



May 17, 2013

Mr. John Prescott, Community Development Director
City of Thousand Oaks
2100 Thousand Oaks Blvd
Thousand Oaks, CA 91362

Dear Mr. Prescott:

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 13, 2013. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Brentwood Successor Agency (Agency) submitted a ROPS 13-14A to Finance on February 27, 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 May 7, 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 Nos. 14 and 21 – Consulting and Audit Services Costs of \$16,145. Finance continues to reclassify these items as administrative cost. The Agency contends that consulting and auditing services are not administrative cost; however, did not provide any additional documentation to support the exception. Finance maintains that these items be reclassified as they do not fall into any of the following categories that are specifically excluded from the administrative cap as defined by HSC section 34171 (b):
 - Any litigation expenses related to the assets or obligations.
 - Settlements and judgments.
 - The costs of maintaining assets prior to disposition.
 - Employee costs associated with work on specific project implementation activities, including, but not limited to, construction inspection, project management, or actual construction, shall be considered project-specific costs.

Although this reclassification increased administrative costs to \$153,645, the administrative cost allowance for the fiscal year has not been exceeded.

- Item No. 20 – Thousand Oaks Boulevard Phase II in the amount of \$42,394, payable from reserves. Finance continues to deny this item. The Agency contends the contract with The Oak Collaborative is an open and valid contract. The contract was signed on June 4, 2002 for professional landscape architectural services to be performed within a few weeks of the contract date. The Agency was unable to provide any additional

documentation to show this item is an open contract or that it has been amended since the original contract. Therefore, this contract has expired and is not eligible for funding on the ROPS.

- Item No. 28 – Thousand Oaks Auto Mall Street Parking Modification Project in the amount of \$7.7 million, payable from reserves. Finance continues to deny this item. The Agency intended to use the funds retained in the Other Funds and Accounts Due Diligence Review (OFA DDR), however pursuant to the Meet and Confer determination letter dated April 26, 2013, these funds were not able to be retained.

The Agency contends the item is an enforceable obligation because the Funding Agreement entered into March 8, 2011 obligated the former redevelopment agency to help fund certain public improvements that directly benefited the Auto Mall. However, Paragraph 7, "Expiration of Agreement," states the Agreement will automatically expire one year from the effective date of the Agreement, or on March 8, 2012, "if no portion of the Agency Contribution has been disbursed in accordance with Paragraph 5 within one year of the effective date of this Agreement." Paragraph 5 is for disbursement of progress payments to the general contractor constructing the public improvements. Based on the Agency's description of events, a general contractor has not yet been selected, and the Agency went out to re-bid as recently as November 13, 2012. Therefore, the Agreement would have expired by its own terms and is therefore not an enforceable obligation.

Additionally, HSC section 34178 (a) states a successor agency or an oversight board shall not exercise the powers granted by this subdivision to restore funding for an enforceable obligation that was deleted or reduced by Finance pursuant to subdivision (h) of Section 34179 unless it reflects the decisions made during the meet and confer process with Finance or pursuant to a court order. Finance's decision was upheld in the Meet and Confers. Therefore, item is not eligible for funding and it is not an enforceable obligation.

Furthermore, the following funding source changes have been made:

- Item 12 – Agency requested that the funding source be changed from Reserves to Redevelopment Property Tax Trust Fund (RPTTF) in the amount of \$2,080,000. We partially approve this request. Pursuant to the OFA DDR determination letter dated April 26, 2013, the Agency was able to retain \$1,131,157 for this item. During the Meet and Confer process, the Agency stated that only \$948,843 in RPTTF will be needed to fund this line item. Therefore, \$1,131,157 will be eligible using Reserve funds and the remaining \$948,843 will be eligible for RPTTF funding.
- Item Nos. 13, 14, 21 and 22 – Pursuant to the OFA DDR determination letter dated April 26, 2013; the Agency was unable to retain funding totaling \$117,658 for these items. The letter stated the Agency would have to request RPTTF in future ROPS. Therefore, these items have been changed from Reserve Balance to RPTTF funding.

In addition, per Finance's ROPS letter dated April 13, 2013, the following item continues to be denied and was not contested by the Agency:

- Item No. 19 – Thousand Oaks Business Improvement District in the amount of \$3,200, payable from reserves. Agency did not provide any documents during the Meet and

Confer process to support the amount claimed. Therefore, these items are not enforceable obligations at this time and not eligible for funding on the ROPS.

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 RPTTF distribution for the reporting period is: \$4,906,124 as summarized below:

Approved RPTTF Distribution Amount	
For the period of July through December 2013	
Total RPTTF funding requested for obligations	\$ 3,702,123
Plus: Reclassified from Reserves to RPTTF	
Item 12	\$ 948,843
Item 13	100,000
Item 14	11,145
Item 21	5,000
Item 22	1,513
Minus: Six-month total for items reclassified as administrative cost	
Item 14	(11,145)
Item 21	(5,000)
Total approved RPTTF for enforceable obligations	<u>\$ 4,752,479</u>
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	153,645
Minus: ROPS II prior period adjustment	-
Total RPTTF approved for distribution:	\$ 4,906,124

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/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS%2013-14A%20Forms%20by%20Successor%20Agency/).

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.

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 Wendy Griffe, Supervisor or Jenny DeAngelis, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Mr. John F. Adams, Finance Director, City of Thousand Oaks
Ms. Sandra Bickford, Chief Deputy, County of Ventura Auditor-Controller
California State Controller's Office