



April 12, 2016

Mr. Jeff Kay, Business Development Manager  
City of San Leandro  
835 East 14th Street  
San Leandro, CA 94577

Dear Mr. Kay:

Subject: 2016-17 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 a Recognized Obligation Payment Schedule for the period July 1, 2016 through June 30, 2017 (ROPS 16-17) to the California Department of Finance (Finance) on January 28, 2016. Finance has completed its review of the ROPS 16-17.

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

- Item No. 10 – Sales Tax Rebate Ford Store in the amount of \$297,456 is partially allowed. According to the Agency, it requested and received \$185,000 for this item during ROPS 14-15A period. However, the actual amount paid was \$207,546, resulting in an additional payment of \$22,546. Therefore, in addition to the estimated amount of \$274,910 requested for ROPS 16-17, \$22,546 is requested to fund the amount paid in excess of the ROPS 14-15A authorized amount. However, documentation to support actual additional payment of \$207,546 has not been provided to support the payment. Therefore, of the requested \$297,456, \$22,546 is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding for the ROPS 16-17 period.
- Item No. 12 – Casa Verde Operating Agreement in the amount of \$237,406 is partially allowed. The Agency requested and was approved to expend \$111,254 for this item during ROPS 14-15B. However, the Agency made the payment in December 2014 during the ROPS 14-15A period. The Agency contends an advance from the City was used to make the payment. Finance notes the corresponding City Advance was denied under Item No. 46 during ROPS 15-16B. Therefore, of the requested \$237,406 for the July 1, 2015 through December 31, 2016 period (ROPS A period), \$111,254 is not eligible for RPTTF funding.
- Item No. 28 – Doolittle Drive Streetscape in the amount of \$400,000 is not allowed. While the Reentered Agreement is an enforceable obligation, the Agency was unable to provide support for the requested amount. Therefore, the requested \$400,000 in RPTTF funding for the January 1, 2017 through June 30, 2017 period (ROPS B period) is not allowed. To the extent the Agency can provided supporting documentation, such as a

breakout of design costs from the City engineers, this item may be eligible for RPTTF funding in the future.

- Item No. 29 – MacArthur Boulevard Streetscape in the amount of \$1,274,134 is not allowed. While the Reentered Agreement is an enforceable obligation, the Agency was unable to provide support for the requested amount. Therefore, the requested \$1,274,134 in RPTTF funding for the ROPS A period is not allowed. To the extent the Agency can provide supporting documentation, such as a breakout of budgeted future costs, this item may be eligible for RPTTF funding in the future.
- Item No. 45 – 2014 Tax Allocation Bonds (2014 Bonds) in the amount of \$411,334 is partially allowed. In addition to the \$268,913 required for debt service payment due during the ROPS A period, \$142,421 is requested to fund accrued interest payment the Agency contends it had to pay during the issuance of the 2014 Bonds. However, Finance's review of the 2014 Bonds Official Statement found that total 2014 bond proceeds deposited into the two escrow accounts for refunding of the prior bonds was in excess of total outstanding principal amounts of the prior bonds by \$142,421. Therefore, the \$142,421 payment has been fully funded by the bond proceeds derived from the 2014 Bonds issuance. Furthermore, Agency staff acknowledged that the 2014 bond proceeds were available to pay the accrued interest amount. Therefore, of the requested \$411,334 for the ROPS A period, \$142,421 is not eligible for RPTTF funding.
- On the ROPS 16-17 form, the Agency reported cash balances and activity for the period of July 1, 2015 through June 30, 2016. Pursuant to HSC section 34177 (l) (1) (E), agencies are required to use all available funding sources prior to RPTTF for payment of enforceable obligations. During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting RPTTF. Therefore, the funding source for the following item has been reclassified to Other Funds in the amount specified below:
  - Item No. 9 – General Fund Loan Auto Mall in the amount of \$432,632. The Agency requests \$432,632 of RPTTF; however, Finance is reclassifying \$13,918 of this amount to Other Funds. This item is an enforceable obligation for the ROPS 16-17 period. However, the obligation does not require payment from property tax revenues and the Agency has \$13,918 in available Other Funds. Therefore, Finance is approving RPTTF in the amount of \$418,714 and the use of Other Funds in the amount of \$13,918, totaling \$432,632 for the ROPS A period.

Except for the items denied in whole or in part, Finance is not objecting to the remaining items listed on your ROPS 16-17. If you disagree with Finance's determination with respect to any items on your ROPS 16-17, except for those items which are the subject of litigation disputing Finance's previous or related determinations, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

[http://www.dof.ca.gov/redevelopment/meet and confer/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is \$7,130,094 as summarized in the Approved RPTTF Distribution Table on Page 4 (See Attachment).

ROPS distributions will occur twice annually, one distribution for the ROPS A period, and one distribution for the ROPS B period based on Finance's approved amounts. As Finance's determination is for the entire ROPS 16-17 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

On the ROPS 16-17 form, the Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through December 31, 2015 period (ROPS 15-16A). The Agency will report actual payments for ROPS 15-16A and ROPS 15-16B on the ROPS 18-19 form pursuant to HSC section 34186 (a) (1). A prior period adjustment will be applied to the Agency's future RPTTF distribution. Therefore, the Agency should retain any difference in unexpended RPTTF.

Please refer to the ROPS 16-17 schedule used to calculate the total RPTTF approved for distribution:

<http://www.dof.ca.gov/redevelopment/ROPS>

Absent a Meet and Confer, this is Finance's determination related to the enforceable obligations reported on your ROPS for the period July 1, 2016 through June 30, 2017. This determination only applies to items when funding was requested for the 12-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was not denied 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 statutes. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Cindie Lor, Supervisor, or Todd Vermillion, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

cc: Mr. David Baum, Finance Director, City of San Leandro  
Ms. Carol S. Orth, Tax Analysis, Division Chief, Alameda County

Attachment

Approved RPTTF Distribution For the period of July 2016 through June 2017			
	ROPS A Period	ROPS B Period	Total
Requested RPTTF (excluding administrative obligations)	\$ 4,856,444	\$ 3,987,923	\$ 8,844,367
Requested Administrative RPTTF	125,000	125,000	250,000
<b>Total RPTTF requested for obligations on ROPS 16-17</b>	<b>4,981,444</b>	<b>4,112,923</b>	<b>\$ 9,094,367</b>
<b>Total RPTTF requested</b>	<b>4,856,444</b>	<b>3,987,923</b>	<b>8,844,367</b>
<u>Denied Items</u>			
Item No. 10	(22,546)	0	(22,546)
Item No. 12	(111,254)	0	(111,254)
Item No. 28	0	(400,000)	(400,000)
Item No. 29	(1,274,134)	0	(1,274,134)
Item No. 45	(142,421)	0	(142,421)
	(1,550,355)	(400,000)	(1,950,355)
<u>Reclassified Item</u>			
Item No. 9	(13,918)	0	(13,918)
<b>Total RPTTF authorized</b>	<b>3,292,171</b>	<b>3,587,923</b>	<b>\$ 6,880,094</b>
<b>Total Administrative RPTTF authorized</b>	<b>125,000</b>	<b>125,000</b>	<b>\$ 250,000</b>
<b>Total RPTTF approved for distribution</b>	<b>3,417,171</b>	<b>3,712,923</b>	<b>\$ 7,130,094</b>