

## AGENDA

### REGULAR JOINT MEETING OF THE OAKLEY CITY COUNCIL/OAKLEY CITY COUNCIL ACTING AS THE SUCCESSOR AGENCY TO THE OAKLEY REDEVELOPMENT AGENCY

Tuesday, February 10, 2015

6:30 p.m.

Oakley City Council Chambers  
3231 Main Street, Oakley, CA

**MISSION STATEMENT:** The City of Oakley exists to build and enhance a quality community and to serve the public in a friendly, efficient, responsive manner.

**VISION STATEMENT:** The City of Oakley will be recognized as a model of civic participation and a vibrant delta community where families live, work, play, shop and visit.

Agendas are posted at the Oakley City Hall, the "White House" at 204 Second Street and outside the Library at Freedom High School; agendas are also posted on the City's Internet Website [www.ci.oakley.ca.us](http://www.ci.oakley.ca.us).

A complete packet of information containing staff reports and exhibits related to each item is available for public review prior to an Oakley City Council and/or City Council Acting as the Successor Agency to the Oakley Redevelopment Agency meeting at Oakley City Hall, 3231 Main Street, Oakley, CA 94561. Any writings or documents provided to a majority of the Oakley City Council or Oakley City Council Acting as the Successor Agency to the Oakley Redevelopment Agency regarding any item on this agenda will be made available for public inspection, during regular business hours, at the front counter in the Main Lobby of the Oakley City Hall located at 3231 Main Street, Oakley, CA 94561.

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If you have a physically challenging condition and require special accommodations, please call the City Clerk's office at (925) 625-7013.

**(Please keep cell phones/pagers turned off during the meeting.)**

## 1.0 OPENING MATTERS

### ***Oakley City Council/Oakley City Council Acting as the Successor Agency to the Oakley Redevelopment Agency***

#### **1.1 Call to Order and Roll Call of the Oakley City Council and Oakley City Council Acting as the Successor Agency to the Oakley Redevelopment Agency**

#### **1.2 Pledge of Allegiance to the Flag**

## 2.0 PUBLIC COMMENTS

At this time, the public is permitted to address the Oakley City Council/Oakley City Council Acting as the Successor Agency to the Oakley Redevelopment Agency on non-agendized items. PUBLIC COMMENTS ARE LIMITED TO THREE (3) MINUTES. In accordance with State Law, however, no action or discussion may take place on any item not appearing on the posted agenda. The Oakley City Council/ Oakley City Council Acting as the Successor Agency to the Oakley Redevelopment Agency may respond to statements made or questions asked or may request Staff to report back at a future meeting on the matter. The exceptions under which the Oakley City Council/Oakley City Council Acting as the Successor Agency to the Oakley Redevelopment Agency MAY discuss and/or take action on items not appearing on the agenda are contained in Government Code §54954.2(b)(1)(2)(3). Members of the public should submit any Speaker Cards for Public Comments in advance of the Mayor calling for Public Comments.

## 3.0 CONSENT CALENDAR

Consent Calendar items are typically non-controversial in nature and are considered for approval by the Oakley City Council/ Oakley City Council Acting as the Successor Agency to the Oakley Redevelopment Agency with one single action. Members of the audience, Staff or the Oakley City Council/ Oakley City Council Acting as the Successor Agency to the Oakley Redevelopment Agency who would like an item removed from the Consent Calendar for purposes of public input may request the Mayor remove the item. Members of the public should submit any Speaker Cards related to the Consent Calendar in advance of the Consent Calendar being considered.

### ***Oakley City Council/Oakley City Council Acting as the Successor Agency to the Oakley Redevelopment Agency***

#### **3.1 Approve the Minutes of the Regular Joint Oakley City Council/Oakley City Council Acting as the Successor Agency to the Oakley Redevelopment Agency Meeting of January 27, 2015 (Libby Vreonis, City Clerk)**

#### ***Oakley City Council***

#### **3.2 Adopt a Resolution Accepting as Complete Work Performed for Capital Improvement Project 151-Fiscal Year 2014-2015 Street Repair and Resurfacing Project (Kevin Rohani, Public Works Director/City Engineer)**

#### **3.3 Adopt a Resolution Accepting as Complete Work Performed for Capital Improvement Project 156-Fiscal Year 2014-2015 Storm Drain Improvement Project (Kevin Rohani, Public Works Director/City Engineer)**

- 3.4 Adopt a Resolution Approving a Subdivision Improvement Agreement with Clyde Miles Construction Company, Inc. for Subdivision 8985 (Quicksilver) located at 1500 West Cypress Road on the Northwest Corner of West Cypress Road and Lois Lane (Kevin Rohani, Public Works Director/City Engineer)
- 3.5 Adopt a Resolution Approving Parcel Map MS 14-979 regarding property located at the Southeast Corner of Empire Avenue and Neroly Road (Kevin Rohani, Public Works Director/City Engineer)
- 3.6 Adopt a Resolution Approving a New Employee Position Classification of Planning Manager (Bryan Montgomery, City Manager)
- 3.7 Adopt a Resolution Approving the Fiscal Year 2014-2015 Mid-Year Budget Review and Adopting Its Recommendations for Revising the Fiscal Year 2014-2015 Operating and Capital Budgets (Paul Abelson, Finance Director)
- 3.8 Accept Quarterly Investment Report (2<sup>nd</sup> Quarter Fiscal Year 2014-2015) (Paul Abelson, Finance Director)
- 3.9 Receive the Recommendation of the Auditor Selection Sub-Committee on the Selection of the City's Independent Auditor and Adopt a Resolution Authorizing the City Manager to Execute a Contract with Maze & Associates for Professional Audit Services for Fiscal Years 2014-2015 through 2016-2017, with Two Additional One-Year Extensions Exercisable at the City's Option (Paul Abelson, Finance Director)
- 3.10 Adopt a Resolution Authorizing the City Manager to Submit an Application to the California Department of Housing and Community Development's (HCD) Housing-Related Parks Program (HRP Program) and if Awarded Funding, Execute an Agreement and any Related Documents Necessary to Participate in the HRP Program (Joshua McMurray, Senior Planner)
- 3.11 Adopt a Resolution Approving an Extension to the Exclusive Option Agreement for the Purchase of Undeveloped Real Property located at 101 and 111 Carol Lane, Oakley, California (APNs 037-132-038 and 037-132-037) (Dwayne Dalman, Economic Development Manager)

***Oakley City Council Acting as the Successor Agency to the Oakley Redevelopment Agency***

- 3.12 Adopt a Resolution Approving the Final Form of Certain Documents Relating to the Issuance and Sale of Tax Allocation Refunding Bonds to Refund the Former Oakley Redevelopment Agency's 2003 Bonds, and Approving Related Matters and Official Actions (Paul Abelson, Finance Director)
- 3.13 Adopt a Resolution Approving the Mid-Year Financial Status Report (Paul Abelson, Finance Director)

**3.14 Accept the Quarterly Investment Report (2<sup>nd</sup> Quarter Fiscal Year 2014-2015)  
(Paul Abelson, Finance Director)**

**3.15 Adopt a Resolution Approving a Recognized Obligations Payment Schedule  
for the Six Month Period July to December 2015  
(Paul Abelson, Finance Director)**

#### 4.0 PUBLIC HEARING

##### *Oakley City Council*

**4.1 Bella Estates Minor Subdivision 14-978 located at 1289 Laurel Road,  
APN 034-080-034 (TPM 03-14, VA 02-14) (Ken Strelo, Senior Planner)**

Staff recommendation:

- Open the Public Hearing
- Receive the Staff Report
- Receive Public Testimony
- Close the Public Hearing
- Deliberate
- Summarize the Deliberation
- Specify to Staff any amendments to the Resolution during Motion
- Adopt the Resolution

#### 5.0 REGULAR CALENDAR

**5.1 Adopt a Resolution Approving the 2015 Oakley City Council Committee  
Appointment List as Amended (Libby Vreonis, City Clerk)**

#### 6.0 REPORTS

##### **6.1 CITY MANAGER**

**(a) City Manager**

##### **6.2 OAKLEY CITY COUNCIL/OAKLEY CITY COUNCIL ACTING AS THE SUCCESSOR AGENCY TO THE OAKLEY REDEVELOPMENT AGENCY**

**(a) Reports from Council Liaisons to Regional Committees, Commissions  
and Boards AND Oakley City Council/Oakley City Council Acting as the  
Successor Agency to the Oakley Redevelopment Agency Comments**

**(b) Requests for Future Agendas**



## 7.0 WORK SESSIONS

**7.1 Work Session Regarding Community Garden Project (Councilmember Higgins)**

**7.2 Long-Term Delivery of Police Services (Bryan Montgomery, City Manager and Paul Abelson, Finance Director)**

## 8.0 CLOSED SESSIONS-None

## 9.0 ADJOURN

**Minutes of the Regular Joint Meeting of the Oakley City Council/Oakley City Council acting as the Successor Agency to the Oakley Redevelopment Agency  
January 27, 2015**

**1.0 OPENING MATTERS**

***Oakley City Council/Oakley City Council Acting as the Successor Agency to the Oakley Redevelopment Agency***

**1.1 Call to Order and Roll Call of the Oakley City Council, Oakley City Council Acting as the Successor Agency to the Oakley Redevelopment Agency**

Mayor Hardcastle called the meeting to order at 6:30p.m in the Oakley City Council Chambers located at 3231 Main Street, Oakley, California. Doug Hardcastle, Kevin Romick, Randy Pope, Sue Higgins and Vanessa Perry were present.

**1.2 Pledge of Allegiance to the Flag**

Mayor Hardcastle led the Pledge of Allegiance to the Flag.

**2.0 PUBLIC COMMENTS**

**3.0 CONSENT CALENDAR**

***Oakley City Council/Oakley City Council Acting as the Successor Agency to the Oakley Redevelopment Agency***

**3.1 Approve the Minutes of the Regular Joint Oakley City Council/Oakley City Council Acting as the Successor Agency to the Oakley Redevelopment Agency/Public Financing Authority Meeting of January 13, 2015 (Libby Vreonis, City Clerk)**

***Oakley City Council***

**3.2 Ratify Election: Waive the Second Reading and Adopt Ordinance No. 01-15, Establishing Zone 153 for a Special Tax for Police Protection for Subdivision 9032, Emerson Ranch, Located North of E. Cypress and West of Sellers Avenue (Kevin Rohani, Public Works Director/City Engineer)**

**3.3 Waive the Second Reading and Adopt Ordinance No. 03-15 to Levy a Special Tax for Fiscal Year 2015-16 and Ensuing Fiscal Years Solely Within and Relating to the City of Oakley Community Facilities District Number 2015-1 at the Emerson Ranch Subdivision, Located North of E. Cypress Road and West of Sellers Avenue (Kevin Rohani, Public Works Director/City Engineer)**

- 3.4 Waive the Second Reading and Adopt an Ordinance Dealing with Leaf Blowers and Other Noises (William Galstan, Special Council)**
- 3.5 Approval of Revised Resolution Related to Acceptance of Offers of Dedication along Grapevine Lane, Subdivisions 8760, 7662, 8734 and Parcel Map 32 PM 48, between Rose Avenue and O'Hara Avenue (Kevin Rohani, Public Works Director/City Engineer)**
- 3.6 Approval of Subdivision Improvement Agreement with Shea Homes for Public Improvements (Parcel A and Parcel B – Catamaran Park) within Subdivision 8955, Summer Lake, Phase 2 (Kevin Rohani, Public Works Director/City Engineer)**
- 3.7 Adopt a Resolution Approving a Land and Water Conservation Fund Grant Application for Nunn-Wilson Family Park Development Project (Kevin Rohani, Public Works Director/City Engineer)**
- 3.8 Adopt a Resolution Amending Section 2.9.008(a) of the Oakley Municipal Code Regarding the City's Conflict of Interest Code (Libby Vreonis, City Clerk)**
- 3.9 Adopt a Resolution Approving the Lease Agreement between the City and Byrnes Enterprise, LLC, doing business as Mr. Pickles Sandwich Shop, at the property located at 3080 Main Street in Oakley (Bryan Montgomery, City Manager)**

#### Online Comment Forms

No online comment forms were received for the Consent Calendar.

#### Public Comment Cards

No public comment cards were submitted for the Consent Calendar.

Item 3.7 was pulled from the Consent Calendar by Councilmember Higgins.

It was moved by Vice Mayor Romick and seconded by Councilmember Pope to approve the Consent Calendar. Motion was unanimous and so ordered. (5-0)

#### Item 3.7

Councilmember Higgins requested that shade structures be specifically mentioned and included.

Councilmember Pope mentioned he would like to have shade in all City parks and suggested more mature trees or faster growing trees could be planted to provide shade in City parks.

It was moved by Councilmember Higgins and seconded by Vice Mayor Romick to approve Item 3.7 with shade structures included. Motion was unanimous and so ordered. (5-0)

## 4.0 PUBLIC HEARINGS

### *Oakley City Council*

#### **4.1 State Mandated 2015-2023 Housing Element Update (General Plan Amendment GPA 01-13 (Josh McMurray, Senior Planner)**

Senior Planner Josh McMurray presented the staff report. He explained that no new zoning is being approved with this item, but at a future date the affordable housing overlay is to be placed on the chosen site(s) that will allow the land owner(s) to build at its current density or a higher density range, no development is currently proposed for any of the sites, and the State Department of Housing and Community Development (HCD) must ultimately approve the sites. He mentioned the City Council could approve the Housing Element this evening to meet the January 31, 2015 State deadline and would have up to two years to exchange any of the existing chosen sites for others should it so decide. He explained that if the deadline is not met, consequences may include an injunction, fine, or mandate to move to a four-year update rather than every eight years.

Beth Thompson of De Novo Planning Group, consultant for the Housing Element, was present to answer questions and added that for the City to receive One Bay Area Grant funds, the Update must be completed by May 31.

The City Council considered factors that Mr. McMurray and Ms. Thompson presented (*supra*), as well as:

- The City Council cannot require the affordable housing units to be mixed-use or for a specific group (i.e., senior housing);
- Site 7 located at Empire Avenue and Carpenter Road was selected by the City Council because no one protested it;
- HCD may or may not approve smaller parcels that add up to the required acreage amount;
- Non-compliance with the requirements may result in more units required to be built and transportation funds being withheld;
- If a property receives the overlay and sells for its original zoning purpose (not for affordable housing units) once the Housing Element is certified, the overlay does not have to be reallocated;
- If a site is developed, the developer still has to comply with setback requirements, land allocation for streets, sidewalks, driveways and parking;
- The overlay can apply to any type of zoning, even residential;
- There is a limit on the building height (42 feet) for the Affordable Housing Overlay (AHO) Zone;

- There is no longer an alternate mechanism for affordable housing due to the termination of redevelopment agencies in cities.

Mr. McMurray explained once the City Council approves the Housing Element, an environmental report will be needed which can take six to nine months to complete.

Mayor Hardcastle mentioned he would like to see the City advertise to property owners that the overlay is available as there may be property owners who are willing to have the overlay on their property. He commented he would make every effort to replace the site at Empire Avenue and Carpenter Road with another parcel(s).

Vice Mayor Romick commented that he prefers to pass this item now before the January 31 deadline so there is no pressure from the State and utilize the two-year period to review the sites.

Councilmember Pope expressed his preference is not to overlay commercial property and believes the site at Empire Avenue and Carpenter Road is central commercial property as it is located on one of the busiest roads in the City. He also opposed multi-story building next to single-story building.

Councilmember Higgins commented she does not support the site at Empire Avenue and Carpenter Road and suggested a committee review an alternate site.

#### Online Comment Forms

Twenty-two online comment forms were received for Item 4.1. All comments submitted opposed affordable housing units, the majority opposing them at the location of Empire Avenue and Carpenter Road.

#### Public Comment Cards

Ten people spoke in opposition of affordable housing units, the majority opposing them at the location of Empire Avenue and Carpenter Road. Korrine Ternes submitted a comment card but opted not to speak when called upon.

It was moved by Councilmember Pope and seconded by Vice Mayor Romick to adopt the resolution approving the 2015-2023 Housing Element Update and direct staff to locate alternate parcel(s) to replace site 7. Motion was unanimous and so ordered. (5-0)

## 5.0 REGULAR CALENDAR

### *Oakley City Council*

#### **5.1 Downtown Main Street “Visioning” Project-Capital Improvement Project Number 162 (Kevin Rohani, Public Works Director/City Engineer)**

City Engineer/Public Works Director Kevin Rohani presented the staff report and introduced consultants for the Project, Natalina Bernardi of BKF Engineers, Inc. and David Gates of Gates Urban Design Architects, both of whom provided a presentation of the vision for Downtown Main Street. They mentioned their focus is to create a sense of place, of destination, a pedestrian-friendly Downtown, and to brand it in a way that fits Oakley.

Mr. Rohani mentioned the improvement of Main Street would likely occur in phases; the two early phases are Gardenia Avenue to Vintage Parkway and Norcross Lane to Second Street. He added the plan is to continue the roadway alignment similar to what was done in front of City Hall. He also mentioned parking would be provided along Main Street, adding approximately 120 additional parking spaces.

Councilmember Pope requested staff look into improving the eastern access to the Vintage Parkway neighborhood in the future to ensure an adequate outlet for residents of that neighborhood. He expressed support for the Project and suggested the transition to one lane occur soon, such as at the intersection of Main Street and Empire Avenue.

Councilmember Perry expressed concern that if the number of vehicles traveling along Main Street declines as traffic is diverted to other main arterial streets, it could impact businesses along Main Street.

Councilmember Higgins expressed support for the Project.

#### Online Comment Forms

No online comment forms were received for Item 5.1.

#### Public Comment Cards

No public comment cards were submitted for Item 5.1.

The City Council approved the visioning concept and overall Project and provided direction to explore funding options to move forward with the Project.

## 6.0 REPORTS

### **6.1 CITY MANAGER**

#### **(a) City Manager**

None.

## **6.2 OAKLEY CITY COUNCIL/OAKLEY CITY COUNCIL ACTING AS THE SUCCESSOR AGENCY TO THE OAKLEY REDEVELOPMENT AGENCY**

### **(a) Reports from Council Liaisons to Regional Committees, Commissions and Boards AND Oakley City Council/Oakley City Council Acting as the Successor Agency to the Oakley Redevelopment Agency Comments**

Councilmember Higgins announced she, along with Councilmember Perry, attended the League of California Cities conference for new councilmembers and participated in a mock council meeting. She also announced she attended a Diablo Water District (DWD) Board meeting and the insurance endorsements that have been included with customer invoices will be re-worded so it is clear that the endorsements are not part of the DWD invoices.

Mayor Hardcastle announced that he held his first "Mayor at the Market" day to meet with residents at Lucky's and it went well. He mentioned he will be at Raley's next month. He also mentioned there may be some changes to the City Council Appointment List for 2015 as Councilmember Pope may not be available to attend the Tri-Delta meetings and Vice Mayor Romick should be appointed as the City Council representative for TRANSPLAN.

### **(b) Requests for Future Agendas**

None.

## **7.0 WORK SESSIONS-None**

## **8.0 CLOSED SESSIONS-None**

## **9.0 ADJOURN**

There being no further business, the meeting was adjourned at 9:07p.m.

Respectfully Submitted,

Libby Vreonis  
City Clerk



## STAFF REPORT

**Date:** Tuesday, February 10, 2015  
**To:** Bryan H. Montgomery, City Manager  
**From:** Kevin Rohani, Public Works Director/City Engineer

Approved and Forwarded to City Council:

  
Bryan H. Montgomery, City Manager

**SUBJECT:** Acceptance of work associated with CIP Project No. 151 – FY 2014/15 Street Repair and Resurfacing Project

### Introduction

The City's adopted FY 2014/15 Capital Improvement Program (CIP) Budget designates funding for various infrastructure repair and replacement projects. This is consistent with the City's goals to improve the quality of the City's public infrastructure and to enhance the quality of life for our residents.

### Background and Analysis

The City's CIP included Project Number 151, FY 2014/15 Street Repair and Resurfacing Project. CIP No. 151 includes the crack sealing, base failure repairs, and resurfacing of various streets in Oakley. These streets are not slated for reconstruction or overlays, but have longitudinal and transversal cracking and were in need of base and surface repairs.

The asphalt paving around many of the manholes on Neroly Road from Empire Avenue to Brown Road had areas of depressed pavement that caused an unsafe and hazardous driving situation for cars and motorcycles. The project also addressed a number of other roadway pavement and curb and gutter failures on Empire Avenue and numerous base failures on Laurel Road. The project removed failed roadway base sections, adjusted manholes to grade, replaced damaged curb and gutters and sealed cracks. The work is a key factor in keeping these streets in good condition for years to come.

### Summary

Prior to construction staff met with the contractor to review the project details. During that time staff was able to refine the scope of the work to capture additional failed areas of asphalt. By doing so the City was able to get a larger area completed within the authorized budget. Likewise, the City received a better product and will retain its infrastructure longer. Staff was able to use most of the contingency to get more roadway repaired.



**Fiscal Impact**

City Council approved the roadway repairs with an authorized budget including a contingency of \$209,000. The construction contract was successfully completed under the authorized budget for \$207,495.

Pursuant to the contract documents, 5% of the accrued costs were withheld from the amount paid to the contractor. These funds are called "retention", and are held until the end of the project to ensure that the contractor completes the project in a timely manner. Approval of this item will authorize the release of the retention payment to the contractor. The retention was already budgeted as part of the contract and change order approvals, so there is no additional fiscal impact associated with this action.

**Recommendation**

Staff recommends that the City Council Adopt the Resolution accepting CIP Project No. 151 - FY 2014/15 Street Repair and Resurfacing Project as constructed by S. Miller Paving to be complete, and to direct the City Clerk to file a Notice of Completion for the project with the County Recorder.

**Attachments**

- 1) Resolution
- 2) Notice of Completion

RESOLUTION NO. \_\_-15

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OAKLEY ACCEPTING AS COMPLETE THE WORK PERFORMED BY S. MILLER PAVING FOR CIP PROJECT NO. 151 – FY 2014/15 STREET REPAIR AND RESURFACING PROJECT**

**WHEREAS**, the City of Oakley prepared plans, special provisions, and cost estimates related to CIP Project No. 151 – FY 2014/15 Street Repair and Resurfacing Project; and

**WHEREAS**, on October 14, 2014, by adopting Resolution No. 88-14, the City Council awarded a construction contract to S. Miller Paving, for the construction of CIP No. 151 – FY 2014/15 Street Repair and Resurfacing Project; and

**WHEREAS**, during the life of the project one (1) change order was issued, and the final invoiced amount is \$207,495; and

**WHEREAS**, S. Miller Paving, has satisfied the contractual requirements necessary for the acceptance of CIP No. 151 – FY 2014/15 as complete.

**NOW, THEREFORE, BE IT RESOLVED AND ORDERED**, by the City Council of the City of Oakley that CIP Project No. 151 – FY 2014/15 Street Repair and Resurfacing Project is hereby accepted as complete.

**BE IT FURTHER RESOLVED AND ORDERED**, that the City Clerk is hereby directed to file a Notice of Completion for CIP No. 151 – FY 2014/15 with the County Recorder.

**PASSED AND ADOPTED** by the City Council of the City of Oakley at a meeting held on the 10<sup>th</sup> of February, 2015 by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTENTIONS:

APPROVED:

\_\_\_\_\_  
Doug Hardcastle, Mayor

ATTEST:

\_\_\_\_\_  
Libby Vreonis, City Clerk

\_\_\_\_\_  
Date

PURSUANT TO GOVERNMENT  
CODE §6103 NO FEE IS REQUIRED  
FOR THE RECORDATION OF THIS  
DOCUMENT

**WHEN RECORDED MAIL TO:**

City Clerk  
City Of Oakley  
3231 Main Street  
Oakley, Ca 94561

**RECORDING REQUESTED BY:**

City Of Oakley  
3231 Main Street  
Oakley, Ca 94561

SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE

**NOTICE OF COMPLETION**

**CIP 151 – FY 2014/15 Street Repair and Resurfacing Project**

NOTICE IS HEREBY GIVEN THAT:

The CITY OF OAKLEY, a political subdivision of the State of California, did, on October 14, 2014, enter into an agreement with S. Miller Paving, for construction of Capital Improvement Program Project Number 151 – FY 2014/15 Street Repair and Resurfacing Project.

The work described in the contract documents was to furnish all material, labor, and equipment necessary to complete CIP No. 151 – FY 2014/15 Street Repair and Resurfacing Project. The project limits are located on Neroly Road (Empire Ave. to Brown Rd.) and Laurel Road (Rose Ave. to Marsh Creek Bridge).

On February 10, 2015 said contract, as a whole was completed and the work was accepted by the City Council of the City of Oakley.

I hereby certify under penalty of perjury that the facts set forth in the foregoing Notice of Completion are true and correct.

Executed at Oakley, Contra Costa County, State of California, on \_\_\_\_\_.

By: \_\_\_\_\_  
Libby Vreonis, City Clerk  
City of Oakley, California



## STAFF REPORT

**Date:** Tuesday, February 10, 2015  
**To:** Bryan H. Montgomery, City Manager  
**From:** Kevin Rohani, Public Works Director/City Engineer

Approved and Forwarded to City Council:

  
Bryan H. Montgomery, City Manager

**SUBJECT:** Acceptance of work associated with CIP Project No. 156 – FY 2014/15 Storm Drain Improvement Project

### Introduction

The City's adopted FY 2014/15 Capital Improvement Program (CIP) Budget designates funding for various infrastructure repair and replacement projects. This is consistent with the City's goals to improve the quality of the City's public infrastructure and to enhance the quality of life for our residents.

### Background and Analysis

The City's CIP included Project Number 156, FY 2014/15 Storm Drain Improvement Project. CIP No. 156 includes the installation of storm drain improvements along the north side of Main Street; between O'Neil Court and Seventh Street. Main Street does not have storm drain facilities in this vicinity, and consequently this area routinely floods every rainy season. The water accumulates on the north side of the road and eventually traverses to the center of the roadway. The flooding restricts access to businesses; and every year, City maintenance crews barricade this section of Main Street to warn the oncoming traffic that the area is flooded, and to proceed with caution. As a result, westbound traffic is pushed toward the eastbound lanes due to the unsafe roadway conditions.

The unusually large rain event in early December was a great test to the infiltration basins' ability to capture the water off of Main Street. They worked flawlessly and kept the water off of Main Street where it has routinely flooded for decades. This project not only alleviated a safety issue during a rain event, it also allowed the business owners access to their buildings without having to wade through deep pools of standing water.

### Summary

Early in the design phase of this project, staff met with the business owners along the north side of Main Street in an effort to inform and discuss the improvement project. Staff also met with individual property owners along the project route to discuss the details of the project and to ensure that any special property owner needs were accommodated. During these meetings, contact information was also provided so

that any issues that came up during construction could be addressed expeditiously by staff and the construction team.

The collaborative effort by the business owners and staff resulted in an improved project and minimized the inconveniences that often result from a construction project. The successful completion of this project also adds a new asset to the City of Oakley public infrastructure system.

**Fiscal Impact**

City Council approved the installation of infiltration basins with an authorized budget and contingency of \$138,330. The construction contract was successfully completed under the authorized budget for \$118,330.

Pursuant to the contract documents, 5% of the accrued costs were withheld from the amount paid to the contractor. These funds are called "retention", and are held until the end of the project to ensure that the contractor completes the project in a timely manner. Approval of this item will authorize the release of the retention payment to the contractor. The retention was already budgeted as part of the contract and change order approvals, so there is no additional fiscal impact associated with this action.

**Recommendation**

Staff recommends that the City Council Adopt the Resolution accepting CIP Project No. 156 – FY 2014/15 Storm Drain Improvement Project as constructed by D.R. Lemings Construction to be complete, and to direct the City Clerk to file a Notice of Completion for the project with the County Recorder.

