



May 17, 2018

Mr. John Raymond, Director of Community Development
City of Carson
701 East Carson Street
Carson, CA 90745

Dear Mr. Raymond:

Subject: 2018-19 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated March 19, 2018. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Carson Successor Agency (Agency) submitted an annual ROPS for the period of July 1, 2018 through June 30, 2019 (ROPS 18-19) to Finance on January 25, 2018. The Agency requested a Meet and Confer on one or more of the determinations made by Finance. The Meet and Confer was held on April 4, 2018.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer, Finance has completed its review of the specific determination being disputed.

On the ROPS 18-19 form, the Agency reported cash balances and activity for the period July 1, 2015 through June 30, 2016 (ROPS 15-16). According to our initial review, the Agency had approximately \$774,319 in Other Funds and \$747,563 in Redevelopment Property Tax Trust Funds (RPTTF) unexpended from the ROPS 15-16 period, available to fund enforceable obligations on the ROPS 18-19.

During the Meet and Confer, the Agency stated revenues Finance used to make the adjustments were overstated. According to our review of additional documentation, the Agency has a total of \$904,474 (\$156,911 in Other Funds + \$747,563 in RPTTF) unexpended from the ROPS 15-16 period available to fund enforceable obligations on ROPS 18-19. These unexpended RPTTF funds are considered Reserve Balances. HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF. Therefore, with the Agency's concurrence, funding for this item is specified below:

Item No.	Project Name/Debt Obligation	Other Funds	Reserve Balances	RPTTF	Total Funding
168	Tax Allocation Bonds 2015 Series B	\$156,911	\$747,563	\$3,315,357	\$4,219,831

In addition, per Finance's letter dated March 19, 2018, we continue to make the following determinations not contested by the Agency during the Meet and Confer review:

- Item Nos. 21, 28, 29, 32, 33, 37, and 41 – Various Property Disposition costs in the total requested amount of \$95,000 is partially allowed. The Agency was able to provide documentation to support \$30,000 in property maintenance and disposition costs. Therefore, \$65,000 of the \$115,000 requested is ineligible for Redevelopment Property Tax Trust Fund (RPTTF) funding on the current ROPS. Adjustments were made to Item Nos. 28, 29, 32, 33, 37, and 41.
- Item No. 35 – Reimburse Remediation in the total requested amount of \$3,100,000 in Other Funds is partially allowed. It is our understanding the remediation agreement obligates the Agency to compensate Carson Marketplace, LLC at a cost not to exceed \$15,000,000. The remaining outstanding obligation amount reported on this ROPS period is overstated and exceeds the \$15,000,000 overall cap imposed by the remediation agreement. Therefore, of the \$3,100,000 requested, the excess \$13,723 requested in Other Funds will be applied to Item No. 168 as discussed below.

The Agency's maximum approved RPTTF distribution for the reporting period is \$19,702,174 as summarized in the Approved RPTTF Distribution table on Page 4 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2018 through December 31, 2018 period (ROPS A period) and one distribution for the January 1, 2019 through June 30, 2019 period (ROPS B period) based on Finance's approved amounts. Since this determination is for the entire ROPS 18-19 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Pursuant to HSC section 34186 (c), beginning October 1, 2018, the Agency will be required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2016 through June 30, 2017 period (ROPS 16-17) to the County Auditor-Controller for review. The Agency will report actual payments for ROPS 16-17 on ROPS 19-20. A prior period adjustment may be applied to the Agency's ROPS 19-20 RPTTF distribution. Therefore, the Agency should retain any unexpended RPTTF from the ROPS 16-17 period.

This is our final determination regarding the obligations listed on the ROPS 18-19. 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 18-19 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 18-19 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.

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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 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 Nichelle Jackson, Supervisor, or Michael Barr, Lead Analyst, at (916) 322-2985.

Sincerely,



ERIKA LI
Program Budget Manager

cc: Ms. Diane Hadland, Consultant, City of Carson
Ms. Kristina Burns, Manager, Department of Auditor-Controller, Los Angeles County

Attachment

Approved RPTTF Distribution			
For the period of July 2018 through June 2019			
	ROPS A Period	ROPS B Period	ROPS 18-19 Total
RPTTF Requested	\$ 8,007,987	\$ 11,915,495	\$ 19,923,482
Administrative RPTTF Requested	384,083	384,083	768,166
Total RPTTF Requested	8,392,070	12,299,578	20,691,648
RPTTF Requested	8,007,987	11,915,495	19,923,482
<u>Adjustments</u>			
Item No. 28	(10,000)	(10,000)	(20,000)
Item No. 29	0	(5,000)	(5,000)
Item No. 32	(5,000)	(5,000)	(10,000)
Item No. 33	(10,000)	(10,000)	(20,000)
Item No. 37	(12,500)	(12,500)	(25,000)
Item No. 41	(2,500)	(2,500)	(5,000)
Item No. 168	(904,474)	0	(904,474)
	(944,474)	(45,000)	(989,474)
RPTTF Authorized	7,063,513	11,870,495	18,934,008
Administrative RPTTF Authorized	384,083	384,083	768,166
Total RPTTF Approved for Distribution	\$ 7,447,596	\$ 12,254,578	\$ 19,702,174