



Transmitted via e-mail

April 14, 2021

Troy Helling, City Manager
City of Industry
15625 East Stafford Street
City of Industry, CA 91744

2021-22 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Industry 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 31, 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 determinations:

- Item No. 296 – Tax Allocation Revenue Refunding Bonds carryover in the amount of \$8,145,115 is not allowed. It is our understanding the funding requested for this item results from the July 1, 2020 through June 30, 2021 period (ROPS 20-21) Redevelopment Property Tax Trust Fund (RPTTF) shortfall. Pursuant to the indenture, upon notification by the Agency that the debt service shortfall exists, the City of Industry (City) shall apply an amount as necessary from the Agency Tax Override Funds. Since the debt service shortfall was paid by the City using funding from the Tax Override Funds as required by the indenture, the item has been satisfied. Therefore, the requested amount of \$8,145,115 for RPTTF funding is not allowed.
- Item Nos. 303 and 304 – Industry East and Industry Business Center Traffic Mitigation Improvements (MP 99-31 #16) in the total outstanding amount of \$8,000,000 (\$5,000,000 + \$3,000,000) is not allowed. The Agency did not provide documentation to support the requested amount because no agreements have been finalized at this time. Therefore, the requested amount of \$8,000,000 from Other Funds is not allowed. To the extent the Agency can provide suitable documentation, such as the executed contract, to support the requested amount, the Agency may be eligible for funding on a future ROPS.

- Item No. 307 – Industry Business Center (MP 99-31 #16) in the total outstanding amount of \$150,000 is not allowed. Pursuant to an existing lease agreement dated April 28, 2005, the Agency is responsible for certain project costs related to Agency owned property generally known as Industry Business Center. It is our understanding, on September 14, 2020, the Agency entered into a Deposit and Reimbursement Agreement with the City because the City found the fees currently assessed to developers are insufficient to cover the project costs associated with, but not limited to, the analysis under the California Environmental Quality Act; and therefore, it necessary for the Agency to reimburse the City for those costs. However, it is not clear why the Agency needs additional funds to reimburse the City. Therefore, the requested amount of \$150,000 in Other Funds 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 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 \$58,697,372, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2021 through December 31, 2021 period (ROPS A period), and one distribution for the January 1, 2022 through June 30, 2022 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 21-22 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 does not object to the remaining items listed on the ROPS 21-22. 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/](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.

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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.

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 Kylie Oltmann, Supervisor, or Nicole Prisakar, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Yamini Pathak, Finance Director, City of Industry
Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County

Attachment

Approved RPTTF Distribution July 2021 through June 2022			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 10,148,801	\$ 56,693,686	\$ 66,842,487
Administrative RPTTF Requested	0	0	0
Total RPTTF Requested	10,148,801	56,693,686	66,842,487
RPTTF Requested	10,148,801	56,693,686	66,842,487
<u>Adjustment(s)</u>			
Item No. 296	(8,145,115)	0	(8,145,115)
RPTTF Authorized	2,003,686	56,693,686	58,697,372
Administrative RPTTF Authorized	0	0	0
Total RPTTF Approved for Distribution	\$ 2,003,686	\$ 56,693,686	\$ 58,697,372