



Transmitted via e-mail

March 25, 2022

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City of Hayward
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Hayward, CA 94541

2022-23 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Hayward Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2022 through June 30, 2023 (ROPS 22-23) to the California Department of Finance (Finance) on February 2, 2022. Finance has completed its review of the ROPS 22-23.

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

- Item No. 31 – Utility costs in the amount of \$1,200 are not eligible for funding from the Redevelopment Property Tax Trust Fund (RPTTF). Pursuant to HSC section 34177 (l) (1)(E), RPTTF may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available. We understand the Agency has lease revenues that can be utilized in funding this item. Therefore, funding for the item has been reclassified to Other Funds.
- Item No. 64 – Housing Authority Administrative Allowance in the outstanding amount of \$150,000 is not allowed. Finance continues to deny this item. Pursuant to HSC section 34171 (p), the housing successor administrative cost allowance is applicable only in cases where the city, county, or city and county that authorized the creation of the Redevelopment Agency (RDA) elected not to assume the housing functions. Because the housing successor to the former RDA of the City is the City-formed Housing Authority (Authority) and the Authority operates under the control of the City, the Authority is considered the City pursuant to HSC section 34167. Further, pursuant to HSC section 34171 (p) (1), funding for the housing entity administrative cost allowance concluded July 1, 2018. Therefore, the requested \$150,000 in RPTTF funding is not allowed.
- Item No. 78 – Tax Allocation Refunding Bonds. The Agency requested \$3,222,450 from RPTTF in error. According to the debt service schedule provided by the Agency, the amount requested for the ROPS 22-23 period should be \$3,224,375. Therefore, to accurately reflect the correct debt service payment, Finance made an adjustment in the amount of \$1,925.

- On the ROPS 22-23 form, the Agency reported cash balances and activity for the period July 1, 2019 through June 30, 2020 (ROPS 19-20). According to our review, the Agency has approximately \$227,337 from Reserve balances available to fund enforceable obligations on the ROPS 22-23. HSC section 34177 (l) (1) (E) requires these balances 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. 48 – Reentered Repayment Agreement with City of Hayward in the amount of \$800,000 is partially reclassified. Finance is approving RPTTF in the amount of \$572,663 and Reserve Balances in the amount of \$227,337, totaling \$800,000.
- 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) has 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 ROPS 19-20 period. The ROPS 19-20 prior period adjustment (PPA) will offset the ROPS 22-23 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 \$3,699,215, 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. If the Agency disagrees with our determination with respect to any items on the ROPS 22-23, 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 Meet and Confer process and guidelines are available on our website:

http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/

The Agency must use the RAD App to complete and submit its Meet and Confer request form.

Absent a Meet and Confer, 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 Joshua Mortimer, Supervisor, or Mayra Cavazos, Staff, at (916) 322-2985.

Sincerely,



 JENNIFER WHITAKER
Program Budget Manager

cc: Dustin Claussen, Acting Finance Director, City of Hayward
Trina Caballero, Division Chief, Tax Analysis Unit, Alameda County

Approved RPTTF Distribution July 2022 through June 2023			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 2,568,375	\$ 1,745,275	\$ 4,313,650
Administrative RPTTF Requested	125,000	125,000	250,000
Total RPTTF Requested	2,693,375	1,870,275	4,563,650
RPTTF Requested	2,568,375	1,745,275	4,313,650
<u>Adjustment(s)</u>			
Item No. 31	(600)	(600)	(1,200)
Item No. 48	(227,337)	0	(227,337)
Item No. 64	(75,000)	(75,000)	(150,000)
Item No. 78	0	1,925	1,925
	(302,937)	(73,675)	(376,612)
RPTTF Authorized	2,265,438	1,671,600	3,937,038
Administrative RPTTF Authorized	125,000	125,000	250,000
ROPS 19-20 prior period adjustment (PPA)	(487,823)	0	(487,823)
Total RPTTF Approved for Distribution	\$ 1,902,615	\$ 1,796,600	\$ 3,699,215