**Attachments**

- 1) Resolution
- 2) Notice of Completion

RESOLUTION NO. \_\_-15

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OAKLEY ACCEPTING AS COMPLETE THE WORK PERFORMED BY D.R. LEMINGS CONSTRUCTION FOR CIP PROJECT NO. 156 – FY 2014/15 STORM DRAIN IMPROVEMENT PROJECT**

**WHEREAS**, Carroll Engineering Inc., prepared plans, special provisions, and cost estimates related to CIP Project No. 156 – FY 2014/15 Storm Drain Improvement Project; and

**WHEREAS**, on October 14, 2014, by adopting Resolution No. 89-14, the City Council awarded a construction contract to D.R. Lemings Construction for the construction of CIP No. 156 – FY 2014/15 Storm Drain Improvement Project; and

**WHEREAS**, during the life of the project no change orders were issued, and the final invoiced amount is \$118,330; and

**WHEREAS**, D.R. Lemings Construction has satisfied the contractual requirements necessary for the acceptance of CIP No. 156 as complete.

**NOW, THEREFORE, BE IT RESOLVED AND ORDERED**, by the City Council of the City of Oakley that CIP Project No. 156 – FY 2014/15 Storm Drain Improvement Project is hereby accepted as complete.

**BE IT FURTHER RESOLVED AND ORDERED**, that the City Clerk is hereby directed to file a Notice of Completion for CIP No. 156 with the County Recorder.

**PASSED AND ADOPTED** by the City Council of the City of Oakley at a meeting held on the 10<sup>th</sup> of February, 2015 by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTENTIONS:

APPROVED:

\_\_\_\_\_  
Doug Hardcastle, Mayor

ATTEST:

\_\_\_\_\_  
Libby Vreonis, City Clerk

\_\_\_\_\_  
Date

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3231 Main Street  
Oakley, Ca 94561

SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE

**NOTICE OF COMPLETION**

**CIP 156 – FY 2014/15 Storm Drain Improvement Project**

NOTICE IS HEREBY GIVEN THAT:

The CITY OF OAKLEY, a political subdivision of the State of California, did, on October 14, 2014, enter into an agreement with D.R. Lemings Construction for construction of Capital Improvement Program Project Number 156 – FY 2014/15 Storm Drain Improvement Project.

The work described in the contract documents was to furnish all material, labor, and equipment necessary to complete CIP No. 156 – FY 2014/15 Storm Drain Improvement Project. The project limits are located on Main Street from O'Neil Court to Seventh Street.

On February 10, 2015, said contract, as a whole was completed and the work was accepted by the City Council of the City of Oakley.

I hereby certify under penalty of perjury that the facts set forth in the foregoing Notice of Completion are true and correct.

Executed at Oakley, Contra Costa County, State of California, on \_\_\_\_\_.

By: \_\_\_\_\_  
Libby Vreonis, City Clerk  
City of Oakley, California



## STAFF REPORT

**Date:** February 10, 2015

**To:** Bryan Montgomery, City Manager

**From:** Kevin Rohani, Public Works Director/City Engineer

**Subject:** Subdivision Improvement Agreement for Subdivision 8985  
(Quicksilver, Clyde Miles Construction Company, Inc., 1500 W.  
Cypress Road)

Approved and Forwarded to City Council:

  
Bryan H. Montgomery, City Manager

### **Background and Analysis**

On May 14, 2007 the City Council adopted Resolution Number 60-07 which approved the Subdivision Improvement Agreement (SIA) with Clyde Miles Construction Company, Inc. (Developer) related to Subdivision 8985 (Quicksilver). The SIA included the requirements that the Developer would commence construction of the improvements for Subdivision 8985 within 30 days following the date the City executed the agreement, and that the Developer would complete the construction within 12 months. The SIA was executed on May 14, 2007 but work was never commenced due the economic downturn in 2008.

With the improved economic environment, the Developer now desires to restart the project, and since the 2007 SIA expired, they desire to execute a new SIA so that the improvements associated with the subdivision can be constructed. The site is located at 1500 W. Cypress Road on the northwest corner of W. Cypress Road and Lois Lane. A total of 11 new homes will be constructed by this Project.

### **Fiscal Impact**

There is no fiscal impact associated with this action.

### **Staff Recommendation**

Staff recommends that the City Council adopt the attached resolution authorizing the City Manager to enter into a new Subdivision Improvement Agreement with Clyde Miles Construction Company, Inc. for Subdivision 8985.

### **Attachments**

- 1) Subdivision Improvement Agreement
- 2) Resolution



**CITY OF OAKLEY  
SUBDIVISION IMPROVEMENT AGREEMENT  
SUBDIVISION 8985**

This agreement is made and entered into this 10<sup>th</sup> day of February, 2015 by and between the City of Oakley, a municipal corporation, hereinafter referred to as "CITY", and Clyde Miles Construction Company, Inc., hereinafter referred to as "DEVELOPER".

**RECITALS**

**WHEREAS**, it has been determined by the City Council of the City of Oakley, State of California, that DEVELOPER, the subdivider of Subdivision 8985, desires to improve and dedicate those public improvements (hereafter "The Improvements") required by the conditions of approval for the project as adopted by the City of Oakley Planning Commission via Resolution Number 05-06 in accordance with the requirements and conditions set forth in approvals, the requirements of the Subdivision Map Act of the State of California, and those certain plans and specifications for said development approved by CITY and titled Subdivision 8985 Grading Plans and Improvement Plans as prepared by Meridian Associates, Inc. and Landscape Plans now on file in the office of the City Engineer, which are hereby referred to for a more definite and distinct description of the work to be performed under this Agreement as though set forth at length herein; and

**WHEREAS**, DEVELOPER and CITY acknowledge that not all conditions of approval ("COA") contained in Resolution Number 05-06 have been satisfied, but nevertheless, DEVELOPER desires to file a final map. The satisfaction of all COA, including the following specific COA are the subject of this Agreement: 19, 20, 22, 25 and 26. DEVELOPER's agreement to satisfy all COA including the aforementioned COA and construct the Improvements identified in the aforementioned COA is a material part of the consideration for this Agreement; and

**WHEREAS**, DEVELOPER intends to satisfactorily complete The Improvements within the time hereinafter specified, and CITY intends to accept DEVELOPER's offer(s) of dedication of The Improvements in consideration for DEVELOPER's satisfactory performance of the terms and conditions of this Agreement:

NOW, THEREFORE, in consideration of the mutual promises, conditions and covenants herein contained, the parties agree as follows:

1. Improvements.

DEVELOPER agrees to install the road improvements (both public and private), sewer and drainage improvements, signs, street lights, fire hydrants, landscaping, and such other improvements (including appurtenant equipment) as required as conditions of approval of Tentative Map 8985 as set forth in Exhibit A to this Agreement, which is incorporated herein as if set forth at this point, or as otherwise required in the

subdivision ordinance., including without limitation all Improvements identified in the following unsatisfied COA's: 19, 20, 22, 25 and 26. In the event that any provision of this Agreement conflicts with the provisions of Exhibit A the provisions of Exhibit A shall prevail to the extent that the conflicting provision in Exhibit A requires a greater or more extensive improvement or expenditure, or to the extent that that provision extends DEVELOPER's obligations over a greater period of time than the specific provision set forth herein. Such improvements shall also be made in conformance with the City of Oakley Municipal Code and Contra Costa County Ordinance Code as adopted and enforced by the City of Oakley.

DEVELOPER will commence construction of The Improvements within 30 days following the date on which CITY executes this Agreement. DEVELOPER shall complete said work not later than 12 months following said date of execution in a good workmanlike manner, in accordance with accepted construction practices and in a manner equal or superior to the requirements of the City of Oakley Municipal Code and Contra Costa County Ordinance Code and rulings made thereunder; and where there is a conflict between the improvement plans and the City Municipal Code or County Ordinance Code, the stricter requirements shall govern. It is understood that the City of Oakley was incorporated effective July 1, 1999, and as such continues to rely on certain laws, ordinances and design standards of the County of Contra Costa. References herein to the County Code or County Ordinance Code are understood to refer to such ordinances and codes as if adopted by the City of Oakley.

Time is of the essence in this Agreement. Upon completion, DEVELOPER shall furnish CITY with a complete and reproducible set of final as-built plans of The Improvements, including any authorized modifications.

2. Estimated Cost of Improvements and Possible Future Cash Deposit.

The estimated cost of constructing The Improvements required by this Agreement as adjusted for inflation is agreed to be \$518,000 for Public Improvements and \$36,600 for Grading. Said amounts include costs and reasonable expenses and fees which may be incurred in enforcing the obligation secured.

3. Bonds Furnished.

Concurrently with the execution of this Agreement, DEVELOPER shall furnish CITY with the following security in the forms specified in Government Code sections 66499.1 and 66499.2 or in a form satisfactory to the CITY Attorney if different from said Government Code forms:

- a. Faithful Performance. Either a cash deposit, a corporate surety bond issued by a company duly and legally licensed to conduct a general surety business in the State of California, or an instrument of credit equivalent to one hundred percent (100%) of the estimate set forth in Paragraph 2 and sufficient to assure CITY that The Improvements will be satisfactorily completed. A minimum of one percent (1%) of the security shall be a cash deposit.
- b. Labor and Materials. Either a cash deposit, a corporate surety bond issued by a company duly and legally licensed to conduct a general surety business in the State of California, or an instrument of credit equivalent to fifty percent (50%) of the estimate set forth in Paragraph 2 and sufficient to assure CITY that DEVELOPER'S contractors, subcontractors, and other persons furnishing labor, materials, or equipment shall be paid therefor.
- c. If required by CITY, a cash deposit, corporate surety bond, or instrument of credit sufficient to assure CITY that the surface water drainage of the subdivision shall not interfere with the use of neighboring property, including public streets and highways.

CITY shall be the sole indemnitee named on any instrument required by this Agreement. Any instrument or deposit required herein shall conform with the provisions of Chapter 5 of the Subdivision Map Act. DEVELOPER may request that portions or all of the bonds may be substituted by other parties in the event that portions or all of the Subdivision is sold to other parties, and such substitution shall not be unreasonably withheld by CITY.

4. Prevailing Wage.

CITY has determined that construction of The Improvements falls within the definition of "public works" set forth in California Labor Code Section 1720. Subject to any amendments to Labor Code Section 1720 et seq., DEVELOPER shall comply with Labor Code Section 1720 et seq., shall comply with the provisions set forth in Exhibit B and shall ensure that any contractors and subcontractors comply with the provisions of Exhibit B. DEVELOPER shall waive, indemnify, hold harmless and defend CITY concerning any liability arising out of Labor Code Section 1720 et seq.

5. Insurance Required.

Concurrently with the execution hereof, DEVELOPER shall obtain or cause to be obtained and filed with the CITY, all insurance required in this paragraph and as set forth in Exhibit C, and such insurance shall have been approved by the Finance Director of CITY, or his designee, as to form, amount and carrier. Prior to the commencement of work under this Agreement, DEVELOPER's general contractor shall obtain or cause to be obtained and filed with the Finance Director, all insurance required under this paragraph and as set forth in Exhibit C, evidenced herein as Exhibit D, and such insurance shall have been approved by the Finance Director of CITY, as to form, amount and carrier. DEVELOPER shall not allow any contractor or subcontractor to commence work on this contract or subcontract until all insurance required for DEVELOPER and DEVELOPER's general contractor shall have been so obtained and approved. Said insurance shall be maintained in full force and effect until the completion of work under this Agreement and the final acceptance thereof by CITY. All requirements herein provided shall appear either in the body of the insurance policies or as endorsements and shall specifically bind the insurance carrier.

6. Work Performance and Guarantee.

Except as otherwise expressly provided in this Agreement, and excepting only items of routine maintenance, ordinary wear and tear and unusual abuse or neglect, DEVELOPER guarantees all work executed by DEVELOPER and/or DEVELOPER's agents, and all supplies, materials and devices of whatsoever nature incorporated in, or attached to the work, or otherwise delivered to CITY as a part of the work pursuant to the Agreement, to be free of all defects of workmanship and materials for a period of one (1) year after initial acceptance of the entire work by CITY. DEVELOPER shall repair or replace any or all such work or material, together with all or any other work or materials which may be displaced or damaged in so doing, that may prove defective in workmanship or material within said one-year guarantee period without expense or charge of any nature whatsoever to CITY. DEVELOPER further covenants and agrees that when defects in design, workmanship and materials actually appear during the one-year guarantee period, and have been corrected, the guarantee period shall automatically be extended for an additional year to insure that such defects have actually been corrected.

In the event the DEVELOPER shall fail to comply with the conditions of the foregoing guarantee within thirty (30) days time, after being notified of the defect in writing, CITY shall have the right, but shall not be obligated, to repair or obtain the repair of the defect, and DEVELOPER shall pay to CITY on demand all costs and expense of such repair. Notwithstanding anything herein to the contrary, in the event that any defect in workmanship or material covered by the foregoing guarantee results in a condition which constitutes an immediate hazard to the public health, safety, or welfare, CITY shall have the right to immediately repair, or cause to be repaired, such defect, and DEVELOPER shall pay to CITY on demand all costs and expense of such repair.

The foregoing statement relating to hazards to health and safety shall be deemed to include either temporary or permanent repairs which may be required as determined in the sole discretion and judgment of CITY.

If CITY, at its sole option, makes or causes to be made the necessary repairs or replacements or performs the necessary work, DEVELOPER shall pay, in addition to actual costs and expenses of such repair or work, fifty percent (50%) of such costs and expenses for overhead and interest at the maximum rate of interest permitted by law accruing thirty (30) days from the date of billing for such work or repairs.

7. Inspection of the Work.

DEVELOPER shall guarantee free access to CITY through its City Engineer and his designated representative for the safe and convenient inspection of the work throughout its construction. Said CITY representative shall have the authority to reject all materials and workmanship which are not in accordance with the plans and specifications, and all such materials and or work shall be removed promptly by DEVELOPER and replaced to the satisfaction of CITY without any expense to CITY in strict accordance with the improvement plans and specifications.

8. Agreement Assignment.

This Agreement shall not be assigned by DEVELOPER without the written consent of CITY.

9. Abandonment of Work.

Neither DEVELOPER nor any of DEVELOPER's agents or contractors are or shall be considered to be agents of CITY in connection with the performance of DEVELOPER's obligations under this Agreement.

If DEVELOPER refuses or fails to obtain prosecution of the work, or any severable part thereof, with such diligence as will insure its completion within the time specified, or any extension thereof, or fails to obtain completion of said work within such time, or if DEVELOPER should be adjudged as bankrupt, or should make a general assignment for the benefit of DEVELOPER's creditors, or if a receiver should be appointed, or if DEVELOPER, or any of DEVELOPER's contractors, subcontractors, agents or employees should violate any of the provisions of this Agreement, the CITY through its Public Works Director may serve written notice on DEVELOPER and DEVELOPER's surety or holder of other security of breach of this Agreement, or of any portion, thereof, and default of DEVELOPER.

In the event of any such notice of breach of this Agreement, DEVELOPER's surety shall have the duty to take over and complete The Improvements herein specified; provided, however, that if the surety, within thirty (30) days after the serving upon it of such notice of breach, does not give CITY written notice of its intention to take

over the performance of the contract, and does not commence performance thereof within thirty (30) days after notice to CITY of such election, CITY may take over the work and prosecute the same to completion, by contract or by any other method CITY may deem advisable, for the account and at the expense of DEVELOPER and DEVELOPER's surety shall be liable to CITY for any damages and/or reasonable and documented excess costs occasioned by CITY thereby; and, in such event, CITY, without liability for so doing, may take possession of, and utilize in completing the work, such materials, appliances, plant and other property belonging to DEVELOPER as may be on the site of the work and necessary therefor.

All notices herein required shall be in writing, and delivered in person or sent by registered mail, postage prepaid.

Notices required to be given to CITY shall be addressed as follows:

City Manager and City Engineer  
City of Oakley  
3231 Main Street  
Oakley, CA 94561

Notices required to be given to DEVELOPER shall be addressed as follows:

Clyde Miles Construction Company, Inc.  
970 Garcia Avenue, Suite C  
Pittsburg, CA 94565

Notices required to be given surety of DEVELOPER shall be addressed as follows:

RSD Insurance Brokers  
10100 Trinity Parkway, Suite 300  
Stockton, CA 95219

Any party or the surety may change such address by notice in writing to the other party and thereafter notices shall be addressed and transmitted to the new address.

Concurrently with the execution of this Agreement, DEVELOPER has executed and has caused to be acknowledged an abstract of this Agreement. DEVELOPER agrees CITY may record said abstract in the Official Records of Contra Costa County.

10. Use of Streets or Improvements.

At all times prior to the final acceptance of the work by CITY, the use of any or all streets and improvements within the work to be performed under this Agreement shall be at the sole and exclusive risk of DEVELOPER. The issuance of any building or occupancy permit by CITY for dwellings located within the tract shall not be construed in any manner to constitute a partial or final acceptance or approval of any or all such improvements by CITY. DEVELOPER agrees that CITY's Building Official may withhold

the issuance of building or occupancy permits when the work or its progress may substantially and/or detrimentally affect public health and safety.

11. Safety Devices.

DEVELOPER shall provide and maintain such guards, watchmen, fences, barriers, regulatory signs, warning lights, and other safety devices adjacent to and on the tract site as may be necessary to prevent accidents to the public and damage to the property. DEVELOPER shall furnish, place, and maintain such lights as may be necessary for illuminating the said fences, barriers, signs, and other safety devices. At the end of all work to be performed under this Agreement, all fences, barriers, regulatory signs, warning lights, and other safety devices (except such safety items as may be shown on the plans and included in the items of work) shall be removed from site of the work by the DEVELOPER, and the entire site left clean and orderly.

12. Acceptance of Work.

Upon notice of the completion of the work covered by this agreement and the delivery of a set of final as-built plans to CITY by DEVELOPER, CITY, through its City Engineer or his designated representative, shall examine the work without delay, and, if found to be in accordance with said plans and specifications and this Agreement, shall recommend acceptance of the work to the City Council and, upon such acceptance, shall notify DEVELOPER or his designated agents of such acceptance. CITY reserves the right to not accept the work until all construction activities, including those related to building construction, within the project boundaries has been completed.

13. Patent and Copyright Costs.

In the event that said plans and specifications require the use of any material, process or publication which is subject to a duly registered patent or copyright, DEVELOPER shall be liable for, and shall indemnify CITY from any fees, costs or litigation expenses, including attorneys' fees and court costs, which may result from the use of said patented or copyrighted material, process or publication.

14. Alterations in Plans and Specifications.

Any alteration or alterations made in the plans and specifications which are a part of this Agreement or any provision of this Agreement shall not operate to release any surety or sureties from liability on any bond or bonds attached hereto and made a part hereof, and consent to make such alterations is hereby given, and the sureties to said bonds hereby waive the provisions of Section 2819 of the Civil Code of the State of California.

15. Liability.

- a. DEVELOPER Primarily Liable. DEVELOPER hereby warrants that the design and construction of The Improvements will not adversely affect any portion of adjacent properties and that all work will be performed in a proper manner. DEVELOPER agrees to indemnify, defend, release, and hold harmless CITY, and each of its elective and appointive boards, commissions, officers agents and employees, from and against any and all loss, claims, suits, liabilities, actions, damages, or causes of action of every kind, nature and description, directly or indirectly arising from an act or omission of DEVELOPER, its employees, agents, or independent contractors in connection with DEVELOPER'S actions and obligations hereunder; provided as follows:
1. That CITY does not, and shall not, waive any rights against DEVELOPER which it may have by reason of the aforesaid hold harmless agreement, because of the acceptance by CITY, or the deposit with CITY by DEVELOPER, of any of the insurance policies described in Paragraph 4 hereof.
  2. That the aforesaid hold harmless agreement by DEVELOPER shall apply to all damages and claims for damages of every kind suffered, or alleged to have been suffered, by reason of any of the aforesaid operations referred to in this paragraph, regardless of whether or not CITY has prepared, supplied, or approved of plans and/or specifications for the subdivision, or regardless of whether or not such insurance policies shall have been determined to be applicable to any of such damages or claims for damages.
- b. Design Defect. If, in the opinion of the CITY, a design defect in the work of improvement becomes apparent during the course of construction, or within one (1) year following acceptance by the CITY of the improvements, and said design defect, in the opinion of the CITY, may substantially impair the public health and safety, DEVELOPER shall, upon order by the CITY, correct said design defect at his sole cost and expense, and the sureties under the Faithful Performance and Labor and Materials Bonds shall be liable to the CITY for the corrective work required.
- c. Litigation Expenses. In the event that legal action is instituted by either party to this Agreement, and said action seeks damages for breach of this Agreement or seeks to specifically enforce the terms of this Agreement, and, in the event judgment is entered in said action, the prevailing party



shall be entitled to recover its attorneys' fees and court costs. If CITY is the prevailing party, CITY shall also be entitled to recover its attorney's fees and costs in any action against DEVELOPER's surety on the bonds provided under paragraph 3.

16. Recitals.

The foregoing Recitals are true and correct and are made a part hereof.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement in duplicate at Oakley, California, the day and year first above written.

**CITY OF OAKLEY**

**DEVELOPER**

By: \_\_\_\_\_  
Bryan H. Montgomery  
City Manager

\_\_\_\_\_  
Clyde E. Miles, President

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Derek P. Cole  
City Attorney

**ATTEST:**

\_\_\_\_\_  
Libby Vreonis, City Clerk

- Exhibits:      Exhibit A – City of Oakley, Planning Commission, Resolution 05-06
- Exhibit B – Prevailing Wage
- Exhibit C - Insurance Requirements
- Exhibit D - Verification of Required Insurance

**EXHIBIT A**  
**(RESOLUTION 05-06)**

## EXHIBIT B

### PROVISIONS REQUIRED FOR PUBLIC WORKS PROJECTS PURSUANT TO CALIFORNIA LABOR CODE SECTION 1720 ET SEQ.

The Developer will ensure that any contract issued by the Developer or any privities of the Developer concerning the Improvements includes, and requires the parties to such contract to comply with, all applicable provisions contained in this Exhibit A and any other applicable requirements contained in California Labor Code Section 1720 and following.

#### HOURS OF WORK:

- A. In accordance with California Labor Code Section 1810, eight (8) hours of labor in performance of the Services shall constitute a legal day's work under this Agreement.
- B. In accordance with California Labor Code Section 1811, the time of service of any worker employed in construction of the Improvements is limited to eight hours during any one calendar day, and forty hours during any one calendar week, except in accordance with California Labor Code Section 1815; which provides that work in excess of eight hours during any one calendar day and forty hours during any one calendar week is permitted upon compensation for all hours worked in excess of eight hours during any one calendar day and forty hours during any one calendar week at not less than one-and-one-half times the basic rate of pay.
- C. The Developer and its contractors and subcontractors shall forfeit as a penalty to the City \$25 for each worker employed in the construction of the Improvements for each calendar day during which the worker is required or permitted to work more than eight (8) hours in any one calendar day, or more than forty (40) hours in any one calendar week, in violation of the provisions of California Labor Code Section 1810 and following.

#### WAGES:

- A. In accordance with California Labor Code Section 1773.2, the City has determined the general prevailing wages in the locality in which the Improvements are to be constructed for each craft or type of work needed to be as published by the State of California Department of Industrial Relations, Division of Labor Statistics and Research, a copy of which is on file in the City Engineer's office and shall be made available on request. The Developer, and contractors and subcontractors engaged in the construction of the Improvements shall pay no less than

these rates to all persons engaged in construction of the Improvements.

B. In accordance with Labor Code Section 1775, the Developer and any contractors and subcontractors engaged in construction of the Improvements shall comply with Labor Code Section 1775 which establishes a penalty of up to \$50 per day for each worker engaged in the construction of the Improvements who the Developer or any contractor or subcontractor pays less than the specified prevailing wage. The amount of such penalty shall be determined by the Labor Commissioner and shall be based on consideration of the mistake, inadvertence, or neglect of the Developer, contractor or subcontractor in failing to pay the correct rate of prevailing wages, or the previous record of the Developer, contractor or subcontractor in meeting applicable prevailing wage obligations, or the willful failure by the Developer, contractor or subcontractor to pay the correct rates of prevailing wages. A mistake, inadvertence, or neglect in failing to pay the correct rate of prevailing wages is not excusable if the Developer, contractor or subcontractor had knowledge of their obligations under the California Labor Code. The Developer, contractor or subcontractor shall pay the difference between the prevailing wage rates and the amount paid to each worker for each calendar day or portion thereof for which each worker was paid less than the prevailing wage rate. If a subcontractor worker engaged in construction of the Improvements is not paid the general prevailing per diem wages by the subcontractor, subject to applicable law, the prime contractor is not liable for any penalties therefore unless the prime contractor had knowledge of that failure or unless the prime contractor fails to comply with all of the following requirements:

1. Any agreement executed between the Developer and a contractor or a contractor and a subcontractor for the construction of part of the Improvements shall include a copy of the provisions of California Labor Code Sections 1771, 1775, 1776, 1777.5, 1813, and 1815.
2. The contractor shall monitor payment of the specified general prevailing rate of per diem wages by the subcontractor by periodic review of any subcontractor's certified payroll records.
3. Upon becoming aware of a subcontractor's failure to pay the specified prevailing rate of wages, the contractor shall diligently take corrective action to halt or rectify the failure, including, but not limited to, retaining sufficient funds due the subcontractor for construction of the Improvements.
4. Prior to making final payment to the subcontractor, the contractor shall obtain an affidavit signed under penalty of perjury from the subcontractor that the subcontractor has paid the specified general

prevailing rate of per diem wages employees engaged in the construction of the Improvements and any amounts due pursuant to California Labor Code Section 1813.

- C. In accordance with California Labor Code Section 1776, the Developer and each contractor and subcontractor engaged in construction of the Improvements, shall keep accurate payroll records showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker, or other employee employed in construction of the Improvements. Each payroll record shall contain or be verified by a written declaration that it is made under penalty of perjury, stating both of the following:
1. The information contained in the payroll record is true and correct.
  2. The employer has complied with the requirements of Sections 1771, 1811, and 1815 for any services performed by the employer's employees on the public works project.

The payroll records required pursuant to California Labor Code Section 1776 shall be certified and shall be available for inspection by the City and its authorized representatives, the Division of Labor Standards Enforcement, the Division of Apprenticeship Standards of the Department of Industrial Relations and shall otherwise be available for inspection in accordance with California Labor Code Section 1776.

- D. In accordance with California Labor Code Section 1777.5, the prime contractor, on behalf of the Developer and any contractors or subcontractors engaged in construction of the Improvements, shall be responsible for ensuring compliance with California Labor Code Section 1777.5 governing employment and payment of apprentices on public works contracts.
- E. In case it becomes necessary for the Developer or any contractor or subcontractor engaged in construction of the Improvements to employ on the construction of the Improvements any person in a trade or occupation (except executive, supervisory, administrative, clerical, or other non manual workers as such) for which no minimum wage rate has been determined by the Director of the Department of Industrial Relations, the Developer, contractor or subcontractor shall pay the minimum rate of wages specified therein for the classification which most nearly corresponds to services to be performed by that person. The minimum rate thus furnished shall be applicable as a minimum for such trade or occupation from the time of the initial employment of the person affected and during the continuance of such employment.

## EXHIBIT C

### INSURANCE REQUIREMENTS

#### CONSTRUCTION CONTRACTS

#### MINIMUM SCOPE AND LIMIT OF INSURANCE

Coverage shall be at least as broad as:

1. **Commercial General Liability (CGL):** Insurance Services Office Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than **\$5,000,000** per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit (i.e., \$10,000,000)
2. **Automobile Liability:** Insurance Services Office Form Number CA 0001 covering Code 1 (any auto), with limits no less than **\$5,000,000** per accident for bodily injury and property damage.
3. **Workers' Compensation** insurance as required by the State of California, with Statutory Limits, and Employers' Liability insurance with a limit of no less than \$1,000,000 per accident for bodily injury or disease.
4. **Builder's Risk** (Course of Construction) insurance utilizing an "All Risk" (Special Perils) coverage form, with limits equal to the completed value of the project and no coinsurance penalty provisions.
5. **Surety Bonds** as described below.
6. **Professional Liability** (if Design/Build), with limits no less than \$1,000,000 per occurrence or claim, and \$2,000,000 policy aggregate.
7. **Contractors' Pollution Legal Liability** and/or Asbestos Legal Liability and/or Errors and Omissions (if project involves environmental hazards) with limits no less than \$1,000,000 per occurrence or claim, and \$2,000,000 policy aggregate.

