



Transmitted via e-mail

April 13, 2021

Keith Kang, Finance Manager
City of Palmdale
38300 Sierra Highway, Suite D
Palmdale, CA 93550

2021-22 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Palmdale 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 25, 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 approves all of the items listed on the ROPS 21-22 at this time. However, Finance notes the following:

- Item Nos. 59 through 63, 65, 66 and 68 – Various property maintenance costs. Finance approved the Agency's Long-Range Property Management Plan (LRPMP) on December 16, 2015, and the subject properties are listed on the approved (LRPMP). Although contracts and agreements necessary to maintain assets prior to disposition are allowable, it appears the Oversight Board (OB) has approved an amount for property maintenance costs that appears excessive, given the length of time the assets have been available for sale.

HSC section 34177 (e) requires agencies to dispose of assets and properties expeditiously and in a manner aimed at maximizing value. Further, HSC section 34179 (i) requires the OB to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the OB to apply adequate oversight when evaluating the resources required to maintain assets prior to disposition.

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 Redevelopment Property Tax Trust Fund (RPTTF) distribution. The amount of RPTTF authorized includes the PPA resulting from the County Auditor-Controller's review of the PPA form submitted by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$10,620,073, 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.

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.

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.

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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: Willy Galindo, Senior Financial Analyst, City of Palmdale
Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County

Approved RPTTF Distribution July 2021 through June 2022			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 4,081,512	\$ 6,364,896	\$ 10,446,408
Administrative RPTTF Requested	393,916	0	393,916
Total RPTTF Requested	4,475,428	6,364,896	10,840,324
RPTTF Authorized	4,081,512	6,364,896	10,446,408
Administrative RPTTF Authorized	393,916	0	393,916
ROPS 18-19 prior period adjustment (PPA)	(220,251)	0	(220,251)
Total RPTTF Approved for Distribution	\$ 4,255,177	\$ 6,364,896	\$ 10,620,073