



April 10, 2015

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

Dear Ms. Toms:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the Contra Costa County Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16A) to the California Department of Finance (Finance) on February 26, 2015 for the period of July 1 through December 31, 2015. Finance has completed its review of your ROPS 15-16A, which may have included obtaining clarification for various items.

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

- Item Nos. 59 and 124 – Contra Costa County loan repayment totaling \$300,332 is not allowed. Pursuant to HSC section 34191.4 (b), loan agreements between the former redevelopment agency (RDA) and sponsoring entity may be placed on the ROPS if the following requirements are met: (1) The Agency has received a Finding of Completion; and (2) The Agency's oversight board approves the loan as an enforceable obligation by finding the loan was for legitimate redevelopment purposes.

The Agency received a Finding of Completion on July 18, 2013. OB Resolution 2015-2, approved the repayment schedule for the Montalvin Manor loans in the amount of \$239,470 and the associated Housing Asset Fund Obligation in the amount of \$50,055 are enforceable obligations. However, the OB did not make a required finding the loan was for legitimate redevelopment purposes, and therefore OB Resolution 2015-2 was denied in our letter dated April 10, 2015. As such, these items are not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.

- Item No. 65 – Fiscal Agreement in the amount of \$500,000. Finance continues to deny this item. The Agency was unable to provide sufficient documentation to support the amounts claimed. The Agency provided a professional services invoice from BKF addressed to East Bay Regional Parks District. This document is not sufficient to support the amount requested. To the extent the Agency can provide supporting documentation, such as an executed contract which establishes the obligation of the Agency, the Agency may be able to obtain RPTTF on future ROPS.

- Item No. 85 – Technical Assistance services in the amount of \$30,000 are not allowed. The Agency provided an Interagency Agreement (Agreement) between the Contra Costa County Public Works Department and the Agency, for the maintenance of Agency held properties, hazardous materials testing, demolition of structures, and the implementation of a remediation plan. However, the Agency was not able to identify which properties are subject to the Agreement, and the Oversight Board (OB) has not approved the Agreement. HSC section 34180 (i) requires the OB to review and approve any agreements. Once approved by the OB, and the necessary disposition costs are identified by property, the Agency may be able to obtain Reserve Balances funding on future ROPS.
- Claimed administrative costs exceed the allowance by \$5,000. HSC section 34171 (b) limits fiscal year 2015-16 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 \$250,000 in administrative expenses. Although \$250,000 is claimed for administrative cost, Item No. 123 for Financial Advisor services in the amount of \$5,000 is considered an administrative expense and should be counted toward the cap. Therefore, \$5,000 of excess administrative cost is not allowed.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS 15-16A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2014 period. HSC section 34186 (a) also specifies prior period adjustments self-reported by successor agencies are subject to audit 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 the items denied in whole or in part or item that have been reclassified, Finance is not objecting to the remaining items listed on your ROPS 15-16A. If you disagree with the determination with respect to any items on your ROPS 15-16A, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

http://www.dof.ca.gov/redevelopment/meet_and_confer/

The Agency's maximum approved RPTTF distribution for the reporting period is \$5,274,937 as summarized in the Approved RPTTF Distribution table below:

Approved RPTTF Distribution	
For the period of July through December 2015	
Total RPTTF requested for non-administrative obligations	5,661,418
Total RPTTF requested for administrative obligations	250,000
Total RPTTF requested for obligations on ROPS	\$ 5,911,418
Total RPTTF requested for non-administrative obligations	5,661,418
<u>Denied Items</u>	
Item No. 59	(250,277)
Item No. 65	(9,856)
Item No. 124	(50,055)
	(310,188)
<u>Reclassified Item</u>	
Item No. 123	(5,000)
Total RPTTF authorized for non-administrative obligations	\$ 5,346,230
Total RPTTF requested for administrative obligations	250,000
<u>Reclassified Item</u>	
Item No. 123	5,000
Administrative costs in excess of the cap (see Admin Cost Cap table below)	(5,000)
Total RPTTF authorized for administrative obligations	\$ 250,000
Total RPTTF authorized for obligations	\$ 5,596,230
ROPS 14-15A prior period adjustment	(321,293)
Total RPTTF approved for distribution	\$ 5,274,937
Administrative Cost Cap Calculation	
Total RPTTF for non-administrative obligations	5,591,076
Percent allowed pursuant to HSC section 34171 (b)	3%
Total RPTTF allowable for administrative obligations	167,732
Total RPTTF administrative obligations after Finance adjustments	255,000
Total RPTTF administrative obligations Requested	250,000
Administrative costs in excess of the cap	\$ (5,000)

Please refer to the ROPS 15-16A schedule that was used to calculate the approved RPTTF amount:

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

Absent a Meet and Confer, this is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 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 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 Nichelle Thomas, Supervisor or Michael Barr, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
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