If the contractor maintains higher limits than the minimums shown above, the City requires and shall be entitled to coverage for the higher limits maintained by the contractor. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City.

Contractor shall procure and maintain for the duration of the contract, and if Contractor has a claims-made policy, Contractor shall maintain for two years thereafter, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Contractor, its agents, representatives, employees or subcontractors.

#### ***Deductibles and Self-Insured Retentions***

Any deductibles or self-insured retentions must be declared to and approved by the City. At the option of the City, either: the contractor shall cause the insurer to reduce or eliminate such deductibles or self-insured retentions as respects the City, its officers, officials, employees, and volunteers; or the Contractor shall provide a financial guarantee satisfactory to the City guaranteeing payment of losses and related investigations, claim administration, and defense expenses.

### ***Other Insurance Provisions***

The insurance policies are to contain, or be endorsed to contain, the following provisions:

1. **The City, its officers, officials, employees, and volunteers are to be covered as additional insureds** on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts, or equipment furnished in connection with such work or operations and automobiles owned, leased, hired, or borrowed by or on behalf of the Contractor. General liability coverage can be provided in the form of an endorsement to the Contractor's insurance (at least as broad as ISO Form CG 20 10 11 85 or both CG 20 10 10 01 and CG 20 37 10 01 forms if later revisions used).
2. For any claims related to this project, the **Contractor's insurance coverage shall be primary** insurance as respects the City, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees, or volunteers shall be in excess of the Contractor's insurance and shall not contribute with it.
3. Each insurance policy required by this clause shall provide notice will be provided to City in the event that the policy is terminated. Contractor shall immediately notify City of any insurance cancellation or termination and shall provide replacement insurance policy documentation to the City.

### ***Builder's Risk (Course of Construction) Insurance***

Contractor may submit evidence of Builder's Risk insurance in the form of Course of Construction coverage. Such coverage shall **name the City as a loss payee** as their interest may appear.

If the project does not involve new or major reconstruction, at the option of the City, an Installation Floater may be acceptable. For such projects, a Property Installation Floater shall be obtained that provides for the improvement, remodel, modification, alteration, conversion or adjustment to existing buildings, structures, processes, machinery and equipment. The Property Installation Floater shall provide property damage coverage for any building, structure, machinery or equipment damaged, impaired, broken, or destroyed during the performance of the Work, including during transit, installation, and testing at the City's site.

### ***Claims Made Policies***

If any coverage required is written on a claims-made coverage form:

1. The retroactive date must be shown, and this date must be before the execution date of the contract or the beginning of contract work.
2. Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of contract work.
3. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the contract effective, or start of work date, the Contractor must purchase extended reporting period coverage for a minimum of five (5) years after completion of contract work.
4. A copy of the claims reporting requirements must be submitted to the City for review.
5. If the services involve lead-based paint or asbestos identification/remediation, the Contractors Pollution Liability policy shall not contain lead-based paint or asbestos exclusions. If the services involve mold identification/remediation, the Contractors Pollution Liability policy shall not contain a mold exclusion, and the definition of Pollution shall include microbial matter, including mold.



### ***Acceptability of Insurers***

Insurance is to be placed with insurers with a current A.M. Best rating of no less than A:VII, unless otherwise acceptable to the City.

### ***Waiver of Subrogation***

**Contractor hereby agrees to waive rights of subrogation which any insurer of Contractor may acquire** from Contractor by virtue of the payment of any loss. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation. **Worker's Compensation policies shall be endorsed with a waiver of subrogation** in favor of the City for all work performed by the Contractor, its employees, agents and subcontractors.

### ***Verification of Coverage***

Contractor shall furnish the City with original certificates and amendatory endorsements, or copies of the applicable insurance language, effecting coverage required by this contract. All certificates and endorsements are to be received and approved by the City before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Contractor's obligation to provide them. The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements, required by these specifications, at any time.

### ***Subcontractors***

Contractor shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Contractor shall ensure that City is an additional insured on insurance required from subcontractors. For CGL coverage subcontractors shall provide coverage with a format least as broad as CG 20 10 10 01 and CG 20 37 10 01.

### ***Surety Bonds***

Contractor shall provide the following Surety Bonds:

1. Bid bond
2. Performance bond
3. Payment bond
4. Maintenance bond

The Payment Bond and the Performance Bond shall be in a sum equal to the contract price. If the Performance Bond provides for a one-year warranty a separate Maintenance Bond is not necessary. If the warranty period specified in the contract is for longer than one year a Maintenance Bond equal to 10% of the contract price is required. Bonds shall be duly executed by a responsible corporate surety, authorized to issue such bonds in the State of California and secured through an authorized agent with an office in California.

### ***Special Risks or Circumstances***

City reserves right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other circumstances.

**EXHIBIT D**  
**VERIFICATION OF INSURANCE**

**RESOLUTION NO. XX-15**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OAKLEY  
AUTHORIZING THE CITY MANAGER TO EXECUTE A SUBDIVISION  
IMPROVEMENT AGREEMENT WITH  
CLYDE MILES CONSTRUCTION COMPANY, INC. FOR  
SUBDIVISION 8985**

**WHEREAS**, on May 14<sup>th</sup>, 2007 the City of Oakley adopted Resolution 60-07 approving the Subdivision Improvement Agreement with Clyde Miles Construction Company, Inc. related to Subdivision 8985 (Quicksilver); and

**WHEREAS**, due to poor economic conditions at the time, construction never commenced and the Subdivision Improvement Agreement expired; and

**WHEREAS**, with the improvement of the economy Clyde Miles Construction Company, Inc. now desires to restart the project and to execute a new Subdivision Improvement Agreement with the City of Oakley; and

**WHEREAS**, this agreement will require the developer to complete approximately \$554,600.00 in public improvements in accordance with the project conditions of approval and City standard construction design; and

**NOW, THEREFORE, BE IT RESOLVED AND ORDERED**, by the City Council of the City of Oakley that the new Subdivision Improvement Agreement with Clyde Miles Construction Company, Inc. is hereby approved and the City Manager is hereby authorized to execute the Subdivision Improvement Agreement for the development of Subdivision 8985, subject to review and approval by the City Attorney.

**BE IT FURTHER RESOLVED AND ORDERED** that a copy of the Subdivision Improvement Agreement is available and on file in the City Clerk's office and is incorporated herein by reference and made part of this resolution.

**PASSED AND ADOPTED** by the City Council of the City of Oakley at a meeting held on the 10<sup>th</sup> of February, 2015 by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

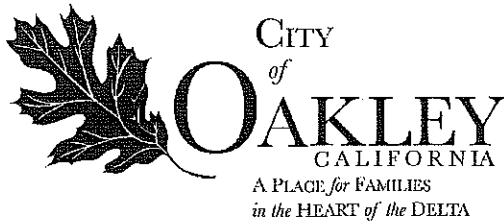
APPROVED:

ATTEST:

\_\_\_\_\_  
Doug Hardcastle, Mayor

\_\_\_\_\_  
Libby Vreonis, City Clerk

\_\_\_\_\_  
Date



## STAFF REPORT

**Date:** February 10, 2015

**To:** Bryan Montgomery, City Manager

**From:** Kevin Rohani, Public Works Director/City Engineer

**Subject:** Parcel Map for Minor Subdivision MS 14-979 (City of Oakley, Southeast corner of Empire Avenue & Neroly Road)

Approved and Forwarded to City Council:

  
Bryan H. Montgomery, City Manager

### **Background and Analysis**

In 2011, the City purchased two parcels consisting of nearly 7 acres at the southeast corner of Empire Avenue and Neroly Road. These parcels had been mapped with the development of the Diamond Hills Sports Club project in 2007. In October of 2014, the City entered into an agreement with Glenn and Robbin Moffatt to sell a portion of one of the parcels for a proposed retail building. The portion to be sold consists of approximately 6,000 square feet from the existing 4.6 acre parcel. Once City Council approves the Parcel Map for MS 14-979, the parcel map can be recorded and the sale of the 6,000 square foot parcel can be completed.

On February 2, 2015 the Zoning Administrator (ZA) of the City of Oakley issued ZA Order No. 15-01 which approved the tentative map for Minor Subdivision MS 14-979 at the southeast corner of Empire Avenue and Neroly Road, and includes two proposed parcels.

There are no public improvements to be constructed associated with this parcel map since all improvements were constructed previously with the sports club project.

The City Engineer and City Surveyor have reviewed the tentative map and the parcel map, and have found the parcel map to be technically correct and in substantial compliance with the approved tentative map.

### **Fiscal Impact**

There is no fiscal impact associated with this action.

### **Staff Recommendation**

Staff recommends that the City Council adopt the attached resolution approving the Parcel Map entitled "PARCEL MAP MS 14-979".

**Attachments**

- 1) Resolution for Parcel Map
- 2) Reduction of MS 14-979 Parcel Map
- 3) ZA Order No. 15-01

**RESOLUTION NO. XX-15**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OAKLEY  
CALIFORNIA, APPROVING THE PARCEL MAP TITLED  
"PARCEL MAP MS 14-979" LOCATED AT THE SOUTHEAST CORNER OF  
EMPIRE AVENUE AND NEROLY ROAD**

**WHEREAS**, on February 2, 2015 the Zoning Administrator of the City of Oakley issued ZA Order No. 15-01 which approved the tentative map for Minor Subdivision MS 14-979 at the southeast corner of Empire Avenue and Neroly Road and includes two proposed parcels.

**WHEREAS**, the City Engineer has determined that the final parcel map is in substantial compliance with the approved tentative parcel map; and

**WHEREAS**, the City Surveyor has determined that the map is technically correct.

**NOW, THEREFORE, BE IT RESOLVED AND ORDERED**, by the City Council of the City of Oakley that the parcel map labeled "Parcel Map, MS 14-979", as prepared by BKF Engineers be and hereby is approved.

**PASSED AND ADOPTED** by the City Council of the City of Oakley at a meeting held on the 10<sup>th</sup> of February, 2015 by the following vote:

AYES:  
NOES:  
ABSTENTIONS:  
ABSENT:

APPROVED:

ATTEST:

\_\_\_\_\_  
Doug Hardcastle, Mayor

\_\_\_\_\_  
Libby Vreonis, City Clerk

\_\_\_\_\_  
Date

OWNER'S STATEMENT

THE UNDERSIGNED, BEING THE ONLY PARTY HAVING A RECORD TITLE INTEREST IN THE LANDS DELINEATED WITHIN THE HEAVY BLACK LINES UPON THIS MAP, DOES HEREBY CONSENT TO THE PREPARATION AND RECORDATION OF THE SAME.

THE CITY OF OAKLEY, A MUNICIPAL CORPORATION

BY: \_\_\_\_\_ NAME:

ITS:

OWNER ACKNOWLEDGMENT

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ )

ON \_\_\_\_\_ 20\_\_\_\_, BEFORE ME, \_\_\_\_\_ A NOTARY PUBLIC,

PERSONALLY APPEARED \_\_\_\_\_ WHO PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE TO BE THE PERSON(S) WHOSE NAME(S) IS/ARE SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE/SHE/THEY EXECUTED THE SAME IN HIS/HER/THEIR AUTHORIZED CAPACITY(IES), AND THAT BY HIS/HER/THEIR SIGNATURE(S) ON THE INSTRUMENT THE PERSON(S), OR THE ENTRY UPON BEHALF OF WHICH THE PERSON(S) ACTED, EXECUTED THE INSTRUMENT.

I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING PARAGRAPH IS TRUE AND CORRECT.

WITNESS MY HAND.

NOTARY'S SIGNATURE: \_\_\_\_\_

PRINTED NAME: \_\_\_\_\_

COUNTY OF PRINCIPAL PLACE OF BUSINESS: \_\_\_\_\_

COMMISSION No.: \_\_\_\_\_

COMMISSION EXPIRATION DATE: \_\_\_\_\_

A NOTARY PUBLIC OR OTHER OFFICER COMPLETING THIS CERTIFICATE VERIFIES ONLY THE IDENTITY OF THE INDIVIDUAL WHO SIGNED THE DOCUMENT TO WHICH THIS CERTIFICATE IS ATTACHED, AND NOT THE TRUTHFULNESS, ACCURACY, OR VALIDITY OF THAT DOCUMENT

PARCEL MAP  
SUBDIVISION MS 14-979

CONSISTING OF 2 SHEETS

BEING A SUBDIVISION OF PARCEL 2, AS SHOWN ON SUBDIVISION MS 07-976, FILED FOR RECORD ON NOVEMBER 14, 2007 IN BOOK 201 OF PARCEL MAPS AT PAGE 28, CONTRA COSTA COUNTY RECORDS

LYING ENTIRELY WITHIN THE CITY OF OAKLEY, CONTRA COSTA COUNTY, CALIFORNIA

DATE: JANUARY 2015



SURVEYOR'S STATEMENT

THIS MAP WAS PREPARED UNDER MY DIRECTION AND IS BASED UPON A FIELD SURVEY IN CONFORMANCE WITH THE REQUIREMENTS OF THE SUBDIVISION MAP ACT AND LOCAL ORDINANCE AT THE REQUEST OF THE CITY OF OAKLEY, A MUNICIPAL CORPORATION ON JANUARY 2015. I HEREBY STATE THAT ALL THE MONUMENTS ARE OF THE CHARACTER AND OCCUPY THE POSITIONS INDICATED, AND THAT THE MONUMENTS ARE OR WILL BE SUFFICIENT TO ENABLE THE SURVEY TO BE RETRACTED, AND FURTHER STATE THAT THIS SUBDIVISION ENTITLED "SUBDIVISION MS 14-979" IS A SUBDIVISION CONTAINING 4.618 ACRES, MORE OR LESS.

DAVIS THRESH  
P.L.S. NO. 8868  
LIC. EXP. 9-30-2016

DATE: \_\_\_\_\_



CITY ENGINEER'S STATEMENT

I, KOUROSH ROHANI, CITY ENGINEER OF THE CITY OF OAKLEY, DO HEREBY STATE THAT I HAVE EXAMINED THIS MAP ENTITLED "PARCEL MAP MS 14-979" THAT SAID PARCEL MAP AS SHOWN IS IN SUBSTANTIAL CONFORMANCE WITH THE TENTATIVE MAP IF ANY, AND ANY APPROVED ALTERATION THEREOF; AND THAT ALL PROVISIONS OF STATE LAW AND LOCAL ORDINANCES WHICH GOVERNED THE FILING OF SUBDIVISION MAP AT THE TIME OF SAID TENTATIVE PARCEL MAP, IF REQUIRED, WAS APPROVED HAVE BEEN COMPLIED WITH.

KOUROSH ROHANI, R.C.E. NO. 81138  
CITY ENGINEER, CITY OF OAKLEY  
CONTRA COSTA COUNTY, CALIFORNIA  
REG. EXPIRES SEPTEMBER 30, 2015

DATE: \_\_\_\_\_

CITY SURVEYOR'S STATEMENT

I, FRANCIS JOSEPH KENNEDY, CITY SURVEYOR OF THE CITY OF OAKLEY, DO HEREBY STATE THAT I HAVE EXAMINED THIS MAP ENTITLED "SUBDIVISION MS 14-979" AND I AM SATISFIED THAT SAID MAP IS TECHNICALLY CORRECT.

DATE: \_\_\_\_\_

FRANCIS JOSEPH KENNEDY  
CITY SURVEYOR, CITY OF OAKLEY, CONTRA COSTA COUNTY, STATE OF CALIFORNIA  
R.C.E. NO. 21771  
EXPIRATION DATE 9-30-2015

CITY CLERK'S STATEMENT

I, LIBBY VREONIS, CITY CLERK AND CLERK OF THE COUNCIL OF THE CITY OF OAKLEY, DO HEREBY CERTIFY THAT THE HEREIN EMBODIED PARCEL MAP ENTITLED "SUBDIVISION MS 14-979", CONSISTING OF TWO (2) SHEETS, THIS STATEMENT BEING ON SHEET ONE (1) THEREOF, WAS PRESENTED TO THE CITY COUNCIL, AS PROVIDED BY LAW, AT A REGULAR MEETING THEREOF HELD ON THE \_\_\_\_\_ DAY OF \_\_\_\_\_ 20\_\_\_\_, AND THAT SAID COUNCIL DID THEREUPON BY RESOLUTION NUMBER \_\_\_\_\_ PASSED AND ADOPTED AT SAID MEETING, APPROVE SAID MAP AND DO ACCEPT, SUBJECT TO IMPROVEMENT SHOWN THEREON AS DEDICATED TO PUBLIC USE

IN WITNESS WHEREOF, I HAVE HEREUNTO SET MY HAND THIS \_\_\_\_\_ DAY OF \_\_\_\_\_ 20\_\_\_\_

LIBBY VREONIS  
CITY CLERK AND CLERK OF THE COUNCIL OF THE CITY OF OAKLEY  
CONTRA COSTA COUNTY  
STATE OF CALIFORNIA

CLERK OF THE BOARD OF SUPERVISOR'S CERTIFICATE

I STATE, AS CHECKED BELOW, THAT

( ) A TAX BOND ASSURING PAYMENT OF ALL TAXES WHICH ARE NOW A LIEN, BUT NOT YET PAYABLE, HAS BEEN RECEIVED AND FILED WITH THE BOARD OF SUPERVISORS OF CONTRA COSTA COUNTY, STATE OF CALIFORNIA.

( ) ALL TAXES DUE HAVE BEEN PAID, AS CERTIFIED BY THE COUNTY REDEMPTION OFFICER.

DATED: \_\_\_\_\_

DAVID J. TWA  
CLERK OF THE BOARD OF SUPERVISORS  
AND COUNTY ADMINISTRATOR OF CONTRA COSTA COUNTY, STATE OF CALIFORNIA

BY: \_\_\_\_\_

DEPUTY CLERK

PRINT NAME

COUNTY RECORDER'S STATEMENT

THE PARCEL MAP ENTITLED "SUBDIVISION MS 14-979" IS HEREBY ACCEPTED FOR RECORDATION, SHOWING A CLEAR TITLE AS PER LETTER OF TITLE WRITTEN BY OLD REPUBLIC TITLE COMPANY, DATED THE \_\_\_\_\_ DAY OF \_\_\_\_\_ 20\_\_\_\_ AND AFTER EXAMINING THE SAME, I DEEM THAT SAID MAP COMPLIES IN ALL RESPECTS WITH THE PROVISIONS OF STATE LAWS AND LOCAL ORDINANCES GOVERNING THE FILING OF SUBDIVISION MAPS.

FILED AT THE REQUEST OF OLD REPUBLIC TITLE COMPANY AT \_\_\_\_\_ M. ON THIS \_\_\_\_\_ DAY OF \_\_\_\_\_ 20\_\_\_\_ IN BOOK \_\_\_\_\_ OF MAPS AT PAGE(S) \_\_\_\_\_ AND \_\_\_\_\_ IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA.

JOSEPH E. CANCEMI  
COUNTY RECORDER IN AND FOR THE COUNTY OF CONTRA COSTA  
STATE OF CALIFORNIA

BY: \_\_\_\_\_

DEPUTY COUNTY RECORDER

PRINT NAME

# PARCEL MAP

## SUBDIVISION MS 14-979

CONSISTING OF 2 SHEETS

BEING A SUBDIVISION OF PARCEL 2, AS SHOWN ON  
SUBDIVISION MS 07-976, FILED FOR RECORD ON NOVEMBER 14,  
2007 IN BOOK 201 OF PARCEL MAPS AT PAGE 28,  
CONTRA COSTA COUNTY RECORDS

LYING ENTIRELY WITHIN THE  
CITY OF OAKLEY, CONTRA COSTA COUNTY, CALIFORNIA

SCALE 1" = 60' DATE: JANUARY 2015



### BASIS OF BEARINGS

THE BEARING N89°22'35"W OF THE CENTER LINE OF NEROLY ROAD, BETWEEN FOUND MONUMENTS, AS SHOWN ON PARCEL MAP SUBDIVISION MS 07-976, FILED FOR RECORD ON NOVEMBER 14, 2007 IN BOOK 201 OF MAPS AT PAGE 28, RECORDS OF CONTRA COSTA COUNTY, WAS TAKEN AS THE BASIS OF BEARINGS FOR THIS SURVEY.

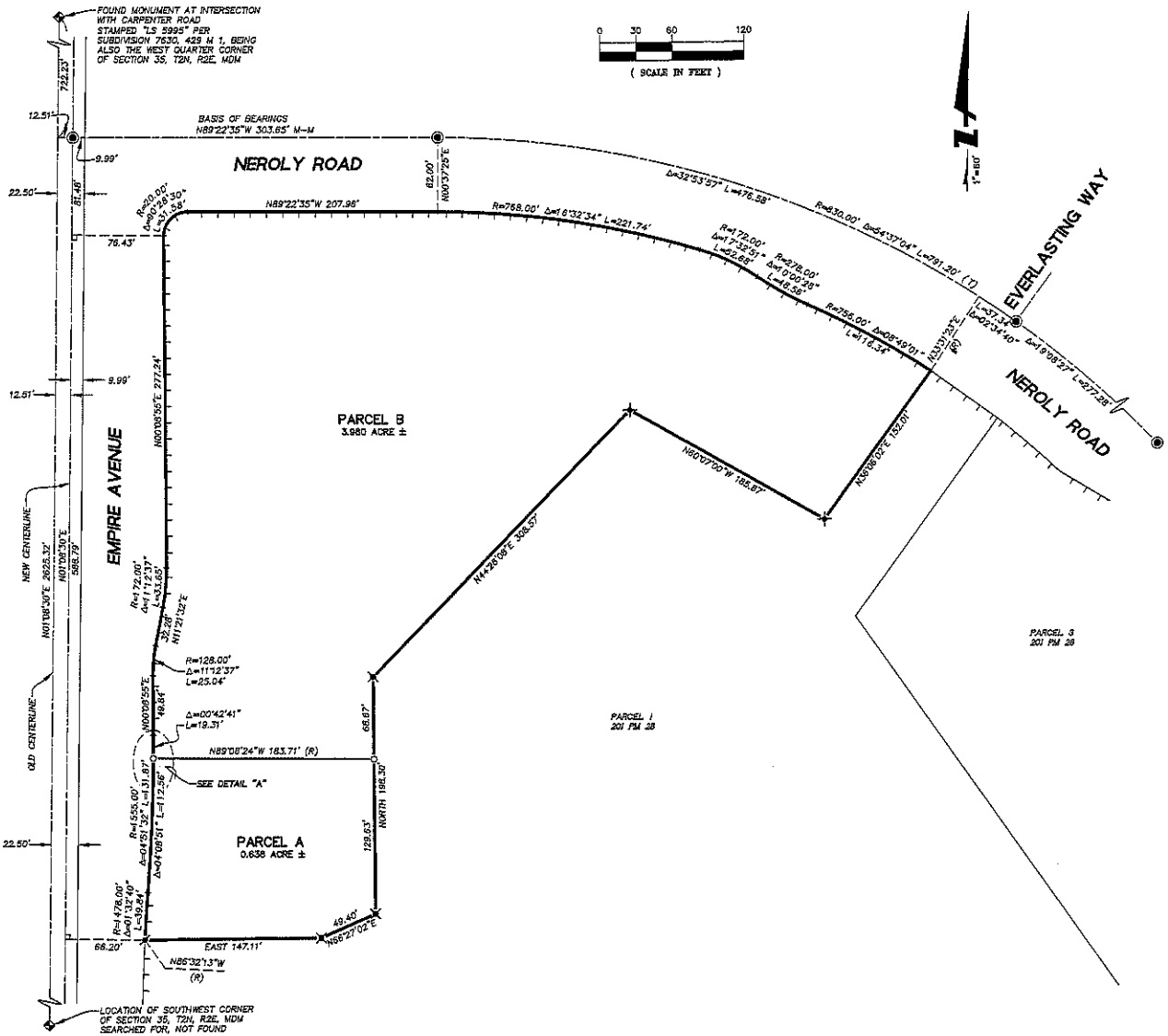
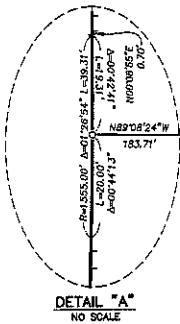
### NOTES

- ALL DISTANCES AND DIMENSIONS ARE IN FEET AND DECIMALS THEREOF.
- THE DISTINCTIVE BORDER LINE INDICATES THE BOUNDARY OF THE LAND SUBDIVIDED BY THIS MAP AND CONTAINS AN AREA OF 4.142 ACRES, MORE OR LESS.

### LEGEND

- ⊙ FOUND 2-1/2" DIA. BRASS DISC MONUMENT IN MONUMENT WELL, STAMPED "LS 7176" PER SUBDIVISION 6731, 428 M 13
- ✕ FOUND PK NAIL WITH SHNER, STAMPED "RCE 25169" PER PARCEL MAP, 201 PM 28
- ✎ FOUND 1/2" DIA. REBAR WITH PLASTIC CAP, STAMPED "RCE 25169" PER PARCEL MAP, 201 PM 28
- SET 3/4" IRON PIPE WITH PLASTIC PLUG AND TACK, STAMPED "LS 6868"

- DISTINCTIVE BOUNDARY LINE
- CENTER LINE/MONUMENT LINE
- NON-ACCESS LINE
- M-M MONUMENT TO MONUMENT
- (T) TOTAL DISTANCE VALUE



BKF 201505005



**ZA ORDER NO. 15-01**

**OFFICE OF THE ZONING ADMINISTRATOR  
CITY OF OAKLEY  
APPROVING MINOR SUBDIVISION (MS 14-979)  
Project Name: Tentative Parcel Map 01-15**

**WHEREAS**, in 2011, the City purchased approximately 6.98-acres of land consisting of two parcels (APN's 034-040-016 and 017) located at the southeast corner of Empire Avenue and Neroly Road; and

**WHEREAS**, the City purchased the property to further the economic development of the property; and

**WHEREAS**, on October 14, 2014, the City entered into an agreement with Glenn and Robbin Moffatt to sell a portion of APN 034-040-016 for the purposes of constructing a 6,000 square foot retail building; and

**WHEREAS**, as part of the Real Property Purchase Agreement dated October 14, 2014, the City agreed to commission the preparation of a Tentative Parcel Map to subdivide the land prior to the close of escrow; and

**WHEREAS**, on January 22, 2015 the subject application was filed by the City of Oakley for a two-lot minor subdivision (MS 14-979) of approximately 4.618 acres at the southeast corner of Empire Avenue and Neroly Road (APN: 034-040-016), which is located in the City of Oakley; and

**WHEREAS**, the application was duly noticed pursuant to Government Code Section 65091 and Oakley Municipal Code Section 2.4.0104(c); and

**WHEREAS**, the subject application is Categorically Exempt pursuant to Section 15315 of the California Environmental Quality Act (Minor Land Division); and

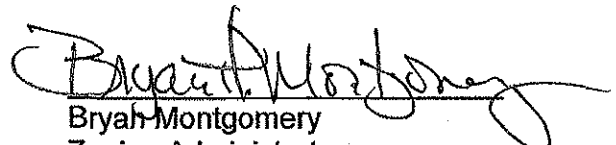
**WHEREAS**, the proposed Minor Subdivision is consistent with the General Plan and provisions of the City of Oakley Municipal Code; and

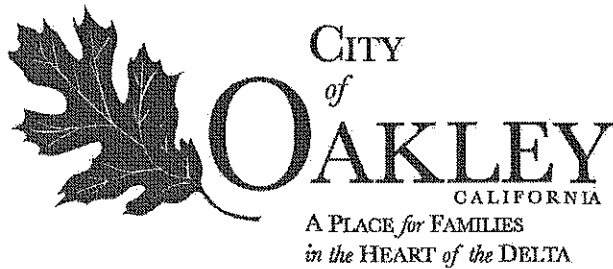
**WHEREAS**, the City of Oakley Municipal Code section 2.4.016, allows the Zoning Administrator to approve a Minor Subdivision without a public hearing.

