



Transmitted via e-mail

April 7, 2023

Rhonda Coffman, Executive Director
Sonoma County
1440 Guerneville Road
Santa Rosa, CA 95403

2023-24 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the Sonoma County 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 30, 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. 2 – 2008 Springs Tax Allocation Bonds in the total requested amount of \$1,422,950 in Redevelopment Property Tax Trust Fund (RPTTF) funding is partially reclassified. During the period of July 1, 2022 through June 30, 2023 (ROPS 22-23), Finance approved \$632,250 in RPTTF as reserves for the ROPS 23-24 period. Therefore, to accurately reflect the correct funding source during ROPS 23-24, Finance is approving the use of Reserve Balances in the amount of \$632,250 and RPTTF in the amount of \$790,700, totaling \$1,422,950.
- The claimed administrative costs exceed the allowance by \$200,000. 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. During ROPS 22-23, the Agency received \$0 in RPTTF; therefore, the maximum ACA is \$0 for the fiscal year 2023-24. Although \$150,000 is claimed for ACA, Item No. 107 is considered an administrative cost and should be counted toward the cap. Therefore, as noted in the table on the following page, \$200,000 in excess ACA is not allowed:

Administrative Cost Allowance (ACA) Calculation	
RPTTF distributed for FY 2022-23	\$0
ACA Cap for 2023-24 per HSC section 34171 (b)	\$0
ACA requested for 2023-24	150,000
Plus amount reclassified to ACA	50,000
Total ACA after adjustments	\$200,000
ACA in Excess of the Cap	(\$200,000)

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, 2020 through June 30, 2021 (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 \$1,248,871, 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/>

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/>

Rhonda Coffman
April 7, 2023
Page 3

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: Dawn Chandler, Supervising Accountant, Sonoma County
Lindsay VanMidde, Assistant Property Tax Manager, Sonoma County
Veronica Ortiz-De Anda, Countywide Oversight Board Representative

Approved RPTTF Distribution July 2023 through June 2024			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 1,939,498	\$ 1,403,277	\$ 3,342,775
Administrative RPTTF Requested	75,000	75,000	150,000
Total RPTTF Requested	2,014,498	1,478,277	3,492,775
RPTTF Requested	1,939,498	1,403,277	3,342,775
<u>Adjustment(s)</u>			
Item No. 2	(632,250)	0	(632,250)
Item No. 107	(25,000)	(25,000)	(50,000)
	(657,250)	(25,000)	(682,250)
RPTTF Authorized	1,282,248	1,378,277	2,660,525
Administrative RPTTF Requested	75,000	75,000	150,000
<u>Adjustment(s)</u>			
Item No. 107	25,000	25,000	50,000
Adjusted Administrative RPTTF	100,000	100,000	200,000
Excess Administrative Costs	(100,000)	(100,000)	(200,000)
Administrative RPTTF Authorized	0	0	0
ROPS 20-21 Prior Period Adjustment (PPA)	(1,282,248)	(129,406)	(1,411,654)
Total RPTTF Approved for Distribution	\$ 0	\$ 1,248,871	\$ 1,248,871