



Transmitted via e-mail

April 12, 2021

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City of Oakland
150 Frank H. Ogawa Plaza
Oakland, CA 94612

2021-22 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Oakland Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2021 through June 30, 2022 (ROPS 21-22) to the California Department of Finance (Finance) on January 24, 2021. Finance has completed its review of the ROPS 21-22.

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

- Item Nos. 7, 8, 10, 207, 370, and 426 – Since these items are currently the subject of litigation, the items will continue to be denied until the matters are resolved. Therefore, the Redevelopment Property Tax Trust Fund (RPTTF) funding requested in the following amounts are not allowed:

| Item No. | Item Name | Total Outstanding | Total RPTTF Requested |
|----------|--|---------------------|-----------------------|
| 7 | Public Employee's Retirement System Pension Obligation | \$21,120,833 | \$1,317,884 |
| 8 | Other Post-Employment Benefits Unfunded Obligation | 10,654,015 | 665,616 |
| 10 | Unemployment Obligation | 1,256,433 | 0 |
| 207 | 9451 MacArthur Boulevard-Evelyn Rose Project | 517,500 | 517,500 |
| 370 | Housing Project Management * | 2,680,146 | 114,950 |
| 426 | West Oakland Loan Indebtedness | 2,749,243 | 2,749,243 |
| | Total | \$38,978,170 | \$5,365,193 |

* Total requested funding for Item No. 370 consists of \$114,950 in RPTTF and \$600,000 in Bond Proceeds, totaling \$714,950. The entire funding request is not allowed until the matter is resolved.

- The claimed administrative costs exceed the allowance by \$107,092. HSC section 34171 (b) (3) limits the fiscal year Administrative Cost Allowance (ACA) to three percent of actual RPTTF distributed in the preceding fiscal year or \$250,000, which ever is greater; not to exceed 50 percent of the RPTTF distributed in the preceding fiscal year. As a result, the Agency's maximum ACA is \$1,542,893 for fiscal year 2021-22. Although \$1,649,985 is claimed for ACA, only \$1,542,893 is available pursuant to the cap. Therefore, as noted in the table below, \$107,092 in excess ACA is not allowed:

| Administrative Cost Allowance (ACA) Calculation | |
|--|---------------------|
| Actual RPTTF distributed for fiscal year 2020-21 | \$53,165,530 |
| Less distributed Administrative RPTTF | (1,735,766) |
| RPTTF distributed for 2020-21 after adjustments | \$51,429,764 |
| ACA Cap for 2021-22 per HSC section 34171 (b) | \$1,542,893 |
| ACA requested for 2021-22 | \$1,649,985 |
| ACA in Excess of the Cap | \$107,092 |

- On the ROPS 21-22 form, the Agency reported cash balances and activity for the period July 1, 2018 through June 30, 2019 (ROPS 18-19). According to our review, the Agency has approximately \$7,141,004 from Other Funds available to fund enforceable obligations on the ROPS 21-22. HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF funding. These items do not require payment from property tax revenues; therefore, with the Agency's concurrence, the funding source for the following items has been reclassified in the amounts specified below:

| Item No. | Item Name | Total Funding Approved | RPTTF Approved | Administrative RPTTF Approved | Reserve Balance Approved | Other Funds Approved |
|----------|---------------------------------|------------------------|--------------------|-------------------------------|--------------------------|----------------------|
| 6 | Administrative Cost Allowance | \$1,542,892 | \$0 | \$771,446 | \$0 | \$771,446 |
| 422 | Oak to 9th Agreement | 2,500,000 | 0 | 0 | 0 | 2,500,000 |
| 646 | 2015 Taxable Bonds Debt Service | 9,363,087 | 3,481,041 | 0 | 2,397,500 | 3,484,546 |
| 651 | 2018 Taxable Bonds Debt Service | 2,963,126 | 2,578,114 | 0 | 0 | 385,012 |
| | Total | \$16,369,105 | \$6,059,155 | \$771,446 | \$2,397,500 | \$7,141,004 |

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 18-19 period. The ROPS 18-19 prior period adjustment (PPA) will offset the ROPS 21-22 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 \$23,087,984, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2021 through December 31, 2021 period (ROPS A period), and one distribution for the January 1, 2022 through June 30, 2022 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 21-22 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 does not object to the remaining items listed on the ROPS 21-22. If the Agency disagrees with our determination with respect to any items on the ROPS 21-22, 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 21-22. 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 21-22 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 21-22 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.

Lisa Agustin
April 12, 2021
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Please direct inquiries to Todd Vermillion, Supervisor, or Brian Dunham, Staff, at (916) 322-2985.

Sincerely,



JENNIFER WHITAKER
Program Budget Manager

cc: Brittany Hines, Budget and Management Analyst, City of Oakland
Jason Guo, Senior Supervising Auditor, Tax Analysis Unit, Alameda County

| Approved RPTTF Distribution July 2021 through June 2022 | | | |
|--|-------------------|----------------------|----------------------|
| | ROPS A | ROPS B | Total |
| RPTTF Requested | \$ 12,426,689 | \$ 23,218,394 | \$ 35,645,083 |
| Administrative RPTTF Requested | 878,539 | 771,446 | 1,649,985 |
| Total RPTTF Requested | 13,305,228 | 23,989,840 | 37,295,068 |
| RPTTF Requested | 12,426,689 | 23,218,394 | 35,645,083 |
| <u>Adjustment(s)</u> | | | |
| Item No. 7 | (658,942) | (658,942) | (1,317,884) |
| Item No. 8 | (332,808) | (332,808) | (665,616) |
| Item No. 207 | (517,500) | 0 | (517,500) |
| Item No. 370 | (57,475) | (57,475) | (114,950) |
| Item No. 422 | (2,500,000) | 0 | (2,500,000) |
| Item No. 426 | (2,749,243) | 0 | (2,749,243) |
| Item No. 646 | (3,484,546) | 0 | (3,484,546) |
| Item No. 651 | (385,012) | 0 | (385,012) |
| | (10,685,526) | (1,049,225) | (11,734,751) |
| RPTTF Authorized | 1,741,163 | 22,169,169 | 23,910,332 |
| Administrative RPTTF Requested | 878,539 | 771,446 | 1,649,985 |
| <u>Adjustment(s)</u> | | | |
| Item No. 6 | (771,446) | 0 | (771,446) |
| Adjusted Administrative RPTTF | 107,093 | 771,446 | 878,539 |
| Excess Administrative Costs | (0) | (107,092) | (107,092) |
| Administrative RPTTF Authorized | 107,093 | 664,354 | 771,447 |
| ROPS 18-19 prior period adjustment (PPA) | (1,593,795) | 0 | (1,593,795) |
| Total RPTTF Approved for Distribution | \$ 254,461 | \$ 22,833,523 | \$ 23,087,984 |