**NOW, THEREFORE, BE IT RESOLVED** that the Zoning Administrator does hereby approve Minor Subdivision MS 14-979, based on the following findings:


1. The subdivision is consistent with the General Plan.
2. The subdivision will not adversely affect the surrounding properties, which are either zoned for or developed with similar uses.
3. The subdivision, as designed, is not detrimental to the public health, safety, and aesthetics of the surrounding area.
4. The subdivision meets all of the provisions of the City's Zoning Code relating to uses.

Based on the above findings, on February 2, 2015, the Zoning Administrator approved said application.

  
Bryan Montgomery  
Zoning Administrator



## MEMORANDUM

**Date:** February 10, 2015  
**To:** City Council  
**From:** Bryan H. Montgomery, City Manager   
**Subject:** Resolution Approving the Employee Position Classification of Planning Manager

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### Summary and Background

You will recall that in November of last year the City Council approved a handful of job classification adjustments that could/should have been included with the current year budget, but were not because funds were thought to not be available. One of those approved was the creation of the position of "Principal Planner." This adjustment was meant to be an acknowledgement of the broad duties the Senior Planners perform without a set Department Director or Division Manager.

Upon further review, the long-term scenario would not be to have two supervisors with the Principal Planner title in a small division that will grow some over time, but not ever be too large (department size). This further review led me not to make the title change that was originally contemplated, and to now recommend this new job classification.

The City Code, State law and standard development conditions have numerous references to either "Community Development Director (CDD)," "Planning Manager," or "Zoning Administrator (ZA)" to make various decisions and planning determinations. As City Manager, I have played that role for the last handful of years, but I believe it would be best to select one of the Senior Planners to be the actual Planning Manager (as we have done with Code Enforcement, Parks, Building, Human Resources, Economic Development, and Recreation). The Planning Manager can be designated the duties outlined in the law for the CDD or ZA and would be ready to lead the Planning Division structure that is sure to come with additional employees as development increases in the coming years.

The attached job description reflects the duties to be assumed by one of the incumbent Planners, and the corresponding salary range. This salary range was determined, as per the City's Compensation Policy, as the average of the range for this position in the cities of Antioch, Brentwood, Benicia, Hercules, Pittsburg and Pleasant Hill.

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**Fiscal Impact**

This is not a new position that needs to be funded -- the incumbent is an existing employee and any costs related to this classification adjustment will be within budgeted funds.

**Recommendation**

Adopt the resolution approving the new employee position classification of "Planning Manager" and its corresponding salary range.

**Attachment**

1. Job Description for Planning Manager
2. Resolution



FLSA Designation: Exempt  
Classification: Full-time, "At-Will"  
Salary Range (eff. 3/1/15): \$8,647 – \$10,962  
Benefits: Full

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## **PLANNING MANAGER**

Class specifications are intended to present a descriptive list of the range of duties performed by employees in the class. Specifications are not intended to reflect all duties performed within the job.

### **SUMMARY DESCRIPTION**

Under administrative direction of the City Manager, leads, directs, manages, supervises, and coordinates the activities and operations of the Planning Division including current and advanced planning services and activities; coordinates assigned activities with other divisions, departments, and outside agencies; and provides highly responsible and complex administrative support and technical/professional advice and assistance specifically to the Code Enforcement Manager, the Economic Development Manager, the City Manager, the City Council and other City departments and divisions.

### **REPRESENTATIVE DUTIES**

The following duties are typical for this classification. Incumbents may not perform all of the listed duties and/or may be required to perform additional or different duties from those set forth below to address business needs and changing business practices:

1. Monitors and evaluates the efficiency and effectiveness of service delivery methods and procedures; recommends, within departmental policy, appropriate service and staffing levels.
2. Plans, directs, coordinates, and reviews the work plan for Planning staff; assigns work activities, projects, and programs; reviews and evaluates work products, methods, and procedures; meets with staff to identify and resolve problems.
3. Selects, trains, motivates, and evaluates assigned personnel; provides or coordinates staff training; works with employees to correct deficiencies; implements discipline and termination procedures.
4. Oversees and participates in the development and administration of the Division's annual budget; participates in the forecast of funds needed for staffing, equipment, materials, and supplies; monitors and approves expenditures;



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implements adjustments.

5. Directs and participates in the processing of major projects including annexations, general plan amendments, re-zonings, major subdivisions, and non-residential development projects.

6. Oversees the processing, review, and scheduling of development applications submitted to the City; ensures result is a thorough, comprehensive project analysis that is consistent with all City codes and ordinances; ensures implementation of the City's General Plan and City Council decisions.

7. Develops, maintains, updates, implements, and interprets the City's General Plan, Zoning Ordinance, State Subdivision Map Act, area plans, environmental impact reports, capital improvement plans, and related City codes, ordinances, and policies affecting and/or related to planning and land use issues.

8. Signs off of mylars for final maps, grading and improvement plans, development projects, and related items.

9. Serves as the liaison for the Planning Division with other divisions, departments, and outside agencies; meets with developers, engineers, architects, and other project proponents to explain City policies, design issues, and City standards relating to new project development; negotiates and resolves sensitive and controversial issues.

10. Serves as staff on a variety of boards, commissions, and committees including to provide technical and professional advice; schedules items for Planning Commission review and action; prepares and coordinates reports and presentations on current planning issues for City Council, Planning Commission, community groups, and regulatory agencies; ensures timely action on City Council and Planning Commission directives and initiatives.

11. Conducts a variety of organizational studies, investigations, and operational studies; recommends modifications to planning programs, policies, and procedures as appropriate.

12. Advises the City Manager on aspects of City planning and the implementation of the Zoning Ordinance and other development regulations.

13. When designated by the City Manager, serves as the Zoning Administrator and the role and responsibilities identified for "the Community Development



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Classification: Full-time, "At-Will"  
Salary Range (eff. 3/1/15): \$8,647 - \$10,962  
Benefits: Full

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Director" found in City Code, development conditions and related regulations and documents.

14. Develops and maintains records, statistics and reports on planning related activities.

15. Attends and participates in professional group meetings; maintain awareness of new trends and developments in the field of planning; incorporates new developments as appropriate.

16. Responds to and resolves difficult and sensitive citizen inquiries and complaints.

17. Performs related duties as required.

## QUALIFICATIONS

The following generally describes the knowledge and ability required to enter the job and/or be learned within a short period of time in order to successfully perform the assigned duties.

**Knowledge of:** Operational characteristics, services, and activities of a planning program. Principles and practices of program development and administration. Modern principles, practices, and techniques of current and advanced planning. Land use, physical design, demographic, environmental, economic, and social concepts as applied to municipal planning. Statistical methods and research techniques applicable to the preparation of municipal planning studies. Principles and practices of municipal budget preparation and administration. Principles of supervision, training, and performance evaluation. Pertinent federal, state, and local laws, codes, and regulations. Office procedures, methods, and equipment including computers and applicable software applications such as word processing, spreadsheets, and databases.

**Ability to:** Oversee and participate in the management of a comprehensive planning program including current and advanced planning activities and projects. Oversee, direct, and coordinate the work of lower level staff. Select, supervise, train, and evaluate staff. Participate in the development and administration of division goals, objectives, and procedures. Analyze complex planning issues, evaluate alternatives and reach sound conclusions. Exercise sound independent judgment. Make



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Salary Range (eff. 3/1/15): \$8,647 – \$10,962  
Benefits: Full

adjustments to operating procedures as necessary to improve organizational effectiveness. Prepare and administer large program budgets. Prepare clear and concise administrative and financial reports. Analyze problems, identify alternative solutions, project consequences of proposed actions and implement recommendations in support of goals. Research, analyze, and evaluate new service delivery methods and techniques. Review and prepare ordinances, resolutions, and other legal documents. Read blueprints, site plans, topography maps, and related documents. Interpret and apply federal, state, and local policies, laws, and regulations. Operate office equipment including computers and supporting word processing, spreadsheet, and database applications. Communicate clearly and concisely, both orally and in writing. Establish and maintain effective working relationships with those contacted in the course of work.

#### **EDUCATION AND EXPERIENCE GUIDELINES**

Any combination of education and experience that would likely provide the required knowledge and abilities is qualifying. A typical way to obtain the knowledge and abilities would be:

**Education/Training:** A Bachelor's degree from an accredited college or university with major course work in urban or regional planning or a related field. A Master's degree in urban or regional planning, or public administration is preferred.

**Experience:** Five years of increasingly responsible urban or regional planning experience including three years of project management responsibility.

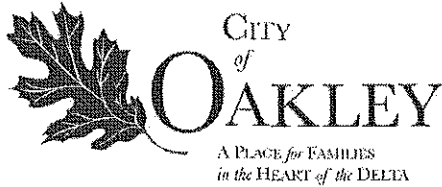
**License or Certificate:** Possession of an appropriate driver's license. Possession of certification as a professional planner from the American Institute of Certified Planners is highly desirable.

#### **PHYSICAL DEMANDS AND WORKING ENVIRONMENT**

The conditions herein are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential job functions.

**Environment:** Work is performed primarily in a standard office environment with some travel to different sites; incumbents may be required to work extended hours





FLSA Designation: Exempt  
Classification: Full-time, "At-Will"  
Salary Range (eff. 3/1/15): \$8,647 – \$10,962  
Benefits: Full

including evenings and weekends and may be required to travel outside City boundaries to attend meetings.

**Physical:** Primary functions require sufficient physical ability and mobility to work in an office setting; to stand or sit for prolonged periods of time; to occasionally stoop, bend, kneel, crouch, reach, and twist; to lift, carry, push, and/or pull light to moderate amounts of weight; to operate office equipment requiring repetitive hand movement and fine coordination including use of a computer keyboard; to travel to other locations using various modes of private and commercial transportation; and to verbally communicate to exchange information.

**Vision:** See in the normal visual range with or without correction.

**Hearing:** Hear in the normal audio range with or without correction.

**EMPLOYEE ACKNOWLEDGEMENT AND ACCEPTANCE**

I acknowledge that I have received and read the job description and understand and accept the responsibilities, qualifications, physical demands, and work environment this position requires.

Employee's Name (print)	Employee's Signature	Date
Supervisor Name (print)	Supervisor's signature	Date

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OAKLEY  
APPROVING NEW EMPLOYEE POSITION CLASSIFICATION  
OF PLANNING MANAGER**

**WHEREAS**, the City Council adopted a Compensation Policy on June 25, 2001 and that was subsequently amended, establishing the City of Oakley's policy regarding employee compensation in conformance to City Ordinance 17-00; and

**WHEREAS**, the City Council desires to update the Classification Plan to include the position of Planning Manager; and

**WHEREAS**, pursuant to the provisions of the Compensation Policy, the City has conducted a comparative salary/wage using the six comparative cities; and

**WHEREAS**, the City Council desires to add job classifications and accompanying salary/wage range to meet the needs of the organization.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Oakley hereby approves the new position classification of Planning Manager, including the Job Description and stated salary range as set forth on Attachment A, which is attached hereto.

The foregoing resolution was introduced at a regular meeting of the Council of the City of Oakley held on the 10<sup>th</sup> day of February 2015 by Councilmember \_\_\_\_\_, who moved its adoption, which motion being duly seconded by Councilmember \_\_\_\_\_ was upon voice vote carried and the resolution adopted by the following vote:

AYES:  
NOES:  
ABSTENTIONS:  
ABSENT:

**APPROVED:**

\_\_\_\_\_  
Doug Hardcastle, Mayor

**ATTEST:**

\_\_\_\_\_  
Libby Vreonis, City Clerk


Date: \_\_\_\_\_



## STAFF REPORT

**Date:** February 10, 2015  
**To:** Bryan H. Montgomery, City Manager  
**From:** Paul Abelson, Finance Director  
**SUBJECT:** City Mid-year Budget Review 2014-15

Approved and Forwarded to the City Council:

  
Bryan Montgomery, City Manager

### **Background and Analysis**

City Policy requires the City Manager to make a mid-year budget report to the City Council in February of each year. The process provides an opportunity to review the status of the Budget at mid-year and to make adjustments to the City's planned operations and budget. This year's report is attached and includes a State of the Budget summary and summary of recommendations, detailed assessments of both operating and capital budgets, an updated 10 year projection, and a schedule showing the recommended mid-year budget adjustments for each fund.

### **Fiscal Impact**

In the General Fund, Staff is recommending that estimated revenues be increased a net total of \$137,000; with no increase in appropriations. Adjustments to other funds include decreases of \$400,000 and \$200,000 in estimated revenues the Traffic Impact Fee and Public Facilities Impact Fee funds, reflecting delays in building activity, and an increase of \$185,000 in estimated Gas Tax revenues, to reflect new estimates released by the State just recently.

As always, there are also some clean up adjustments – 1) several adjustments to account for the difference between original estimated beginning of the year fund balances and actual fund balances, and 2) a couple of adjustments to reduce capital project appropriations in the current year budget, because a portion of a project budgeted in full for fiscal year 2014-15, was accelerated into fiscal year 2013-14.

### **Recommendation and Alternatives**

Staff recommends the Council receive the report and adopt the Resolution approving the Report and adopting the recommendations therein.

### **Attachments**

1. Midyear Budget Review Report.
2. Resolution



**City of Oakley  
Midyear Budget Review  
Fiscal Year 2014-15**

**Contents**

State of the Budget

Proposed Appropriations of Fund Balance

Discussion of Capital Budgets

Summary of Staff Recommendations

Updated 10 year Plan

Staff Recommended Budget Adjustments

Presented to the City Council on February 10, 2015

## **State of the Budget**

It was both exciting and a bit of a relief to receive the news in July that property tax revenues were expected to finally begin reflecting the increase in property values the market has experienced over the past few years. On top of this, the City continues to see general stability in the local economy. Employment and business activity both remain stable, and developers and builders are beginning to be more active. Several residential developments, although delayed, are near to building stages, and expectations are that Oakley will see a return to more normal development activity over the next few years.

This report contains no significant surprises, and no proposals to significantly increase spending, although it includes the good news that our operations last year resulted in a greater General Fund reserve than originally estimated in the budget. The City's practice of budgeting conservatively and striving to live within our means remains effective in ensuring we maintain good fiscal health, and the recommended changes in this mid-year remains true to these practices.

Settlement of the City's litigation against the State Department of Finance regarding the winding down of the Successor Agency to the Oakley Redevelopment Agency resulted in the use of approximately \$1.5 million of the City's reserves previously held aside for this purpose, and resulted in the City gaining ownership of Agency assets that produce approximately \$80,000 per year in income. Using the proceeds of the settlement, the Successor Agency made its final Due Diligence Review payments; and as a local agency entitled to receive a share, the City received its allocation, as well.

The Council already took action in October to appropriate increased property taxes projected for the year, and we are recommending the use of restraint in not appropriating more fund balance, as the City may need additional funds to assist in the transition of the City's police services in-house, in the likely event that decision be made in the coming weeks.

## **The General Fund**

In accordance with the City's Financial Policies, the original current year budget was conservative when adopted. Estimated recurring revenues exceeded recurring expenses by \$10,000; and with the end of the recession having passed, the budget included appropriations of \$2 million towards one-time uses. In October, the Council approved the appropriation of an additional \$450,000 in previously unbudgeted property taxes, designating approximately half towards increased staffing and a number of salary adjustments that had been delayed for prior lack of funding, and approximately half towards more one-time type expenditures.

Mid-year budget recommendations most notably include increasing estimated revenues to reflect the receipt of the Due Diligence Review payment (\$125,000), receipt of the proceeds from the sale of a portion of the Diamond Hills property (\$135,000), which we expect to close during the fiscal year, an increase in investment income to reflect the unbudgeted portion of new income expected from the loan and property acquired through

the redevelopment litigation (\$48,000), and an adjustment to recognize that the Department of Finance approved the City's request for the administrative allowance for both six-month Agency spending plans for the year (a total of \$250,000). This had been unbudgeted, because prior to the settlement of the litigation, DOF had begun denying the allowance. These increases are offset largely by a use of reserves set aside to offset a \$135,000 previously determined reduction in sales tax the State will recapture for prior years overpayments related to Dupont, and reducing building department related revenues (\$300,000) to account for unexpected delays in home building activity. The property sale, Due Diligence allocation sales tax offset and reduction in building revenues are expected to be one-time type in nature; the investment income increase and the administrative allowances are expected to be recurring. Including these and several other small adjustments, the mid-year report proposes increasing revenues a net total of \$137,000. There are no proposed increases to expenditures, and overall the proposed General Fund operating budget remains balanced without relying on one time revenues. This reflects the Council's continuing commitment to operating conservatively until such time as the increased revenues from the recovery are better established. The budget does, however, continue to include the planned use of fund balance budgeted at the beginning of the year, and the settlement payment. As a result the budget shows an overall net use of fund balance totaling \$3,331,299. In addition, as noted in the New Interfund Loans section below, the General Fund is expected to need to provide up to \$301,500 in new interfund loans, \$227,500 more than was included in the Original Budget.

### **Other Funds**

Attached at the end of this report is a spreadsheet summarizing the beginning and projected year-end fund balances by fund, the existing budgets, year-to-date actual revenues and expenditures (through mid-year) and the adjustment amounts recommended in each fund. Overall, what the analysis shows is that by keeping operations lean, the City's funds remain generally healthy and the conservative budgeting and active management of operations are successfully meeting the goal of living within our means.

As a reminder, the City appropriates unassigned fund balances in its special purpose funds, and so the table generally shows a net use in each of these funds. In cases where fund balances are available, you will note actual expenditures year to date in the special purpose funds are generally significantly less than the expenditures budgeted, and generally that is to be expected.

A couple of details are worthy of mention:

- Revenues in the Traffic Impact Fee and Public Facilities Impact Fee Funds are being decreased by \$400,000 and \$200,000, respectively, to account for the impacts the slowdown in building activity has on these capital projects funds.
- Revenues in the Gas Tax Fund are being increased by \$185,000, to reflect updated estimates recently provided by the State.

- **New Funds.** The Mid-Year Budget includes two new funds and initial budgets for each. One results from the actions approved in the Original Budget, and one formed to better serve a distinct group of customers.
  - **Economic Development Revolving Loan Program Fund** – This new fund was established following the Original Budget’s adoption, in order to separately account for the new revolving loan program activities.
  - **Sports Field Maintenance Fund** – This fund is being created in order to better serve the Leagues and other organized groups who use the City’s sports fields. The groups would pay fees for someone from the City to ensure the fields are properly striped, and that set up and closing down would be managed more effectively. The expectation is that the service will both benefit the Leagues by providing more uniform set ups at each facility, and given these uses are more intensive and impactful on the respective parks, the City benefits by having a hand in ensuring a higher level of care for the facilities getting more intensive use.

**New Interfund Loans**

One of the City’s financial policies is that interfund loans be approved by the City Council. On review at mid-year, it appears that the following funds will likely need a General Fund loan on or before year-end. Staff recommends the following interfund loans be approved as part of the Mid-Year Budget Report:

Fund 187 – Country Place, a loan up to \$16,500. This is a landscaping zone that contains Nutmeg Park. The park was constructed knowing that the annexation of future homes to the zone would be required for it to be able to collect assessments sufficient to perform proper regular maintenance. The annexations have not yet occurred, and the General Fund has, each year, provided loans to the Fund so that the work could be performed, and so that the General Fund to be repaid in the future when more revenues become available.

Fund 206 – Public Facilities Impact Fees, a loan up to \$285,000. This fund is used to account for public facilities impact fees from new development. The fees collected are currently committed first to pay the debt service on the 2006 Certificates of Participation used as part of the funding for the construction of City Hall. If these fees are not sufficient to pay the debt service in full, the General Fund is pledged to make up the shortfall. The Original Budget included a projected loan of \$75,000 for the year; however the delays in building activity have resulted in a reduction in projected revenues that will need to be made up by the General Fund. As is our practice, the recommendation is for this amount to be a loan, so that the General Fund may be repaid in the future when more revenues become available.

## **Looking Forward - The 10-Year Plan**

Staff has updated the 10-Year Plan to reflect the most current projections for FY 2014-15 and likely trends in the coming years. As always, the projections in the near term are more meaningful, but extending the analysis out ten years allows evaluation of the long-term effects of decisions being made today.

After making the current year adjustments, the revised 10-Year Plan incorporates the expectation of continued more normal growth in most tax bases. Projected spending levels have been adjusted to demonstrate a scenario that would both manage financial resources and human resources to ensure the highest priorities of the City are pursued to the fullest extent possible, while keeping the budget in balance and maintaining an appropriate reserve.

The updated Plan continues includes the restoration of General Fund allocations to augment roadway maintenance, not only to ensure funds are available to maintain the new roads added to the City's responsibilities from past development, but also to maintain Main Street, which prior to the recession was maintained by the State. It also includes continued allocations to the Reserve for Roadway Maintenance to ensure roadway maintenance activities can continue through the next economic downturn.

## **Proposed Appropriations of Fund Balance**

In several funds the actual beginning of the year Fund Balance was different than estimated during the budget development process. As part of the midyear budget proposal, the attached Fund Summaries Table has been updated to show the actual beginning fund balances. There are several appropriations adjustments proposed to true up the appropriation of unassigned amounts in the City's Special Revenue and Capital Projects Funds, consistent with the City's policies, where needed. These adjustments can be either additions or reductions; however there are no new projects or programs proposed.

As has been the case for several years, a couple of the Park Lighting and Landscaping Funds are not yet capable of sustaining current levels of service in the long run; nonetheless, for these Funds, the use of existing Fund Balance and, in a couple of cases, utilizing an interfund loan pursuant to current policy, remains the most reasonable option.

## **Discussion of Capital Budgets**

The Capital Improvement Program (CIP) remains very active this fiscal year, and a substantial amount of available capital projects funds on hand from recent years are being put to work.

As is typical, some of the projects were originated in prior years while others will continue into future fiscal years. The budget policies allow unspent budgeted capital amounts to be rolled forward to the next fiscal year to simplify the accounting process.



With slower building activity, it is necessary to reduce anticipated traffic impact fee revenues by an expected \$400,000. \$212,000 of this can be absorbed by reducing the appropriations for unassigned balances; the rest will need to be accommodated by re-assigning certain project costs to another fund. Staff is proposing the re-assignment of \$188,000 in CIP appropriations from the Traffic Impact Fee Fund to the Measure J Fund, since there are adequate unassigned balances in the Measure J Fund to cover the project costs and there are projects that meet the eligible uses for both funding sources so that such a re-assignment is allowed.

Gas Tax revenues are being adjusted upwards \$185,000 reflecting new FY 14-15 estimates recently released by the State. For now, the expected increase will be reflected in increased unassigned balances, until such time as they are assigned to a capital project.

The General Capital Projects Fund includes a fund balance true up (actual was greater than estimated) of approximately \$98,000, which will be added to the Fund's unassigned balances appropriations until assigned a project.

The proposed adjustments do not yet include the first anticipated draw of available Bond Refunding savings from the 2012 Refunding, estimated at \$65,000 for this year; and the anticipated receipt of deferred impact fee payments from the Successor Housing Assets Fund, totaling \$48,000; although Staff will proceed with the efforts to bring these funds into the capital projects program. Once obtained, they will be appropriated into Unassigned Balances line items in the respective capital projects funds until such time as appropriate projects are identified.

### **Summary of Staff Recommendations**

Staff recommends the Council authorize adjustments necessary at a line item level to increase General Fund budgeted revenues \$137,000. The notable changes include:

- An increase in Miscellaneous revenues totaling \$140,000, primarily driven by receipt of the Due Diligence allocation from the County Auditor Controller ;
- An increase in Proceeds from the Sale of Property totaling \$135,000, reflecting the anticipated sale of a portion of the Diamond Hills property; and
- An increase in the Annual Fees account totaling \$250,000, where we account for the administrative allowance for administering the Successor Agency's activities;
- An increase in Interest Revenue totaling \$48,000 reflecting the interest on development and economic development loan repayments received during the year;

- A reduction in Sales Tax revenues totaling \$135,000 for the DuPont adjustment;
- A reduction in Building Division revenues totaling \$300,000 to reflect slower building activity.
- Authorizing interfund loans from the General Fund to the following Funds:
  - 187 Country Place – in an amount not to exceed \$16,500.
  - 206 Public Facilities Impact Fee Fund – in an amount not to exceed \$285,000.

For all other funds:

Authorize the appropriation adjustments necessary at a line item level to reflect the changes summarized in the Fund Summaries that are a part of this report, the most notable of which include:

- A decrease in Traffic Impact Fees reflecting slower building activity totaling \$400,000. The reduction in revenues will be offset by a \$212,000 decrease in appropriated unassigned balances, and a transfer of \$188,000 in appropriations to the Measure J Fund ;
- A decrease in Public Facility Impact Fees reflecting slower building activity totaling \$200,000.
- An increase in Gas Tax revenues totaling \$185,000, with a corresponding increase in the appropriation of unassigned balances.
- Adjustments to several funds' expenditure levels to true up for fund balances where estimates were different from actual at the end of the year. Most of these are smaller adjustments; however there are three that are for larger amounts. These include decreases in the Community Facilities District #1 (\$112,000) and Measure WW (\$162,000) Funds; and an increase in the General Capital Projects Fund (\$98,000). The District and Measure WW Funds' adjustments were caused by the acceleration of projects into fiscal year 2013-14 that were budgeted in full for fiscal year 2014-15. The reductions remove duplicated amounts and ensure the adjusted budget reflects approved project funding. The General Capital Projects adjustment is the result of unanticipated savings, and will result in an increase in the appropriation of unassigned balances.

### **Updated 10 year Plan**

The 10 year Plan is the City's tool for evaluating our success in ensuring service sustainability. It is organized by revenue type and function; and includes an indication of the general character of the revenues and expenditures shown as either recurring or one-time in nature.

For purposes of the 10 Year Plan, if a revenue class is likely to be recurring for a period of 5 years or more, it is treated as recurring. This includes certain development related fees that can be, as the recession proved, less predictable. For instance, building permit revenue will always exist, but it is more sensitive to economic changes than property taxes. Estimates of these revenues remain conservative, as it may take several more years for activity levels to return to a more normal level. The same holds true for excess revenues available to augment Gas Tax and Measure C/J revenues that are largely dedicated to roadway maintenance.

Since we include both general purpose and special purpose (assigned) revenues in the Plan, it's important to reiterate that while the City may fund eligible programs with both restricted and unrestricted funds, its policy is to apply restricted funds to such programs first, followed by general purpose revenues, if necessary. Reviewing this is important in order to establish in general the reason there aren't more significant reserves for assigned revenues in the Plan.

As the Plan is intended to help us see where we are succeeding in achieving service sustainability and where we must improve, it should be reviewed with this goal in mind. In particular, loans, transfers, and subsidies are shown separately and should be examined to determine and consider why they are necessary or desirable, if they should continue or increase over the long-term, or whether these funds are better allocated to higher priorities.

### **Staff's Conclusions and Recommendations from this Midyear Plan Update**

The midyear update confirms that if we remain disciplined, as the Council has directed and incorporated into the City's Financial Policies, the City's operations are and can remain balanced over time. While the recession appears to have passed, current year building activity levels reflect delays in several major projects, leading to reduced projected current year revenues. Consistent with prior plans, the one presented here shows that as revenues increase again with the economy, the City will be able to restore roadway maintenance augmentations and some of the services reduced in years past, as well as fund, at least in part, its Reserve for Roadway Maintenance. Because the City remains subject to significant external factors in managing costs, we continue to recommend proceeding carefully with any changes expected to increase recurring costs without new recurring revenues.

(Updated 10 Year Plan attached.)

**Staff Recommended Budget Adjustments**

The attached summaries include updated schedules of General Fund Estimated Revenues and General Fund Proposed Expenditures from the 2014-15 Adopted Budget, and Fund Summaries for each City fund budgeted.

For all funds, detailed line item adjustments have been prepared that once approved will be reflected in the City's finance system as line item budget changes.

