



Transmitted via e-mail

March 21, 2025

Vibeke Norgaard, City Manager
Sand City
1 Pendergrass Way
Sand City, CA 93955

2025-26 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the Sand City 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 27, 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 determination:

- Item No. 13 – Sand City Redevelopment Project in the total outstanding amount of \$6,839,497 continues to be denied. This item remains under litigation. Oversight Board Resolution Nos. 2021-09 and 2022-09, confirming the reinstatement of a loan agreement between the City of Sand City and the former Sand City Redevelopment Agency as an enforceable obligation and finding the loan was for legitimate development purposes, were denied in our letters dated October 28, 2021 and March 10, 2022, respectively. Therefore, this item continues to be denied, and the requested \$625,000 Redevelopment Property Tax Trust Fund (RPTTF) funding 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, 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 \$1,343,437, 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 January 1, 2026 through June 30, 2026 period (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 item, 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: Suzy Kim, Consultant, RSG, Sand City
Patty Ruiz, Auditor-Controller Analyst I, Monterey County
Jennifer Forsyth, Countywide Oversight Board Representative

Attachment

| Approved RPTTF Distribution July 2025 through June 2026 | | | |
|--|-------------------|-------------------|---------------------|
| | ROPS A | ROPS B | Total |
| RPTTF Requested | \$ 1,167,763 | \$ 565,109 | \$ 1,732,872 |
| Administrative RPTTF Requested | 111,556 | 125,000 | 236,556 |
| Total RPTTF Requested | 1,279,319 | 690,109 | 1,969,428 |
| RPTTF Requested | 1,167,763 | 565,109 | 1,732,872 |
| <u>Adjustment(s)</u> | | | |
| Item No. 13 | (625,000) | 0 | (625,000) |
| RPTTF Authorized | 542,763 | 565,109 | 1,107,872 |
| Administrative RPTTF Authorized | 111,556 | 125,000 | 236,556 |
| ROPS 22-23 Prior Period Adjustment (PPA) | (991) | 0 | (991) |
| Total RPTTF Approved for Distribution | \$ 653,328 | \$ 690,109 | \$ 1,343,437 |