DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR

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November 16, 2015

Mr. John Montagh, Economic Development and Housing Manager
City of Concord
1950 Parkside Drive
Concord, CA 94519

Dear Mr. Montagh:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m) (1) (A), the City of Concord Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period January 1 through June 30, 2016 (ROPS 15-16B) to the California Department of Finance (Finance) on October 2, 2015. Finance has completed its review of the ROPS 15-16B.

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

- Item No. 9 – Property Assessments in the amount of $27,079 are not allowed. It is our understanding the Agency is requesting funding for fiscal year 2015-16 Special Assessments. However, Finance approved $28,195 for this item in ROPS 15-16A. To the extent the Agency can provide documentation to support the increase in the 2015-16 special assessments, the Agency may be able to obtain funding on a future ROPS. Therefore, this item is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding at this time.

- The Agency's claimed administrative costs exceed the Administrative Cost Allowance (ACA) by $75,000. HSC section 34171 (b) (2) limits the fiscal year 2015-16 administrative expenses to three percent of the RPTTF allocated or $250,000, whichever is greater. The County of Contra Costa Auditor-Controller distributed $200,000 for administrative expenses for the July through December 2015 period, leaving a balance of $50,000 available for the January through June 2016 period. Although $125,000 is claimed for the ACA, only $50,000 is available pursuant to the cap. Therefore, $75,000 of excess ACA is not allowed.

Pursuant to HSC section 34186 (a) (1), the Agency was required to report on the ROPS 15-16B form the estimated obligations versus actual payments (prior period adjustment) associated with the January through June 2015 period (ROPS 14-15B). HSC section 34186 (a) (1) also specifies the prior period adjustment self-reported by the Agency is subject to review by the county auditor-controller (CAC). 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 Agency's self-reported prior period adjustment.

Except for the items denied in whole or in part, Finance is not objecting to the remaining items listed on your ROPS 15-16B. If you disagree with Finance's determination with respect to any items on your ROPS 15-16B, except for those items which are the subject of litigation disputing Finance's previous or related determinations, 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 $6,045,471 as summarized in the Approved RPTTF Distribution table below:

Approved RPTTF Distribution For the period of January through June 2016		
Total RPTTF requested for non-administrative obligations		6,350,720
Total RPTTF requested for administrative obligations		125,000
Total RPTTF requested for obligations on ROPS 15-16B	**$**	**6,475,720**
Total RPTTF requested for non-administrative obligations		**6,350,720**
Denied Item		
Item No. 9		(27,079)
Total RPTTF authorized for non-administrative obligations	**$**	**6,323,641**
Total RPTTF requested for administrative obligations		**125,000**
Administrative costs in excess of the cap (see Admin Cost Cap table below)		(75,000)
Total RPTTF authorized for administrative obligations	**$**	**50,000**
Total RPTTF authorized for obligations	**$**	**6,373,641**
ROPS 14-15B prior period adjustment		(328,170)
Total RPTTF approved for distribution	**$**	**6,045,471**

Administrative Cost Cap Calculation		
Total RPTTF for 15-16A (July through December 2015)		356,084
Total RPTTF for 15-16B (January through June 2016)		6,323,641
Total RPTTF for fiscal year 2015-2016		**6,679,725**
Administrative cost cap for fiscal year 2015-16 (Greater of 3% of Total RPTTF or $250,000)		250,000
Administrative allowance for ROPS 15-16A (July through December 2015)		(200,000)
Remaining administrative cost cap for ROPS 15-16B		**50,000**
ROPS 15-16B administrative obligations after Finance adjustments		(125,000)
Administrative costs in excess of the cap	**$**	**(75,000)**

On the ROPS 15-16B form, the Agency reported cash balances and activity for the period January 1 through December 31, 2015. Finance will perform a review of the Agency's self-reported cash balances on an ongoing basis. Please be prepared to submit financial records and bridging documents to support the cash balances reported upon request. If it is determined the Agency possesses cash balances that are available to pay approved obligations, HSC section 34177 (l) (1) (E) requires these balances be used prior to requesting RPTTF.

Please refer to the ROPS 15-16B schedule used to calculate the total RPTTF approved for distribution:

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 January 1 through June 30, 2016. This determination only applies to items when 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 ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items 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 available prior to the enactment of the redevelopment dissolution statutes. 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.

Please direct inquiries to Nichelle Thomas, Supervisor, or Michael Barr, Lead Analyst at (916) 445-1546.

Sincerely,

JUSTYN HOWARD
Program Budget Manager

cc: Ms. Suzanne McDonald, Interim Finance Operations Manager, City of Concord
Mr. Bob Campbell, Auditor-Controller, Contra Costa County