## Schlenk, Sarah

From:

Vermillion, Todd [Todd.Vermillion@dof.ca.gov]

Sent:

Tuesday, January 08, 2013 2:56 PM

To:

Schlenk, Sarah

Cc:

Lor, Cindie

Subject:

FW: Review of Oversight Board Resolution - City of Oakland Successor Agency

Importance: High

Hi Sarah,

Below is the email we sent to you on December 11th. In addition the Department of Finance (DOF) is correcting an error noted in the review initiation e-mail for the Agency's Resolution No. 2012-13 below. Pursuant to Health and Safety Code (HSC) section 34179 (h), DOF's initial review period was 40 days. However, HSC section 34181 (f) allows DOF to extend our review period by up to an additional 60 days for transfer of assets. Therefore, DOF is utilizing the full 100 days review period for the Agency's Resolution No. 2012-007.

Thank you,

Todd

From: Lor, Cindie

Sent: Tuesday, December 11, 2012 7:49 AM

To: 'Schlenk, Sarah'

Cc: Rossi, Daniel; Gustafson, Laurie; Blackwell, Fred; Gallegos, Larry; Hunter, Gregory; Chappuie, Beliz;

Vermillion, Todd

Subject: Review of Oversight Board Resolution - City of Oakland Successor Agency

Importance: High

Ms. Schlenk.

On December 4, 2012, the Department of Finance (DOF) received resolution 2012-13 approved by the Oversight Board of the Successor Agency to the City of Oakland Redevelopment Agency. Health and Safety Code (HSC) section 34179 (h) allows DOF five business days to request a review of an Oversight Board action.

This email serves as notice that we are requesting a review of the Oversight Board action. Pending the resolution of the questions we have on this resolution, it shall not be effective.

Since DOF is statutorily obliged to operate within a 60-day review period on this item per HSC section 34181 (f), we will be contacting you to obtain further clarification and supporting documentation for the Oversight Board action in question. We hope to work expeditiously with you to resolve these questions within the specified time frame.

Sincerely,

Redevelopment Administration



## Schlenk, Sarah

From:

Vermillion, Todd [Todd.Vermillion@dof.ca.gov]

Sent:

Tuesday, January 15, 2013 11:37 AM

To:

Schlenk, Sarah

Cc:

carol.orth@acgov.org; Lor, Cindie; Chappuie, Beliz

Subject:

Initiation of Review of Oversight Board Action

**Importance:** High Good Morning,

We are in receipt of your Oversight Board Action, Resolution No. 2013-1 approving the Approval/Ratification of the Lease Disposition and Development Agreement and Related Documents. Pursuant to HSC 34179(h) the Department of Finance (Finance) may request a review of Oversight Board actions submitted to the department. This email serves as notice that we are requesting a review of this action.

Since Finance is statutorily obligated to operate within a 100-day review period we may be contacting you to obtain further clarification and/or supporting documentation. We hope to work expeditiously with you to resolve these questions within the specified time frame.

Sincerely,

Todd Vermillion, Analyst Department of Finance 916-445-1546 x3761



915 L STREET # SACRAMENTO CA # 95814-3706 # WWW.DOF.CA.GOV

January 9, 2013

Mr. Fred Blackwell, Assistant City Administrator City of Oakland 1 Frank H. Ogawa Plaza Oakland, CA 94612

Dear Mr. Blackwell:

This letter is in response to your letter dated December 20, 2012 where you questioned the Department of Finance's (Finance) recalculation of the City of Oakland Successor Agency's (Agency) administrative cost cap in our Recognized Obligation Payment Schedule (ROPS) Meet and Confer letter dated December 18, 2012.

As you correctly pointed out in your letter, there is no cap on administrative costs that can be paid from bond proceeds or from sources other than property tax. [emphasis added] The recalculation of administrative costs made by Finance during the Meet and Confer process included only those administrative cost items where property tax was the requested funding source. As you are aware, the ROPS identifies the funding sources from which to pay approved enforceable obligations, including administrative costs. Those sources include the Low and Moderate Income Housing Fund, Bond Proceeds, Property Tax Reserves, Redevelopment Property Tax Trust Fund (RPTTF), and other funding sources.

The Agency appears to be operating under the misguided impression that Property Tax Reserves are not previously received property tax receipts or subject to the administrative cost cap. Unfortunately, this is an incorrect assumption. Property Tax Reserves and RPTTF receipts are the two property tax funding sources subject to compliance with the administrative cost cap.

Furthermore, during the Meet and Confer session the administrative cost cap is always subject to review. This is due to the fact that decisions emanating from the Meet and Confer session have a direct impact on the administrative cost cap calculation. The idea that a Meet and Confer session can only result in a decision favorable to the Agency or maintain the status quo of the previous decision is false. If successor agencies request a Meet and Confer session where the administrative cost cap must be recalculated or reviewed, it is subject to change. That is the case in this situation.

It is important to point out that the City of Oakland is projected to receive a substantial benefit from the Redevelopment Agency dissolution process. Throughout the state, cities on average are estimated to receive 19 percent of the total property tax residuals and liquid assets sweeps resulting from the dissolution process. This includes the City of Oakland. This is new general purpose revenue for the City of Oakland that can be used for vital local government purposes including additional administrative costs that you believe are necessary to maintain.



Mr. Fred Blackwell January 9, 2013 Page 2

Hopefully, this provides some clarity as to what funding sources listed on the ROPS are subject to the administrative cost cap. Please direct any additional inquiries to Justyn Howard, Assistant Program Budget Manager at (916) 445-1546.

Sincerely,

BuyCas

STEVE SZALAY

Local Government Consultant