

April 13, 2016

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

Dear Ms. Toms:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the Contra Costa County Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period July 1, 2016 through June 30, 2017 (ROPS 16-17) to the California Department of Finance (Finance) on January 29, 2016. Finance has completed its review of the ROPS 16-17.

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

- Item Nos. 4, 28, 63, 82, and 83 – Various items totaling \$1,402,120 are not allowed. The Agency did not provide any documentation to support the amounts requested. To the extent the Agency can provide suitable documentation, such as executed contracts or vendor invoices, to support the requested funding, the Agency may be able to obtain funding in the future. Therefore, these items are not eligible for Reserve Balances, totaling \$136,844, on the ROPS 16-17.
- Item No. 91 – Hookston Station Remediation in the total outstanding obligation amount of \$23,333 is not allowed. The Agency provided a Contract Amendment Agreement (Contract) between the Agency and EnSafe, Inc. with an effective date of June 29, 2015. There are no records to show the initial contract dated January 23, 2012, nor subsequent amendments, were approved by the Oversight Board and Finance. Finally, the Contract terminates June 30, 2016. Therefore, this item is not an enforceable obligation and it is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding of \$1,400 and Reserve Balances Funding of \$6,600 on the ROPS 16-17.
- Item Nos. 104 and 105 – Iron Horse Corridor Remediation and Property Management; total outstanding obligation amount of \$207,601, is not allowed. It is our understanding this line item relates to Agency staffing costs for overseeing maintenance work performed on Agency-owned governmental use properties. The Agency did not sufficient supporting documentation to support the amounts requested. To the extent the Agency can provide suitable documentation, such as payroll records, duty statements, executed contracts, or vendor invoices, to support the requested funding, the Agency may be able to obtain funding

in the future. Therefore, these items are not eligible for RPTTF funding of \$65,000 (\$25,000 + 40,000) on the ROPS 16-17.

Except for the items denied in whole or in part or the item that has been adjusted, Finance is not objecting to the remaining items listed on your ROPS 16-17. If you disagree with Finance's determination with respect to any items on your ROPS 16-17, 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/

On the ROPS 16-17 form, the Agency reported cash balances and activity for the period of July 1, 2015 through June 30, 2016. Finance performs a review of the Agency's self-reported cash balances on an ongoing basis. 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 enforceable obligations, HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF.

The Agency's maximum approved RPTTF distribution for the reporting period is \$8,604,274 as summarized in the Approved RPTTF Distribution Table on Page 4 (See Attachment).

ROPS distributions will occur twice annually, one distribution for the July 1, 2016 through December 31, 2016 (ROPS A period), and one distribution for the January 1, 2017 through June 30, 2017 (ROPS B period) based on Finance's approved amounts. Since Finance's determination is for the entire ROPS 16-17 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

On the ROPS 16-17 form, the Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through December 31, 2015 period (ROPS 15-16A). The Agency will report actual payments for ROPS 15-16A and ROPS 15-16B on the ROPS 18-19 form pursuant to HSC section 34186 (a) (1). A prior period adjustment will be applied to the Agency's future RPTTF distribution. Therefore, the Agency should retain any difference in unexpended RPTTF.

Please refer to the ROPS 16-17 schedule used to calculate the total RPTTF approved for distribution:

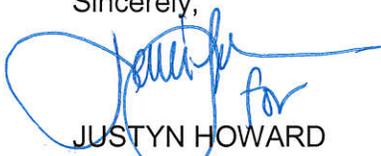
<http://www.dof.ca.gov/redevelopment/ROPS>

Absent a Meet and Confer, this is Finance's determination related to the enforceable obligations reported on your ROPS for the period July 1, 2016 through June 30, 2017. This determination only applies to items when funding was requested for the 12-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 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. Rosalia Cuevas, Contra Costa County, DCD Accountant, Contra Costa County
Mr. Bob Campbell, Auditor-Controller, Contra Costa County

Attachment

Approved RPTTF Distribution			
For the period of July 2016 through June 2017			
	<u>ROPS A Period</u>	<u>ROPS B Period</u>	<u>Total</u>
Requested RPTTF (excluding administrative obligations)	\$ 3,860,101	\$ 4,558,029	\$ 8,418,130
Requested Administrative RPTTF	126,272	126,272	252,544
Total RPTTF requested for obligations on ROPS 16-17	3,986,373	4,684,301	\$ 8,670,674
Total RPTTF requested	3,860,101	4,558,029	8,418,130
<u>Denied Items</u>			
Item No. 91	(1,400)	0	(1,400)
Item No. 104	0	(25,000)	(25,000)
Item No. 105	(20,000)	(20,000)	(40,000)
Total RPTTF authorized	3,838,701	4,513,029	\$ 8,351,730
Total Administrative RPTTF authorized	126,272	126,272	\$ 252,544
Total RPTTF approved for distribution	3,964,973	4,639,301	\$ 8,604,274