

OAKLAND OVERSIGHT BOARD

MEMORANDUM

TO: Oakland Oversight Board

FROM: Fred Blackwell &
Sarah T. Schlenk

SUBJECT: Recent Communication with
Department of Finance &
Approval of ROPS Amendments

DATE: May 21, 2012

Over the past two weeks, City staff on behalf of the City as Successor Agency (SA) has communicated with the Department of Finance (DOF) on a daily basis regarding DOF's review of the Recognized Obligation Payment Schedules (ROPS) approved by the Oversight Board on April 23. These efforts have resulted in an agreement between the DOF and the SA on an amended ROPS #1 (January-June 2012) and ROPS #2 (July-December 2012). A formal approval letter is expected this week. The SA and DOF agreed on the amendments below, which are summarized in Attachment A:

1. Removed line 25 from BMSP for Golden Gate Recreation Center (no third party contract in place).
2. Removed lines 12 and 13 from CCE (these are intra-agency loan repayments, with no third party contract in place).
3. Removed line 89 in LM for Touraine Hotel maintenance (these are funds associated with a housing asset transferred to the City as housing successor, and will be transferred to housing successor accounts).
4. Split the administrative allowance between real property tax trust fund (RPTT) and Reserve Balances.
5. Amended line 18 in COL from \$63,287 to \$163,287 to reflect the actual close-out balance on the construction contract for the 81st Avenue Library.
6. Changed the source of payment for the audit expense (line 1 in Agency-wide) to Reserve Balances.
7. Revised ROPS format to only show one source of payment per line.
8. Revised ROPS format to only show payments equal to the outstanding obligation. If the exact payment schedule is uncertain, show the payment in the earlier period. A footnote was added to ROPS #2 reserving the SA's right to make payments in subsequent ROPS periods to reflect actual payments.

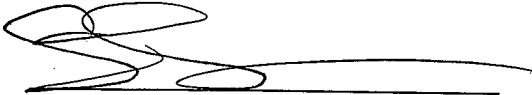
The DOF has requested the Oversight Board to approve these amendments. Per statute the action will not take effect for three days; however the DOF has indicated that it will not be reviewing this action as all of these amendments were made at DOF's direction, and DOF has already indicated its approval.

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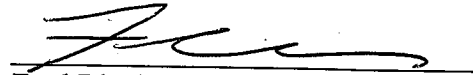
Also provided are email communications with the DOF on May 16, 2012, and May 18, 2012.

Staff is requesting the Oversight Board approve the two attached resolutions approving the amendments to ROPS #1 and ROPS #2.

Respectfully submitted,



Sarah T. Schlenk
Agency Administrative Manager



Fred Blackwell,
Assistant City Administrator

AREAS	# FROM MAY-JUN ROPS	Project Name / Debt Obligation	PAYEE	NOTES	Estimated Obligation as of January 1, 2012
DEBT					
BMSP	25	NPI Program/ Golden Gate Rec Center	City of Oakland; Various	No 3rd Party Contract	N/A
CCE	12	Palm Villas Housing Project	Successor Agency (Low & Moderate Income Housing	Intra-Agency loan not needed on ROPS	N/A
CCE	13	9451 MacArthur Blvd- Evelyn Rose Project	Successor Agency (Low & Moderate Income Housing	Intra-Agency loan not needed on ROPS	N/A
HM	89	Touraine Hotel maintenance	City of Oakland/various	Housing Asset goes to City as Housing Successor	N/A
OTHER CHARGES					
Various	Various	Various	Various	Listed only the primary source of payment for all project per the request of DOF while reserving the right to request other sources if necessary.	N/A
Various	Various	Various	Various	Amended Estimated Payment to only be reflected in one period	N/A
AW	5	Administrative Cost Allowance	City of Oakland as successor agency	Split the source of payment between Redevelopment Property Tax Trust and Reserve Balances	N/A
COL	18	81st Avenue Library	NBC General Contractors; Harford	Increased outstanding obligation to reflect accurate close-out costs	163,287
AG	1	Annual audit	Macias Gini & O'Connell	Changed source of payment to reserve balances (July-December)	92,328

Schlenk, Sarah

From: Wyatt, Kelly [Kelly.Wyatt@dof.ca.gov]
Sent: Wednesday, May 16, 2012 1:56 PM
To: Schlenk, Sarah
Cc: Blackwell, Fred; Le, Kylie
Subject: Revised Oakland ROPS, Jan - Dec 2012

Sarah,

Confirming our telephone conversation earlier today, I indicated that we were reviewing the ROPS in a timely manner and requested from you that the revised ROPS be provided by end of day today.

This is to confirm the information noted in your e-mail below, as follows:

1. We request that the payment of the obligations are not reflected in more than one ROPS period. The full outstanding obligation will be reflected only once, with it being decreased with each payment. The estimated payment, whether in full or partial, must have been approved on either the current ROPS, or a prior ROPS, in order to be allowed for payment.
2. As noted in #1, if the payment was approved by the Oversight Board in the current period ROPS, or a prior period ROPS, it may be paid without further review from the Oversight Board.
3. The revision we are requesting, that the duplicate and triplicate payments be deleted from the ROPS, does not need approval from the Oversight Board.
4. At this point, there are no other blanket issues noted which need to be addressed.

Thank you again for your prompt response to our request for a revised ROPS.

Regards,

Kelly

From: Schlenk, Sarah [mailto:SSchlenk@oaklandnet.com]
Sent: Wednesday, May 16, 2012 1:03 PM
To: Wyatt, Kelly
Cc: Blackwell, Fred
Subject: Request to revise Oakland ROPS

Hi Kelly,

I received your voicemail this morning. Can you please confirm my understanding of each item below?

1. DOF is requesting Oakland to revise its ROPS to not show the full outstanding obligation in multiple ROPS periods (e.g. May-June and July-December).
2. DOF is saying an estimated payment does not need to be shown in a ROPS period in order to make a payment on the obligation during that period. In other words, if we estimate the payment to be in May-June, but do not actually make the payment until August – we just show the accountants/auditors it was estimated in the previous ROPS, but not yet paid and that gives the appropriate authority? (I reviewed 34186 and it didn't seem to address the authority to make payments when the estimate is zero. 34186 appears to only address a true-up of future ROPS to account for actual payments.)
3. This revision does not need approval from the Oakland Oversight Board.
4. There are no other format or blanket issues (unrelated to specific projects) with the Oakland

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ROPS.

I am working on updating the ROPS per your request, and will provide it to you as soon as possible, but would like confirmation of the above statements.

Thanks,
Sarah

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*Sarah T. Schlenk, Agency Administrative Manager*  
*City Administrator's Office*  
510/238-3982 | [sschlenk@oaklandnet.com](mailto:sschlenk@oaklandnet.com)

Oakland Ranked #5 Place to Visit in the World!  
*New York Times*, January 2012 <http://bit.ly/GB3s8f>

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**Schlenk, Sarah**

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**From:** Wyatt, Kelly [Kelly.Wyatt@dof.ca.gov]  
**Sent:** Friday, May 18, 2012 10:31 AM  
**To:** Schlenk, Sarah  
**Cc:** Blackwell, Fred; Le, Kylie; Rossi, Daniel; Hunter, Gregory; Lane, Patrick; Gallegos, Larry; Byrd, Michele; Levin, Jeffrey; Landreth, Sabrina; Johnson, Scott  
**Subject:** Revised Oakland ROPS FINAL Submitted 5.17.12

Sarah,

Thank you for your help. I will be sending this forward as having been revised to reflect our discussions.

Kelly Wyatt