(General Fund Estimated Revenues, General Fund Proposed Expenditures, and Fund Summaries attached)

City of Oakley  
10 Year Plan  
For Inclusion in the  
FY 2014-15  
Mid-Year Budget Review

Description	General Character	(Dollars in Thousands)														Total	
		Actual	Actual	Actual	Adopted	YTD Actuals	Proposed										
		11/12	12/13	13/14	14/15	14/15	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	14/15-23/24
<b>General Purpose Revenues</b>																	
Property Taxes	Recurring	\$1,773	1,914	1,941	\$2,043	\$1,279	\$2,493	\$2,618	\$2,749	\$2,886	\$3,030	\$3,182	\$3,341	\$3,508	\$3,683	\$3,867	31,357
PT in Lieu of VLF	Recurring	1,803	1,793	1,927	2,002	-	2,002	\$2,102	2,207	2,318	2,433	2,555	2,683	2,817	2,958	3,106	25,181
State Prop 1A Loan/Repayment w/2% int.	On Occasion		473														0
Sales & Use Tax	Recurring	1,590	1,617	1,521	1,475	530	1,482	\$1,556	1,634	1,716	1,801	1,891	1,986	2,085	2,190	2,299	18,640
Motor Vehicle In-Lieu Fees	Recurring	18	19	16	0	16	16	\$17	18	19	19	20	21	23	24	25	201
Trans. Occupancy Tax (TOT)	Recurring	165	196	195	195	141	240	\$252	265	278	292	306	322	338	355	372	3,019
Real Property Transfer Tax	Recurring	110	137	147	131	68	150	\$158	165	174	182	191	201	211	222	233	1,887
Franchise Fees	Recurring	1,028	1,115	1,230	1,243	546	1,243	\$1,305	1,370	1,439	1,511	1,586	1,666	1,749	1,836	1,928	15,634
Business License Tax	Recurring	107	107	111	107	58	107	109	111	114	116	118	120	123	125	128	1,172
Traffic Fines	Recurring	123	155	130	128	49	128	\$134	141	148	156	163	172	180	189	199	1,610
Interest Income	Recurring	36	21	58	82	63	130	130	130	130	130	130	130	130	130	130	1,300
<b>Subtotal General Purpose</b>		<b>6,753</b>	<b>7,547</b>	<b>7,276</b>	<b>7,406</b>	<b>2,750</b>	<b>7,991</b>	<b>8,381</b>	<b>8,790</b>	<b>9,220</b>	<b>9,671</b>	<b>10,144</b>	<b>10,642</b>	<b>11,164</b>	<b>11,712</b>	<b>12,287</b>	<b>100,001</b>
<b>Fee/Reimbursement Revenues</b>																	
Building Permits/Plan Check/Rental Inspections	Recurring	614	816	939	733	269	433	845	967	996	1,282	1,321	1,361	1,401	1,443	1,487	11,537
Engineering Fees	Recurring	9	10	22	20	8	20	21	22	23	24	26	27	28	30	31	252
Planning Fees	Recurring	10	11	13	11	5	11	12	12	13	13	14	15	15	16	17	138
Law Enforcement Fees/Reimbursement Revenues	Recurring	61	27	45	89	22	89	92	94	97	100	103	106	109	113	116	1,020
Recreation Fees	Recurring	80	71	73	54	42	54	57	60	63	66	69	72	76	80	84	679
City Admin Fees	Recurring	226	306	338	242	79	170	94	71	66	13	6	(1)	(9)	(17)	(25)	368
Interfund Cost Recoveries (operations)	Recurring	4,863	5,359	4,942	5,223	2,663	5,473	5,835	6,260	6,710	7,244	7,857	8,510	9,206	9,932	10,688	77,715
Interfund Cost Recoveries (charging grant funds)	one-time	16	21	17	14	0	14										14
Other Miscellaneous Fees & Charges	Rec & one-time	134	107	153	73	226	213	75	77	80	82	85	87	90	92	95	977
<b>Subtotal Fee/Reimbursement Revenues</b>		<b>6,013</b>	<b>6,728</b>	<b>6,542</b>	<b>6,459</b>	<b>3,314</b>	<b>6,477</b>	<b>7,030</b>	<b>7,564</b>	<b>8,048</b>	<b>8,825</b>	<b>9,480</b>	<b>10,177</b>	<b>10,918</b>	<b>11,690</b>	<b>12,494</b>	<b>92,701</b>
<b>Total General Operating Revenues</b>		<b>12,766</b>	<b>14,275</b>	<b>13,818</b>	<b>13,865</b>	<b>6,064</b>	<b>14,468</b>	<b>15,411</b>	<b>16,354</b>	<b>17,268</b>	<b>18,496</b>	<b>19,624</b>	<b>20,818</b>	<b>22,081</b>	<b>23,401</b>	<b>24,780</b>	<b>192,701</b>
<b>Release of Dutch Slough Fund Balance Reserves</b>	one-time	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Proceeds from the Sale of Property</b>	one-time						135										
<b>Total Sources of Funds</b>		<b>12,766</b>	<b>14,275</b>	<b>13,818</b>	<b>13,865</b>	<b>6,064</b>	<b>14,603</b>	<b>15,411</b>	<b>16,354</b>	<b>17,268</b>	<b>18,496</b>	<b>19,624</b>	<b>20,818</b>	<b>22,081</b>	<b>23,401</b>	<b>24,780</b>	<b>192,701</b>

City of Oakley  
10 Year Plan  
For Inclusion in the  
FY 2014-15  
Mid-Year Budget Review

Description	General Character	(Dollars in Thousands)															Total 14/15-23/24
		Actual 11/12	Actual 12/13	Actual 13/14	Adopted 14/15	YTD Actuals 14/15	Proposed 14/15	15/16 5%	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	
<b>Department Expenses</b>																	
City Council	Recurring	60	62	57	61	40	62	65	68	68	72	72	75	75	79	79	716
Elections	Recurring	0	17	0	25	18	25	27	27	29	29	32	31	36	34	39	309
City Manager	Recurring	395	381	403	400	204	448	470	494	519	545	572	600	630	662	695	5,635
Economic Development	Recurring	112	153	147	165	84	194	204	214	225	236	248	260	273	287	301	2,440
Community Outreach	Recurring	38	66	92	90	53	115	121	127	133	140	147	154	162	170	178	1,446
Human Resources	Recurring	16	32	23	67	28	67	70	74	78	81	86	90	94	99	104	843
Maintenance Custodial	Recurring	43	46	48	49	31	70	74	77	81	85	89	94	98	103	109	880
City Clerk	Recurring	177	234	220	224	107	244	256	269	282	297	311	327	343	360	379	3,069
Finance	Recurring	471	527	541	551	302	648	680	714	750	788	827	868	912	957	1,005	8,150
Information Technology	Recurring	217	214	222	221	149	243	255	268	281	295	310	326	342	359	377	3,056
Public Safety	Recurring	7,568	7,168	7,445	8,616	3,323	8,647	9,079	9,763	10,251	10,994	11,544	12,351	12,968	13,617	14,298	113,513
City Attorney	Recurring	262	214	203	205	65	205	215	226	237	249	262	275	288	303	318	2,578
Animal Control	Recurring	189	191	194	198	148	198	208	218	229	241	253	265	279	293	307	2,490
Community Development	Recurring	343	299	326	305	155	372	391	410	431	452	475	499	523	550	577	4,679
Building Inspection	Recurring	541	616	472	394	171	396	416	437	458	481	505	531	557	585	614	4,981
Code Enforcement/Rental Inspections	Recurring	20	40	105	259	125	263	276	290	304	320	336	352	370	389	408	3,308
Public Works/Engineering	Recurring	921	1,106	857	793	343	828	869	913	959	1,006	1,057	1,110	1,165	1,223	1,284	10,414
Public Works Maintenance	Recurring	93	97	109	187	73	189	198	208	219	230	241	253	266	279	293	2,377
Recreation	Rec & one-time	285	330	378	435	212	538	565	593	623	654	687	721	757	795	835	6,767
Parks	Recurring	321	378	372	334	190	390	410	430	451	474	498	523	549	576	605	4,905
<b>Department Expenditures:</b>		<b>12,072</b>	<b>12,171</b>	<b>12,214</b>	<b>13,579</b>	<b>5,821</b>	<b>14,142</b>	<b>14,850</b>	<b>15,821</b>	<b>16,610</b>	<b>17,668</b>	<b>18,550</b>	<b>19,705</b>	<b>20,689</b>	<b>21,720</b>	<b>22,806</b>	<b>177,655</b>
<b>Non-Departmental Expenses</b>																	
Other Non-Departmental Expenses	Recurring	341	416	477	486	306	504	524	545	567	590	613	638	663	690	717	6,051
Equipment Replacement (exp & reserve)	Recurring	302	280	249	50	0	50	52	62	72	82	92	102	112	122	132	878
Capital Facilities Mtc & Replacement (exp & reserve)	Recurring	0	0	0	0	0	0	30	50	50	50	50	50	50	50	50	430
Interim Needs/Contingency	Recurring	15	11	162	283	42	316	327	346	362	383	401	424	444	464	486	3,954
Amount charged to Departments	Recurring	(899)	(909)	(904)	(819)	(410)	(819)	(933)	(1,004)	(1,051)	(1,105)	(1,156)	(1,214)	(1,269)	(1,326)	(1,385)	(11,262)
<b>Total Non-Department Expend.</b>		<b>(241)</b>	<b>(202)</b>	<b>(16)</b>	<b>0</b>	<b>(62)</b>	<b>51</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>51</b>
<b>Total Expenditures</b>		<b>11,831</b>	<b>11,969</b>	<b>12,198</b>	<b>13,579</b>	<b>5,759</b>	<b>14,193</b>	<b>14,850</b>	<b>15,821</b>	<b>16,610</b>	<b>17,668</b>	<b>18,550</b>	<b>19,705</b>	<b>20,689</b>	<b>21,720</b>	<b>22,806</b>	<b>177,706</b>
<b>Net General Operating Revenue (Expense)</b>		<b>935</b>	<b>2,306</b>	<b>1,620</b>	<b>286</b>	<b>305</b>	<b>410</b>	<b>561</b>	<b>533</b>	<b>658</b>	<b>828</b>	<b>1,074</b>	<b>1,113</b>	<b>1,392</b>	<b>1,681</b>	<b>1,975</b>	
<b>Transfers and Loans</b>																	
Transfers to Active Roadway Maintenance Programs	recurring	(129)	(43)	(44)	(100)	0	(100)	(150)	(175)	(200)	(275)	(350)	(375)	(450)	(525)	(600)	(3,200)
Transfer to Reserve for Roadway Maintenance	one-time				(75)	0	(75)	(150)	(175)	(200)	(275)	(350)	(350)	(450)	(525)	(600)	(3,150)
Transfers to Main Street Fund	recurring	(28)	(25)	(25)	(100)	0	(100)	(150)	(175)	(200)	(275)	(350)	(375)	(450)	(525)	(600)	(3,200)
Transfers to General Capital Projects Fund	recurring	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loans to Public Facilities Fee Fund/Repayments	one-time	0	(75)	(75)	(74)	0	(281)	0	0	0	0	0	0	0	0	0	(281)
<b>Total Transfers</b>		<b>(157)</b>	<b>(143)</b>	<b>(144)</b>	<b>(349)</b>	<b>0</b>	<b>(556)</b>	<b>(450)</b>	<b>(525)</b>	<b>(600)</b>	<b>(825)</b>	<b>(1,050)</b>	<b>(1,100)</b>	<b>(1,350)</b>	<b>(1,575)</b>	<b>(1,800)</b>	<b>(9,831)</b>
<b>Use of Fund Balance</b>																	
For General Fund One Time uses	one-time		(224)		(935)	(78)	(2,385)										
Transfer to General Capital Projects Fund	one-time		0	(272)	(1,065)	0	(1,065)										
Economic Development Loans	one-time			(400)	400	400	400										
Anticipated Sales Tax Allocation Correction	one-time			(45)	(135)	(90)	(135)										
<b>Total Net Sources (Uses) of Funds</b>		<b>778</b>	<b>1,939</b>	<b>759</b>	<b>(1,798)</b>	<b>537</b>	<b>(3,331)</b>	<b>111</b>	<b>8</b>	<b>58</b>	<b>3</b>	<b>24</b>	<b>13</b>	<b>42</b>	<b>106</b>	<b>175</b>	

Goal of Funding Reserve for Roadway mtc by June 30, 2018 will require ~\$4.4 million in additional one time funds to get to fully funded amt of \$4.5 million.

Increase in General Fund one time uses were for settlement of redevelopment litigation. Assets acquired with the funds are income generating assets.

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Description	General Character	(Dollars in Thousands)															
		Actual 11/12	Actual 12/13	Actual 13/14	Adopted 14/15	YTD Actuals 14/15	Proposed 14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	
<b>Summary of Recurring and One-Time Amounts</b>																	
<b>Recurring Activities Summary</b>																	
Revenues		12,686	13,781	13,801	13,850	6,064	14,454	15,411	16,354	17,268	18,496	19,624	20,818	22,081	23,401	24,780	
Expenditures/ Including Transfers and Loans		11,870	12,016	12,250	13,840	5,759	14,454	15,300	16,346	17,210	18,493	19,600	20,805	22,039	23,295	24,606	
Revenues over (under) Expenditures		816	1,765	1,551	10	305	0	111	8	58	3	24	13	42	106	175	
<b>One-Time Activities Summary</b>																	
Revenues/Loan Repayments		80	494	(383)	279	310	414	0	0	0	0	0	0	0	0	0	
Expenditures/ Including Transfers and Loans		118	96	409	2,088	78	3,745	0	0	0	0	0	0	0	0	0	
Revenues over (under) Expenditures		(38)	398	(792)	(1,809)	232	(3,331)	0	0	0	0	0	0	0	0	0	
<b>Total Recurring and One-Time</b>		<b>778</b>	<b>2,163</b>	<b>759</b>	<b>(1,799)</b>	<b>537</b>	<b>(3,331)</b>	<b>111</b>	<b>8</b>	<b>58</b>	<b>3</b>	<b>24</b>	<b>13</b>	<b>42</b>	<b>106</b>	<b>175</b>	
																<b>Total 14/15-23/24</b>	
<b>Assigned Revenues/Police</b>																	
State COPS Grant (SLESF)	one-time	203	114	117	100	34	100	100	100	100	100	100	100	100	100	100	1,000
P-6 Police Services Assessments	Recurring	2,574	2,857	3,058	3,308	1,810	3,308	3,583	3,896	4,228	4,637	5,120	5,636	6,189	6,764	7,362	50,723
School Resource Officer Grant	one-time	55	55	55	55	0	55	55	55	55	55	55	55	55	55	55	550
Police Equip./Traffic Grants	one-time																0
<b>Subtotal Assigned Police Revenues</b>		<b>2,832</b>	<b>3,026</b>	<b>3,230</b>	<b>3,463</b>	<b>1,844</b>	<b>3,463</b>	<b>3,738</b>	<b>4,051</b>	<b>4,383</b>	<b>4,792</b>	<b>5,275</b>	<b>5,791</b>	<b>6,344</b>	<b>6,919</b>	<b>7,517</b>	<b>52,273</b>
																<b>150</b>	
<b>Restricted Police Expenditures</b>																	
State COPS Grant (SLESF)	one-time	203	114	117	100	1	100	100	100	100	100	100	100	100	100	100	1,000
P-6 Supported Police Services	Recurring	2,574	2,857	3,058	3,308	1,655	3,308	3,583	3,896	4,228	4,637	5,120	5,636	6,189	6,764	7,362	50,723
School Resource Officer Grant	one-time	55	55	55	55	28	55	55	55	55	55	55	55	55	55	55	550
Police Equip./Traffic Grants	one-time																0
<b>Subtotal Restricted Police Expenditures</b>		<b>2,832</b>	<b>3,026</b>	<b>3,230</b>	<b>3,463</b>	<b>1,684</b>	<b>3,463</b>	<b>3,738</b>	<b>4,051</b>	<b>4,383</b>	<b>4,792</b>	<b>5,275</b>	<b>5,791</b>	<b>6,344</b>	<b>6,919</b>	<b>7,517</b>	<b>52,273</b>
<b>Rollover Balances*</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>n/a</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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Description	General Character	(Dollars in Thousands)															Total 14/15-23/24
		Actual 11/12	Actual 12/13	Actual 13/14	Adopted 14/15	YTD Actuals 14/15	Proposed 14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	
<b>Parks, Landscaping &amp; Lighting Revenues</b>																	
Community Parks	Recurring	1,032	1,115	1,132	1,068	608	1,085	1,147	1,214	1,282	1,363	1,446	1,530	1,616	1,704	1,793	14,181
<i>Loan from General Fund, if necessary</i>	<i>one-time</i>																0
Street Lighting	Recurring	197	201	206	207	117	213	222	233	243	256	269	281	294	307	320	2,638
<i>Transfer in from Gas Tax Fund</i>	<i>one-time</i>	199	162	156	121	0	121	186	196	206	215	225	236	248	261	276	2,170
Neighborhood Parks	Recurring	1,848	1,908	1,962	1,933	1,096	2,033	2,131	2,236	2,344	2,466	2,592	2,721	2,854	2,991	3,133	25,502
<b>Total Parks, Landscaping &amp; Lighting Revenues</b>		<b>3,276</b>	<b>3,386</b>	<b>3,456</b>	<b>3,329</b>	<b>1,821</b>	<b>3,452</b>	<b>3,686</b>	<b>3,878</b>	<b>4,076</b>	<b>4,300</b>	<b>4,531</b>	<b>4,769</b>	<b>5,013</b>	<b>5,264</b>	<b>5,522</b>	<b>44,491</b>
<b>Parks, Landscaping &amp; Lighting Expenditures</b>																	
Community Parks	Recurring	800	818	891	869	381	1,141	1,198	1,308	1,373	1,442	1,514	1,590	1,669	1,753	1,840	14,829
<i>Repay General Fund Loans</i>	<i>one-time</i>	0	0	88	50	0	43	3									46
Street Lighting	Recurring	369	348	337	328	181	374	393	412	433	455	477	501	526	553	580	4,704
Neighborhood Parks	Recurring	1,396	1,640	1,740	1,778	847	1,787	1,876	2,070	2,174	2,282	2,396	2,516	2,642	2,774	2,913	23,432
<b>Total Parks, Landscaping &amp; Lighting Expenditures</b>		<b>2,565</b>	<b>2,806</b>	<b>3,056</b>	<b>3,025</b>	<b>1,409</b>	<b>3,345</b>	<b>3,470</b>	<b>3,790</b>	<b>3,980</b>	<b>4,179</b>	<b>4,388</b>	<b>4,607</b>	<b>4,838</b>	<b>5,080</b>	<b>5,334</b>	<b>43,011</b>
<b>Rollover Balances</b>																	
Community Parks (Including Loans & Reserves)		658	955	1,196	1,395	n/a	1,097	1,043	948	857	779	711	651	598	549	502	
Street Lighting (Including Reserves)		134	149	174	174	n/a	134	150	166	182	198	214	230	246	262	278	
Neighborhood Parks (Including Reserves)		4,407	4,675	4,897	5,052	n/a	5,143	5,398	5,564	5,735	5,919	6,114	6,319	6,531	6,748	6,967	
<b>Roadway Maintenance Revenues</b>																	
Gas Tax Revenues	Recurring	1,013	835	1,084	921	511	1,196	1,256	1,319	1,385	1,454	1,526	1,603	1,683	1,767	1,855	15,043
Measure J Revenues	Recurring	423	913	510	513	0	513	539	566	594	624	655	687	722	758	796	6,452
Transfers in from the General Fund		128	68	69	895	0	895	300	350	400	550	700	750	900	1,050	1,200	7,095
General Fund Transfers to the Street Maintenance Reserve Fund					75	0	75										
Streets Related Grants					1,029	0	1,029										
<b>Total Roadway Maintenance Revenues</b>		<b>1,564</b>	<b>1,816</b>	<b>1,663</b>	<b>3,433</b>	<b>511</b>	<b>3,708</b>	<b>2,094</b>	<b>2,234</b>	<b>2,378</b>	<b>2,627</b>	<b>2,881</b>	<b>3,040</b>	<b>3,305</b>	<b>3,575</b>	<b>3,851</b>	<b>28,591</b>
<b>Roadway Maintenance Expenditures</b>																	
Gas Tax Expenditures for roadway repairs & maintenance	Recurring	593	303	425	464	202	464	719	734	853	1,239	1,302	1,367	1,435	1,506	1,579	11,198
<i>Transfer to Street Lighting Fund</i>	<i>one-time</i>	(199)	(162)	(156)	(121)	0	(121)	(186)	(196)	(206)	(215)	(225)	(236)	(248)	(261)	(276)	(2,170)
<i>Used for Capital Projects (for new or expanded roadways)</i>	<i>one-time</i>	(407)	(308)	(496)	(318)	(208)	(503)	(350)	(389)	(325)							(1,567)
Measure C/J Expenditures for roadway repairs & maintenance	Recurring	682	72	76	89	31	89	167	177	219	624	655	687	722	758	796	4,892
<i>Used for Capital Projects (for new or expanded roadways)</i>	<i>one-time</i>	(597)	(417)	(468)	(550)	(375)	(550)	(372)	(389)	(375)							(1,686)
Use of General Fund Transfers	<i>one-time</i>	128	358	98	2,349	441	2,349	300	350	400	550	700	750	900	1,050	1,200	8,549
Use of Street Maintenance Reserves					0	0	0										
<b>Total Roadway Maintenance Expenditures &amp; Transfers</b>		<b>2,606</b>	<b>1,620</b>	<b>1,719</b>	<b>3,891</b>	<b>1,257</b>	<b>4,076</b>	<b>2,094</b>	<b>2,234</b>	<b>2,378</b>	<b>2,627</b>	<b>2,881</b>	<b>3,040</b>	<b>3,305</b>	<b>3,575</b>	<b>3,851</b>	<b>30,063</b>
<b>Rollover Balances</b>																	
		1,257	1,453	1,397	939	651	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029	



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(Dollars in Thousands)																	
Description	General Character	Actual	Actual	Actual	Adopted	YTD Actuals	Proposed										Total 14/15-23/24
		11/12	12/13	13/14	14/15	14/15	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	
<b>Drainage and Stormwater Revenues</b>																	
Community Facilities District Assessments	Recurring	280	285	293	252	162	289	298	307	316	325	335	345	355	366	377	3,313
Stormwater Assessments	Recurring	386	485	489	461	20	461	475	489	504	519	534	550	567	584	602	5,285
<b>Total Drainage and Stormwater Revenues</b>		<b>666</b>	<b>770</b>	<b>782</b>	<b>713</b>	<b>182</b>	<b>750</b>	<b>773</b>	<b>796</b>	<b>820</b>	<b>844</b>	<b>869</b>	<b>896</b>	<b>922</b>	<b>950</b>	<b>979</b>	<b>8,598</b>
<b>Drainage and Stormwater Expenditures</b>																	
Community Facilities District Drainage Maintenance	Recurring	135	109	75	514	60	1,752	298	307	316	325	335	345	355	366	377	4,776
Stormwater Program Expenditures	Recurring	264	378	404	607	210	1,752	475	489	504	519	534	550	567	584	602	4,824
<b>Total Drainage and Stormwater Expenditures</b>		<b>399</b>	<b>487</b>	<b>479</b>	<b>1,121</b>	<b>270</b>	<b>1,752</b>	<b>773</b>	<b>796</b>	<b>820</b>	<b>844</b>	<b>869</b>	<b>896</b>	<b>922</b>	<b>950</b>	<b>979</b>	<b>9,600</b>
<b>Rollover Balances</b>		<b>2,151</b>	<b>2,434</b>	<b>2,737</b>	<b>2,329</b>	<b>2,649</b>	<b>1,735</b>	<b>1,735</b>	<b>1,735</b>	<b>1,735</b>	<b>1,735</b>	<b>1,735</b>	<b>1,735</b>	<b>1,735</b>	<b>1,735</b>	<b>1,735</b>	
<b>Other Grant Revenues</b>																	
Recycling Grant	one-time	14	9	24	15	10	15	0	0	0	0	0	0	0	0	0	15
Oakley Welcoming (You+Me=We)	one-time	58	66	72	67	39	80	0	0	0	0	0	0	0	0	0	80
Recreation Grants (Misc)	one-time	0	0	0	0	15	15	0	0	0	0	0	0	0	0	0	15
<i>Vesper Grant</i>	one-time	22	32	27	21	1	21	30	0	0	0	0	0	0	0	0	51
Urban Forestry Grant	one-time			22													
Measure WW	one-time				405	0	405										
<b>Total Other Grant Revenues</b>		<b>94</b>	<b>107</b>	<b>145</b>	<b>508</b>	<b>65</b>	<b>536</b>	<b>30</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>161</b>
<b>Other Grant Expenditures</b>																	
Recycling Grant	one-time	14	9	24	15	4	15	0	0	0	0	0	0	0	0	0	15
Oakley Welcoming (You+Me=We)	one-time	58	66	72	67	39	80	0	0	0	0	0	0	0	0	0	80
Recreation Grants (Misc)	one-time	0	0	0	0	0	15	0	0	0	0	0	0	0	0	0	15
<i>Vesper Grant</i>	one-time	22	32	27	21	1	21	30	0	0	0	0	0	0	0	0	51
Urban Forestry Grant	one-time	0	0	22													
Measure WW	one-time			111	405	405	405										
<b>Total Other Grant Expenditures</b>		<b>94</b>	<b>107</b>	<b>256</b>	<b>508</b>	<b>44</b>	<b>131</b>	<b>30</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>161</b>
<b>Rollover Balances</b>																	
Recycling Grant		0	0	0	0	6	0	0	0	0	0	0	0	0	0	0	0
Oakley Welcoming (You+Me=We)		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Recreation Grants		0	0	0	0	15	0	0	0	0	0	0	0	0	0	0	0
<i>Vesper Grant</i>		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Urban Forestry Grant		0	0	0	0	0	0										
<b>Qualifying Capital Projects</b>	<i>recurring</i>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

**Long-Term Analysis of General Fund Fund Balances**

**Restricted Fund Balances:**

For Dutch Slough	559	559	559	559	559	559	559	559	559	559	559	559	559	559	559	559
For Loans/Interfund Advances Receivable	833	1,051	1,409	973	1,009	1,232	1,214	1,199	1,184	1,169	1,154	1,139	1,124	1,109	1,109	
Receivable for State Prop 1A Loan	429															
For Termination Payouts	75	81	118	125	125	125	125	125	125	125	125	125	125	125	125	125
Land Held for Resale (4)	1,998	2,222	2,222	2,222	2,222	2,052	2,052	2,052	2,052	2,052	2,052	2,052	2,052	2,052	2,052	2,052
Funds held for Redevelopment dispute resolution with State		1,575	1,575													
<b>Unrestricted Fund Balances</b>	5,255	5,501	7,702	2,950	n/a	4,429	4,558	4,581	4,654	4,672	4,711	4,739	4,796	4,917	4,986	
as a % of the Next Year's General Fund Expenditures				34%		29%	28%	27%	25%	24%	23%	22%	21%	20%		

- (1) Fund balances are affected by both operations as shown in the 10 Year Plan Projections above and from the repayment of interfund and other loans.  
(2) For the purposes of this analysis, the repayment of interfund loans is planned to occur as soon as practicable.  
(3) For the purposes of this analysis, the land held for resale is acknowledged but the proceeds of sale is not relied upon. A portion of the property is currently in contract to be sold.

**Definition of Changes and Assumptions for 15/16 and thereafter**

**General Purpose Revenues**

Property tax and Property Tax in Lieu reflects growth of 5% in 14/15, and 5% thereafter.  
Transfer taxes reflect 5% per year in growth.  
Sales Tax reflects annual growth of 5%.  
TOT and Business License Tax reflect annual growth of 5%.  
Franchise Fees reflect increases anticipated from the new Solid Waste Franchise Agreement and annual growth of 5%.  
Traffic Fines reflect annual growth of 5%.  
Interest Income is expected to rise as interest rates rise, but are estimated at today's low levels to maintain conservatism.  
P-6 revenue growth is based on projected subdivision activity ; annual growth in per Officer costs charged by the County are projected at 5% per year.  
Fee/Reimbursement Revenues based on projected activity; Interfund Cost Recoveries are projected to grow 5% per year.

