



October 1, 2014

Mr. Jay Wilverding, Auditor-Controller
San Joaquin County Auditor-Controller's Office
44 North San Joaquin Street
Fifth Floor, Suite 550
Stockton, CA 95202

2014 OCT -3 AM 11:26
SAN JOAQUIN COUNTY
DORIAN J. VAN HOUTEN
AUDITOR CONTROLLER

Dear Mr. Wilverding:

The California Department of Finance (Finance) is contacting you to request your assistance in amending the July True-Up calculation, performed pursuant to Health and Safety Code (HSC) section 34183.5 (b), for the Stockton Successor Agency.

As you know, the intent of the July True-Up calculations was to ensure the affected taxing entities received the entirety of the HSC 34183 (a) (4) "residual" payments to which they were entitled for the time period covered by the first Recognized Obligation Payment Schedules (ROPS). To enable county auditor-controllers to correctly calculate the July True-Up amounts, Successor Agencies should have listed on the first ROPS all Enforceable Obligations that qualified for payment in that ROPS period.

Unfortunately, on the version of the first ROPS that was submitted to your office, the Stockton Successor Agency did not list all Enforceable Obligations that were paid, or that qualified for payment, during that time period. Consequently, the July True-Up amount calculated for the Successor Agency included sums that had already been spent in payment of Enforceable Obligations.

Finance believes your office correctly calculated the Stockton Successor Agency's July True-Up amount using the ROPS that was submitted to your office. However, after examining the facts, we have concluded that an incorrect version of the first ROPS was submitted to your office.

To remedy this situation, Finance respectfully requests that your office recalculate the Stockton Successor Agency's July True-Up amount based on the attached version of the first ROPS, which shows \$21,725,962 in Enforceable Obligations. Recalculating the July True-Up thusly should reduce the Stockton Successor Agency's July True-Up payment from \$2,471,387 to \$0. While such a recalculation is not expressly provided for in statute, we believe it comports with legislative intent that the July True-Up mechanism accurately account for all property tax revenue the former redevelopment agency/Successor Agency received and legitimately expended in the pertinent time period.

Thank you for your attention to this matter. If you have any questions or concerns, please contact Chris Hill, Principal Program Budget Analyst, at (916) 445-1546.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Howard', with a long, sweeping underline that extends to the left.

JUSTYN HOWARD
Acting Program Budget Manager

Attachment

RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS)
 PER AB 1X 26 - SECTION 34177 (0)(2)(A)
 City of Stockton, Successor Agency to the Stockton Redevelopment Agency
 Name of former Redevelopment Agency: Stockton Redevelopment Agency
 Project Area(s): ALL

