



July 2, 2013

Ms. Tina Olson
Finance Director
65 Civic Avenue
Pittsburg, CA 94565

Dear Ms. Olson:

Subject: Other Funds and Accounts Due Diligence Review

The City of Pittsburg Successor Agency (Agency) submitted an Oversight Board approved Other Funds and Accounts (OFA) Due Diligence Review (DDR) to the California Department of Finance (Finance) on April 22, 2013. The purpose of the review was to determine the amount of cash and cash equivalents available for distribution to the affected taxing entities. Since the Agency did not meet the January 15, 2013 submittal deadline pursuant to HSC section 34179.6 (c), Finance is not bound to completing its review and making a determination by the April 1, 2013 deadline pursuant to HSC section 34179.6 (d). However, Finance has completed its review of your DDR, which may have included obtaining clarification for various items.

HSC section 34179.6 (d) authorizes Finance to adjust the DDR's stated balance of OFA available for distribution to the taxing entities. Based on our review of your DDR, there are no balances available for distribution to the affected taxing entities. However, we noted the following:

The Agency transferred land and properties valued at \$12,383,676 to the City of Pittsburg (City), which was not supported by an enforceable obligation. However, because land and property are not considered cash or cash equivalent, the adjustment will not affect the balance available for distribution to the affected taxing entities. The Agency should reverse the improper transfers, recover the land and properties from the City, and describe the planned disposition of these items in its long-range property management plan as required by HSC 34191.5.

Pursuant to HSC section 34167.5 and 34178.8, the California State Controller's Office (Controller) has the authority to claw back assets that were inappropriately transferred to the city, county, or any other public agency. Determinations outlined in this letter do not in any way eliminate the Controller's authority.

Ms. Olson
July 2, 2013
Page 2

Please direct inquiries to Nichelle Thomas, Supervisor or Alex Watt, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Ms. Maria Aliotti, Redevelopment Manager, City of Pittsburg
Mr. Bob Campbell, Auditor-Controller, County of Contra Costa
Mr. Steven Mar, Bureau Chief, State Controller's Office, Local Government Audit Bureau
California State Controller's Office