



Transmitted via e-mail

May 17, 2022

Dave Kiff, Executive Director  
Sonoma County  
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### **2022-23 Annual Recognized Obligation Payment Schedule**

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 15, 2022. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the Sonoma County Successor Agency (Agency) submitted an annual ROPS for the period July 1, 2022 through June 30, 2023 (ROPS 22-23) to Finance on February 1, 2022. The Agency requested a Meet and Confer on one or more of the determinations made by Finance. The Meet and Confer was held on May 4, 2022.

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

- Item No. 2 – 2008 Springs Tax Allocation Bond debt service. Finance no longer denies this item. According to the debt-service schedule, the amount requested for the July through December (ROPS 22-23A) period and January through June (ROPS 22-23B) period should be \$621,250 and \$162,250 respectively, for a total of \$783,500. During the Meet and Confer, the Agency indicated the \$794,500 Redevelopment Property Tax Trust Fund (RPTTF) request in the ROPS 22-23B period represents the payments for February 2023 and August 2023. The bond indenture requires the payments due on February 1 and August 1 to be distributed in the January distribution. Therefore, Finance is approving \$621,250 in RPTTF for the August 2022 payment, which was not initially requested by the Agency, and \$794,500 in RPTTF for the February and August 2023 payments, for a total of \$1,412,750. Finance reminds the Agency to request the August 2023 payment from Reserve Balances in the July 1, 2023 through December 31, 2023 period (ROPS 23-24A).
- Item No. 75 - Personnel Costs in the amount of \$600,000. Finance no longer considers this item to be administrative in nature. During the Meet and Confer, the Agency clarified the personnel costs were associated with implementing the Roseland Village and Highway 12 projects. Documentation provided by the Agency during the Meet and Confer supports a reasonable estimate of \$200,000. Therefore, Finance is approving the use of Reserve Balances in the amount of \$200,000 for this item. The remaining requested amount of \$246,690 in Reserve Balances and \$153,310 in Other Funds is not allowed. To the extent the Agency requires additional funding for this item, the Agency may use the Amended ROPS process to make the request.

- Item Nos. 100 and 101 – Roseland Village Redevelopment and Highway 12, Phase 2, Stage 2 in the total outstanding amount of \$4,060,807. Finance no longer denies these items. Certain reentered agreements associated with these line items were previously deemed enforceable obligations. However, these agreements have expired. During the Meet and Confer, the Agency indicated the reentered agreements were extended by various amendments. The Agency provided documentation supporting the funding remaining available for these items at \$2,571,766 for Item No. 100 and \$1,489,041 for Item No. 101, totaling \$4,060,807. Therefore, the requested amounts of \$3,530,807 in Reserve Balances and \$530,000 in RPTTF, totaling \$4,060,807 is approved.
- Item No. 108 - Legal Services in the amount of \$200,000. Finance no longer considers this item to be administrative in nature. During the Meet and Confer, the Agency indicated that litigation involving the Agency has been appealed and remains ongoing. Therefore, Finance is approving \$200,000, of Reserve Balances for this item.
- The claimed administrative costs exceed the allowance by \$103,000. HSC section 34171 (b) (3) limits the fiscal year Administrative Cost Allowance (ACA) to three percent of actual RPTTF distributed in the preceding fiscal year or \$250,000, whichever is greater; not to exceed 50 percent of the RPTTF distributed in the preceding fiscal year. As a result, the Agency's maximum ACA is \$250,000 for fiscal year 2022-23.

Although \$250,000 is claimed for ACA, Item Nos. 107, and 110 totaling \$103,000 are considered administrative costs and should be counted toward the ACA. During the Meet and Confer, the Agency indicated these items are project related costs with regard to Item Nos. 100 and 101. However, it is our understanding that Item No. 107 is for general legal expenses not tied to any current litigation. With respect to Item No. 110 the Agency did not provide sufficient documentation supporting the use of leased vehicles specifically for the Highway 12 and Roseland projects. Therefore, these items are considered administrative in nature as detailed below:

**Table 1: Items Reclassified to Administrative Costs**

<b>Item No.</b>	<b>Obligation Type Requested</b>	<b>Amount Requested</b>
107	Legal	\$100,000
110	Project Management Costs	\$3,000
<b>Total</b>		<b>\$103,000</b>

