



December 17, 2014

Ms. Maureen Toms, Principal Planner
Contra Costa County
30 Muir Road
Martinez, CA 94553

Dear Ms. Toms:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated November 14, 2014. Pursuant to Health and Safety Code (HSC) section 34177 (m), the Contra Costa County Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 14-15B) to Finance on October 2, 2014, for the period of January through June 2015. Finance issued a ROPS determination letter on November 14, 2014. 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 December 2, 2014.

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 items being disputed.

- Item Nos. 104 and 105 – Iron Horse Corridor Remediation and Property Management costs totaling \$189,601. Finance no longer denies these items. It is our understanding that the Agency is requesting funding for property maintenance only, and not remediation costs. The remediation portion of these items was previously denied by Finance, and continue to be denied. Finance initially denied these items because the Agency was unable to provide sufficient documentation to support the amounts claimed for property maintenance performed by the Contra Costa Public Works Department. During the Meet and Confer process, the Agency provided a breakdown of the estimated property maintenance costs for the upcoming six-month ROPS period. Therefore, these items are enforceable obligations.

In addition, per Finance's letter dated November 14, 2014, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

- Item No. 65 – Fiscal Agreement in the amount of \$500,000 is not allowed. Finance continues to deny this line item. The Agency was unable to provide documentation to support the amounts claimed. To the extent the Agency can provide supporting documentation, such as an executed contract and/or vendor invoices, the Agency may

be able to obtain Redevelopment Property Tax Trust Fund (RPTTF) funding on future ROPS.

- Claimed administrative costs exceed the allowance by \$4,862. HSC section 34171 (b) limits fiscal year 2014-2015 administrative expenses to three percent of property tax allocated to the successor agency or \$250,000, whichever is greater. As a result, the Agency is eligible for \$293,111 in administrative expenses. The Contra Costa County Auditor-Controller's Office distributed \$250,000 administrative costs for the July through December 2014 period, thus leaving a balance of \$43,111 available for the January through June 2015 period. Although \$47,973 is claimed for administrative cost, only \$43,111 is available pursuant to the cap. Therefore, \$4,862 of excess administrative cost is not allowed.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 14-15B form the estimated obligations and actual payments (prior period adjustments) associated with the January through June 2014 period. The amount of RPTTF approved in the table below reflects the prior period adjustment self-reported by the Agency. HSC section 34186 (a) also specifies prior period adjustments self-reported by successor agencies are subject to review by the county auditor-controller (CAC) and the State Controller. Proposed CAC adjustments were not received in time for inclusion in this letter; therefore, the amount of RPTTF approved in the table below only reflects the prior period adjustment self-reported by the Agency.

Except for items denied in whole or in part, Finance is not objecting to the remaining items listed on your ROPS 14-15B. The Agency's maximum approved RPTTF distribution for the reporting period is \$4,871,820 as summarized in the Approved RPTTF Distribution Table below:

Approved RPTTF Distribution	
For the period of January through June 2015	
Total RPTTF requested for non-administrative obligations	4,843,209
Total RPTTF requested for administrative obligations	47,973
Total RPTTF requested for obligations on ROPS	\$ 4,891,182
Total RPTTF requested for non-administrative obligations	4,843,209
<u>Denied Item</u>	
Item No. 65	(14,500)
	(14,500)
Total RPTTF authorized for non-administrative obligations	\$ 4,828,709
Total RPTTF requested for administrative obligations	47,973
Administrative costs in excess of the cap (see Admin Cost Cap table below)	(4,862)
Total RPTTF authorized for administrative obligations	\$ 43,111
Total RPTTF authorized for obligations	\$ 4,871,820
ROPS 13-14B prior period adjustment	0
Total RPTTF approved for distribution	\$ 4,871,820

Administrative Cost Cap Calculation	
Total RPTTF for 14-15A (July through December 2014)	4,941,654
Total RPTTF for 14-15B (January through June 2015)	4,828,709
Less approved unfunded obligations from prior periods	0
Total RPTTF for fiscal year 2014-2015	9,770,363
Allowable administrative cost for fiscal year 2014-15 (Greater of 3% or \$250,000)	293,111
Administrative allowance for 14-15A (July through December 2014)	250,000
Allowable RPTTF distribution for administrative cost for ROPS 14-15B	43,111
Total RPTTF administrative obligations after Finance adjustments	47,973
Administrative costs in excess of the cap	\$ (4,862)

Pursuant to HSC section 34177 (l) (1) (E), agencies are required to use all available funding sources prior to RPTTF for payment of enforceable obligations. During the ROPS 14-15B review, Finance requested financial records to support the cash balances reported by the Agency. The Agency was able to support most of the amounts reported except the difference between the total beginning cash reported on the Report of Cash Balance and the total cash obtained from the Agency's Trial Balance as of January 1, 2014. Finance did not reclassify any cash and will continue to work with the Agency to resolve any remaining issues as described above. If it is determined the Agency possesses additional cash balances that are available to pay approved obligations, the Agency should request the use of these cash balances prior to requesting RPTTF in ROPS 15-16A.

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

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

This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2015. 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 the 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 agency in the RPTTF.

Pursuant to HSC section 34177 (a) (3), only those payments listed on an approved ROPS may be made by the successor agency from the funds specified in the ROPS. However, if for whatever reason the Agency needs to make payments for approved obligations from another funding source, HSC section 34177 (a) (4) requires the Agency to first obtain oversight board approval.

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 Evelyn Suess, Dispute Resolution Supervisor, or Mary Halterman, Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Acting Program Budget Manager

cc: Mr. Jason Crapo, Deputy Director, Contra Costa County
Mr. Bob Campbell, Auditor-Controller, Contra Costa County
California State Controller's Office