



October 18, 2012

Ms. Maureen Toms, Redevelopment Program Manager  
Contra Costa County  
30 Muir Road  
Martinez, CA 94553-0095

Dear Ms. Toms:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the Contra Costa County Successor Agency(Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on September 4, 2012 for the period of January through June 2013. Finance has completed its review of your ROPS III, which may have included obtaining clarification for various items.

HSC section 34171 (d) defines enforceable obligations. Based on a sample of line items reviewed and application of the law, the following do not qualify as enforceable obligations:

- Item No. 17 – Re-Authorized Contract for Improvements in the amount of \$185,000 funded by the bond proceeds. HSC section 34171 (d) (2) states that agreements contracts, or arrangements between the county that created the redevelopment agency (RDA) and the former RDA are not enforceable. Therefore, this item is not an enforceable obligation. Upon receiving a Finding of Completion from Finance, HSC section 34191.4 (c) may cause this item to be enforceable in future ROPS periods.
- HSC section 34176 (a) (1) requires the housing entity to be responsible for the housing duties and obligations previously performed by the redevelopment agency. The housing authority is responsible for its own operations and administrative costs. Therefore, the following items are not enforceable obligations:
  - Items No. 72 and 73—LMIF Monitoring in the total amount of \$2,141,448 funded by Redevelopment Property Tax Trust Fund (RPTTF).
  - Item No. 86—Contract for Legal Services for housing projects in the amount of \$60,000 funded by RPTTF.
  - Item No. 93 – Management of Housing Projects —Contract for Legal Services for housing projects in the amount of \$100,000 funded by RPTTF.
- Administrative costs funded by RPTTF exceed the allowance by \$100,000. HSC section 34171 (b) limits administrative expenses to three percent of property tax allocated to the Agency or \$250,000, whichever is greater. Three percent of the property tax allocated is \$345,331. The Administrative allowance for July through December was \$250,000

leaving \$95,331 available for January through June 2013. Therefore, \$100,000 of the claimed \$195,331 is not an enforceable obligation. The following items were considered administrative expenses:

- o Items 50 through 53 in the amount of \$195,331

Except for items denied in whole or in part as enforceable obligations as noted above, Finance is approving the remaining items listed in your ROPS III. If you disagree with the determination with respect to any items on your ROPS III, 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 Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: \$6,207,780 as summarized below:

<b>Approved RPTTF Distribution Amount For the period of January through June 2013</b>	
Total RPTTF funding requested for obligations	\$ 6,169,879
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Item 72	1,866
Item 73	15,564
Item 86	30,000
Item 93	10,000
Total approved RPTTF for enforceable obligations	<u>\$ 6,112,449</u>
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	<u>95,331</u>
<b>Total RPTTF approved:</b>	<b>\$ 6,207,780</b>

<b>Administrative Cost Calculation</b>	
Total RPTTF for the period July through December 2012	\$ 5,398,583
Total RPTTF for the period January through June 2013	6,112,449
<b>Total RPTTF for fiscal year 2012-13:</b>	<b>\$ 11,511,032</b>
Allowable administrative cost for fiscal year 2012-13 (Greater of 3% or \$250,000)	345,331
Administrative allowance for the period of July through December 2012	250,000
<b>Allowable RPTTF distribution for administrative cost for ROPS III:</b>	<b>\$ 95,331</b>

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county auditor-controller to account for differences between actual payments and past estimated obligations. Additionally, these estimates and accounts are subject to audit by the county auditor-controller and the State Controller.

Please refer to the ROPS III schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS/ROPS III Forms by Successor Agency/>.

All items listed on a future ROPS are subject to a subsequent review. An item included on a future ROPS may be denied even if it was not questioned from the preceding ROPS.

Ms. Maureen Toms

October 18, 2012

Page 3

The amount available from the RPTTF is the same as the property tax increment that was available prior to enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. 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 successor agency in the RPTTF.

Please direct inquiries to Nichelle Thomas, Supervisor or Susana Medina Jackson, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY

Local Government Consultant

cc: Mr. Steven Goetz, Deputy Director, Conservation, Transportation and Redevelopment Programs, Contra Costa County Department of Conservation and Development  
Mr. Bob Campbell, Auditor-Controller, Contra Costa County Auditor-Controller's Office