Item No.	Project Name / Debt Obligation	Payee	Description	Source of Payment	Maturity	Total Outstanding	Total											
							Jan	Feb	Mar	Apr	May	Jun 2012 - Jun 2012						
Bonds																		
1	Low/Mid Housing Bonds	Wells Fargo Corporate Trust	2003 Housing CQP	Property Taxes	2033	21,931,975		326,372								665,564	665,564	
2	Low/Mid Housing Bonds	Wells Fargo Corporate Trust	2006 Series C Revenue Bond	Property Taxes	2037	51,324,388		626,962								1,253,924	1,253,924	
3	Redevelopment Revenue Bonds	Wells Fargo Corporate Trust	2006 Series A - Revenue Bond	Property Taxes	2037	95,671,088		1,349,256								2,698,512	2,698,512	
4	Redevelopment Revenue Bonds	Wells Fargo Corporate Trust	2006 Series B - Revenue Bond	Property Taxes	2013	2,556,944		71,092								1,427,897	1,427,897	
5	Redevelopment Revenue Bonds	Wells Fargo Corporate Trust	2004 Revenue Bond - Arena	Property Taxes	2036	83,374,320		1,061,114								2,127,228	2,127,228	
	Total		254,844,615				3,639,806									6,914,215	10,946,021	
June payment to cover fall debt service due to uneven spring/fall payments.																		
Loans																		
6	State Debt	State Department of Boating and Waterways	DEAW Marina Construction Loan	Property Taxes	2040	19,656,296										694,701	694,701	
7	State Debt	State Department of Boating and Waterways	DEAW Planning Loan	Property Taxes	2012	34,976										34,976	34,976	
8	Fee Deferral - Worklet Office Bldg	Public Facility Fees	Development Impact fees for 812 Carlton Ave	Property Taxes	2058	143,954										35,969	35,969	
9	Fee Deferral - Chinaplex	Public Facility Fees	Development Impact fees for Worklet Office Building	Property Taxes	2059	196,950										49,236	49,236	
10	Fee Deferral - Chinaplex	Public Facility Fees	Development Impact fees for Chinaplex project	Property Taxes	2012	12,937		12,937								12,937	12,937	
	Total		20,245,113					12,937								804,903	817,840	
State debt due Aug 1																		
*Projected payments - four equal installments																		
Settlements and/or Judgments																		
11	Agency Vs. Union Oil	Brown & Winick and/or Union Oil	Union Oil Dispute Re: Ground Water Contamination	Property Taxes		2,000,000										2,000,000	2,000,000	
12	Prize Vs. City of Stockton	California Rural Legal Assistance	Tenant relocation assistance \$1,495,000, \$490,602 expended, remaining obligation \$994,348. Replacement of 185 housing units: 146 completed, remaining obligation 39 units @ 30% of AMI (last cost \$410). *Subject to final determination by the parties.	Property Taxes		4,994,348										4,994,348	4,994,348	
	Total					6,994,348										6,994,348	6,994,348	
Active Litigation																		
13	Chive Partners	Freeman, D'Aluisio, Pierce, Gurev, Keeling & Wolf	Developer Claims RDA Breached Contract (Legal defense costs)	Property Taxes		3,000,000		60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	325,424	
14	Agency vs. BNSF	Brown & Winick	Contamination at Worklet Site & Southpointe (Litigation expenses)	Property Taxes		825,083		78,089	10,921	16,587	16,587	16,587	16,587	16,587	16,587	16,587	145,146	
15	Agency vs. State Coaltrains	Brown & Winick	Coaltrains with BNSF case. Coaltrains is a former owner (Litigation expenses)	Property Taxes		950,000		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	25,000	
16	Agency vs. Colberg	Brown & Winick	Policed Act corrective action trial (Litigation expenses)	Property Taxes		2,000,000		40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	200,000	
	Total					6,875,083		181,083	121,521	121,521	121,521	121,521	121,521	121,521	121,521	121,521	682,572	
*Total outstanding is an estimate, and may not include future settlements/judgment amount. Monthly costs are projected at 2% of the total outstanding obligation.																		
Committed Project Expenses																		
17	A/T&T Datacomm	A/T&T Datacomm	Contract for installation of Security Cameras	Bond Proceeds		377,644										377,644	377,644	
18	Vintage	Victory Home Builders	Housing Loan	Property Taxes		210,484										52,621	210,484	
19	Community of All Nations	Victory Home Builders	Housing Loan	Bond Proceeds		102,867										102,867	102,867	
20	Quincy Engineering, Inc	Quincy Engineering, Inc	Dorab Street Widening, Phase II	Bond Proceeds		741										741	741	
21	Wallace Kuhn & Associates	Wallace Kuhn & Associates	Marina Water Quality Testing	Property Taxes		30,259										30,259	30,259	
22	Condot Earth Technologies	Condot Earth Technologies	Design and Construction of Howell Park	Property Taxes		874										874	874	
23	Diels Construction	Diels Construction	Design and Construction of Howell Park	Property Taxes		458,930										458,930	458,930	
24	Treadwell and Hollis, Inc	Treadwell and Hollis, Inc	Remediation of Avenues 24 & 24	Property Taxes		12,055										12,055	12,055	
25	Walbridge KJR & Associates	Walbridge KJR & Associates	Remediation of Avenues 24 and South Pointe	Property Taxes		104,956										104,956	104,956	
26	Coscar Realty	Coscar Realty	McKinley Park capex/air Building Asbestos Removal	Property Taxes		1,277										1,277	1,277	
27	D R Jolly Co	D R Jolly Co	Van Buren Park Improvement Project	Bond Proceeds		5,630										5,630	5,630	
28	Rodgers Construction	Rodgers Construction	Airport Way Streetscape Phase 3	Property Taxes		9,787										9,787	9,787	
29	Rodgers Construction	Rodgers Construction	Airport Way Streetscape Phase 3	Bond Proceeds		124,859										31,215	124,859	
30	Rodgers Construction	Rodgers Construction	Airport Way Streetscape Phase 3	Bond Proceeds		25,939										6,485	25,939	
31	Rodgers Construction	Rodgers Construction	Renovation of Hotel Stockton - for affordable housing	Bond Proceeds		57,398										14,339	57,398	
32	Hotel Stockton	Hotel Stockton	Renovation of Hotel Stockton - for affordable housing	Property Taxes		66,426										34,713	66,426	
33	Remediation of Avenues 24 and 4	City of Stockton	Remediation of lots north and south of Worklet site	Property Taxes		500,000										229,179	500,000	
	Total					2,093,086										294,105	2,093,086	
Assessments																		
34	Downtown Stockton Alliance	Downtown Stockton Alliance	DSA Assessment of RDA owned properties	Property Taxes	2016	247,530										47,530	247,530	
	Total					247,530										47,530	247,530	
*Assumes properties will be sold no later than 2015																		
Administrative Costs																		
35	Agency Staff & Overhead	Agency Employees through City of Stockton	Existing salary, benefits, and overhead for Agency administration - Property maintenance & management	Administrative Cost Allowance		1,034,570										172,428	1,034,570	
	Total					1,034,570										172,428	1,034,570	
Total Enterable Obligations																		
						291,534,324		3,989,298	593,596	513,342	513,342	513,342	513,342	513,342	513,342	513,342	15,894,820	21,725,862