



May 3, 2013

Ms. Maureen Toms, Redevelopment Program Manager
Contra Costa County Successor Agency
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 13-14A) to the California Department of Finance (Finance) on March 20, 2013 for the period of July through December 2013. Finance has completed its review of your ROPS 13-14A, 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 Nos. 4 and 5 – Low and Moderate Income Housing Fund (LMIHF) obligations totaling \$366,050. This amount was approved for retention in the LMIHF Due Diligence Review. Therefore, these line items are not eligible for additional Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item No. 10 – Placemaking Transit Village in the amount of \$565,733; payable from Bond Proceeds. The documentation provided does not support the amounts claimed. Therefore, this is not eligible for funding on this ROPS. Pursuant to HSC section 34191.4 (c), your request to use Bond Proceeds for this obligation may be allowable once the Agency receives a Finding of Completion.
- Item No. 14 – Re-authorized Capital Improvement contract in the amount of \$1,130,661; payable from Bond Proceeds. This is an agreement between the former redevelopment agency (RDA) and the Contra Costa County. Pursuant to HSC section 34171 (d) (2), which states that agreements, contracts, or arrangements between the city, county, or city and county that created the RDA and the former RDA are not enforceable. Additionally, this line item was denied as an inclusion to the ROPS for the period January through June 2013; later upheld through the Meet and Confer process, as outlined in the letter dated December 18, 2012. Therefore, this line item is not an enforceable obligation and is not eligible for funding on this ROPS. Pursuant to HSC section 34191.4 (c), your request to use Bond Proceeds for this obligation may be allowable once the Agency receives a Finding of Completion.

- Item Nos. 19 – Relocation/Maintenance contract in the amount of \$300,000; payable from Bond Proceeds. Pursuant to HSC section 34191.4 (c), your request to use Bond Proceeds for this obligation may be allowable once the Agency receives a Finding of Completion.
- Item No. 20 – Sewer Improvements contract in the amount of \$673,352; payable from Bond Proceeds. The agreement between the former RDA and the Rodeo Sanitary District was amended May 23, 2012. HSC section 34163 (c) prohibits a redevelopment agency from amending or modifying existing agreements, obligations, or commitments with any entity for any purpose after June 27, 2011. Therefore, the amendment and associated costs are not enforceable. However, Pursuant to HSC section 34191.4 (c), your request to use Bond Proceeds for this obligation may be allowable once the Agency receives a Finding of Completion.
- Item No. 21 – Re-authorized Improvement contract in the amount of \$981,709; payable from Bond Proceeds. Pursuant to HSC section 34171 (d) (2), which states that agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment agency (RDA) and the former RDA are not enforceable. Additionally, this line item was denied as an inclusion to the ROPS for the period January through June 2013; later upheld through the Meet and Confer process, as outlined in the letter dated December 18, 2012. Therefore, this line item is not an enforceable obligation and is not eligible for funding on this ROPS. Pursuant to HSC section 34191.4 (c), your request to use Bond Proceeds for this obligation may be allowable once the Agency receives a Finding of Completion.
- Item Nos. 22 through 24 – Bond Project Management costs totaling \$100,000; payable from Bond Proceeds. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. It is our understanding that contracts for these line items were awarded after June 27, 2011. Pursuant to HSC section 34191.4 (c), your request to use bond funds for these obligations may be allowable once the Agency receives a Finding of Completion from Finance.
- Item Nos. 30, 32, 45, 46, 78, and 88 – Various Placemaking Transit Village costs totaling \$42,662,192. The documentation provided for these line items does not support the amounts claimed. Therefore, these line items are not eligible for RPTTF funding.
- Item No. 34 – Hookston business relocation costs in the amount of \$662,475. The documentation provided for this line item does not support the amount requested, and it is our understanding that no contracts are in place. Therefore, this line item is not an enforceable obligation and is not eligible for RPTTF funding.
- Item No. 37 – Business relocation contract in the amount of \$22,236. This contract is between Contra Costa County and Associated Right of Way Services, Inc. The former RDA is neither a party to the contract nor responsible for payment of the contract. Therefore, this line item is not an enforceable obligation and is not eligible for RPTTF funding.
- Item No. 38 – Heritage Point Land costs in the amount of \$587,854; payable from Reserve Funds. Documentation provided includes the Contra Costa County Board of Director's order and resolution and does not serve as valid agreements for this item. Pursuant to HSC section 34179.6 (f), the unencumbered Other Funds and Account balances, as determined

in the Due Diligence Review by Finance, shall be remitted to the affected taxing entities. Therefore, this line item is not eligible for Reserve Fund funding on this ROPS.

