



May 4, 2012

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

Dear Ms. Toms:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the Contra Costa County Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 24, 2012 for the period January through June 2012. Finance staff contacted you for clarification of items listed in the ROPS.

HSC section 34171 (d) lists enforceable obligation (EO) characteristics. Based on a sample of line items reviewed and application of the law, the following do not qualify as EOs:

- Items 8, 12, 18, and 21 on page 2 are contracts between the County and the redevelopment agency totaling \$4 million. HSC section 34171 (d) (2) 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 obligations.
- Items 6 and 7 on page 3 and item 6 on page 7 are loans between the county and the redevelopment agency totaling \$5.8 million. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the county that created the RDA and the former RDA are not enforceable unless the loan agreements were entered into within the first two years of the date of the creation of the RDA.
- Item 7 on page 4 for costs associated with BART Lease Management in the amount of \$100,000 is not an EO. HSC section 34163(b) prohibits a RDA from entering into a contract with any entity after June 27, 2011. It is our understanding that contract for this line item has not been awarded yet.
- Administrative cost claimed exceeds allowance by \$307,689. HSC section 34171 (b) limits administrative expenses to five percent of property tax allocated to the successor agency or \$250,000, whichever is greater. Five percent of the property tax allocated is \$324,695. Therefore, \$307,689 of the claimed \$632,384 is not an EO. The following items were considered administrative expenses:
 - Page 6, items 1 through 7
 - Page 7, items 8, 9, 27, 28, 30, and 32

Furthermore, the County identified item 26 on page 3 and item 10 on page 7 totaling \$259,000 as not an EO. The County agreed to remove these items from the ROPS.

As authorized by HSC section 34179 (h), Finance is returning your ROPS for your reconsideration. This action will cause the specific ROPS items noted above to be ineffective until Finance approval. Furthermore, items listed on future ROPS will be subject to review and may be denied as EOs.

Department of Finance may continue to review items on the ROPS in addition to those mentioned above and identify additional issues. We will provide separate notice if we are requesting further modifications to the ROPS. It is our intent to provide an approval notice with regard to each ROPS prior to the June 1 property tax distribution date.

If you believe we have reached this conclusion in error, please provide further evidence that the items questioned above meet the definition of an EO and submit to the following email address:

Redevelopment_Administration@dof.ca.gov

Please direct inquiries to Chikako Takagi-Galamba, Supervisor or Cindie Lor, Lead Analyst at (916) 322-2985.

Sincerely,



MARK HILL
Program Budget Manager

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
Mr. Jay Wilverding, Chief Accountant, Contra Costa County Auditor – Controller's Office