



Transmitted via e-mail

April 4, 2023

Katie Bowman, Economic Development Manager  
City of San Leandro  
835 East 14th Street  
San Leandro, CA 94577

### **2023-24 Annual Recognized Obligation Payment Schedule**

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of San Leandro 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 29, 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 approves all of the items listed on the ROPS 23-24 at this time. However, Finance notes the following:

- 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 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 Redevelopment Property Tax Trust Fund (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. Further, based on our review of the PPA, Finance noted the Agency misspent a portion of excess funds. Specifically:

- The Agency spent more than what was authorized for the administrative cost allowance for the ROPS 20-21 period. Finance authorized \$250,000 pursuant to the cap; yet a total of \$262,711 was reported. This is \$12,711 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 future ROPS.

The Agency's maximum approved RPTTF distribution for the reporting period is \$6,186,714, 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.

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.

Katie Bowman  
April 4, 2023  
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Please direct inquiries to Joshua Mortimer, Supervisor, or Mayra Cavazos, Staff, at (916) 322-2985.

Sincerely,

A handwritten signature in blue ink that reads "Cheryl K. McCormick". The signature is fluid and cursive.

 JENNIFER WHITAKER  
Program Budget Manager

cc: Tyler Hammond, Accountant, City of San Leandro  
Trina Caballero, Division Chief, Tax Analysis Unit/Countywide Oversight  
Board Representative, Alameda County

<b>Approved RPTTF Distribution July 2023 through June 2024</b>			
	<b>ROPS A</b>	<b>ROPS B</b>	<b>Total</b>
RPTTF Requested	\$ 3,092,117	\$ 2,961,688	\$ 6,053,805
Administrative RPTTF Requested	125,000	125,000	250,000
<b>Total RPTTF Requested</b>	<b>3,217,117</b>	<b>3,086,688</b>	<b>6,303,805</b>
<b>RPTTF Authorized</b>	<b>3,092,117</b>	<b>2,961,688</b>	<b>6,053,805</b>
<b>Administrative RPTTF Authorized</b>	<b>125,000</b>	<b>125,000</b>	<b>250,000</b>
ROPS 20-21 Prior Period Adjustment (PPA)	(117,091)	0	(117,091)
<b>Total RPTTF Approved for Distribution</b>	<b>\$ 3,100,026</b>	<b>\$ 3,086,688</b>	<b>\$ 6,186,714</b>