



May 17, 2013

Mr. Paul Abelson, Finance Director
City of Oakley
3231 Main Street
Oakley, CA 94561

Dear Mr. Abelson:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS 13-14A) letter dated April 14, 2013. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Oakley Successor Agency (Agency submitted a ROPS 13-14A to Finance on March 1, 2013 for the period of July through December 2013. Subsequently, the Agency requested a Meet and Confer session on one or more of the items denied by Finance. The Meet and Confer session was held on April 26, 2013.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific item being disputed.

- Item No. 31 – Contra Costa Auto Salvage in the amount of \$11,000. Finance no longer denies this item. It is our understanding the agreement between the Agency and the California State Department of Toxic Substances was for the period November 7, 2008 through June 30, 2009. It is also our understanding the amount requested relates to a billing correction made by the California State Department of Toxic Substances for services previously performed.
- Item No. 33 – City loan for Administrative Allowance for fiscal year 2012-13 in the amount of \$250,000. Finance continues to partially deny this item. The Agency contends AB1x 26 and AB 14984 have increased their administrative work considerably given the reductions and restrictions on funding. As such, the Agency requested the City Council to authorize a City loan up to \$250,000 for administrative costs if other funding is not available. HSC 34173 (h) allows the sponsoring entity to loan funds to the successor agency for administrative cost, enforceable obligations, or project related expenses and place the loan on future ROPS; however, Finance approved \$129,500 for administrative costs during fiscal year 2012-13. As such the Agency is limited to \$129,500 in approved funding for administrative cost. Therefore, \$120,500 payable from 'Other' funding is not an enforceable obligation.

In addition, per Finance's ROPS letter dated April 14, 2013, the following item is not being disputed by the Agency and continues to be reclassified as an administrative cost:

- Item No. 9 – Annual External Audit costs in the amount of \$130,000 is considered a general administrative cost and has been reclassified. Although this reclassification increased administrative costs to \$130,000, the administrative cost allowance has not been exceeded.

Except for items denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining items listed on your ROPS 13-14A. Obligations deemed not to be enforceable shall be removed from your ROPS. This is Finance’s final determination related to the enforceable obligations reported on your ROPS for July through December 2013. Finance’s determination is effective for this time period only and should not be conclusively relied on 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 Agency’s maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is \$1,257,807 as summarized below:

Approved RPTTF Distribution Amount For the period of July through December 2013	
Total RPTTF funding requested for obligations	\$ 1,132,807
Minus: Six-month total for items denied or reclassified as administrative cost Item 9*	5,000
Total approved RPTTF for enforceable obligations	<u>\$ 1,127,807</u>
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	<u>130,000</u>
Minus: ROPS II prior period adjustment	<u>-</u>
Total RPTTF approved for distribution:	\$ 1,257,807

*Reclassified as administrative cost

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2012 period. The amount of RPTTF approved in the above table includes the prior period adjustment that was self-reported by the Agency. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. Any proposed CAC adjustments were not received in time for inclusion in this letter. Therefore, the amount of RPTTF approved in the above table includes only the prior period adjustment that was self-reported by the Agency.

Please refer to the ROPS 13-14A schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS/ROPS 13-14A Forms by Successor Agency/>.

This is Finance’s final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2013. 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 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.

Mr. Paul Abelson

May 17, 2013

Page 3

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 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 Kylie Le, Supervisor or Brian Dunham, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Mr. Bryan Montgomery, Executive Director, City of Oakley
Mr. Bob Campbell, Auditor-Controller, Contra Costa County
California State Controller's Office