



December 17, 2015

Ms. Sarah T. Schlenk, Agency Administrative Manager
City of Oakland
250 Frank H. Ogawa Plaza
Suite 3315
Oakland, CA 94612

Dear Ms. Schlenk:

Subject: Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated November 16, 2015. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Oakland Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS 15-16B) to Finance on October 2, 2015, for the period of January 1 through June 30, 2016. Finance issued a ROPS determination letter on November 16, 2015. Subsequently, the Agency requested a Meet and Confer session on one or more of the determinations made by Finance. The Meet and Confer session was held on November 25, 2015.

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 determinations being disputed.

- Item No. 6 – Claimed administrative costs exceed the allowance by \$43,669. 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. As a result, the Agency is eligible for \$1,938,203 in administrative expenses. The Alameda County Auditor-Controller distributed \$438,771 for the July through December 2015 period, thus leaving a balance of \$1,499,432 available for the January through June 2016 period. Although \$1,543,101 is claimed for administrative cost, only \$1,499,432 is available pursuant to the cap. Therefore, \$43,669 of excess administrative cost is not allowed.
- Item No. 54 – Central District project management costs in the amount of \$1,186,111 is partially allowed. Finance no longer adjusts this item. Finance initially denied a total of \$324,406 as it was not supported because the amounts were allocated to several line items that had a total outstanding balance of \$0. However, Finance approved the Agency's request to allocate an additional \$20,700 in project management costs related to Item No. 105. During the Meet and Confer process, the Agency provided additional information on the current status of each project and the work to be completed in the ROPS 15-16B period as well as the basis used for the amount requested. Therefore,

this item is eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding on this ROPS.

- Item No. 370 – Low and Moderate Income Housing Projects in the amount of \$742,227 was partially disallowed. Finance now approves \$705,000 of this item. The Agency provided a list identifying the ROPS line items tied to claimed project management costs in the amount of \$795,000. However, the amount of \$40,000 was requested for Cathedral Gardens project, which has a total outstanding balance of \$0 on ROPS 15-16B. In addition, it appears the Agency included \$70,000 for Item No. 371 in their estimate for Item No. 370.

During the Meet and Confer process, the Agency provided an updated list of projects for the estimated project management costs totaling \$755,000 for Item Nos. 370 and 371 combined. The Agency concurred that the \$40,000 for the Cathedral Gardens project is not needed and deducted this project from the revised project list. Additionally, the Agency clarified that \$50,000 of the amount is related to Item No. 371, which was not denied by Finance. Therefore, Finance is allowing \$705,000 (\$755,000 - \$50,000) in RPTTF funding for Item No. 370, and the excess \$37,227 (\$742,227 - \$705,000) is not eligible for funding on this ROPS.

In addition, per Finance's letter dated November 16, 2015, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

- Item No. 95 – Uptown Apartments Project in the amount of \$1,752,337. It is our understanding that the amount consisted of \$1,416,374 needed for ROPS 15-16A period, and \$335,963 for the ROPS 15-16B period. However during our review, the Agency informed Finance that the amount due for ROPS 15-16A is only \$1,352,538, which will be funded with ROPS 15-16A RPTTF funding. Since the Agency intends to use the ROPS 15-16A RPTTF funding distributed to pay the payment due by December 2015, a remaining excess RPTTF balance of \$63,836 (1,416,374 - 1,352,538) is available for use during ROPS 15-16B. Therefore, Finance is authorizing the Agency to retain the remaining ROPS 15-16A excess amount received for Item No. 95 as reserves for use during ROPS 15-16B period. Furthermore, The Agency stated that the amount needed for ROPS 15-16B should be \$419,965. As a result, Finance is adjusting requested RPTTF funding to \$356,129 (a decrease of \$1,396,208) and authorizing \$63,836 in Reserve Balance funding, for a total of \$419,965 (356,129 + 63,836) for this ROPS.
- Item No. 196 – Project management costs in the amount of \$50,120 is partially allowed. During our review, the Agency stated only \$29,420 of the requested \$50,120 is necessary for ROPS 15-16B. Therefore, with the Agency's concurrence, RPTTF funding for the item has been reduced by \$20,700.
- Item No. 212 – Business District Assessment funding in the amount of \$1,500. During our review, the Agency stated funding is no longer required for this obligation and it may be retired. Therefore, with the Agency's concurrence, RPTTF funding for the item has been reduced to \$0.
- Item No. 258 – Fruitvale Avenue Streetscape in the amount of \$48,078 in Reserve Balances is not allowed. The Agency stated the project will be completed prior to

