



April 15, 2014

Ms. Kelly McAdoo, Assistant City Manager  
City of Hayward  
777 B Street  
Hayward, CA 94541

Dear Ms. McAdoo:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Hayward Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15A) to the California Department of Finance (Finance) on March 3, 2014 for the period of July through December 2014. Finance has completed its review of your ROPS 14-15A, which may have included obtaining clarification for various items.

HSC section 34171 (d) defines enforceable obligations. Based on a sample of line items reviewed and application of the law, the following does not qualify as an enforceable obligation for the reason specified:

- Item No. 64 – Housing Authority Administrative Cost Allowance in the amount of \$150,000. Pursuant to HSC section 34171 (p), the housing entity administrative cost allowance is applicable only in cases where the city, county, or city and county that authorized the creation of the redevelopment agency elected to not assume the housing functions. Because the housing entity to the former redevelopment agency of the City of Hayward (City) is the City-formed Housing Authority (Authority) and the Authority operates under the control of the City, the Authority is considered the City under Dissolution Law pursuant to HSC section 34167.10. Therefore, \$150,000 of housing entity administrative allowance is not allowed.

During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting Redevelopment Property Tax Trust Fund (RPTTF). Pursuant to HSC section 34177 (l) (1) (E), RPTTF may be used as a funding source, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. The financial records and report of cash balances provided by the Agency displayed the Agency has additional Reserve Balances on hand in the amount of \$1,751,970 and Other Funds in the amount of \$347,589.

Since these available balances are unencumbered, the funding sources for the following items have been reclassified to Reserve Balances and Other Funds in the amounts specified below:

- Item No. 1 – 2004 Tax Allocation Bonds (TAB) in the amount of \$851,791. Finance is reclassifying \$271,567 to Reserve Balances and \$347,589 to Other Funds. The remaining \$232,635 is eligible for RPTTF funding.
- Item No. 6 – 2006 TAB in the amount of \$275,003. Finance is reclassifying the full amount requested to Reserve Balances.
- Item No. 15 – Foothill Façade Loan Project Delivery Costs in the amount of \$6,051. Finance is reclassifying the full amount requested to Reserve Balances.
- Item No. 23 – Contract for Security Alarm in the amount of \$1,066. Finance is reclassifying the full amount requested to Reserve Balances.
- Item No. 25 – Contract for Elevator Maintenance and Repair in the amount of \$3,900. Finance is reclassifying the full amount requested to Reserve Balances.
- Item No. 27 – Contract for Sweeping in the amount of \$5,200. Finance is reclassifying the full amount requested to Reserve Balances.
- Item Nos. 29 and 30– Utilities in the amount of \$13,676. Finance is reclassifying the full amount requested to Reserve Balances.
- Item No. 36 – Project Delivery Costs Burbank Residual Site in the amount of \$3,804. Finance is reclassifying the full amount requested to Reserve Balances.
- Item No. 37 – Property Disposition Costs former Agency-held properties in the amount \$85,348. Finance is reclassifying the full amount requested to Reserve Balances.
- Item No. 49 – SERAF Repayment in the amount of \$1,069,855. Finance is reclassifying the full amount requested to Reserve Balances.
- Item No. 50 – Contract for Environmental Remediation in the amount of \$9,000. Finance is reclassifying the full amount requested to Reserve Balances.
- Item No. 60 – 2004 TAB Administrative Fee fiscal year 2014-15 in the amount of \$2,000. Finance is reclassifying the full amount requested to Reserve Balances.
- Item No. 61 – 2004 TAB Administrative Fee fiscal year 2014-15 in the amount of \$3,000. Finance is reclassifying the full amount requested to Reserve Balances.
- Item No. 62 – 2006 TAB Administrative Fee fiscal year 2014-15 in the amount of \$1,800. Finance is reclassifying the full amount requested to Reserve Balances.
- Item No. 63 – 2006 TAB Administrative Fee fiscal year 2013-14 in the amount of \$700. Finance is reclassifying the full amount requested to Reserve Balances.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2013 period. HSC section 34186 (a) also specifies prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. The amount of RPTTF approved in the table below includes the prior period adjustment resulting from the CAC's audit of the Agency's self-reported prior period adjustment.

Except for item denied in whole or in part as enforceable obligations and for items that have been reclassified, Finance is not objecting to the remaining items listed on your ROPS 14-15A. If you disagree with the determination with respect to any items on your ROPS 14-15A, 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 \$271,445 as summarized below:

<b>Approved RPTTF Distribution</b>	
<b>For the period of July through December 2014</b>	
Total RPTTF requested for non-administrative obligations	2,482,194
Total RPTTF requested for administrative obligations	125,000
<b>Total RPTTF requested for obligations</b>	<b>\$ 2,607,194</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>2,482,194</b>
<b>Denied Item</b>	
Item No. 64	(150,000)
	(150,000)
<b>Total RPTTF for non-administrative obligations</b>	<b>2,332,194</b>
<b>Cash Balances - Items reclassified to other funding sources</b>	
Item No. 1	(619,156)
Item No. 6	(275,003)
Item No. 15	(6,051)
Item No. 23	(1,066)
Item No. 25	(3,900)
Item No. 27	(5,200)
Item No. 29	(13,260)
Item No. 31	(416)
Item No. 36	(3,804)
Item No. 37	(85,348)
Item No. 49	(1,069,855)
Item No. 50	(9,000)
Item No. 60	(2,000)
Item No. 61	(3,000)
Item No. 62	(1,800)
Item No. 63	(700)
	(2,099,559)
<b>Total RPTTF authorized for non-administrative obligations</b>	<b>\$ 232,635</b>
<b>Total RPTTF requested for administrative obligations</b>	<b>125,000</b>
<b>Total RPTTF authorized for administrative obligations</b>	<b>\$ 125,000</b>
<b>Total RPTTF authorized for obligations</b>	<b>\$ 357,635</b>
ROPS 13-14A prior period adjustment	(86,190)
<b>Total RPTTF approved for distribution</b>	<b>\$ 271,445</b>

Please refer to the ROPS 14-15A schedule that was used to calculate the approved RPTTF amount:

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

Absent a Meet and Confer, this is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2014. This determination only applies to items where funding was requested for the six-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS. The only

exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination 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 that was available prior to enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. 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 successor agency in the RPTTF.

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to HSC section 34171 (d), HSC section 34191.4 (c) (2) (B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

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

Sincerely,



JUSTYN HOWARD  
Assistant Program Budget Manager

cc: Ms. Tracy Vesely, Finance Director, City of Hayward  
Ms. Carol S Orth, Tax Analysis, Division Chief, Alameda County  
California State Controller's Office