



Transmitted via e-mail

March 28, 2025

Caroline Cruz-Contreras, Principal Accountant
City of Rancho Cucamonga
10500 Civic Center Drive
Rancho Cucamonga, CA 91730

2025-26 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Rancho Cucamonga Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2025 through June 30, 2026 (ROPS 25-26) to the California Department of Finance (Finance) on January 12, 2025. Finance has completed its review of the ROPS 25-26.

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

- Item Nos. 95 and 104 – The Agency refinanced the 2014 Tax Allocation Bonds in 2024 and issued the 2024 Tax Allocation Refunding Bonds (TARB), which should be identified as a new line item. The Agency requested the debt service payments for the 2024 TARB in the amount of \$14,691,625 on Item No. 95 in error. Therefore, Finance created a new item, Item No. 104 to separately identify the new refunding bonds and adjusted the requested amount to agree with the 2024 TARB debt service schedule as follows:
 - Item No. 95 – The total requested amount of \$14,691,625 from the Redevelopment Property Tax Trust Fund (RPTTF) has been transferred to Item No. 104 and reduced to \$0. This item has also been retired.
 - Item No. 104 – The requested RPTTF funding in the amount of \$14,691,625 has been transferred from Item No. 95. According to the new debt service schedule, the amount of \$12,529,750 for the July 1, 2025 through December 31, 2025 period (ROPS A period) was incorrect and should be \$14,051,250. Additionally, the amount of \$2,161,875 for the January 1, 2026 through June 30, 2026 period (ROPS B period) was incorrect and should be \$1,961,375. Therefore, with the Agency's concurrence, Finance made a total adjustment of \$1,321,000 (\$14,051,250 - \$12,529,750 + \$1,961,375 - \$2,161,875) to increase the requested amount to accurately reflect the required debt service payment amount of \$16,012,625. The Agency can use this item to request funding for 2024 TARB on subsequent ROPS.

- 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, 2022 through June 30, 2023 (ROPS 22-23) period. The ROPS 22-23 prior period adjustment (PPA) will offset the ROPS 25-26 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 \$28,704,902, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the ROPS A period, and one distribution for the ROPS B period, based on Finance's approved amounts. Since this determination is for the entire ROPS 25-26 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 item, Finance approves the remaining items listed on the ROPS 25-26 at this time. If the Agency disagrees with our determination with respect to any items on the ROPS 25-26, 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 25-26. 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 25-26 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 25-26 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,

A handwritten signature in blue ink that reads "Cheryl L. McCormick". The signature is fluid and cursive, with the first name "Cheryl" and last name "McCormick" clearly legible.

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

cc: Jevin Kaye, Finance Director, City of Rancho Cucamonga
Franz Zyss, Chief Deputy, Property Tax Division/Countywide Oversight Board
Representative, San Bernardino County

Attachment

Approved RPTTF Distribution July 2025 through June 2026			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 22,517,695	\$ 5,065,700	\$ 27,583,395
Administrative RPTTF Requested	125,000	125,000	250,000
Total RPTTF Requested	22,642,695	5,190,700	27,833,395
RPTTF Requested	22,517,695	5,065,700	27,583,395
<u>Adjustment(s)</u>			
Item No. 95	(12,529,750)	(2,161,875)	(14,691,625)
Item No. 104	14,051,250	1,961,375	16,012,625
	1,521,500	(200,500)	1,321,000
RPTTF Authorized	24,039,195	4,865,200	28,904,395
Administrative RPTTF Authorized	125,000	125,000	250,000
ROPS 22-23 Prior Period Adjustment (PPA)	(449,493)	0	(449,493)
Total RPTTF Approved for Distribution	\$ 23,714,702	\$ 4,990,200	\$ 28,704,902