**Table 2: Administrative Cost Allowance Calculation**

Actual RPTTF distributed for fiscal year 2021-22	\$1,957,697
Less distributed Administrative RPTTF	(0)
<b>RPTTF distributed for 2021-22 after adjustments</b>	<b>\$1,957,697</b>
<b>ACA Cap for 2022-23 per HSC section 34171 (b)</b>	<b>\$250,000</b>
ACA requested for 2022-23	250,000
Plus amount reclassified to ACA	103,000
<b>Total ACA</b>	<b>353,000</b>
<b>ACA in Excess of the Cap</b>	<b>\$103,000</b>

The administrative costs, totaling \$353,000 includes \$103,000 in Reserve Balances. HSC Section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF. Therefore, the \$103,000 of administrative costs allowed under the ACA should be funded from the available Reserves Balances and the remaining \$147,000 can be funded from Administrative RPTTF.

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, 2019 through June 30, 2020 (ROPS 19-20) period. The ROPS 19-20 prior period adjustment (PPA) will offset the ROPS 22-23 RPTTF distribution. The amount of RPTTF approved includes the PPA resulting from the County Auditor-Controller's (CAC) review of the PPA form submitted by the Agency, as adjusted by Finance. Specifically, Finance increased the available amounts reported by the CAC for Item Nos. 100 and 101 by \$40,685 and \$39,883 respectively. These combined PPA adjustments increased the PPA by \$80,568, from \$3,796,228 to \$3,876,796. In addition, the total authorized RPTTF is insufficient to allow the entire PPA to be applied this ROPS period, resulting in an excess PPA that should be applied prior to requesting RPTTF on future ROPS.

Based on our review of the PPA form, Finance noted the Agency misspent a portion of excess funds. Specifically, the Agency spent more than what was authorized for the ACA for the ROPS 19-20 period. Finance authorized \$0 pursuant to the cap; yet a total of \$59,800 was reported as being spent. This \$59,800 is in excess of the maximum amount allowed pursuant to HSC section 34171 (b) (3). Further, pursuant to HSC section 34177 (a) (3), only those payments listed on a ROPS may be made by the Agency from the funds and source specified on the ROPS, up to the amount authorized by Finance. Finance reminds the Agency that funds in excess of the amounts authorized on the ROPS cannot be expended. Any excess funds must be retained and expended once the Agency receives approval for their use on a future ROPS.

The Agency's maximum approved RPTTF distribution for the reporting period is \$0, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2022 through December 31, 2022 period (ROPS A period), and one distribution for the January 1, 2023 through June 30, 2023 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 22-23 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 22-23 at this time.

This is our final determination regarding the obligations listed on the ROPS 22-23. 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 22-23 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 22-23 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 Zuber Tejani, Supervisor, or Michael Painter, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER  
Program Budget Manager

cc: Dawn Chandler, Supervising Accountant, Sonoma County  
Lindsay VanMidde, Assistant Property Tax Manager, Sonoma County

<b>Approved RPTTF Distribution July 2022 through June 2023</b>			
	<b>ROPS A</b>	<b>ROPS B</b>	<b>Total</b>
RPTTF Requested	\$ 265,000	\$ 1,064,500	\$ 1,329,500
Administrative RPTTF Requested	125,000	125,000	250,000
<b>Total RPTTF Requested</b>	<b>390,000</b>	<b>1,189,500</b>	<b>1,579,500</b>
<b>RPTTF Requested</b>	<b>265,000</b>	<b>1,064,500</b>	<b>1,329,500</b>
<u>Adjustment(s)</u>			
Item No. 2	621,250	0	621,250
<b>RPTTF Authorized</b>	<b>886,250</b>	<b>1,064,500</b>	<b>1,950,750</b>
<b>Administrative RPTTF Requested</b>	<b>125,000</b>	<b>125,000</b>	<b>250,000</b>
Administrative Costs Reclassified to Reserve Balances	0	(103,000)	(103,000)
<b>Administrative RPTTF Authorized</b>	<b>125,000</b>	<b>22,000</b>	<b>147,000</b>
ROPS 19-20 prior period adjustment (PPA)	(1,011,250)	(1,086,500)	(3,876,796)
Excess PPA	0	1,779,046	1,779,046
<b>Total RPTTF Approved for Distribution</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>