



May 17, 2016

Ms. Dawn Merchant, Finance Director
City of Antioch
P.O. Box 5007
Antioch, CA 94531

Dear Ms. Merchant:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 6, 2016. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Antioch Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period of July 1, 2016 through June 30, 2017 (ROPS 16-17) to Finance on January 28, 2016. Finance issued a ROPS determination letter on April 6, 2016. 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 April 13, 2016.

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. 16 – Markley Creek Culvert Crossing Project (Project), Pre-2011 Bond Funded Project in the total outstanding obligation amount of \$1,000,000. Finance continues to deny this item. The Agency received a Finding of Completion on December 11, 2015, and is allowed to expend bond proceeds derived from bonds issued prior to January 1, 2011 (pre-2011 bond proceeds) in a manner consistent with the bond covenants. However, prior to dissolution, the former Redevelopment Agency (RDA) transferred \$1,000,000 from the 2002 Lease Revenue Bonds, Series A, to the City of Antioch (City) for the Project. Per the California State Controller's Office (SCO) Asset Transfer Review, these bond proceeds were part of an unallowable transfer. The SCO ordered the City to transfer back the bond proceeds to the Agency. However, the bond funds have not been returned to the Agency. Finance cannot approve the expenditure of bond proceeds the Agency does not have. Therefore, the Agency's request for retroactive approval of \$1,000,000 in 2002 bond proceeds transferred to the City is not allowed. To the extent the bond funds are returned to the Agency, this item may be listed on future ROPS for review.
- Item No. 17 – Property Maintenance in the total outstanding obligation amount of \$151,656. Finance no longer denies \$4,000 of the requested amount, the remaining \$147,656 requested remains denied. Finance previously denied this item because of the 12 properties identified on the LRPMP, eleven were transferred to the City, and two

currently remain with the Agency pending sale and the agreement provided by the Agency was insufficient to support the amount requested; the agreement does not identify property addresses.

Upon additional review of the contract, Finance has determined that one of the properties listed on the LRPMP pending sale is covered by the contract. However, the total amount of the contract for security services is only \$70,960 for six properties for the six month period of April through August 2016. We note that the original contract dated September 1, 2015 only allowed one six month extension option which the Agency exercised in March 2016. Therefore, the contract is only valid for two months into the ROPS 16-17 period. Accordingly, Finance has calculated the total cost of the contract attributed to the property held by the Agency for sale is \$4,000. The remaining \$147,656 is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.

In addition, per Finance's letter dated April 6, 2016, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

- Item No. 15 –Housing Fund Deficit loan repayment for purposes of the Supplemental Educational Revenue Augmentation Fund has been adjusted. The Agency originally requested \$405,741 for this item. HSC section 34191.4 (b) (2) (A) allows this repayment to be equal to one-half of the increase between the ROPS residual pass-through distributed to the taxing entities in that fiscal year and the ROPS residual pass-through distributed to the taxing entities in the fiscal year 2012-13 base year.

According to the Contra Costa County Auditor-Controller's report, the amounts distributed to the taxing entities for the base fiscal year 2012-13 and the comparison fiscal year is \$1,498,954 and \$2,678,406, respectively. Therefore, pursuant to the repayment formula, the maximum repayment amount authorized for fiscal year 2016-17 is \$589,726. Therefore, with the Agency's request, Finance increased this item by \$183,985, for a total of \$589,726.

Except for the items denied in whole, or adjusted, Finance is not objecting to the remaining items listed on your ROPS 16-17.

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 (I) (1) (E) requires these balances to be used prior to requesting RPTTF.

The Agency's maximum approved RPTTF distribution for the reporting period is \$3,602,214 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>

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

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Mr. Steve Duran, City Manager, City of Antioch
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)	\$ 2,384,376	\$ 1,081,509	\$ 3,465,885
Requested Administrative RPTTF	50,000	50,000	100,000
Total RPTTF requested for obligations on ROPS 16-17	2,434,376	1,131,509	\$ 3,565,885
Adjustment to Agency Requested RPTTF			
Item No. 15	183,985	0	183,985
Total RPTTF adjustments	183,985	0	\$ 183,985
Total RPTTF requested	2,568,361	1,081,509	3,649,870
<u>Denied Item</u>			
Item No. 17	(71,828)	(75,828)	(147,656)
Total RPTTF authorized	2,496,533	1,005,681	\$ 3,502,214
Total Administrative RPTTF authorized	50,000	50,000	\$ 100,000
Total RPTTF approved for distribution	2,546,533	1,055,681	\$ 3,602,214