- Item No. 41 – 189/199 Parker Property Maintenance costs in the amount of \$40,000; payable from Reserve Funds. The Agency was approved to spend reserve funds on previous ROPS. Therefore, this line item is not eligible for additional Reserve Fund funding on this ROPS.
- Item No. 49 – Legal Fees in the amount of \$59,750; payable from Reserve Funds. This item was approved for \$30,000 Reserve Funds on the January through June 2013 ROPS (ROPS III). While not eligible for eligible for additional funding on this ROPS, the Agency has until June 2013 to spend previously approved funding. Pursuant to HSC section 34186 (a), the difference between the approved obligation and actual payments associated with ROPS III shall be reported in subsequent ROPS.
- Item No. 63, and 82 through 84, and 91 – Various Hookston Station Remediation costs totaling \$1,511,000; \$1,436,000 payable from RPTTF and \$125,000 payable from Reserve Funds. Documentation provided indicates agreements between Contra Costa County, the former RDA, and the Hookston Group; however, sufficient support was not provided to support the amounts claimed. Additionally, the Agency was approved for a total of \$69,000 RPTTF funding on ROPS III. The Agency has until June 2013 to spend previously approved funding. Pursuant to HSC section 34186 (a), the difference between the approved obligation and actual payments associated with ROPS III shall be reported in subsequent ROPS. Therefore, these line items are not eligible for additional RPTTF funding.
- Item No. 64 and 100 – Tri City Remediation costs totaling \$241,721; \$110,000 payable from RPTTF and \$101,721 payable from Reserve Funds. Although requested, documentation was not provided to support these line items. Additionally, the Agency was approved for a total of \$20,000 RPTTF funding on ROPS III. The Agency has until June 2013 to spend previously approved funding. Pursuant to HSC section 34186 (a), the difference between the approved obligation and actual payments associated with ROPS III shall be reported in subsequent ROPS. Therefore, these line items are not eligible for additional RPTTF funding.
- Item No. 65 – Fiscal Agreement in the amount of \$500,000. According to the agreement, entered into on May 8, 1990, within four years of the date of the adoption of the plan, the Agency will negotiate a subsequent agreement regarding payments. It is our understanding the subsequent agreement for this line item was executed after June 27, 2011. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. Therefore, this line item is not an enforceable obligation and is not eligible for RPTTF funding.
- Item No. 81 – Property maintenance costs in the amount of \$45,000; payable from Reserve Funds. The Agency was approved to spend reserve funds on previous ROPS. Therefore, this line item is not eligible for additional Reserve Fund funding on this ROPS.
- Item No. 85 – Technical Assistance costs in the amount of \$65,000; payable from Reserve Funds. The Agency was approved for a total of \$65,000 RPTTF funding on ROPS III. The Agency has until June 2013 to spend previously approved funding. Pursuant to HSC section 34186 (a), the difference between the approved obligation and actual payments

associated with ROPS III shall be reported in subsequent ROPS. Therefore, these line items are not eligible for additional funding.

- Item No. 95 – Improvements contract in the amount of \$1,176,121; payable from Bond Proceeds. Pursuant to HSC section 34171 (d) (2), which states that agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment agency (RDA) and the former RDA are not enforceable. Additionally, this line item was denied as an inclusion to the ROPS for the period January through June 2013; later upheld through the Meet and Confer process, as outlined in the letter dated December 18, 2012. Therefore, this line item is not an enforceable obligation and is not eligible for funding on this ROPS. Pursuant to HSC section 34191.4 (c), your request to use Bond Proceeds for this obligation may be allowable once the Agency receives a Finding of Completion.
- Item Nos. 96 through 99 – Various Housing Administrative costs totaling \$2,317,267. HSC section 34176 (a) (1) states if a city, county, or city and county elects to retain the authority to perform housing functions previously performed by a RDA, all rights, powers, duties, obligations, and housing assets shall be transferred to the city, county, or city and county. Since the Contra Costa County assumed the housing functions, the administrative costs associated with these functions are the responsibility of the housing successor.

