000 and \$65,600, respectively, are partially allowed. Finance approved the Agency's Long Range Property Management Plan (LRPMP) on August 16, 2016. However, some of the properties subject to the property assessment do not appear on the Agency's LRPMP or were designated as governmental use. Properties designated for governmental use should have transferred to the City of Pomona upon Finance's approval of the LRPMP, as such these properties are no longer the Agency's obligation. Further, Finance was unable to verify the Agency owns the remaining properties. Therefore, the amount requested by the Agency has been reduced by \$236,000 to \$90,000 in Redevelopment Property Tax Trust Fund (RPTTF) for Item No. 36, and by \$51,600 to \$14,000 in RPTTF for Item No. 37. HSC section 34177 (e) requires agencies to dispose of assets and properties expeditiously and in a manner aimed at maximizing value. To the extent the Agency owns properties not listed on the LRPMP, Finance directs the Agency to dispose of these properties, with OB approval, expeditiously.

- Item No. 72 – SERAF loan repayment in the amount of \$182,425 is not 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 (CAC) report, the ROPS residual pass-through amount distributed to the taxing entities for fiscal year 2012-13 and 2019-20 are \$0 and \$0, respectively. Pursuant to the repayment formula, the maximum repayment amount authorized for the ROPS 20-21 period is \$0. Therefore, \$182,425 is not eligible for RPTTF funding. The Agency may be eligible for additional funding on subsequent ROPS.

- Item No. 104 – 2018 Tax Allocation Refunding Bonds, Series Bl. The Agency requested \$13,416,508 from RPTTF in error. According to the debt service schedule, the amount requested for fiscal year 2020-21 should be \$11,786,478. Therefore, to accurately reflect the correct debt service payment, Finance made an adjustment in the amount of \$1,630,030 to decrease the total requested amount to \$11,786,478.
- The claimed administrative costs exceed the allowance by \$88,963. 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 \$478,470 for fiscal year 2020-21. Although \$567,433 is claimed for ACA, only \$478,470 is available pursuant to the cap. Therefore, as noted in the table below, \$88,963 in excess ACA is not allowed:

Administrative Cost Allowance (ACA) Calculation	
Actual RPTTF distributed for fiscal year 2019-20	\$16,144,106
Less distributed Administrative RPTTF	(195,094)
Less sponsoring entity loan repayments	(0)
RPTTF distributed for 2019-20 after adjustments	\$15,949,012
ACA Cap for 2020-21 per HSC section 34171 (b)	\$478,470
ACA requested for 2020-21 after adjustments	567,433
ACA in Excess of the Cap	\$(88,963)

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, 2017 through June 30, 2018 (ROPS 17-18) 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 CAC's review of the PPA form submitted by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$13,319,474, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2020 through December 31, 2020 period (ROPS A period), and one distribution for the January 1, 2021 through June 30, 2021 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 20-21 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 items adjusted, Finance is not objecting to the remaining items listed on the ROPS 20-21. If the Agency disagrees with our determination with respect to any items on the ROPS 20-21, 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 of 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 20-21. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be deemed denied until the matter is resolved.

The ROPS 20-21 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 20-21 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if not denied 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.

Andrew Mowbray
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Please direct inquiries to Kylie Oltmann, Supervisor, or Michael Painter, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Raul Marquez, Principal Accountant, City of Pomona
Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County

Approved RPTTF Distribution July 2020 through June 2021			
	ROPS A	ROPS B	ROPS 20-21 Total
RPTTF Requested	\$ 9,343,087	\$ 5,722,829	\$ 15,065,916
Administrative RPTTF Requested	283,717	283,716	567,433
Total RPTTF Requested	9,626,804	6,006,545	15,633,349
RPTTF Requested	9,343,087	5,722,829	15,065,916
<u>Adjustment(s)</u>			
Item No. 36	(73,000)	(163,000)	(236,000)
Item No. 37	(18,800)	(32,800)	(51,600)
Item No. 72	(182,425)	0	(182,425)
Item No. 104	(978,018)	(652,012)	(1,630,030)
	(1,252,243)	(847,812)	(2,100,055)
RPTTF Authorized	8,090,844	4,875,017	12,965,861
Administrative RPTTF Requested	283,717	283,716	567,433
Excess Administrative Costs	0	(88,963)	(88,963)
Administrative RPTTF Authorized	283,717	194,753	478,470
ROPS 17-18 prior period adjustment (PPA)	(124,857)	0	(124,857)
Total RPTTF Approved for Distribution	\$ 8,249,704	\$ 5,069,770	\$ 13,319,474