**Departmental Expenditures**

Administrative Departmental expenses include growth of 4% in 14/15 and 5% each year thereafter.  
Police expenses allow for growth of 5% each year with plans to add one officer approximately every two years to maintain current staffing ratios.  
Recreation expenses include growth of 4% in 14/15 and 5% per year thereafter.  
Public Works/Engineering and Planning are projected to grow 4% in 14/15 and 5% per year thereafter.  
Building/Plan Check, after adjusting for bringing operations in-house, is projected to grow 4% in 14/15 and 5% per year thereafter.

**Non-Departmental Expenditures**

Other Non-Departmental Expenses are estimated to grow 4% in 14/15 and 5% each year thereafter. .  
Equipment Replacement (exp & reserve) costs are based on expected depreciation of equipment so that equipment can be replaced at the end of their useful lives.  
The Facilities Maintenance and Replacement (exp & reserve) costs are included to provide for unfunded expenses anticipated in the upcoming 5 years, as needed.  
The General Fund Contingency is approximately 2% of General Fund proposed operating expenses.  
The General Fund Contingency is intended to be used for special projects/demands and remains separate from Fund Balances that act as reserves for economic uncertainties.  
The amount charged to Departments accounts for the fact that non-departmental costs are allocated and thus already included in the departmental expenditures.

**Transfers and Loans**

*Where included, transfers to Roadway Maintenance Programs reflect the ongoing need to augment street maintenance with General Fund transfers.*  
*Where included, transfers to fund the Reserve for Roadway Maintenance are set aside during good times so that maintenance activities can be sustained during recessionary periods.*  
*Where included, transfers to the Main Street Fund reflect the ongoing need to fund the maintenance and enhancement of its major gateways and arterials.*  
*Loans to Community Parks for current operations are included as necessary to cover community park shortfalls until assessments are sufficient to balance the budget.*

**Use of Fund Balance Reserves**

*Release and use of Dutch Slough Reserves. The City has reserves of approximately \$559,000 for Dutch Slough parks. This line will show when amounts are thought to be appropriated.*

**Assigned Revenues**

P-6 revenues are projected to grow with development and per officer costs: New Development is now projected at 180 units in 14/15 and 15/16, 200 units in 16/17 and 17/18, and 250 per year thereafter.  
The growth in officer costs is being projected at 6% for 14/15, and 5% per year thereafter.  
Parks revenues are estimated to grow with development and include adjustments of 3% each year for inflation on those portions subject to inflation factors.  
Use of park asset replacement reserves are appropriations of fund balance for use, as needed, and are excluded from the projections.  
Roadway Maintenance revenues are estimated to grow with development, and when possible will include additional transfers from the General Fund.  
Transfers of Gas Tax funds to Street Lighting are shown to continue, even with development. This largely is a reflection of the expectation that utility costs will grow faster than the assessment.  
Transfers of Gas Tax and Measure C/J revenues to capital projects are shown only to the extent reflected in the current Capital Improvement Plan, and afterwards are discontinued. This reflects the expectation that 5 years from now, more funds will need to be available for street maintenance and less for capital improvements.  
Drainage and Stormwater assessment revenues are projected to grow 3% per year.

**Assigned Expenditures**

Community Parks expenditures are limited to growth of 5% per year in order to continue repaying the General Fund loan and adequately funding its reserve for Resurfacing and Equipment Replacement.  
As more of our community parks are at least several years old, starting in 14/15, an additional amount has been added to each year for the use of equipment replacement reserves.  
Street Lighting expenditures are estimated to grow at 5% annually to reflect increased costs from CPI and development.  
Neighborhood Parks and Landscape Maintenance revenues are projected to be spent in the year received, after funding replacement reserves, as appropriate.  
As more of our neighborhood parks are at least several years old, starting in 14/15, an additional amount has been added to each year for the use of equipment replacement reserves.  
Other than maintaining a small fund balance for cash flow purposes, Gas Tax and Measure C funds are projected to be spent in full in the year received.  
Other than maintaining a small fund balance for cash flow purposes, Drainage and Stormwater funds are projected to be spent in full in the year received.

**Grants**

Grants are not included in the budget until actually approved by the Grantor, and accordingly are not projected beyond the current year.

**Staff Recommended Budget Adjustments**

The attached summaries include updated schedules of General Fund Estimated Revenues and General Fund Proposed Expenditures from the 2014-15 Adopted Budget, and Fund Summaries for each City fund budgeted.

For all funds, detailed line item adjustments have been prepared that once approved will be reflected in the City's finance system as line item budget changes.

(General Fund Estimated Revenues, General Fund Proposed Expenditures, and Fund Summaries attached)

## GENERAL FUND ESTIMATED REVENUES 2014-15

REVENUE	ACTUAL 2010-11 REVENUES	ACTUAL 2011-12 REVENUES	ACTUAL 2012-13 REVENUES	ACTUAL 2013-14 REVENUES	ORIGINAL BUDGETED 2014-15 REVENUES*	ADJUSTED PROJECTIONS FOR 2014-15 REVENUES*
Interfund Charges for Services	\$4,439,865	\$4,613,058	\$5,108,438	\$4,828,415	\$5,228,000	\$5,228,000
Property Taxes	3,758,948	3,577,248	4,180,722	3,868,084	4,044,000	4,494,000
Sales Taxes	1,412,502	1,590,120	1,617,770	1,520,884	1,475,000	1,340,000
Franchise Fees	939,827	1,028,073	1,115,304	1,230,176	1,243,000	1,243,000
Development Fees	852,338	707,426	1,119,868	1,269,384	974,000	694,000
Other Revenues	616,047	432,666	276,947	344,769	241,000	435,000
Interagency Charges for Services**		250,000	250,000	130,000	0	250,000
Transient Occupancy Taxes	136,635	165,077	195,941	195,375	195,000	240,000
Property Transfer Taxes	118,632	110,430	137,101	146,711	131,000	150,000
Fines and Forfeitures	149,298	135,650	154,477	154,978	148,000	148,000
Sale of Property	0	0	0	0	0	135,000
Investment Income	27,982	36,022	20,919	54,788	82,000	130,000
Business License Fees	103,942	107,651	106,743	110,641	107,000	107,000
Grants	32,532	65,161	32,887	46,139	19,000	76,000
Motor Vehicle in Lieu	\$159,315	\$17,809	\$18,727	\$15,804	\$0	\$16,000

\* 2014-15 data rounded to thousands.

\*\* Interagency charges as a category are new in FY 2011-12, included to separately show the administrative cost recovery from the Successor Agency.

## GENERAL FUND PROPOSED EXPENDITURES 2014-15

DEPARTMENT	ACTUAL 2010-11 EXPENDITURES	ACTUAL 2011-12 EXPENDITURES	ACTUAL 2012-13 EXPENDITURES	ACTUAL 2013-14 EXPENDITURES	ORIGINAL BUDGET FOR 2014-15 EXPENDITURES*	PROPOSED 2014-15 EXPENDITURES*
Police	\$7,047,390	\$7,568,266	\$7,222,659	7,444,646	\$8,644,000	\$8,647,000
Transfers Out	163,931	171,000	291,586	341,211	1,982,000	1,708,000
Public Works	1,524,958	1,336,143	1,580,628	1,338,610	1,315,000	1,520,000
Finance	472,092	470,731	527,372	540,840	599,000	648,000
Recreation	248,584	284,550	381,759	377,839	495,000	538,000
City Manager	410,852	394,616	381,759	403,023	400,000	447,000
Building	583,031	540,698	616,154	472,395	394,000	396,000
Planning	504,077	343,291	299,136	326,393	355,000	372,000
City Clerk/Elections	255,290	177,462	251,148	220,455	249,000	269,000
Code Enforcement	6,140	19,851	39,560	104,740	259,000	263,000
Information Services	216,341	216,916	214,050	222,171	243,000	243,000
City Attorney	230,926	261,516	214,035	203,032	205,000	205,000
Animal Control	183,024	189,280	191,141	193,985	198,000	198,000
Economic Dev.	15,572	111,989	152,528	146,548	190,000	194,000
Community Outreach	57,262	37,716	66,289	92,062	117,000	120,000
Mtc. Custodian	36,805	43,007	45,666	48,453	49,000	70,000
Human Resources	11,172	16,204	31,621	22,605	67,000	67,000
City Council	59,982	59,749	61,603	57,284	61,000	62,000
Non-Departmental	\$(242,776)	\$(255,750)	\$(202,449)	\$(112,768)	\$35,000	51,000
Redevelopment Agency Settlement**						1,451,000
Police Services Transition***						\$350,000

\* 2014-15 data rounded to thousands

\*\* Fund balance used to settle litigation with the State over Redevelopment. Funds resulted in the City acquiring a Successor Agency Loan Receivable and a small retail building in the Downtown.

\*\*\*Initial appropriation of fund balance to assist with the transition of police services from the County Contract to a new City Police Department, if approved by the City Council.

Fund Summary  
 Mid-Year Budget Review  
 Fiscal Year 2014-15

<u>Fund</u>	<u>Accounts</u>	<u>Current Adjusted Budget</u>	<u>Actual YTD</u>	<u>FYE Projection</u>	<u>Required Budget Adjustments</u>
100	General Fund				
	Available Fund Balance 6/30/14			7,731,670 *	
	Revenues	14,348,675	4,703,089	14,486,000	137,325
	Expenditures	17,817,299	7,495,428	17,817,299	-
	Revenues over (under) Expenditures	(3,468,624)	(2,792,339)	(3,331,299)	137,325
	Est Fund Balance 6/30/15			4,400,371	
* Available fund balance at 6/30/14 includes amount set aside to resolve litigation with State Department of Finance and to fund the sales tax loss from the recapture of previous Dupont related allocations.					
110	Community Facilities District # 1 (Cypress Grove)				
	Available Fund Balance 6/30/14			1,349,773	
	Revenues	289,000	161,843	289,000	-
	Expenditures	1,751,538	59,564	1,638,773	(112,765)
	Revenues over (under) Expenditures	(1,462,538)	102,279	(1,349,773)	112,765
	Est Fund Balance 6/30/15			0	
123	Youth Development Fund				
	Available Fund Balance 6/30/14			0	
	Revenues	20,550	1,214	20,550	-
	Expenditures	20,550	1,214	20,550	-
	Revenues over (under) Expenditures	0	0	0	-
	Est Fund Balance 6/30/15			0	
125	Oakley Welcoming (You Me We = Oakley)				
	Available Fund Balance 6/30/14			0	
	Revenues	79,550	38,751	79,550	-
	Expenditures	79,550	38,751	79,550	-
	Revenues over (under) Expenditures	0	0	0	-
	Est Fund Balance 6/30/15			0	
132	Park Landscaping Zn 1 (Community Parks)				
	Available Fund Balance 6/30/14			187,543	
	Revenues	1,084,645	605,098	1,084,645	-
	Expenditures	1,118,413	381,253	1,140,619	22,206
	Revenues over (under) Expenditures	(33,768)	223,845	(55,974)	(22,206)
	Est Fund Balance 6/30/15			131,569	

Fund Summary  
 Mid-Year Budget Review  
 Fiscal Year 2014-15

<u>Fund</u>	<u>Accounts</u>	<u>Current Adjusted Budget</u>	<u>Actual YTD</u>	<u>FYE Projection</u>	<u>Required Budget Adjustments</u>	
133	LLD Zone 2 (Street Lighting)	Available Fund Balance 6/30/14		45,354		
		Revenues	333,960	117,089	333,960	-
		Expenditures	374,479	181,496	374,479	-
		Revenues over (under) Expenditures	(40,519)	(64,407)	(40,519)	-
		Est Fund Balance 6/30/15			4,835	
136	Ag Conservation	Available Fund Balance 6/30/14		1,724		
		Revenues	17,500	0	17,500	-
		Expenditures	17,500	0	17,500	-
		Revenues over (under) Expenditures	0	0	0	-
		Est Fund Balance 6/30/15			1,724	
138	Economic Dev Revolving Loan Program	Available Fund Balance 6/30/14				
		Revenues	275,000	-	275,000	-
		Expenditures	275,000	0	275,000	-
		Revenues over (under) Expenditures	0	0	0	-
		Est Fund Balance 6/30/15			0	
140	Gas Tax Fund	Available Fund Balance 6/30/14		800,676		
		Revenues	1,011,014	510,735	1,196,056	185,042
		Expenditures	1,806,970	409,320	1,992,012	185,042
		Revenues over (under) Expenditures	(795,956)	101,415	(795,956)	-
		Est Fund Balance 6/30/15			4,720	
145	Stormwater NPDES	Available Fund Balance 6/30/14		1,233,932		
		Revenues	461,000	19,886	461,000	-
		Expenditures	1,690,085	209,884	1,690,085	-
		Revenues over (under) Expenditures	(1,229,085)	(189,998)	(1,229,085)	-
		Est Fund Balance 6/30/15			4,847	
148	Measure J	Available Fund Balance 6/30/14		915,228		
		Revenues	513,433	0	513,433	-
		Expenditures	1,423,927	405,679	1,423,927	-
		Revenues over (under) Expenditures	(910,494)	(405,679)	(910,494)	-
		Est Fund Balance 6/30/15			4,734	

Fund Summary  
 Mid-Year Budget Review  
 Fiscal Year 2014-15

<u>Fund</u>	<u>Accounts</u>	<u>Current Adjusted Budget</u>	<u>Actual YTD</u>	<u>FYE Projection</u>	<u>Required Budget Adjustments</u>
150	Police P-6 Fund				
	Available Fund Balance 6/30/14			1	
	Revenues	3,308,250	1,809,808	3,308,250	-
	Expenditures	3,308,250	689	3,308,250	-
	Revenues over (under) Expenditures	-	1,809,119	0	-
	Est Fund Balance 6/30/15			1	
151	Police SLESF Fund				
	Available Fund Balance 6/30/14			0	
	Revenues	100,000	34,304	100,000	-
	Expenditures	100,000	689	100,000	-
	Revenues over (under) Expenditures	-	33,615	0	-
	Est Fund Balance 6/30/15			0	
168	Sports Field Maintenance Fund				
	Available Fund Balance 6/30/14			0	
	Revenues	0	0	15,683	15,683
	Expenditures	0	0	15,683	15,683
	Revenues over (under) Expenditures	0	0	0	-
	Est Fund Balance 6/30/15			0	
170	LLD Vintage Parkway				
	Available Fund Balance 6/30/14			116,881	
	Revenues	73,822	40,542	73,822	-
	Expenditures	94,922	26,804	94,922	-
	Revenues over (under) Expenditures	(21,100)	13,738	(21,100)	-
	Est Fund Balance 6/30/15			95,781	
171	LLD Oakley Ranch				
	Available Fund Balance 6/30/14			66,357	
	Revenues	26,496	14,545	26,496	-
	Expenditures	37,688	14,027	37,688	-
	Revenues over (under) Expenditures	(11,192)	518	(11,192)	-
	Est Fund Balance 6/30/15			55,165	
172	LLD Empire				
	Available Fund Balance 6/30/14			101,575	
	Revenues	4,584	2,493	4,584	-
	Expenditures	24,113	1,347	24,113	-
	Revenues over (under) Expenditures	(19,529)	1,146	(19,529)	-
	Est Fund Balance 6/30/15			82,046	



Fund Summary  
 Mid-Year Budget Review  
 Fiscal Year 2014-15

<u>Fund</u>	<u>Accounts</u>	<u>Current Adjusted Budget</u>	<u>Actual YTD</u>	<u>FYE Projection</u>	<u>Required Budget Adjustments</u>
173	LLD Oakley Town Center				
	Available Fund Balance 6/30/14			103,178	
	Revenues	10,991	6,014	10,991	-
	Expenditures	42,021	7,512	42,021	-
	Revenues over (under) Expenditures	<u>(31,030)</u>	<u>(1,498)</u>	<u>(31,030)</u>	-
	Est Fund Balance 6/30/15			<u>72,148</u>	
174	LLD Oak Grove				
	Available Fund Balance 6/30/14			12,261	
	Revenues	28,455	15,622	28,455	-
	Expenditures	40,716	11,653	40,716	-
	Revenues over (under) Expenditures	<u>(12,261)</u>	<u>3,969</u>	<u>(12,261)</u>	-
	Est Fund Balance 6/30/15			<u>0</u>	
175	LLD Laurel Woods/Luna Estates				
	Available Fund Balance 6/30/14			87,448	
	Revenues	7,718	4,217	7,718	-
	Expenditures	23,538	1,341	23,538	-
	Revenues over (under) Expenditures	<u>(15,820)</u>	<u>2,876</u>	<u>(15,820)</u>	-
	Est Fund Balance 6/30/15			<u>71,628</u>	
176	LLD South Forty				
	Available Fund Balance 6/30/14			27,502	
	Revenues	9,738	5,341	9,738	-
	Expenditures	13,184	2,495	13,184	-
	Revenues over (under) Expenditures	<u>(3,446)</u>	<u>2,846</u>	<u>(3,446)</u>	-
	Est Fund Balance 6/30/15			<u>24,056</u>	
177	LLD Claremont				
	Available Fund Balance 6/30/14			21,649	
	Revenues	7,653	4,195	7,653	-
	Expenditures	20,663	6,296	20,663	-
	Revenues over (under) Expenditures	<u>(13,010)</u>	<u>(2,101)</u>	<u>(13,010)</u>	-
	Est Fund Balance 6/30/15			<u>8,639</u>	

Fund Summary  
 Mid-Year Budget Review  
 Fiscal Year 2014-15

<u>Fund</u>	<u>Accounts</u>	<u>Current Adjusted Budget</u>	<u>Actual YTD</u>	<u>FYE Projection</u>	<u>Required Budget Adjustments</u>
178	LLD Gateway				
	Available Fund Balance 6/30/14			237,801	
	Revenues	18,485	10,098	18,485	-
	Expenditures	63,152	5,664	63,152	-
	Revenues over (under) Expenditures	(44,667)	4,434	(44,667)	-
	Est Fund Balance 6/30/15			193,134	
179	LLD Countryside (Village Green)				
	Available Fund Balance 6/30/14			26,021	
	Revenues	2,588	1,409	2,588	-
	Expenditures	7,355	1,563	7,355	-
	Revenues over (under) Expenditures	(4,767)	(154)	(4,767)	-
	Est Fund Balance 6/30/15			21,254	
180	LLD Country Fair ( Meadow Glen)				
	Available Fund Balance 6/30/14			2,958 *	
	Revenues	5,423	2,982	5,423	-
	Expenditures	5,744	2,262	5,744	-
	Revenues over (under) Expenditures	(321)	720	(321)	-
	Est Fund Balance 6/30/15			2,637	
* Funded by loan from the General Fund					
181	LLD California Sunrise				
	Available Fund Balance 6/30/14			71,694	
	Revenues	3,552	1,923	3,552	-
	Expenditures	16,984	218	16,984	-
	Revenues over (under) Expenditures	(13,432)	1,705	(13,432)	-
	Est Fund Balance 6/30/15			58,262	
182	LLD California Visions (Laurel)				
	Available Fund Balance 6/30/14			166,057	
	Revenues	12,100	6,600	12,100	-
	Expenditures	43,137	3,060	43,137	-
	Revenues over (under) Expenditures	(31,037)	3,540	(31,037)	-
	Est Fund Balance 6/30/15			135,020	

Fund Summary  
 Mid-Year Budget Review  
 Fiscal Year 2014-15

<u>Fund</u>	<u>Accounts</u>	<u>Current Adjusted Budget</u>	<u>Actual YTD</u>	<u>FYE Projection</u>	<u>Required Budget Adjustments</u>	
183	LLD Claremont Heritage	Available Fund Balance 6/30/14			208,793	
		Revenues	18,340	10,032	18,340	-
		Expenditures	59,459	3,121	59,459	-
		Revenues over (under) Expenditures	<u>(41,119)</u>	<u>6,911</u>	<u>(41,119)</u>	<u>-</u>
		Est Fund Balance 6/30/15			<u>167,674</u>	
184	LLD Country Fair (Meadow Glen II)	Available Fund Balance 6/30/14			32,046 *	
		Revenues	122,644	67,399	122,644	-
		Expenditures	155,890	45,394	154,690	(1,200)
		Revenues over (under) Expenditures	<u>(33,246)</u>	<u>22,005</u>	<u>(32,046)</u>	<u>1,200</u>
		Est Fund Balance 6/30/15			<u>0</u>	
* Entirely from Reserves for Asset Replacement						
185	LLD Sundance	Available Fund Balance 6/30/14			16,767	
		Revenues	8,935	4,900	8,935	-
		Expenditures	13,073	4,458	13,073	-
		Revenues over (under) Expenditures	<u>(4,138)</u>	<u>442</u>	<u>(4,138)</u>	<u>-</u>
		Est Fund Balance 6/30/15			<u>12,629</u>	
186	LLD Calif Jamboree (Laurel Anne)	Available Fund Balance 6/30/14			359,397	
		Revenues	117,847	50,195	117,847	-
		Expenditures	263,923	68,756	263,923	-
		Revenues over (under) Expenditures	<u>(146,076)</u>	<u>(18,561)</u>	<u>(146,076)</u>	<u>-</u>
		Est Fund Balance 6/30/15			<u>213,321</u>	
187	LLD Country Place	Available Fund Balance 6/30/14			(51,078) *	
		Revenues	31,360	12,870	31,360	-
		Expenditures	47,730	16,636	47,730	-
		Revenues over (under) Expenditures	<u>(16,370)</u>	<u>(3,766)</u>	<u>(16,370)</u> *	<u>-</u>
		Est Fund Balance 6/30/15			<u>(67,448)</u>	
* Funded by loan from the General Fund						

Fund Summary  
 Mid-Year Budget Review  
 Fiscal Year 2014-15

<u>Fund</u>	<u>Accounts</u>	<u>Current Adjusted Budget</u>	<u>Actual YTD</u>	<u>FYE Projection</u>	<u>Required Budget Adjustments</u>	
188	LLD Laurel Crest	Available Fund Balance 6/30/14			51,417	
		Revenues	97,125	47,850	97,125	-
		Expenditures	137,613	51,682	137,613	-
		Revenues over (under) Expenditures	(40,488)	(3,832)	(40,488)	-
		Est Fund Balance 6/30/15			10,929	
189	LLD Marsh Creek Glen	Available Fund Balance 6/30/14			508,910	
		Revenues	82,725	46,414	82,725	-
		Expenditures	242,553	18,389	242,553	-
		Revenues over (under) Expenditures	(159,828)	28,025	(159,828)	-
		Est Fund Balance 6/30/15			349,082	
190	LLD Quail Glen	Available Fund Balance 6/30/14			97,432	
		Revenues	25,925	14,579	25,925	-
		Expenditures	45,357	6,329	45,357	-
		Revenues over (under) Expenditures	(19,432)	8,250	(19,432)	-
		Est Fund Balance 6/30/15			78,000	
191	Cypress Grove	Available Fund Balance 6/30/14			130,141	
		Revenues	255,609	132,586	255,609	-
		Expenditures	388,725	129,137	385,750	(2,975)
		Revenues over (under) Expenditures	(133,116)	3,449	(130,141)	2,975
		Est Fund Balance 6/30/15			0	
192	South Oakley	Available Fund Balance 6/30/14			74,106	
		Revenues	333,683	184,029	333,683	-
		Expenditures	410,839	147,253	407,789	(3,050)
		Revenues over (under) Expenditures	(77,156)	36,776	(74,106)	3,050
		Est Fund Balance 6/30/15			0	

Fund Summary  
 Mid-Year Budget Review  
 Fiscal Year 2014-15

<u>Fund</u>	<u>Accounts</u>	<u>Current Adjusted Budget</u>	<u>Actual YTD</u>	<u>FYE Projection</u>	<u>Required Budget Adjustments</u>
193	Stone Creek				
	Available Fund Balance 6/30/14			170,963	
	Revenues	15,975	8,800	15,975	-
	Expenditures	48,429	958	48,429	-
	Revenues over (under) Expenditures	<u>(32,454)</u>	<u>7,842</u>	<u>(32,454)</u>	<u>-</u>
	Est Fund Balance 6/30/15			<u>138,509</u>	
194	Magnolia Park				
	Available Fund Balance 6/30/14			676,754	
	Revenues	521,200	306,850	521,200	-
	Expenditures	626,075	177,274	626,075	-
	Revenues over (under) Expenditures	<u>(104,875)</u>	<u>129,576</u>	<u>(104,875)</u>	<u>-</u>
	Est Fund Balance 6/30/15			<u>571,879</u>	
195	Summer Lakes				
	Available Fund Balance 6/30/14			501,872	
	Revenues	171,961	93,121	171,961	-
	Expenditures	362,450	63,963	362,450	-
	Revenues over (under) Expenditures	<u>(190,489)</u>	<u>29,158</u>	<u>(190,489)</u>	<u>-</u>
	Est Fund Balance 6/30/15			<u>311,383</u>	
201	General Capital Projects				
	Available Fund Balance 6/30/14			517,687	
	Revenues	2,269,050	0	2,269,050	-
	Expenditures	2,687,911	97,242	2,786,737	98,826
	Revenues over (under) Expenditures	<u>(418,861)</u>	<u>(97,242)</u>	<u>(517,687)</u>	<u>(98,826)</u>
	Est Fund Balance 6/30/15			<u>0</u>	
202	Traffic Impact Fee Fund				
	Available Fund Balance 6/30/14			4,357,069	
	Revenues	1,204,000	219,417	804,000	(400,000)
	Expenditures	5,559,382	1,712,191	5,158,831	(400,551)
	Revenues over (under) Expenditures	<u>(4,355,382)</u>	<u>(1,492,774)</u>	<u>(4,354,831)</u>	<u>551</u>
	Est Fund Balance 6/30/15			<u>2,238</u>	

Fund Summary  
 Mid-Year Budget Review  
 Fiscal Year 2014-15

<u>Fund</u>	<u>Accounts</u>	<u>Current Adjusted Budget</u>	<u>Actual YTD</u>	<u>FYE Projection</u>	<u>Required Budget Adjustments</u>	
204	Park Impact Fee Fund	Available Fund Balance 6/30/14		45,876		
		Revenues	0	0	-	
		Expenditures	47,019	9,739	45,876	(1,143)
		Revenues over (under) Expenditures	<u>(47,019)</u>	<u>(9,739)</u>	<u>(45,876)</u>	<u>1,143</u>
		Est Fund Balance 6/30/15			<u>0</u>	
205	Childcare Impact Fee Fund	Available Fund Balance 6/30/14		591,811		
		Revenues	0	0	-	
		Expenditures	593,000	5,227	591,811	(1,189)
		Revenues over (under) Expenditures	<u>(593,000)</u>	<u>(5,227)</u>	<u>(591,811)</u>	<u>1,189</u>
		Est Fund Balance 6/30/15			<u>0</u>	
206	Public Facilities Impact Fee Fund	Available Fund Balance 6/30/14		(170,998) *		
		Revenues	499,900	70,546	299,900	(200,000)
		Expenditures	586,635	149,116	580,635	(6,000)
		Revenues over (under) Expenditures	<u>(86,735)</u>	<u>(78,570)</u>	<u>(280,735)</u>	<u>(194,000)</u>
		Est Fund Balance 6/30/15			<u>(451,733) *</u>	
* Funded by loans from the General Fund						
208	Fire Impact Fees	Available Fund Balance 6/30/14		81,741		
		Revenues	50	-	50	-
		Expenditures	80,886	586	80,886	-
		Revenues over (under) Expenditures	<u>(80,836)</u>	<u>(586)</u>	<u>(80,836)</u>	<u>-</u>
		Est Fund Balance 6/30/15			<u>905</u>	

Fund Summary  
 Mid-Year Budget Review  
 Fiscal Year 2014-15

<u>Fund</u>	<u>Accounts</u>	<u>Current Adjusted Budget</u>	<u>Actual YTD</u>	<u>FYE Projection</u>	<u>Required Budget Adjustments</u>	
211	WW Parks Grant	Available Fund Balance 6/30/14			*	
		Revenues	405,000	-	405,841	841
		Expenditures	568,311	410,193	405,841	(162,470)
		Revenues over (under) Expenditures	<u>(163,311)</u>	<u>(410,193)</u>	<u>0</u>	<u>163,311</u>
		Est Fund Balance 6/30/15			<u>0</u>	
* Funded by loan from the General Fund						
231	Main Street Fund	Available Fund Balance 6/30/14		668,456		
		Revenues	100,000	0	100,000	-
		Expenditures	769,304	350,258	768,456	(848)
		Revenues over (under) Expenditures	<u>(669,304)</u>	<u>(350,258)</u>	<u>(668,456)</u>	<u>848</u>
		Est Fund Balance 6/30/15			<u>0</u>	
235	Street Mtc Reserve Fund	Available Fund Balance 6/30/14		0		
		Revenues	75,000	0	75,000	-
		Expenditures	75,000	0	75,000	-
		Revenues over (under) Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>-</u>
		Est Fund Balance 6/30/15			<u>0</u>	
301	Developer Deposits Fund	Available Fund Balance 6/30/14		-		
		Revenues	423,000	172,827	423,000	-
		Expenditures	423,000	172,827	423,000	-
		Revenues over (under) Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>-</u>
		Est Fund Balance 6/30/15			<u>0</u>	
* Revenues are earned as deposits are spent.						
351	2006 Certificates of Participation Debt Svc Fund	Available Fund Balance 6/30/14		1,402		
		Revenues	571,635	148,302	571,635	-
		Expenditures	571,635	151,089	571,635	-
		Revenues over (under) Expenditures	<u>0</u>	<u>(2,787)</u>	<u>0</u>	<u>-</u>
		Est Fund Balance 6/30/15			<u>1,402</u>	

Fund Summary  
 Mid-Year Budget Review  
 Fiscal Year 2014-15

<u>Fund</u>	<u>Accounts</u>	<u>Current Adjusted Budget</u>	<u>Actual YTD</u>	<u>FYE Projection</u>	<u>Required Budget Adjustments</u>
501	Vehicle and Equipment Replacement Fund	Available Fund Balance 6/30/14		1,396,102	
		Revenues	55,750	2,554	55,750
		Expenditures	1,323,750	44,338	1,323,750
		Revenues over (under) Expenditures	<u>(1,268,000)</u>	<u>(41,784)</u>	<u>(1,268,000)</u>
		Est Fund Balance 6/30/15			<u>128,102</u>
502	Capital Facilities Maintenance & Replacement Fund	Available Fund Balance 6/30/14		235,535	
		Revenues	200	0	200
		Expenditures	231,200	18,077	231,200
		Revenues over (under) Expenditures	<u>(231,000)</u>	<u>(18,077)</u>	<u>(231,000)</u>
		Est Fund Balance 6/30/15			<u>4,535</u>
621	Cypress Grove 2004-1 Debt Svc Fund	Available Fund Balance 6/30/14		1,203,145	
		Revenues	1,165,688	656,097	1,165,688
		Expenditures	1,165,688	768,544	1,165,688
		Revenues over (under) Expenditures	<u>0</u>	<u>(112,447)</u>	<u>0</u>
		Est Fund Balance 6/30/15			<u>1,203,145</u>
622	2006-1 AD Debt Svc Fund	Available Fund Balance 6/30/14		565,660	
		Revenues	754,223	417,489	754,223
		Expenditures	754,223	490,861	754,223
		Revenues over (under) Expenditures	<u>0</u>	<u>(73,372)</u>	<u>0</u>
		Est Fund Balance 6/30/15			<u>565,660</u>
767	Successor Housing Agency Fund	Available Fund Balance 6/30/14		48,339	
		Revenues	14,400	774	14,400
		Expenditures	37,801	0	62,739
		Revenues over (under) Expenditures	<u>(23,401)</u>	<u>774</u>	<u>(48,339)</u>
		Est Fund Balance 6/30/15			<u>0</u>

Note: Throughout this schedule, available fund balances at 6/30/14 include the amounts appropriated from Reserves in funds where applicable.



