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Transmitted via e-mail

April 14, 2021

Angelina Garcia, Director of Finance City of Pico Rivera 6615 Passons Boulevard Pico Rivera, CA 90660

2021-22 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Pico Rivera 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 29, 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 Nos. 16 and 17 ROPS 18-19 and 19-20 Redevelopment Property Tax Trust Fund (RPTTF) shortfall in the total outstanding balance of \$164,284 and \$170,935, respectively, totaling \$335,219, is not allowed. The County Auditor-Controller (CAC) reports the Agency incurred a RPTTF distribution shortfall for the July 1, 2018 through June 30, 2019 ROPS (ROPS 18-19) and the July 1, 2019 through June 30, 2020 ROPS (ROPS 19-20) periods. Pursuant to HSC section 34173 (h), the City may loan funds to the Agency for administrative costs or enforceable obligations when the Agency receives an insufficient distribution from the RPTTF, or other approved sources of funding are insufficient, to pay approved enforceable obligations in the ROPS period. Without an approved oversight board action memorializing the Agency's receipt of funds and a promise to repay, it is not evident the obligations funded by the City of Pico Rivera's (City) general fund was a loan. Therefore, the requested \$335,219 is not allowed.
- Item No. 18 ROPS 19-20 Correction in the total outstanding balance of \$58,123 is not allowed. It is our understanding, on ROPS 19-20, the Agency applied the unspent RPTTF funds of \$58,123 as Reserve Balances to fund obligations. In addition, the CAC reduced the ROPS 19-20 RPTTF distribution by the same amount as prior period adjustments (PPA). As a result, the ROPS 19-20 RPTTF distribution was reduced by \$58,123 twice. Pursuant to HSC section 34173 (h), the City may loan funds to the Agency for administrative costs or enforceable obligations when the Agency receives an insufficient distribution from the RPTTF, or other approved sources of funding are insufficient, to pay approved enforceable obligations in the ROPS period. It is our understanding the obligation was funded by the City's general fund. Without an approved oversight board action memorializing the Agency's receipt of funds and a promise to repay, it is not evident the obligation funded by the City's general fund was a loan. Therefore, the requested \$58,123 is not allowed.

- Item No. 19 ROPS 20-21 Correction in the total outstanding balance of \$54,569 is not allowed. It is our understanding, on the July 1, 2020 through June 30, 2021 ROPS (ROPS 20-21), the Agency applied the unspent RPTTF funds of \$54,569 as Reserve Balances to partially fund obligations. In addition, CAC reduced the ROPS 20-21 RPTTF distribution by the same amount as PPA. As a result, the ROPS 20-21 RPTTF distribution was reduced by \$54,569 twice. The Agency claims certain obligations remain unfunded. However, at the time of our determination, no information was available regarding which specific obligations remain unpaid. Therefore, the requested \$54,569 is not eligible for RPTTF funding. To the extent the Agency can provide documentation, such as unpaid vendor invoices, the Agency may be eligible for funding on a future ROPS.
- On the ROPS 21-22 form, the Agency reported cash balances and activity for ROPS 18-19. According to our review, the Agency has approximately \$1,065,000 from Other Funds available to fund enforceable obligations on the ROPS 21-22. HSC section 34177 (I)(1)(E) requires these balances to be used prior to requesting RPTTF funding. This item does not require payment from property tax revenues; therefore, the following item has been reclassified:
 - Item No. 1 2001 Tax Allocation Refunding Bonds (Bonds) in the amount of \$3,319,100 is partially reclassified. The Agency requested \$2,969,100 from RPTTF and \$350,000 from Reserve Balances. The Agency entered into a pass-through agreement dated January 23, 2001, with the CAC for Sales Tax revenues to be pledged for the payment of principal and interest pursuant to the Indenture. The Agency will pledge annual sales tax revenues in the amount of the lesser of all sales tax revenues for the fiscal year, or \$1,065,000 for the payment of debt service on the Refunding Bonds. The sales tax pledge terminates when there is no longer outstanding debt. Finance is approving RPTTF in the amount of \$1,904,100, Reserve Balances in the amount of \$350,000, and the use of Other Funds in the amount of \$1,065,000, totaling \$3,319,100.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations (prior period adjustments) for the ROPS 18-19 period. The ROPS 18-19 PPA will offset the ROPS 21-22 RPTTF distribution. The amount of RPTTF authorized includes the 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 \$3,673,268, 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.

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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/

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.

Please direct inquiries to Kylie Oltmann, Supervisor, or Jon Sutherland, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER Program Budget Manager

cc: Jim Simon, RSG (Consultant), City of Pico Rivera 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	\$	2,782,111	\$	2,164,900	\$	4,947,011
Administrative RPTTF Requested		0		250,000		250,000
Total RPTTF Requested		2,782,111		2,414,900		5,197,011
RPTTF Requested		2,782,111		2,164,900		4,947,011
Adjustment(s)						
Item No. 1		(1,065,000)		0		(1,065,000)
Item No. 16		(164,284)		0		(164,284)
Item No. 17		(170,935)		0		(170,935)
Item No. 18		(58,123)		0		(58,123)
Item No. 19		(54,569)		0		(54,569)
		(1,512,911)		0		(1,512,911)
RPTTF Authorized		1,269,200		2,164,900		3,434,100
Administrative RPTTF Authorized		0		250,000		250,000
ROPS 18-19 prior period adjustment (PPA)		(10,832)		0		(10,832)
Total RPTTF Approved for Distribution	\$	1,258,368	\$	2,414,900	\$	3,673,268