



Transmitted via e-mail

May 15, 2020

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Contra Costa County
30 Muir Road
Martinez, CA 94553

2020-21 Annual Recognized Obligation Payment Schedule

This letter supersedes the California Department of Finance's (Finance) Recognized Obligation Payment Schedule (ROPS) letter dated April 15, 2020. Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the Contra Costa County Successor Agency (Agency) submitted an annual ROPS for the period of July 1, 2020 through June 30, 2021 (ROPS 20-21) to Finance on January 30, 2020. The Agency requested a Meet and Confer on one or more of the determinations made by Finance. The Meet and Confer was held on May 5, 2020.

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. 46 – Placemaking Transit Village in the amount of \$330,000 from Reserve Balances was not allowed because there were no contracts in place. During the Meet and Confer, the Agency provided the Design and Construction Agreement dated December 19, 2005, which is the underlying agreement establishing the line item as an enforceable obligation. Therefore, Finance is no longer denying the use of \$330,000 Reserve Balances.
- Item No. 78 – Financial Assistance in the amount of \$1,327,812 from Redevelopment Property Tax Trust Fund (RPTTF) was partially reclassified because the Agency had available Reserve Balances related to Item No. 46. However, since Item No. 46 is no longer denied, the Reserve Balances are no longer available to fund this item. Therefore, Finance is approving RPTTF in the amount of \$1,327,812 and \$0 Reserve Balances, totaling \$1,327,812.
- Item No. 91 – Hookston Station Remediation in the total outstanding amount of \$8,000. Finance denied the line item because the Agreement provided was only valid until June 30, 2020 and does not indicate a continuation past that period. However, during the Meet and Confer, the Agency provided documentation to support the necessity of renewing the Agreement. As such, Finance no longer denies the \$8,000 of RPTTF.

- Item No. 104 – Iron Horse Corridor Remediation, Hookston Station, in the total outstanding amount of \$20,000 was denied because HSC section 34181 (a) (1) requires the Oversight Board (OB) to direct the Agency to transfer ownership of those assets that were constructed and used for governmental purposes to the appropriate public jurisdiction. Finance approved OB Resolution No. 2018-03, directing the transfer of the Iron Horse Parcels (Properties) to the County of Contra Costa for continued public use as a bicycle path/walkway, in its letter dated April 13, 2018. During the Meet and Confer, the Agency contends that although the property was conveyed to the County, the obligation is still that of the Agency. However, Finance notes the legal services contract provided in support of this item is for general legal services and is considered an administrative cost. Therefore, the requested amount of \$5,000 in RPTTF is reclassified to Administrative RPTTF.

As a result of the reclassification for Item No. 104, the claimed administrative costs exceed the allowance by \$5,000. HSC section 34171 (b) (3) limits the fiscal year Administrative Cost Allowance (ACA) to three percent of actual RPTTF distributed in the preceding fiscal year or \$250,000, whichever is greater; not to exceed 50 percent of the RPTTF distributed in the preceding fiscal year. As a result, the Agency's maximum ACA is \$250,000 for fiscal year 2020-21. Although \$250,000 is claimed for ACA, Item No. 104 is considered an administrative cost and should be counted toward the cap. Therefore, as noted in the table below, \$5,000 in excess ACA is not allowed:

Administrative Cost Allowance (ACA) Calculation	
Actual RPTTF distributed for fiscal year 2019-20	\$7,669,628
Less distributed Administrative RPTTF	(250,000)
Less sponsoring entity loan repayments	(0)
RPTTF distributed for 2019-20 after adjustments	\$7,419,628
ACA Cap for 2020-21 per HSC section 34171 (b)	\$250,000
ACA requested for 2020-21 after adjustments	250,000
Plus amount reclassified to ACA	5,000
Total ACA	\$255,000
ACA in Excess of the Cap	\$5,000

- On the ROPS 20-21 form, the Agency reported cash balances and activity for the period July 1, 2017 through June 30, 2018 (ROPS 17-18). According to our initial review, the Agency has approximately \$100,045 from Other Funds available to fund enforceable obligations on the ROPS 20-21. HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF funds. However, during Meet and Confer, it was determined the Other Funds had already been accounted for as a prior period adjustment (PPA) in the ROPS 19-20 period and are not available. Therefore, the total funding approved for Item No. 77 is \$100,000 RPTTF and \$0 Other Funds.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations (prior period adjustments) for the ROPS 17-18 period. Reported differences in RPTTF are used to offset current RPTTF distributions. The amount of RPTTF authorized includes the PPA resulting from the County Auditor-Controller's review of the PPA form submitted by the Agency.

The Agency's maximum approved RPTTF distribution for the reporting period is \$7,606,082, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2020 through December 31, 2020 period (ROPS A period), and one distribution for the January 1, 2021 through June 30, 2021 period (ROPS B period), based on Finance's approved amounts. Since this determination is for the entire ROPS 20-21 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

This is our final determination regarding the obligations listed on the ROPS 20-21. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be deemed denied until the matter is resolved.

The ROPS 20-21 form submitted by the Agency and this determination letter will be posted on our website:

<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This determination is effective for the ROPS 20-21 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 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 law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in the RPTTF.

Maureen Toms
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Please direct inquiries to Todd Vermillion, Supervisor, or Thong Thao, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Rosalia Cuevas, Contra Costa County, DCD Accountant, Contra Costa County
Bob Campbell, Auditor-Controller, Contra Costa County

Approved RPTTF Distribution July 2020 through June 2021			
	ROPS A	ROPS B	ROPS 20-21 Total
RPTTF Requested	\$ 3,226,752	\$ 4,328,006	\$ 7,554,758
Administrative RPTTF Requested	125,000	125,000	250,000
Total RPTTF Requested	3,351,752	4,453,006	7,804,758
RPTTF Requested	3,226,752	4,328,006	7,554,758
<u>Adjustment(s)</u>			
Item No. 104	(5,000)	0	(5,000)
RPTTF Authorized	3,221,752	4,328,006	7,549,758
Administrative RPTTF Requested	125,000	125,000	250,000
<u>Adjustment(s)</u>			
Item No. 104	5,000	0	5,000
Adjusted Administrative RPTTF	130,000	125,000	255,000
Excess Administrative Costs	0	5,000	5,000
Administrative RPTTF Authorized	130,000	120,000	250,000
ROPS 17-18 prior period adjustment (PPA)	(193,676)	0	(193,676)
Total RPTTF Approved for Distribution	\$ 3,158,076	\$ 4,448,006	\$ 7,606,082