



March 27, 2026

Kendra Reed, Finance Manager
City of Scotts Valley
1 Civic Center Drive
Scotts Valley, CA 95066

2026-27 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Scotts Valley 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 February 4, 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. 8 – Loan Agreement in the total outstanding amount of \$658,107 is overstated and the requested amount of \$658,107 is partially allowed. Pursuant to HSC section 34191.4 (b) (3), interest on the remaining outstanding principal amount of the loan shall be recalculated from the date of origination of the loan on a quarterly basis, at a simple interest rate of three percent, and repayments shall be applied first to principal, and second to interest.

After recalculating interest, the outstanding loan balance reported on the Agency's ROPS Detail Form has been reduced by \$23,377 to \$634,730. As a result, the Agency's current ROPS request of \$658,107 has also been reduced to \$634,730 to only allow the funds necessary to fulfill this obligation. Therefore, \$23,377 is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.

- Item No. 14 - Services Contract totaling \$25,000. The Agency inadvertently requested its administrative costs from the incorrect funding source. Therefore, Finance reclassified \$25,000 from RPTTF to Administrative RPTTF, with the Agency's consent.

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, as adjusted by Finance. Specifically, Finance included the authorized and actual Administrative RPTTF amounts, increasing the PPA amount by \$34,031 to match those self-reported by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$1,270,536, 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.

Kendra Reed
March 27, 2026
Page 3

Please direct inquiries to RedevelopmentAdministration@dof.ca.gov.

Sincerely,

Originally signed by:

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

cc: Stephanie Hill, Administrative Services Director, City of Scotts Valley
Laura Bowers, Auditor-Controller Treasurer Tax Collector, Santa Cruz County
Kim Namba, Countywide Oversight Board Representative

Attachment

Approved RPTTF Distribution July 2026 through June 2027			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 1,529,247	\$ 198,438	\$ 1,727,685
Administrative RPTTF Requested	30,000	30,000	60,000
Total RPTTF Requested	1,559,247	228,438	1,787,685
RPTTF Requested	1,529,247	198,438	1,727,685
<u>Adjustment(s)</u>			
Item No. 8	(23,377)	0	(23,377)
Item No. 14	(25,000)	0	(25,000)
	(48,377)	0	(48,377)
RPTTF Authorized	1,480,870	198,438	1,679,308
Administrative RPTTF Requested	30,000	30,000	60,000
<u>Adjustment(s)</u>			
Item No. 14	25,000	0	25,000
Adjusted Administrative RPTTF	55,000	30,000	85,000
Administrative RPTTF Authorized	55,000	30,000	85,000
ROPS 23-24 Prior Period Adjustment (PPA)	(493,772)	0	(493,772)
Total RPTTF Approved for Distribution	\$ 1,042,098	\$ 228,438	\$ 1,270,536