December 31, 2015 and funding is not needed for the ROPS 15-16B period. Therefore, with the Agency's concurrence, Reserve Balance funding for the item has been reduced to \$0.

- Item No. 259 – 81st Avenue Library in the amount of \$102,907 is not allowed. This item is not an obligation of the Agency. It is our understanding this agreement entered into on June 2, 2008 is between the City of Oakland and NBC General Contractors Corporation, and the former redevelopment agency is not a party to the contract. Therefore, this item is not an enforceable obligation and the requested \$102,907 is not eligible for Reserve Balance funding.
- Item No. 425 – Grant for Façade Improvement in the amount of \$77,500 in Other Funds is not allowed. The Agency stated that the project will be completed prior to December 31, 2015 and funding is not needed for the ROPS 15-16B period. Therefore, with the Agency's concurrence, Other Funds funding for the item has been reduced to \$0.

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). The amount of RPTTF approved in the table below includes the prior period adjustment resulting from the CAC's review of the Agency's self-reported prior period adjustment.

Except for the items denied in whole or in part and the item that has been reclassified, Finance is not objecting to the remaining items listed on your ROPS 15-16B. The Agency's maximum approved RPTTF distribution for the reporting period is \$51,006,376 as summarized in the Approved RPTTF Distribution table on the next page:

Approved RPTTF Distribution For the period of January through June 2016	
Total RPTTF requested for non-administrative obligations	51,436,706
Total RPTTF requested for administrative obligations	1,543,101
Total RPTTF requested for obligations on ROPS 15-16B	\$ 52,979,807
RPTTF adjustment to non-administrative obligations	
Item No. 95	(1,396,208)
Total RPTTF requested for non-administrative obligations	50,040,498
Denied Items	
Item No. 196	(20,700)
Item No. 212	(1,500)
Item No. 370	(37,227)
	(59,427)
Total RPTTF authorized for non-administrative obligations	\$ 49,981,071
Total RPTTF requested for administrative obligations	1,543,101
Administrative costs in excess of the cap (see Admin Cost Cap table below)	(43,669)
Total RPTTF authorized for administrative obligations	\$ 1,499,432
Total RPTTF authorized for obligations	\$ 51,480,503
ROPS 14-15B prior period adjustment	(474,127)
Total RPTTF approved for distribution	\$ 51,006,376

Administrative Cost Cap Calculation	
Total RPTTF for 15-16A (July through December 2015)	14,625,700
Total RPTTF for 15-16B (January through June 2016)	49,981,071
Total RPTTF for fiscal year 2015-2016	64,606,771
Administrative cost cap for fiscal year 2015-16 (Greater of 3% of Total RPTTF or \$250,000)	1,938,203
Administrative allowance for ROPS 15-16A (July through December 2015)	(438,771)
Remaining administrative cost cap for ROPS 15-16B	1,499,432
ROPS 15-16B administrative obligations after Finance adjustments	(1,543,101)
Administrative costs in excess of the cap	\$ (43,669)

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>

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 Evelyn Suess, Dispute Resolution Supervisor, or Mary Halterman, Analyst, at (916) 445-3274.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Mr. Patrick Lane, Development Manager, City of Oakland
Ms. Carol S. Orth, Tax Analysis, Division Chief, Alameda County