DEPARTMENT OF FINANCE

Gavin Newsom ▪ Governor

915 L Street ▪ Sacramento CA ▪ 95814-3706 ▪ www.dof.ca.gov

April 10, 2026

Veronica Chavez, Director of Finance
City of Palm Desert
73-510 Fred Waring Drive
Palm Desert, CA 92260

2026-27 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Palm Desert Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2026 through June 30, 2027 (ROPS 26-27) to the California Department of Finance (Finance) on January 23, 2026. Finance has completed its review of the ROPS 26-27.

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

- Item No. 9 – Indian Springs Stipulated Agreement. The Agency requested the amount of $139,672 in error. Therefore, with the Agency's concurrence, Finance made an adjustment in the amount of $139,672 to decrease the requested Redevelopment Property Tax Trust Fund (RPTTF) amount to $0.

- Item No. 43 – Agency Owned Properties in the amount of $80,000 is partially allowed. It is our understanding that $7,500 was requested in error for maintenance of the Entrada Del Paseo Lot and the San Clemente House for the July 1, 2026 through December 31, 2026 (ROPS A) period. In addition, the Agency requested $12,000 for the purchase and installation of a new wind fence in the ROPS A period. HSC section 34177 (e) requires agencies to dispose of properties expeditiously and in an "as is" condition. Therefore, the requested property maintenance costs of $19,500 ($7,500 + $12,000) are not allowed in the ROPS A period.

  Additionally, the Agency requested duplicate funding in both the ROPS A period and the January 1, 2027 through June 30, 2027 (ROPS B) period. HSC 34177 (l) (3) states that the ROPS shall be forward looking to the next year. Therefore, the duplicative funding amount of $40,000 in the ROPS B period is not needed.
  In total, Finance adjusts the requested amount of $80,000 by $59,500 ($19,500 + $40,000), approving $20,500 in RPTTF in the ROPS A period.

- Item No. 190 – Costs Associated with Disposition of Assets in the requested amount of $30,000 is partially allowed. Based on supporting documentation provided by the Agency, only $28,500 is needed for this obligation. Therefore, Finance made an adjustment of $1,500.

- On the ROPS 26-27 form, the Agency reported cash balances and activity for the period July 1, 2023 through June 30, 2024 (ROPS 23-24). The Agency reported having $281,266 in Other Funds and requested their use on the ROPS 26-27. However, according to our review, the Agency has approximately $36,214 in Other Funds available. Therefore, with the Agency's concurrence, the funding source for the following item has been reclassified in the amounts specified below:

  - Item No. 189 – Project Area Administration in the amount of $595,751 is partially reclassified. Of the $595,751 requested, the Agency requests $281,266 from Other Funds; however, only $36,214 is available. Therefore, Finance adjusts Administrative RPTTF and Other Funds by $245,052 ($281,266 - $36,214); approving Administrative RPTTF in the amount of $559,537 and the use of Other Funds in the amount of $36,214, totaling $595,751.

- 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, 2023 through June 30, 2024 (ROPS 23-24) period. The ROPS 23-24 prior period adjustment (PPA) will offset the ROPS 26-27 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 $18,698,882, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2026 through December 31, 2026 period (ROPS A period), and one distribution for the January 1, 2027 through June 30, 2027 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 26-27 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 26-27 at this time. If the Agency disagrees with our determination with respect to any items on the ROPS 26-27, 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 26-27. 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 26-27 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 26-27 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: Tristan Morales, Accounting Supervisor, City of Palm Desert
Jennifer Baechel, Deputy Auditor-Controller, Riverside County
Veronica Young, Countywide Oversight Board Representative

Attachment

Approved RPTTF Distribution July 2026 through June 2027			
	ROPS A	**ROPS B**	**Total**
RPTTF Requested	$ 9,402,679	$ 9,032,417	$ 18,435,096
Administrative RPTTF Requested	0	314,485	314,485
Total RPTTF Requested	**9,402,679**	**9,346,902**	**18,749,581**
RPTTF Requested	**9,402,679**	**9,032,417**	**18,435,096**
Adjustment(s)			
Item No. 9	(69,836)	(69,836)	(139,672)
Item No. 43	(19,500)	(40,000)	(59,500)
Item No. 190	0	(1,500)	(1,500)
	(89,336)	(111,336)	(200,672)
RPTTF Authorized	**9,313,343**	**8,921,081**	**18,234,424**
Administrative RPTTF Requested	**0**	**314,485**	**314,485**
Adjustment(s)			
Item No. 189	240,072	4,980	245,052
Adjusted Administrative RPTTF	**240,072**	**319,465**	**559,537**
ROPS 23-24 Prior Period Adjustment (PPA)	(95,079)	0	(95,079)
Total RPTTF Approved for Distribution	**$ 9,458,336**	**$ 9,240,546**	**$ 18,698,882**