RESOLUTION NO. \_\_-15

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OAKLEY  
APPROVING THE FISCAL YEAR 2014-15 MIDYEAR BUDGET  
REVIEW AND ADOPTING ITS RECOMMENDATIONS FOR REVISING  
THE FISCAL YEAR 2014-15 OPERATING AND CAPITAL BUDGETS**

**WHEREAS**, the City is required by law to approve a budget prior to the beginning of each fiscal year, and finds it prudent to review the status of the budget at midyear each year; and

**WHEREAS**, the Finance Director and other City Department Heads have undertaken a thorough review and projected revenues and expenditures for the remainder of the fiscal year; and

**WHEREAS**, The City Council of the City of Oakley has been presented with a Midyear Review Report, including a "State of the Budget" summary, an updated 10 Year Plan, and Staff recommendations; and

**WHEREAS**, the City Council has reviewed the Midyear Review Report and wishes to approve and adopt the Staff recommendations;

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Oakley hereby approves and adopts the Staff recommendations included in the Midyear Budget Review presented by the City Manager.

The foregoing resolution was introduced at a regular meeting of the Council of the City of Oakley held on the 10th day of February 2015, and adopted by the following vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

\_\_\_\_\_  
Doug Hardcastle, Mayor

ATTEST:

\_\_\_\_\_  
Libby Vreonis, City Clerk



## STAFF REPORT

**Date:** February 10, 2015  
**To:** Bryan H. Montgomery, City Manager  
**From:** Paul Abelson, Finance Director  
**SUBJECT:** City of Oakley Quarterly Investment Report (2nd Quarter FY 2014-2015)

Approved and Forwarded to City Council:

  
Bryan Montgomery, City Manager

### Background and Analysis

California law and the City's Investment Policy require the City's fiscal officer to submit a quarterly investment report to the City Council at the end of each quarter. The report should contain information on all securities held, and include a statement denoting the ability of the local agency to meet its expenditure requirements for the next six months.

### Fiscal Impact

City resources are organized and accounted for on a fund basis with some of those funds being restricted for specified uses and others that are unrestricted. For investment purposes, however, the funds are invested as a pool. The Investment Report for the Period Ending December 31, 2014 attached shows a combined pool balance of \$29,326,955.47. In addition, the pool had combined 1st Quarter accrued interest earnings of \$11,695.27. Interest for the period continues to reflect the lower rates currently being offered on safe, short-term investments.

The City is in compliance with the adopted investment policy and able to meet its expenditure requirements for the next six months.

### Recommendation

Staff recommends the City Council accept the investment report for the 2nd Quarter of Fiscal Year 2014-2015.

### Attachments

City of Oakley Investment Report for the quarter ended December 31, 2014.



## Quarterly Investment Report

For the Quarter Ended December 31, 2014

Type*	Name of Institution	Rate	Maturity****	Cost Amount	Market Value**
<b>Investments in Wells Fargo Bank Account</b>					
12	Overnight Sweep Investment	0.100%	1/1/2015	\$ 400,499.14	\$ 400,499.14
<b>Investments with Wells Fargo Investment Advisors:</b>					
9	Institutional Money Market	0.071%	N/A	1,772,933.59	1,772,933.59
<b>Investments with State of California:</b>					
3	Local Agency Investment Fund (LAIF)-City	0.250%	N/A	16,398,061.46	16,397,739.73
<b>Investments with CalTRUST</b>					
11	Short-Term Investment Account-City	0.400%	N/A	8,983,670.26	9,011,961.62
<b>Total Investments Other than Bond Proceeds</b>				<b>27,555,164.45</b>	<b>27,583,134.08</b>
<b>Investments with Wells Fargo Trust (bond proceeds): ***</b>					
<b>2012 Refunding Revenue Bonds</b>					
9	<i>Government Money Market</i> Wells Fargo Advantage Gov MM Svc	0.010%	N/A	120,893.47	120,893.47
4	<i>Certificates of Deposit (3)</i> Discover Bank	1.750%	5/16/12 - 5/16/17	250,000.00	252,895.00
	GE Capital Retail Bank	1.750%	5/18/12 - 5/18/17	250,000.00	252,305.00
	Goldman Sachs Bank USA	1.800%	5/16/12 - 5/16/17	250,000.00	253,110.00
<b>2014 Refunding Revenue Bonds</b>					
9	<i>Government Money Market</i> Wells Fargo Advantage Gov MM Svc	0.010%	N/A	326,133.22	326,133.22
<b>2006 Certificates of Participation</b>					
9	<i>Government Money Market</i> Wells Fargo Advantage Gov MM Svc	0.010%	N/A	574,764.33	574,764.33
<b>Total Investments of Bond Proceeds</b>				<b>1,771,791.02</b>	<b>1,780,101.02</b>
<b>Total All City Investments</b>				<b>\$ 29,326,955.47</b>	<b>\$ 29,363,235.10</b>

**Accrued Interest of Investments other than Bond Proceeds:**

Wells Fargo Investment Advisors	105.42
Local Agency Investment Fund	8,595.09
Caltrust Short-Term Investment Account	2,994.76
Accrued Interest as of 09/30/14	\$ 11,695.27

\* Type of investment as described in Authorized Investments section of the City's adopted Investment Policy

- |                                      |                       |                                 |
|--------------------------------------|-----------------------|---------------------------------|
| 1. U.S. Government Securities        | 5. Bankers Acceptance | 9. Money market funds           |
| 2. U.S. Government Agency Securities | 6. Commercial Paper   | 10. Repurchase agreements       |
| 3. Local Agency Investment Fund      | 7. Medium term notes  | 11. CalTRUST Short Term Account |
| 4. Certificates of Deposit           | 8. Mutual funds       | 12. Overnight Sweep             |

\*\* Market Valuation for LAIF was obtained at <http://www.treasurer.ca.gov/pmia-laif/mktvalue/2014/201412.pdf>

Market value for all other investments was obtained from FT Interactive Data. As the City holds its investments to maturity, market value fluctuations are not significant.

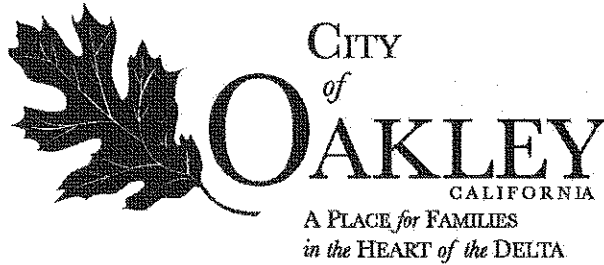
\*\*\* Investment of bond proceeds is governed by each bond's Trust Agreement. All of the amounts with Wells Fargo Trust are debt service reserve funds. Investment income remains with the individual bond accounts.

\*\*\*\* With the exception of CD's, all accounts have same day or next day liquidity

The City of Oakley is in compliance with the City's annually adopted investment policy and is able to meet its operating expenditure requirements for the next six months.

Approved by Paul Abelson  
Finance Director

1/30/15  
Date



## MEMORANDUM

Date: February 10, 2015

To: Bryan H. Montgomery, City Manager

From: Paul Abelson, Finance Director

Subject: Receive the Recommendation of the Auditor Selection Sub-Committee on the Selection of the City's Independent Auditor and Adopt a Resolution Authorizing the City Manager to Execute a Contract with Maze & Associates for Professional Audit Services for Fiscal Years 2014-15 through 2016-17, with two additional one year extensions exercisable at the City's option.

Approved and Forwarded to the  
City Council

  
Bryan H. Montgomery, City Manager

### Summary and Background Information

The City's current contract for professional audit services expired this year. In October, a Request for Proposal (RFP) was issued, and on December 15, the proposal period ended. Eight firms responded with proposals, and in accordance with the RFP, the proposals were reviewed by a selection committee comprised of Mayor Hardcastle, Vice-Mayor Romick, the City Manager, City Clerk and Finance Director. Three of the firms, Mann Urrutia Nelson CPAs & Associates, Badawi & Associates, and Maze and Associates, were invited for interviews and the interviews were held on January 28, 2015. From the reviews of the proposals and the results of the interviews, it is the unanimous recommendation of the selection committee that Maze & Associates be awarded the contract.

Maze is the City's most recent auditor, and because in recent years it has been difficult to deliver the audit reports in time to present to the City Council at its December meeting, the terms of this contract include a condition that the reports be prepared in time for presentation at the December City Council meeting. Maze has committed to work with City Staff to ensure this requirement is met.

Staff recommends the Council adopt the attached resolution authorizing the City Manager to execute a contract with Maze & Associates for professional audit services for fiscal years 2014-15 through 2016-17, with two additional one year extensions exercisable at the City's option.

**Subject:** Receive the Recommendation of the Auditor Selection Sub-Committee on the Selection of the City's Independent Auditor and Adopt a Resolution Authorizing the City Manager to Execute a Contract with Maze & Associates for Professional Audit Services for Fiscal Years 2014-15 through 2016-17, with two additional one year extensions exercisable at the City's option.

**Date:** February 10, 2015

**Fiscal Impact**

Total audit fees are not expected to exceed \$39,255 for the audit of fiscal year 2014-15, and to increase to no more than \$42,052 in fiscal year 2016-17 (year 3 of the contract).

**Proposals Summary**

Firm	Municipal Experience	Main Office Location	Depth of Resources	Proposed Annual Costs *
Maze & Associates	Extensive; Cities are their primary specialty	Pleasant Hill	Extensive	\$39,255-\$42,052
Vavrinek Trine Day & Co	Extensive; Cities are their primary specialty	Sacramento	Extensive	\$58,800-\$62,382
Mann Urrutia Nelson	Better; City audits are one of several specialties.	Sacramento	Better than Average	\$39,500
Moss Levy & Hartzheim	Better; City audits are one of several specialties.	Beverly Hills	Better than Average	\$39,447-40,905
The Pun Group	Better; City audits are one of several specialties.	Walnut Creek/Irvine	Average	\$35,000-\$36,414
Badawi & Associates	Better, a smaller firm that focuses on government audits	Oakland	Smaller than Average	\$31,360-\$33,270
RJ Ricciari, CPAs	Average	San Raphael	Smaller than Average	\$39,800
Joseph J. Arch, CPA	Lesser; although the lead partner has substantial governmental experience.	Dublin	Smaller than Average	\$42,203-\$43,489

\*Over the three year period these are the range in costs proposed.

**Recommendation**

Receive the Recommendation of the Auditor Selection Sub-Committee on the Selection of the City's Independent Auditor and Adopt a Resolution Authorizing the City Manager to Execute a Contract with Maze & Associates for Professional Audit

**Subject:** Receive the Recommendation of the Auditor Selection Sub-Committee on the Selection of the City's Independent Auditor and Adopt a Resolution Authorizing the City Manager to Execute a Contract with Maze & Associates for Professional Audit Services for Fiscal Years 2014-15 through 2016-17, with two additional one year extensions exercisable at the City's option.

**Date:** February 10, 2015

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Services for Fiscal Years 2014-15 through 2016-17, with two additional one year extensions exercisable at the City's option.

**Attachments**

1. Resolution
2. Contract

RESOLUTION NO. \_\_\_\_

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OAKLEY AUTHORIZING THE CITY MANAGER TO EXECUTE A CONTRACT WITH MAZE & ASSOCIATES FOR PROFESSIONAL AUDIT SERVICES FOR FISCAL YEARS 2014-15 THROUGH 2016-17, WITH TWO ADDITIONAL ONE YEAR EXTENSIONS EXERCISABLE AT THE CITY'S OPTION**

**WHEREAS**, the City desires and is required to undergo an annual audit of its financial statements; and

**WHEREAS**, the existing contract with the City's Auditors expired with the completion of the fiscal year 2013-14 annual audit; and

**WHEREAS**, on October 28, 2014, the City Council authorized staff to release a request for proposal for professional audit services, with responses due December 15, 2014; and

**WHEREAS**, a Selection Subcommittee evaluated the responses to proposals, and held interviews with the three firms it felt were best qualified to serve the City; and

**WHEREAS**, a summary of the proposals and process has been presented to the City Council along with the Subcommittee's unanimous recommendation that Maze and Associates be awarded the contract.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Oakley authorizes the City Manager to execute a contract with Maze & Associates for professional audit services for fiscal years 2014-15 through 2016-17, with two additional one year extensions exercisable at the City's option.

The foregoing resolution was introduced at a regular meeting of the City Council of the City of Oakley held on the 10th day of February 2015, and adopted by the following vote:

AYES:  
NOES:  
ABSTENTION:  
ABSENT:

APPROVED: \_\_\_\_\_  
Doug Hardcastle, MAYOR

ATTEST:

\_\_\_\_\_  
Libby Vreonis, CITY CLERK



## CONSULTING SERVICES AGREEMENT BETWEEN THE CITY OF OAKLEY AND MAZE & ASSOCIATES FOR AUDIT SERVICES

THIS AGREEMENT for consulting services is entered into by and between the City of Oakley, a municipal corporation in the State of California (hereinafter referred to as "City") and Maze & Associates, a California Corporation (hereinafter referred to as "Consultant"), collectively sometimes referred to hereinafter as the "Parties", as of February 10, 2015 (the "Effective Date").

**Section 1. SERVICES.** Subject to the terms and conditions set forth in this Agreement, Consultant shall provide to City the services described in the Scope of Work or proposal letter attached hereto and incorporated herein as Exhibit A at the time and place and in the manner specified therein. In the event of a conflict in or inconsistency between the terms of this Agreement and Exhibit A, the Agreement shall prevail.

- 1.1 Term of Services.** The term of this Agreement shall begin on the Effective Date and shall end on completion of the Audit of the City's fiscal year 2016-17 financial statements, expected to be completed by December 31, 2017, consistent with the scope of services described in Exhibit A; and Consultant shall complete the work described in Exhibit A prior to that date, unless the term of the Agreement is otherwise terminated or extended, as provided for in Section 8. The time provided to Consultant to complete the services required by this Agreement shall not affect the City's right to terminate the Agreement, as provided for in Section 8. Should this Agreement be amended to include additional tasks as contemplated in Section 1, the term of services shall be extended as mutually agreed upon by City and Consultant. Two (2) one-year extensions are provided for, at the City's option, in Section 8, allowing the scope to include the audits of the City's fiscal year 2017-18 and 2018-19 financial statements.
- 1.2 Standard of Performance.** Consultant shall perform all services required pursuant to this Agreement in the manner and according to the standards observed by a competent practitioner of the profession in which Consultant is engaged in the geographical area in which Consultant practices its profession. Consultant shall prepare all work products required by this Agreement in a substantial, first-class manner and shall conform to the standards of quality normally observed by a person practicing in Consultant's profession.
- 1.3 Assignment of Personnel.** Consultant shall assign only competent personnel to perform services pursuant to this Agreement. In the event that City, in its sole discretion, at any time during the term of this Agreement, desires the reassignment of any such persons, Consultant shall, immediately upon receiving notice from City of such desire of City, reassign such person or persons.



- 1.4 **Time.** Consultant shall devote such time to the performance of services pursuant to this Agreement as may be reasonably necessary to meet the standard of performance provided in Section 1.1 above and to satisfy Consultant's obligations hereunder.

**Section 2. COMPENSATION.** City hereby agrees to pay Consultant a sum not to exceed the amounts specified for each year in the proposal included in Exhibit A, notwithstanding any contrary indications that may be contained in Consultant's proposal, for services to be performed and reimbursable costs incurred under this Agreement. In the event of a conflict between this Agreement and Consultant's proposal, attached as Exhibit A, regarding the amount of compensation, the Agreement shall prevail. City shall pay Consultant for services rendered pursuant to this Agreement at the time and in the manner set forth herein. The payments specified below shall be the only payments from City to Consultant for services rendered pursuant to this Agreement. Consultant shall submit all invoices to City in the manner specified herein. Except as specifically authorized by City, Consultant shall not bill City for duplicate services performed by more than one person.

Consultant and City acknowledge and agree that compensation paid by City to Consultant under this Agreement is based upon Consultant's estimated costs of providing the services required hereunder, including salaries and benefits of employees and subcontractors of Consultant. Consequently, the parties further agree that compensation hereunder is intended to include the costs of contributions to any pensions and/or annuities to which Consultant and its employees, agents, and subcontractors may be eligible. City therefore has no responsibility for such contributions beyond compensation required under this Agreement.

- 2.1 **Invoices.** Consultant shall submit invoices, not more often than once a month during the term of this Agreement, based on the cost for services performed and reimbursable costs incurred prior to the invoice date. Invoices shall contain the following information:
- Serial identifications of progress bills; i.e., Progress Bill No. 1 for the first invoice, etc.;
  - The beginning and ending dates of the billing period;
  - A Task Summary containing the original contract amount, the amount of prior billings, the total due this period, the balance available under the Agreement, and the percentage of completion;
  - At City's option, for each work item in each task, a copy of the applicable time entries or time sheets shall be submitted showing the name of the person doing the work, the hours spent by each person, a brief description of the work, and each reimbursable expense;

- 2.2 **Monthly Payment.** City shall make monthly payments, based on invoices received, for services satisfactorily performed, and for authorized reimbursable costs incurred. City shall have 30 days from the receipt of an invoice that complies with all of the requirements above to pay Consultant.
- 2.3 **Final Payment.** City shall pay the last 10% of the total sum due pursuant to this Agreement within 60 days after completion of the services and submittal to City of a final invoice, if all services required have been satisfactorily performed.
- 2.4 **Total Payment.** City shall pay for the services to be rendered by Consultant pursuant to this Agreement. City shall not pay any additional sum for any expense or cost whatsoever incurred by Consultant in rendering services pursuant to this Agreement. City shall make no payment for any extra, further, or additional service pursuant to this Agreement.

In no event shall Consultant submit any invoice for an amount in excess of the maximum amount of compensation provided above either for a task or for the entire Agreement, unless the Agreement is modified prior to the submission of such an invoice by a properly executed change order or amendment approved by the City Manager, which shall not exceed the maximum amount allowed by the Oakley Municipal Code.

- 2.5 **Hourly Fees.** Fees for work performed by Consultant shall not exceed the amounts shown on the Compensation Schedule attached hereto and incorporated herein as Exhibit A.
- 2.6 **Reimbursable Expenses.** Reimbursable expenses are specified in Exhibit A, and expenses not listed in Exhibit A are not chargeable to the City.
- 2.7 **Payment of Taxes.** Consultant is solely responsible for the payment of employment taxes incurred under this Agreement and any similar federal or state taxes.
- 2.8 **Payment upon Termination.** In the event that the City or Consultant terminates this Agreement pursuant to Section 8 of this Agreement, the City shall compensate the Consultant for all outstanding costs and reimbursable expenses incurred for work satisfactorily completed as of the date of written notice of termination. Consultant shall maintain adequate logs and timesheets in order to verify costs incurred to that date.
- 2.9 **Authorization to Perform Services.** The Consultant is not authorized to perform any services or incur any costs whatsoever under the terms of this Agreement until receipt of authorization from the Contract Administrator.

**Section 3. FACILITIES AND EQUIPMENT.** Except as set forth herein, Consultant shall, at its sole cost and expense, provide all facilities and equipment that may be necessary to perform the services required by this Agreement. City shall make available to Consultant only the facilities and equipment listed in this section, and only under the terms and conditions set forth herein.

City shall furnish physical facilities such as desks, filing cabinets, and conference space, as may be reasonably necessary for Consultant's use while consulting with City employees and reviewing records and the information in possession of the City. The location, quantity, and time of furnishing those facilities shall be in the sole discretion of City. In no event shall City be obligated to furnish any facility that may involve incurring any direct expense, including but not limited to computer, long-distance telephone or other communication charges, vehicles, and reproduction facilities.

**Section 4. INSURANCE REQUIREMENTS.** Before beginning any work under this Agreement, Consultant, at its own cost and expense, shall procure the types and amounts of insurance listed below and in Exhibit B against claims for injuries to persons or damages to property that may arise from or in connection with the performance of the work hereunder by the Consultant and its agents, representatives, employees, and subcontractors. Consistent with the following provisions, Consultant shall provide proof satisfactory to City of such insurance that meets the requirements of this section and under forms of insurance satisfactory in all respects to the City, and that such insurance is in effect prior to commencing work under this Agreement. Consultant shall maintain the insurance policies required by this section throughout the term of this Agreement. The cost of such insurance shall be included in the Consultant's bid. Consultant shall not allow any subcontractor to commence work on any subcontract until Consultant has obtained all insurance required herein for the subcontractor(s) and provided evidence thereof to City. Verification of the required insurance shall be submitted and made part of this Agreement prior to execution. Verification of the required insurance is attached hereto and incorporated herein as Exhibit C.

**4.1 Variation.** The City may approve a variation in the insurance requirements, upon a determination that the coverage, scope, limit, and form of such insurance is either not commercially available, or that the City's interests are otherwise sufficiently protected.

**4.2 Notice of Reduction in Coverage.** In the event that any coverage required by this section is reduced, limited, or materially affected in any other manner, Consultant shall provide written notice to City at Consultant's earliest possible opportunity and in no case later than five days after Consultant is notified of the change in coverage.

**4.3 Remedies.** In addition to any other remedies City may have if Consultant fails to provide or maintain any insurance policies or policy endorsements to the extent and within the time herein required, City may, at its sole option, exercise any of the following remedies, which are alternatives to other remedies City may have and are not the exclusive remedy for Consultant's breach:

- Order Consultant to stop work under this Agreement or withhold any payment that becomes due to Consultant hereunder, or both stop work and withhold

any payment, until Consultant demonstrates compliance with the requirements hereof; and/or

- Terminate this Agreement.

**Section 5. INDEMNIFICATION AND CONSULTANT'S RESPONSIBILITIES.** Consultant shall to the fullest extent allowed by law, with respect to all Services performed in connection with this Agreement, defend with counsel acceptable to the City, and indemnify and hold the City and its officials, officers, employees, agents, and volunteers harmless from and against any and all losses that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant ("Claims"). Consultant will bear all losses, costs, damages, expense and liability of every kind, nature and description that arise out of, pertain to, or relate to such Claims, whether directly or indirectly ("Liability"). Such obligations to defend, hold harmless and indemnify the City shall not apply to the extent that such Liability is caused by the sole negligence, active negligence, or willful misconduct of the City or any third party.

With respect to third party claims against the Consultant, the Consultant waives any and all rights of any type of express or implied indemnity against the indemnitees.

However, notwithstanding the foregoing, in accordance with California Civil Code Section 1668, nothing in this Agreement shall be construed to exempt the City from its own fraud, willful injury to the person or property of another, or violation of law. In addition, and notwithstanding the foregoing, to the extent this Agreement is a "construction contract" as defined by California Civil Code section 2783, as may be amended from time to time, such duties of Consultant to indemnify shall not apply when to do so would be prohibited by California Civil Code Section 2782.

**Section 6. STATUS OF CONSULTANT.**

- 6.1 Independent Contractor.** At all times during the term of this Agreement, Consultant shall be an independent contractor and shall not be an employee of City. City shall have the right to control Consultant only insofar as the results of Consultant's services rendered pursuant to this Agreement and assignment of personnel pursuant to Subparagraph 1.3; however, otherwise City shall not have the right to control the means by which Consultant accomplishes services rendered pursuant to this Agreement. Notwithstanding any other City, state, or federal policy, rule, regulation, law, or ordinance to the contrary, Consultant and any of its employees, agents, and subcontractors providing services under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any and all claims to, any compensation, benefit, or any incident of employment by City, including but not limited to eligibility to enroll in the California Public Employees Retirement System (PERS) as an employee of City and entitlement to any contribution to be paid by City for employer contributions and/or employee contributions for PERS benefits.

- 6.2 **Consultant, Not Agent.** Except as City may specify in writing, Consultant shall have no authority, express or implied, to act on behalf of City in any capacity whatsoever as an agent. Consultant shall have no authority, express or implied, pursuant to this Agreement to bind City to any obligation whatsoever.