Additionally, this line item was denied as an inclusion to the ROPS for the period January through June 2013; later upheld through the Meet and Confer process, as outlined in the letter dated December 18, 2012. Therefore, these items are not enforceable obligations and are not eligible for RPTTF funding.

- Item Nos. 101 and 102 – Agreements between the former RDA, Contra Costa County, and the RDA and the Rodeo Sanitary District, totaling \$275,000. The agreements were amended after June 27, 2011. HSC section 34163 (c) prohibits a RDA from amending or modifying existing agreements, obligations, or commitments with any entity for any purpose after June 27, 2011. Therefore, the amendments and associated costs are not enforceable obligations, and are not eligible for RPTTF funding.
- Administrative costs funded by RPTTF exceed the allowance by \$321,488. HSC section 34171 (b) limits administrative expenses to three percent of property tax allocated to the successor agency or \$250,000, whichever is greater. Three percent of the property tax allocated is \$130,051. Therefore, \$321,488 of the claimed \$571,488 is not an enforceable obligation. The following items were considered administrative expenses and therefore have been reclassified:

- Items No. 25 – Legal Services contract in the amount of \$151,762
- Items No. 26 – Financial Analysis contract in the amount of \$30,445
- Items No. 79 – Accounting contract in the amount of \$178,000

conExcept for items denied in whole or in part as enforceable obligations, Finance is not objecting to the remaining items listed on your ROPS 13-14A. This determination applies only to items where funding was requested for the six month period. If you disagree with the determination with respect to any items on your ROPS 13-14A, 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/

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is \$3,706,762 as summarized below:

Approved RPTTF Distribution Amount For the period of July through December 2013	
Total RPTTF funding requested for obligations	\$ 8,261,673
Minus: Six-month total for items denied or reclassified as administrative cost	
Item 4	175,000
Item 5	120,609
Item 25*	151,762
Item 26*	4,726
Item 30	8,500
Item 32	20,000
Item 34	462,475
Item 37	21,920
Item 45	362,824
Item 46	683,950
Item 63	75,000
Item 65	500,000
Item 78	650,000
Item 79*	165,000
Item 84	25,000
Item 88	20,000
Item 91	20,000
Item 96	3,732
Item 97	31,128
Item 98	30,000
Item 99	10,000
Item 100	110,000
Item 101	100,000
Item 102	175,000
Total approved RPTTF for enforceable obligations	\$ 4,335,047
Plus: Allowable RPTTF distribution for ROPS 13-14A administrative cost	250,000
Minus: ROPS II prior period adjustment	(878,285)
Total RPTTF approved for distribution:	\$ 3,706,762

*Reclassified as administrative cost

Pursuant to HSC Section 34186 (a), successor agencies were required to report on the ROPS 13-14A form the estimated obligations and actual payments (prior period adjustments) associated with the July through December 2012 period. The amount of RPTTF approved in the above table includes the prior period adjustment that was self-reported by the Agency. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by successor agencies are subject to audit by the county auditor-controller (CAC) and the State Controller. Any proposed CAC adjustments were not received in time for inclusion in this letter. Therefore, the amount of RPTTF approved in the above table includes only the prior period adjustment that was self-reported by the Agency.

Please refer to the ROPS 13-14A schedule that was used to calculate the approved RPTTF amount:

[http://www.dof.ca.gov/redevelopment/ROPS/ROPS 13-14A Forms by Successor Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS_13-14A_Forms_by_Successor_Agency/).

This is Finance's final determination related to the enforceable obligations reported on your ROPS for July 1 through December 31, 2013. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not denied on this ROPS or a preceding ROPS. The only exception is for those items that have received a Final and Conclusive determination from Finance pursuant to HSC 34177.5 (i). Finance's review of items that have received a Final and Conclusive determination 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 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.

To the extent proceeds from bonds issued after December 31, 2010 exist and are not encumbered by an enforceable obligation pursuant to 34171 (d), HSC section 34191.4 (c)(2)(B) requires these proceeds be used to defease the bonds or to purchase those same outstanding bonds on the open market for cancellation.

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
California State Controller's Office