



Transmitted via e-mail

April 7, 2023

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

### **2023-24 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, 2023 through June 30, 2024 (ROPS 23-24) to the California Department of Finance (Finance) on January 31, 2023. Finance has completed its review of the ROPS 23-24.

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 Implementation in the amount of \$30,500 from Reserve Balances is partially denied. Of the claimed amounts, \$8,750 is associated with Request for Proposal (RFP) and Disposition and Development Agreement (DDA) costs. HSC section 34177 (e) requires agencies to dispose of assets and properties expeditiously and in a manner aimed at maximizing value and in an “as is” condition. Therefore, the RFP and DDA costs of \$8,750 are not allowed, and \$21,750 is allowed. In addition, the funding source for this item has been revised from Reserve Balances to the Redevelopment Property Tax Trust Fund (RPTTF) to ensure the prompt use of Reserve Balances in the amount of \$21,750 on Item No. 26 below.
- On the ROPS 23-24 form, the Agency reported cash balances and activity for the period July 1, 2020 through June 30, 2021 (ROPS 20-21). According to our review, the Agency has approximately \$16,818 in Other Funds and \$21,750 in Reserve Balances, totaling \$38,568, available to fund enforceable obligations on the ROPS 23-24. HSC section 34177 (l) (1) (E) requires this balance to be used prior to requesting RPTTF funding. This item does not require payment from property tax revenues; therefore, with the Agency’s concurrence, the funding source for the following item has been reclassified in the amount specified below:
  - Item No. 26 – Tax Allocation Bond Series 2020 in the amount of \$762,319 is partially reclassified. Finance is approving RPTTF in the amount of \$723,751, Reserve Balances in the amount of \$21,750, and the use of Other Funds in the amount of \$16,818, totaling \$762,319.

- The claimed administrative costs exceed the allowance by \$119,460. 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 \$130,540 for fiscal year 2023-24. Although \$250,000 is claimed for ACA, only \$130,540 is available pursuant to the cap. Therefore, as noted in the table below, \$119,460 in excess ACA is not allowed:

<b>ACA Calculation</b>	
Actual RPTTF distributed for fiscal year 2022-23	\$330,292
Less distributed Administrative RPTTF	(69,212)
<b>RPTTF distributed for 2022-23 after adjustments</b>	<b>\$261,080</b>
ACA Cap for 2023-24 per HSC section 34171 (b)	\$130,540
ACA requested for 2023-24	250,000
<b>ACA in Excess of the Cap</b>	<b>(\$119,460)</b>

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations (prior period adjustments) for the ROPS 20-21 period. The ROPS 20-21 prior period adjustment (PPA) will offset the ROPS 23-24 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 \$928,458, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2023 through December 31, 2023 period (ROPS A period), and one distribution for the January 1, 2024 through June 30, 2024 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 23-24 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 23-24 at this time. If the Agency disagrees with our determination with respect to any items on the ROPS 23-24, 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/](http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/)

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Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 23-24. 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 23-24 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 23-24 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 Austin Goodman, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER  
Program Budget Manager

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

<b>Approved RPTTF Distribution July 2023 through June 2024</b>			
	<b>ROPS A</b>	<b>ROPS B</b>	<b>Total</b>
RPTTF Requested	\$ 788,801	\$ 52,092	\$ 840,893
Administrative RPTTF Requested	125,000	125,000	250,000
<b>Total RPTTF Requested</b>	<b>913,801</b>	<b>177,092</b>	<b>1,090,893</b>
<b>RPTTF Requested</b>	<b>788,801</b>	<b>52,092</b>	<b>840,893</b>
<u>Adjustment(s)</u>			
Item No. 24	21,750	0	21,750
Item No. 26	(38,568)	0	(38,568)
	(16,818)	0	(16,818)
<b>RPTTF Authorized</b>	<b>771,983</b>	<b>52,092</b>	<b>824,075</b>
<b>Administrative RPTTF Requested</b>	<b>125,000</b>	<b>125,000</b>	<b>250,000</b>
Excess Administrative Costs	(0)	(119,460)	(119,460)
<b>Administrative RPTTF Authorized</b>	<b>125,000</b>	<b>5,540</b>	<b>130,540</b>
ROPS 20-21 Prior Period Adjustment (PPA)	(26,157)	0	(26,157)
<b>Total RPTTF Approved for Distribution</b>	<b>\$ 870,826</b>	<b>\$ 57,632</b>	<b>\$ 928,458</b>