DEPARTMENT OF FINANCE

Gavin Newsom ▪ Governor

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Transmitted via e-mail

April 11, 2025

Angela Courter, Director of Administrative Services
City of Cotati
201 West Sierra Avenue
Cotati, CA 94931

2025-26 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Cotati Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2025 through June 30, 2026 (ROPS 25-26) to the California Department of Finance (Finance) on January 31, 2025. Finance has completed its review of the ROPS 25-26.

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

- Item No. 24 – Long Range Property Management Plan (LRPMP) Implementation in the requested $21,750 from Reserve Balances has been reclassified. The Agency is requesting $21,750 for the disposition of the last remaining parcel on its LRPMP. The review of cash balances in the current year indicates that Reserve Balances are insufficient to fund the requested amount. Therefore, the funding source for this item has been reclassified from Reserve Balances to Redevelopment Property Tax Trust Fund (RPTTF).

- Item No. 26 – Tax Allocation Bond, Series 2020 in the requested $771,418 has been partially adjusted. The Agency requested the amount of $771,418 in error. According to the debt service schedule, the amount of $31,667 for January 1, 2026 through June 30, 2026 period (ROPS B period) was incorrect and should be $36,247. Therefore, with the Agency's concurrence, Finance made an adjustment of $4,580 to increase the requested RPTTF amount to accurately reflect the required debt service payment amount.

- The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (3). However, Finance notes the Oversight Board (OB) approved an amount that appears excessive, given the number and nature of the obligations listed on the ROPS. 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 administrative resources necessary to successfully wind down the Agency.

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, 2022 through June 30, 2023 (ROPS 22-23) period. The ROPS 22-23 prior period adjustment (PPA) will offset the ROPS 25-26 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 $1,125,365, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2025 through December 31, 2025 period (ROPS A period), and one distribution for the ROPS B period, based on Finance's approved amounts. Since this determination is for the entire ROPS 25-26 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 approves the remaining items listed on the ROPS 25-26 at this time. If the Agency disagrees with our determination with respect to any items on the ROPS 25-26, 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 Agency must use the RAD App to complete and submit its Meet and Confer request form. The Meet and Confer process and guidelines are available on our website:

http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 25-26. 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 25-26 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 25-26 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 RedevelopmentAdministration@dof.ca.gov.

Sincerely,

Original signed by:

Cheryl L. McCormick, CPA
Chief, Office of State Audits and Evaluations

cc: Damien O'Bid, City Manager, City of Cotati
Lindsay VanMidde, Assistant Property Tax Manager, Sonoma County
Veronica Ortiz-De Anda, Countywide Oversight Board Representative

Attachment

Approved RPTTF Distribution July 2025 through June 2026			
	ROPS A	**ROPS B**	**Total**
RPTTF Requested	$ 819,323	$ 36,167	$ 855,490
Administrative RPTTF Requested	125,000	125,000	250,000
Total RPTTF Requested	**944,323**	**161,167**	**1,105,490**
RPTTF Requested	**819,323**	**36,167**	**855,490**
<u>Adjustment(s)</u>			
Item No. 24	21,750	0	21,750
Item No. 26	0	4,580	4,580
	21,750	4,580	26,330
RPTTF Authorized	**841,073**	**40,747**	**881,820**
Administrative RPTTF Authorized	**125,000**	**125,000**	**250,000**
ROPS 22-23 Prior Period Adjustment (PPA)	(6,455)	0	(6,455)
Total RPTTF Approved for Distribution	**$ 959,618**	**$ 165,747**	**$ 1,125,365**