



May 17, 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

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 13, 2016. 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 of July 1, 2016 through June 30, 2017 (ROPS 16-17) to Finance on January 29, 2016. Finance issued a ROPS determination letter on April 13, 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 27, 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 Nos. 63, 82, and 83 – Various Hookston Station Remediation costs totaling \$1,355,187 funded with Reserve funds. Finance continues to deny these items. The Agency contends that Hookston Station Settlement Agreement (Agreement) dated October 1, 1998, obligates the Agency to pay for a portion of the remediation costs. It is our understanding that the Agreement is established among the Contra Costa County (County), the former redevelopment agency (RDA) and other multiple parties, collectively known as "Hookston Group". The Agreement further states that the Hookston Group acquired property in the County, later selling a portion of that parcel to the County, where the County utilized Agency funds to acquire the parcel. Subsequent, certain hazardous materials were discovered on the property, therefore the former RDA, the County, and the Hookston Group (collectively Plaintiffs) brought a Civil Action asserting claims against Southern Pacific Transportation Company (SP). It is our understanding that the Plaintiffs and the SP entered into a Settlement Agreement (SP Agreement) providing for the settlement of the Civil Action requiring fifty percent contribution for the remediation cost to be paid by the Plaintiffs as a group and fifty percent by the SP. However, the review of the SP Agreement indicates that the remediation cost should be allocated between the SP and the Hookston Owners, which the Agency is not named a party. As such, the agreements provided do not create an enforceable obligation as a stand-alone document. To the extent that the Agency can provide any other additional documentation to demonstrate the Agency's obligation to

partially fund the remediation cost and monitor the remediation work, Finance may reconsider our determination in future periods. Until then, these items do not represent an enforceable obligation and are not approved for funding.

- Item No. 91 – Hookston Station Remediation in the total outstanding obligation amount of \$23,333 is not allowed. Finance continues to deny this item. It is our understanding that the Agency contracted with EnSafe, Inc. to administer the remediation work on a property pursuant to the Hookston Station Settlement Agreement. Finance, initially denied this item because the provided Amended Contract between the Agency and EnSafe, Inc. with an effective date of June 29, 2015 had a termination date of June 30, 2016. During Meet and Confer the Agency stated that an additional amendment cannot be executed, until Finance approves funding on the ROPS. Subsequently, the Agency provided a draft Amended Contract extending the end date to June 30, 2017. However, as stated in our ROPS 16-17 determination letter there are no records to show the initial contract dated January 23, 2012, nor subsequent amendments, were approved by the Oversight Board and Finance. Furthermore, our review of the Hookston Station Settlement Agreement does not indicate that the Agency is obligated to monitor the remediation work on the property. 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. Finance no longer denies this item. This item was previously denied due to insufficient supporting documentation to support the amounts requested. Subsequently, the Agency provided records related to property maintenance costs, such as regular maintenance and various landscaping cost. Therefore, the request for RPTTF funding of \$65,000 (\$25,000 + 40,000) is approved.

In addition, per Finance's letter dated April 13, 2016, we continue to make the following determinations not contested by the Agency during the Meet and Confer:

- Item Nos. 4 and 28 – Various items totaling \$47,657 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 \$47,657, 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.

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 \$8,669,274 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>

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 Evelyn Suess, Dispute Resolution Supervisor, or Nicole Prisakar (916) 445-3274.

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)
Total RPTTF authorized	3,858,701	4,558,029	\$ 8,416,730
Total Administrative RPTTF authorized	126,272	126,272	\$ 252,544
Total RPTTF approved for distribution	3,984,973	4,684,301	\$ 8,669,274