



March 23, 2015

Mr. Richard Loomis, Finance Director  
City of Pinole  
2131 Pear Street  
Pinole, CA 94564

Dear Mr. Loomis:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Pinole Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16A) to the California Department of Finance (Finance) on February 12, 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 No. 3 – Housing 1999 Tax Allocation Bonds debt service payment in the amount of \$845,675 has been increased to \$900,675. The Agency requested \$845,675, however, according to the supporting documentation provided by the Agency, the debt service payment due is actually \$900,675. Therefore, with the Agency's consent, Finance has increased the Redevelopment Property Tax Trust Fund (RPTTF) funding for this item by \$55,000, to \$900,675 ( $\$845,675 + \$55,000 = \$900,675$ ).
- Item No. 39 – Other Post-Employment Benefits in the amount of \$1,381,875 is not an obligation of the Agency. Finance continues to deny this item. It is our understanding this agreement, entered into on January 20, 2012, is between the City of Pinole and the employee, the former redevelopment agency is not a party to the contract. Therefore, the item is not an enforceable obligation and is not eligible for RPTTF funding.
- Item No. 43 – Housing Authority Administration Fee in the amount of \$584,500. Pursuant to HSC section 34177 (p), the housing entity administrative cost allowance is applicable only in cases where the city, county, or city and county that authorized the creation of the redevelopment agency (RDA) elected to not assume the housing functions. Here, however, the City elected to be the housing successor to the RDA and retained the housing assets by submitting the housing asset transfer form to Finance on July 30, 2012. Therefore, the City is not eligible for the housing successor administrative costs allowance of \$584,500 from Other Funds.

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 items 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/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is \$4,367,534 as summarized in the Approved RPTTF Distribution table below:

<b>Approved RPTTF Distribution For the period of July through December 2015</b>	
Total RPTTF requested for non-administrative obligations	4,776,239
Total RPTTF requested for administrative obligations	125,000
<b>Total RPTTF requested for obligations on ROPS</b>	<b>\$ 4,901,239</b>
RPTTF adjustment to non-administrative obligations	55,000
RPTTF adjustment to administrative obligations	0
<b>Total RPTTF adjustments</b>	<b>\$ 55,000</b>
<b>Total RPTTF requested for non-administrative obligations</b>	<b>4,831,239</b>
<u>Denied Item</u>	
Item No. 39	(72,730)
<b>Total RPTTF authorized for non-administrative obligations</b>	<b>\$ 4,758,509</b>
<b>Total RPTTF requested for administrative obligations</b>	<b>125,000</b>
<b>Total RPTTF authorized for administrative obligations</b>	<b>\$ 125,000</b>
<b>Total RPTTF authorized for obligations</b>	<b>\$ 4,883,509</b>
ROPS 14-15A prior period adjustment	(515,975)
<b>Total RPTTF approved for distribution</b>	<b>\$ 4,367,534</b>

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 15-16A review, Finance requested financial records to support the cash balances reported by the Agency; however, the Agency was unable to support the amounts reported. The beginning balances for Other Funds and RPTTF could not be supported by the Agency's financial records. As a result, Finance will continue to work with the Agency after the ROPS 15-16A review period to properly identify the Agency's cash balances. If it is determined the Agency possesses 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 15-16B.

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 Alexander Watt, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

cc: Ms. Belinda Espinosa, City Manager, City of Pinole  
Mr. Bob Campbell, Auditor-Controller, Contra Costa County  
California State Controller's Office