

April 11, 2016

Ms. Deborah Sultan, Finance Director  
City of Oakley  
3231 Main Street  
Oakley, CA 94561

Dear Ms. Sultan:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Oakley 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. 13, 32, and 45 – Various obligations related to property maintenance, taxes, and disposition of Agency property totaling \$290,000 payable from Other Funds are not allowed. The Agency was unable to provide sufficient documentation to support the amounts claimed. The Agency provided invoices and expenditure reports for maintenance costs and an estimate for property disposition costs. However, these documents are insufficient to support the requested amount because the costs relate to properties approved for governmental use or future development on the Agency's approved Long-Range Property Management Plan (LRPMP). Properties approved for future development or governmental use are now the responsibility of the sponsoring entity, and therefore the costs associated with these properties are not eligible for funding. To the extent the Agency can provide suitable documentation, such as invoices, expenditure reports, or estimates to support the requested funding for properties approved for sale on the Agency's approved LRPMP, the Agency may be able to expend Other Funds for these items on future ROPS.
- Item No. 41 – Professional Services project costs have been adjusted. Per discussion with the Agency and a review of documentation provided, the amount of Bond Proceeds requested for this item for ROPS 16-17 should be \$144,021. Therefore, with the Agency's concurrence, Finance has reduced the amount of Bond Proceeds requested in the January 1, 2017 through June 30, 2017 period (ROPS B period) by \$325, from \$144,346 to \$144,021.
- The Agency's administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (3). However, Finance notes the oversight board has approved an amount that appears excessive, given the number and nature of the other obligations listed in the ROPS. HSC section 34179 (i) requires the oversight board to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the

oversight board to apply adequate oversight when evaluating the administrative resources required to successfully wind-down the Agency.

- On the ROPS 16-17 form, the Agency reported cash balances and activity for the period of July 1, 2015 through June 30, 2016. Pursuant to HSC section 34177 (I) (1) (E), agencies are required to use all available funding sources prior to Redevelopment Property Tax Trust Funds (RPTTF) for payment of enforceable obligations. During our review, which may have included obtaining financial records, Finance determined the Agency possesses funds that should be used prior to requesting RPTTF. Therefore, with the Agency's consent, the funding source for the following item has been reclassified to Other Funds and in the amount specified below:
  - Item No. 10 – Debt Service Reserve Fund in the amount of \$500,000. The Agency is requesting \$500,000 from RPTTF for the ROPS B period; however, Finance is reclassifying \$80,361 to Other Funds. This item is an enforceable obligation; however, the obligation does not require payment from property tax revenues. Therefore, Finance is approving RPTTF in the amount of \$419,639 and the use of Other Funds in the amount of \$80,361, totaling \$500,000.

Except for the items denied in whole or in part, 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/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is \$2,487,289 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 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:

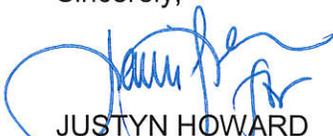
<http://www.dof.ca.gov/redevelopment/ROPS>

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

Sincerely,



JUSTYN HOWARD  
Program Budget Manager

cc: Mr. Bryan Montgomery, Executive Director, City of Oakley  
Mr. Bob Campbell, Auditor-Controller, Contra Costa County

**Attachment**

<b>Approved RPTTF Distribution</b>			
<b>For the period of July 2016 through June 2017</b>			
	<b>ROPS A Period</b>	<b>ROPS B Period</b>	<b>Total</b>
Requested RPTTF (excluding administrative obligations)	\$ 1,141,725	\$ 1,175,925	\$ 2,317,650
Requested Administrative RPTTF	125,000	125,000	250,000
<b>Total RPTTF requested for obligations on ROPS 16-17</b>	<b>1,266,725</b>	<b>1,300,925</b>	<b>\$ 2,567,650</b>
<b>Total RPTTF requested</b>	<b>1,141,725</b>	<b>1,175,925</b>	<b>2,317,650</b>
<u>Denied Item</u>			
Item No. 10	0	(80,361)	(80,361)
<b>Total RPTTF authorized</b>	<b>1,141,725</b>	<b>1,095,564</b>	<b>\$ 2,237,289</b>
<b>Total Administrative RPTTF authorized</b>	<b>125,000</b>	<b>125,000</b>	<b>\$ 250,000</b>
<b>Total RPTTF approved for distribution</b>	<b>1,266,725</b>	<b>1,220,564</b>	<b>\$ 2,487,289</b>