Transmitted via e-mail

April 12, 2021

Peter Grant, City Manager
City of Cypress
5275 Orange Avenue
Cypress, CA 90630

2021-22 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Cypress Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2021 through June 30, 2022 (ROPS 21-22) to the California Department of Finance (Finance) on January 27, 2021. Finance has completed its review of the ROPS 21-22.

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

- The claimed administrative costs of $26,720 are not allowed.
  HSC section 34171 (b) (3) limits the fiscal year Administrative Cost Allowance (ACA) to three percent of actual Redevelopment Property Tax Trust Fund (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. The Agency received no RPTTF distribution for fiscal year 2020-21. As a result, the Agency's maximum ACA for fiscal year 2021-22 is $0. Therefore, the requested $26,720 in ACA is not allowed.

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, 2018 through June 30, 2019 (ROPS 18-19) period. The ROPS 18-19 prior period adjustment (PPA) will offset the ROPS 21-22 RPTTF distribution. The Approved RPTTF Distribution table includes the PPA resulting from the County Auditor-Controller's (CAC) review of the PPA form submitted by the Agency. Because no RPTTF is authorized, the PPA cannot be applied to offset the ROPS 21-22 RPTTF distribution, resulting in an excess PPA.

The Agency's maximum approved RPTTF distribution for the reporting period is $0, as summarized in the Approved RPTTF Distribution table (see Attachment).

HSC section 34187 (b) states that when all enforceable obligations have been retired or paid off, all real property has been disposed, and all outstanding litigation has been resolved, the successor agency shall, within 30 days of meeting the aforementioned criteria, submit to the oversight board a request, with a copy of the request to the county auditor-controller, to formally dissolve the successor agency. The oversight board shall approve the request within 30 days, and shall submit the request to the department. Given that the Agency's final obligations were set to be paid off at the end of the July 1, 2019 through June 30, 2020 period, and given that the Agency has no further obligations on the ROPS, it appears the Agency is in a position to move toward final dissolution.

All unspent RPTTF received for enforceable obligations by the Agency should be retained for distribution to the affected taxing entities pursuant to HSC section 34191.6 (d) (2) (G). Further, pursuant to HSC section 34187 (e), once an agency has retired or paid off all enforceable obligations and all real property has been disposed, the Agency is required to dispose all remaining assets and remit any proceeds to the CAC for distribution to the affected taxing entities.

If the Agency disagrees with our determination with respect to any items on the ROPS 21-22, 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 21-22. 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 21-22 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 21-22 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.

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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 Anna Kyumba, Supervisor, or Dylan Newton, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Matt Burton, Director of Finance and Administrative Services, City of Cypress
     Wendy Tsui, Administrative Manager I, Property Tax Unit, Orange County

Attachment

Approved RPTTF Distribution July 2021 through June 2022			
	ROPS A	**ROPS B**	**Total**
RPTTF Requested	$ 0	$ 0	$ 0
Administrative RPTTF Requested	25,795	925	26,720
Total RPTTF Requested	**25,795**	**925**	**26,720**
RPTTF Authorized	**0**	**0**	**0**
Administrative RPTTF Requested	**25,795**	**925**	**26,720**
Excess Administrative Costs	(25,795)	(925)	(26,720)
Administrative RPTTF Authorized	**0**	**0**	**0**
ROPS 18-19 prior period adjustment (PPA)	0	(24,078)	(24,078)
Excess PPA	0	24,078	24,078
Total RPTTF Approved for Distribution	$ 0	$ 0	$ 0