**Section 7. LEGAL REQUIREMENTS.**

- 7.1 **Governing Law.** The laws of the State of California shall govern this Agreement.
- 7.2 **Compliance with Applicable Laws.** Consultant and any subcontractors shall comply with all laws applicable to the performance of the work hereunder, including but not limited to, the California Building Code, the Americans with Disabilities Act, and any copyright, patent or trademark law. Consultant's failure to comply with any law(s) or regulation(s) applicable to the performance of the work hereunder shall constitute a breach of contract.
- 7.3 **Other Governmental Regulations.** To the extent that this Agreement may be funded by fiscal assistance from another governmental entity, Consultant and any subcontractors shall comply with all applicable rules and regulations to which City is bound by the terms of such fiscal assistance program.
- 7.4 **Licenses and Permits.** Consultant represents and warrants to City that Consultant and its employees, agents, and any subcontractors have all licenses, permits, qualifications, and approvals of whatsoever nature that are legally required to practice their respective professions. Consultant represents and warrants to City that Consultant and its employees, agents, any subcontractors shall, at their sole cost and expense, keep in effect at all times during the term of this Agreement any licenses, permits, and approvals that are legally required to practice their respective professions. In addition to the foregoing, Consultant and any subcontractors shall obtain and maintain during the term of this Agreement valid business licenses from City.
- 7.5 **Nondiscrimination and Equal Opportunity.** Consultant shall not discriminate, on the basis of a person's race, religion, color, national origin, age, physical or mental handicap or disability, medical condition, marital status, sex, or sexual orientation, against any employee, applicant for employment, subcontractor, bidder for a subcontract, or participant in, recipient of, or applicant for any services or programs provided by Consultant under this Agreement. Consultant shall comply with all applicable federal, state, and local laws, policies, rules, and requirements related to equal opportunity and nondiscrimination in employment, contracting, and the provision of any services that are the subject of this Agreement.

Consultant shall include the provisions of this Subsection in any subcontract approved by the Contract Administrator of this Agreement.

**Section 8. TERMINATION AND MODIFICATION.**

- 8.1 Termination.** City may cancel this Agreement at any time and without cause upon written notification to Consultant.

One of the conditions of this agreement is that the audit reports shall be delivered in time to present to the City Council at their December meeting each year. Absent extenuating circumstances beyond the Consultant's control, failure to do so is expected to result in Consultant replacement for the following year.

Consultant may cancel this Agreement upon 30 days written notice to City and shall include in such notice the reasons for cancellation.

In the event of termination, Consultant shall be entitled to compensation for services performed to the effective date of termination; City, however, may condition payment of such compensation upon Consultant delivering to City any or all documents, photographs, computer software, video and audio tapes, and other materials provided to Consultant or prepared by or for Consultant or the City in connection with this Agreement.

- 8.2 Extension.** City may, in its sole and exclusive discretion, extend the end date of this Agreement beyond that provided for in Subsection 1.1. This Agreement may be extended at the option of the City. Should City decide to exercise its option to extend this Agreement, City shall provide written notice to Consultant at least sixty (60) days prior to the end date of this Agreement. Any such extension shall require a written amendment to this Agreement, as provided for herein. Consultant understands and agrees that, if City grants such an extension, City shall have no obligation to provide Consultant with compensation beyond the maximum amount provided for in this Agreement, unless City agrees to do so by written amendment to this Agreement. Similarly, Consultant understands and agrees that, City shall have no obligation to reimburse Consultant for any otherwise reimbursable expenses incurred during the extension period, unless City agrees to do so by written amendment to this Agreement.

This Agreement includes two (2) one-year extensions, at the City's option, allowing for the possibility of the inclusion of the audits of fiscal years 2017-18 and 2018-19 in the scope of services.

- 8.3 Amendments.** The parties may amend this Agreement only by a writing signed by all the parties.

**8.4 Assignment and Subcontracting.** City and Consultant recognize and agree that this Agreement contemplates personal performance by Consultant and is based upon a determination of Consultant's unique personal competence, experience, and specialized personal knowledge. Moreover, a substantial inducement to City for entering into this Agreement was and is the professional reputation and competence of Consultant. Consultant may not assign this Agreement or any interest therein without the prior written approval of the Contract Administrator. Consultant shall not subcontract any portion of the performance contemplated and provided for herein, other than to the subcontractors noted in the proposal, without prior written approval of the Contract Administrator.

**8.5 Survival.** All obligations arising prior to the termination of this Agreement and all provisions of this Agreement allocating liability between City and Consultant shall survive the termination of this Agreement.

**8.6 Options upon Breach by Consultant.** If Consultant materially breaches any of the terms of this Agreement, City's remedies shall include, but not be limited to the following:

**8.6.1** Immediately terminate the Agreement;

**8.6.2** Retain the plans, specifications, drawings, reports, design documents, and any other work product prepared by Consultant pursuant to this Agreement;

**8.6.3** Retain a different consultant to complete the work described in Exhibit A not finished by Consultant; or

**8.6.4** Charge Consultant the difference between the cost to complete the work described in Exhibit A that is unfinished at the time of breach and the amount that City would have paid Consultant pursuant to Section 2 of this Agreement if Consultant had completed the work.

## **Section 9. KEEPING AND STATUS OF RECORDS.**

**9.1 Records Created as Part of Consultant's Performance.** All reports, data, maps, models, charts, studies, surveys, photographs, memoranda, plans, studies, specifications, records, files, or any other documents or materials, in electronic or any other form, that Consultant prepares or obtains pursuant to this Agreement and that relate to the matters covered hereunder shall be the property of the City. Consultant hereby agrees to deliver those documents to the City upon termination of the Agreement. It is understood and agreed that the documents and other materials, including but not limited to those described above, prepared pursuant to this Agreement are prepared specifically for the City and are not necessarily suitable for any future or other use. City and Consultant agree that, until final

approval by City, all data, plans, specifications, reports and other documents are confidential and will not be released to third parties without prior written consent of both parties.

- 9.2 Consultant's Books and Records.** Consultant shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or relating to charges for services or expenditures and disbursements charged to the City under this Agreement for a minimum of three (3) years, or for any longer period required by law, from the date of final payment to the Consultant to this Agreement.
- 9.3 Inspection and Audit of Records.** Any records or documents that Section 9.2 of this Agreement requires Consultant to maintain shall be made available for inspection, audit, and/or copying at any time during regular business hours, upon oral or written request of the City. Under California Government Code Section 8546.7, if the amount of public funds expended under this Agreement exceeds TEN THOUSAND DOLLARS (\$10,000.00), the Agreement shall be subject to the examination and audit of the State Auditor, at the request of City or as part of any audit of the City, for a period of three (3) years after final payment under the Agreement.

**Section 10 MISCELLANEOUS PROVISIONS.**

- 10.1 Attorneys' Fees.** If a party to this Agreement brings any action, including an action for declaratory relief, to enforce or interpret the provision of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees in addition to any other relief to which that party may be entitled. The court may set such fees in the same action or in a separate action brought for that purpose.
- 10.2 Venue.** In the event that either party brings any action against the other under this Agreement, the parties agree that trial of such action shall be vested exclusively in the state courts of California in the County of Contra Costa or in the United States District Court for the Northern District of California.
- 10.3 Severability.** If a court of competent jurisdiction finds or rules that any provision of this Agreement is invalid, void, or unenforceable, the provisions of this Agreement not so adjudged shall remain in full force and effect. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.
- 10.4 No Implied Waiver of Breach.** The waiver of any breach of a specific provision of this Agreement does not constitute a waiver of any other breach of that term or any other term of this Agreement.



- 10.5 Successors and Assigns.** The provisions of this Agreement shall inure to the benefit of and shall apply to and bind the successors and assigns of the parties.
- 10.6 Use of Recycled Products.** Consultant shall prepare and submit all reports, written studies and other printed material on recycled paper to the extent it is available at equal or less cost than virgin paper.
- 10.7 Conflict of Interest.** Consultant may serve other clients, but none whose activities within the corporate limits of City or whose business, regardless of location, would place Consultant in a "conflict of interest," as that term is defined in the Political Reform Act, codified at California Government Code Section 81000 *et seq.*

Consultant shall not employ any City official in the work performed pursuant to this Agreement. No officer or employee of City shall have any financial interest in this Agreement that would violate California Government Code Sections 1090 *et seq.*

Consultant hereby warrants that it is not now, nor has it been in the previous twelve (12) months, an employee, agent, appointee, or official of the City. If Consultant was an employee, agent, appointee, or official of the City in the previous twelve months, Consultant warrants that it did not participate in any manner in the forming of this Agreement. Consultant understands that, if this Agreement is made in violation of Government Code §1090 *et seq.*, the entire Agreement is void and Consultant will not be entitled to any compensation for services performed pursuant to this Agreement, including reimbursement of expenses, and Consultant will be required to reimburse the City for any sums paid to the Consultant. Consultant understands that, in addition to the foregoing, it may be subject to criminal prosecution for a violation of Government Code § 1090 and, if applicable, will be disqualified from holding public office in the State of California.

- 10.8 Solicitation.** Consultant agrees not to solicit business at any meeting, focus group, or interview related to this Agreement, either orally or through any written materials.
- 10.9 Contract Administration.** This Agreement shall be administered by the City's Finance Director ("Contract Administrator"). All correspondence shall be directed to or through the Contract Administrator or his or her designee.

**10.10 Notices.**

Any written notice to Consultant shall be sent to:

Name: Maze & Associates  
Attn: Amy Meyer, Shareholder  
3478 Buskirk Avenue, Suite 215  
Pleasant Hill, California 94523

Any written notice to City shall be sent to:

City of Oakley  
City Manager and City Finance Director  
3231 Main Street  
Oakley, CA 94561

**10.11 Integration.** This Agreement, including the Scope of Work and Compensation Schedule, Insurance Requirements, and Verification of Required Insurance, attached hereto and incorporated herein as Exhibit A, B, and C respectively, represents the entire and integrated agreement between City and Consultant and supersedes all prior negotiations, representations, or agreements, either written or oral.

<u>Exhibit A</u>	Scope of Services and Compensation Schedule
<u>Exhibit B</u>	Insurance Requirements
<u>Exhibit C</u>	Verification of Required Insurance

**10.12 Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

**10.13 Authorized Signature.** Each person and party signing this Agreement warrants that he/she has the authority to execute this Agreement on behalf of the principal and that the party will be bound by such signature.

The parties have executed this Agreement as of the Effective Date.

CITY

CONSULTANT

City of Oakley, a municipal corporation  
in the State of California

Maze & Associates, a California  
corporation

By: \_\_\_\_\_  
Bryan H. Montgomery, City Manager

By: \_\_\_\_\_  
Name and Title

Attest:

\_\_\_\_\_  
Libby Vreonis, City Clerk

Approved as to Form:

\_\_\_\_\_  
Derek P. Cole, City Attorney

**EXHIBIT A**

**SCOPE OF SERVICES AND COMPENSATION SCHEDULE**

**PROPOSAL  
To Continue to Provide  
Professional Auditing Services  
For The**

**CITY OF OAKLEY**

**Submitted By  
MAZE & ASSOCIATES ACCOUNTANCY CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS  
3478 Buskirk Avenue, Suite 215, Pleasant Hill, CA 94523  
(925) 930-0902 – Fax - (925)-930-0135**

**December 15, 2014**

<b>Contact Persons</b>	
<b>Amy Meyer, CPA Vice President</b> ☎ (925)-930-0902, Ext. 271 ✉ amym@mazeassociates.com	<b>Vikki Rodriguez, CPA Vice President</b> ☎ (925)-930-0902, Ext. 247 ✉ vikr@mazcassociates.com

**CITY OF OAKLEY  
AUDIT PROPOSAL**

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AUDIT PROPOSAL**

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December 15, 2014



Paul Abelson, Finance Director  
City of Oakley  
3231 Main Street  
Oakley, CA 94561

Dear Paul:

We appreciate this opportunity to submit our proposal to continue to provide external audit services for the City of Oakley. We agree to audit the basic financial statements of the City as well as assist with the preparation of the Comprehensive Annual Financial Report (CAFR) for the fiscal years ending June 30, 2015 through June 30, 2017, with the option of extending for each of the two subsequent years. We will also perform additional services as specified in the City's Request for Proposal, within the time periods established by the City.

We are quite certain we are the most qualified firm to be your independent accountants. Maze & Associates began operating a quarter of a century ago, and since that time, we have rigorously employed our philosophy that "We are in Business to Help our Clients Succeed"! Our clients know from experience we employ a variety of techniques, technologies and strategies to maximize effective and efficient audits without shifting our work onto our clients staff. We have summarized our reasons below and explained them in depth in our proposal.

- **We are the best-known regional municipal audit firm in Northern California.** Over our twenty-eight year history, we have achieved national recognition with the consistent high quality of our work and with our leadership on issues such as bankruptcy trends and implications, Redevelopment Agency dissolution, GASB Statement 45, GASB Statement 34, Y2K, and municipal investment losses.
- **Municipal auditing is our main business.** We believe we have the necessary qualifications and are your best choice.
  - We annually audit over 200 municipalities including special districts, joint powers authorities, successor agencies, housing authorities and financing authorities.
  - We currently have forty-four City clients ranging in size from small towns to large complex cities, **including seven with populations in excess of 100,000.**
  - **We have experience auditing several dozen large enterprise operations,** some operated as departments or funds of our City clients and others operated as stand-alone independent special districts and authorities.
  - **We conduct three dozen Single Audits annually.**
  - **Our firm does not make the newspapers very often, but when it does, it's for doing our job.** See Firm Qualifications and Experience – Reputation for details.
- We currently prepare the annual required filings for the State Controllers Office, including the **Annual Report of Financial Transactions and Street Report**, for many of our municipal clients.

Accountancy Corporation  
3478 Buskirk Avenue, Suite 215  
Pleasant Hill, CA 94523

T 925.930.0902  
F 925.930.0135  
E maze@mazeassociates.com  
W mazeassociates.com



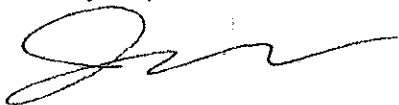
- **Our Partners are actively involved in planning, conducting and completing the audit in our client's offices** and our Partners are available when you need them. We resolve issues on the spot while the audit is being performed.
- When our Partners communicate with you, the Council and Committees, their knowledge is based on detailed specifics, not information which has been filtered through several layers of review.
- **We have a long term track record of client retention beyond our client's original contract terms because of the quality of our service. Please pay special attention to the client start dates on page 7.**
- **Our audit staff average more than 80 hours of training in municipal auditing and accounting and 1,500 hours of municipal audit experience each year. This means you do not train our staff!**
- **We are an Equal Opportunity Employer.**
- With our qualified information security staff we have developed and employ a number of technologies to streamline our audit process, ensure open channels of communication and data transfer while securing the confidentiality of client data. These technologies include LANs, a VPN, "Leapfile" data file transfers, "Mimecast" email protection software, paperless audit workpapers, and a major upgrade of our "direct downloads" technique eliminating manual financial statement inputs and maximizing easy to use financial rollup reports.
- **Up to half our total audit time is spent at interim each year, ensuring a smooth year-end audit. Our interim audit includes much of the work other firms postpone to year-end; we even begin the preparation of the financial statements.**
- We have never been sued over deficient work, although we are proud to say we were sued for doing our work too well! See Firm Qualifications and Experience - Litigation for details.
- Our references - indeed, any of our clients, will confirm we are your best choice.
- Our firm and all our partners and employees are independent of the City of Oakley and its component units as that term is defined by the General Accountability Office's Government Auditing Standards, the American Institute of Certified Public Accountants, the California Society of Certified Public Accountants and the California State Board of Accountancy. We have no present or past professional relationships with the City or any of its Council members or employees that would compromise our independence.

As with all our audits, we are committed to continuing to provide timely, quality audit services to the City of Oakley. We have no doubt that we are the firm best qualified to perform the services described in the request for proposal. After you have analyzed our proposal and - most important - talked with our references, we are quite confident you will agree. The proposal is a firm and irrevocable offer for a period of sixty days from the date of this proposal.

Amy Meyer, Vice President, and Vikki Rodriguez, Vice President, are authorized to represent, sign for and contractually obligate Maze & Associates, a Professional Corporation, located at 3478 Buskirk Avenue, Suite 215, Pleasant Hill, CA, 94523, (925) 930-0902.

We look forward to the opportunity to continue to work with the City!

Yours very truly,



John Rodriguez

JR:smg

## LICENSE TO PRACTICE IN CALIFORNIA

Maze & Associates is a properly licensed California Certified Public Accounting firm. We are members of the Government Finance Officers Association (GFOA) and the California Society of Municipal Finance Officers (CSMFO) as well as the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

All assigned key professional staff are properly licensed to practice in California. Those staff that are certified public accountants have current California CPA licenses in the attest function, and have **received more than twice the required level of continuing education**, including the credits specifically required in the area of governmental audits. See Partner, Supervisory and Staff Qualifications and Experience – Audit Team for the resumes of the Proposed audit team.

Neither our firm nor any of our employees have a record of substandard or unsatisfactory performance, nor have any claims ever been filed with any State Board of Accountancy against our firm or any of our employees.

## INDEPENDENCE

As independent auditors, **our most valuable asset is our independence**. Unlike many firms, we have never allowed our independent audit function to be used to promote consulting or other work. In fact, consulting and related work have never amounted to more than a few percent of our total revenues, while our independent audit work has amounted to over eighty percent of our revenues.

Our firm and all our partners and employees are independent of the City of Oakley and its component units as that term is defined by the General Accountability Office's Government Auditing Standards, the American Institute of Certified Public Accountants, the California Society of Certified Public Accountants and the California State Board of Accountancy. We have no present or past professional relationships with the City or any of its Council members or employees that would compromise our independence.

**We will discuss in advance with the City any professional relationships being contemplated during the period of engagement that may present a potential conflict of interest. If the City and we believe any such relationship presents a conflict of interest, we will not enter into it.**

## FIRM QUALIFICATIONS AND EXPERIENCE

### *Overview*

We are a professional services corporation located in Pleasant Hill, California. We presently have a total of forty-seven people, including eight shareholders, two Directors, four Managers, seven Supervisors, ten Senior Associates, ten Associates and six Office Staff. Fifteen of our professional staff are California Certified Public Accountants and two additional staff are in the process of completing their applications for licensure. All of our professional staff comprise our governmental audit staff, as our firm's emphasis is on governmental auditing and accounting. Several of our professional staff have national accounting firm experience, which we have blended with the more personal approach of a smaller firm.

**Most of our clients** are cities or other municipal entities and we do this work twelve months of the year. We limit our practice in other areas and focus on being the best municipal audit firm in Northern California. Our clients include several cities similar to the City of Oakley in size. Our audit strategy is tailored to municipalities and is quite different from the traditional approach adapted from commercial clients by general practice accounting firms.

**We have focused on municipalities since our inception in 1986.** We are active in GFOA, CSMFO and CMTA, and our Partners have been speakers at many GFOA, CSMFO and CMTA functions.

## FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

We are in business to help our clients succeed. We help you use the ever-growing tangle of accounting rules properly, but to your best advantage, by helping you keep out of trouble and helping you do the right thing. We stay in touch throughout the year to keep you abreast of municipal accounting developments and to help you avoid problems, instead of coming in afterwards to assess the damage. We rotate our audit emphasis based on our planning meetings with you so areas that concern you can be addressed as a normal part of the audit at no extra cost.

### *National Recognition*

We first achieved national recognition among accountants when we identified problems with municipal investments in April of 1994, months before the same problem drove Orange County into bankruptcy. While others dithered, we prepared our clients for the inevitable questions by alerting them immediately to the problem, working with GASB to address the accounting issues involved, and increasing our clients' financial statement disclosures so that the questions which came later were already answered in the financial statements. We were pleasantly surprised to see that a key disclosure element of GASB 40 is investment maturity data. Some of our client's have included maturity data in their CAFRs since 1994, when we recommended it as a way of reporting liquidity to financial statement users.

In early 1999, when most accounting firms were saying that Y2K uncertainties would affect their audit opinions, we took a different stance. We said full disclosure of the steps taken to prepare for Y2K was sufficient for us to issue an unqualified opinion. By this time our national reputation was such that GASB used our refusal to follow the majority as leverage in negotiating a compromise on the Y2K issue with the American Institute of CPAs.

In the years before the issuance of GASB 34, we developed a full-blown alternative to GASB's heavily criticized Dual Perspective proposal. Our alternative received favorable written comments from over one hundred and twenty-five cities and prompted many of the major changes made by GASB before they issued GASB 34. We received national recognition for this effort and one of our Partners was named to the GASB 34 Implementation Guide Task Force.

We have stayed active throughout the years in alerting our clients to potential issues by recognizing important trends and advising our clients of their impacts well before they become effective. We noted years before GASB 45 became effective that advance funding other post employment benefits had significant long term savings potentials and since 2007, we have emphasized to our clients the need to pay careful attention to the shift in the municipal debt markets from one based on insurance to one based on credit worthiness.

Our work quality and financial statement clarity have earned us a solid national reputation with underwriters, bond counsel, financial advisors and others involved with debt issuances. Our clients have been involved with a broad variety of debt issues and refundings over the years, and the quality of our work has never been an issue. Underwriters have praised our financial statements for being very clear and easy to understand.

## FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

### *Reputation*

We believe quality and an emphasis on doing our job right is far more important than being cheaper than our competitors. Despite the economic pressures faced by municipalities and the need to save money, there are other, more serious concerns to be weighed. Those being perceived or actual audit failures in the municipal audit sector. The City of Bell news, especially the State Controller's Office Report on that City's audit firm, is raising serious questions about municipal audit quality. Whether this is justified or not isn't really the issue. What is at issue is the perception of poor quality in municipal audits. We have received a number of inquiries and requests for proposal from that firm's clients who desire a change in auditors. A former client of ours, which rotated to them several years ago, called us and asked if we would propose on the City's work. That Council simply did not want to expend the energy to defend whether that firm is providing quality work.

We received calls from other municipalities with a different audit firm that released their fiscal 2009-10 audit reports late. The reason - the audit firm merged and re-merged in fiscal 2009-10 and the new firm placed a "quality control review" on municipal audits. The end result was that CAFR extensions were needed for 2009-10.

These trends indicate that it would be unwise to reduce audit effort for any municipal audit. Our commitment to quality and preserving our firm's reputation remains our top priority and serves our clients best.

Clients tend to remain with us through their difficulties. Consider for a moment high risk audit environments, which are those entities undergoing financial stress, bankruptcy or fraud. For example, these clients are still clients today:

- ✦ Richmond - Financial Stress (FYs 2002-05)
- ✦ Millbrae - Financial Stress (FYs 2002-05)
- ✦ Vallejo - Bankruptcy/Financial Stress (FYs 2010-14)

We think there are two other clients worthy of comment.

In early 2009, the City of Los Banos discovered fraud originally estimated at \$400,000. This was the second case of cash receipts fraud at that City within five years. The Los Banos Council instructed staff to replace the then audit firm with a "credible auditor" - they hired us. After that City's forensic auditor completed their investigation, the actual fraud was revised to \$1.7 million. Our audits revealed numerous material weaknesses in cash receipts and billing controls. It is clear to us that the weaknesses had been present for many years and that the weaknesses were obvious. That City no longer believes a cheap audit has value.

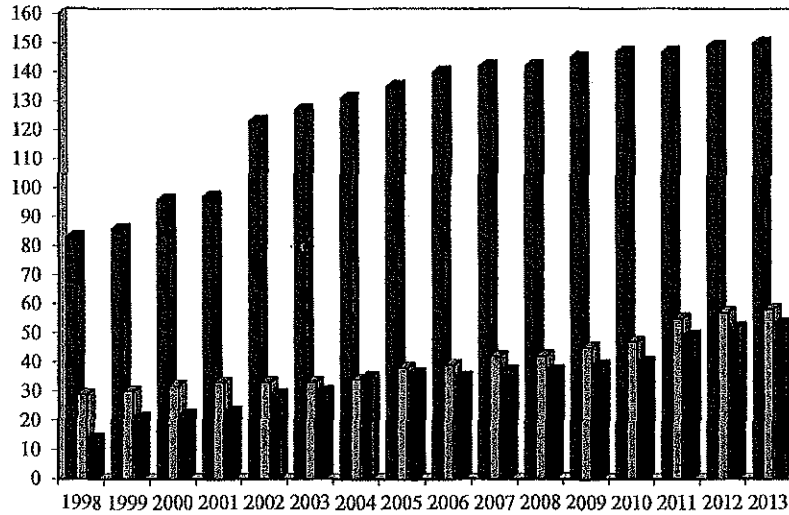
Lastly, we used to audit the City of Pacific Grove. In our first audit in fiscal 2003-04, we determined that their General Fund cash balances were not sufficient and included our comments in the year end management letter. Our firm made the local paper. The article was titled: "Auditor Warns P. G. Council!" **We are rarely in the news, but when we are, it is for doing our job.**

### *Our Municipal Focus*

**We have focused on municipalities since our inception in 1986.** We are active in and our Partners have been speakers at GFOA, CSMFO, CMTA, and the CalCPA Education Foundation.

**FIRM QUALIFICATIONS AND EXPERIENCE (Continued)**

Our practice includes forty-two city clients and forty-one city and special district CAFR award winners—more municipal clients and more award winners than any other Northern California accounting firm or international firm branch office. Included in those totals are six award-winning Special District CAFRs. Eighty percent of our practice is municipal auditing, accounting and consulting, continuing throughout the entire year. Our growth can be seen in the graph below, which shows the growth in the number of our total municipal entity clients in blue, City audit clients in green and CAFR award winners in red.



Every one of the above CAFRs, won awards from GFOA and/or CSMFO.

**FIRM QUALIFICATIONS AND EXPERIENCE (Continued)**

*City Clients*

The table below summarizes our most recent experience with audits of cities. We are responsible for all phases of the work on these clients. **All of this work represents recurring annual audit and related work; all this work and that presented in the table was completed on or before the deadline from the first year listed for each client.**

City	Client Since	CAFR	RDA	Single Audit	TDA	Transportation Measure	Retirement Plans	Financing Corp.
<i>Population &gt; 100,000</i>								
Daly City	1992	✓	✓	✓	✓	✓	✓	
Hayward	2011	✓	✓	✓	✓	✓		✓
Richmond	2005	✓	✓	✓		✓	✓	✓
Roseville	1998	✓	✓	✓			✓	✓
Santa Clara	2012	✓	✓	✓	✓			
Sunnyvale	2008	✓	✓	✓	✓			✓
Vallejo	2004	✓	✓	✓	✓	✓		
<i>Population &lt; 100,000</i>								
Alameda	1990	✓	✓	✓	✓	✓	✓	
Atherton	2009			✓		✓		
Belmont	1998	✓	✓	✓		✓		
Benicia	2011	✓		✓	✓			
Brentwood	2007	✓	✓	✓	✓	✓		
Brisbane	2011	✓	✓	✓				
Cupertino	2010	✓	✓	✓	✓			
Dublin	2012	✓		✓		✓		
El Cerrito	2005	✓	✓	✓	✓		✓	✓
Fairfax	2009							
Galt	2009	✓	✓	✓				
Half Moon Bay	2014	✓		✓	✓			
Larkspur	1991			✓	✓			
Lathrop	2011	✓		✓				
Livermore	1988	✓	✓	✓	✓	✓		✓
Los Altos	2014	✓		✓		✓		
Manteca	1986	✓	✓	✓				✓
Martinez	2001	✓		✓	✓			
Millbrae	1998	✓	✓	✓	✓	✓		
Milpitas	1995	✓	✓	✓	✓			✓
Moraga	2012			✓	✓			
Mountain View	2001	✓	✓	✓	✓			
Oakley	2000	✓	✓	✓	✓			
Petaluma	2011	✓		✓	✓			
Piedmont	2007	✓				✓	✓	
Pittsburg	2011	✓	✓	✓	✓		✓	
Portola Valley	2005					✓		
Rancho Cordova	2009	✓	✓	✓				✓
San Leandro	2011	✓	✓	✓	✓	✓		
San Pablo	1995	✓	✓	✓	✓	✓	✓	
San Rafael	2007	✓	✓	✓	✓			
San Ramon	2014	✓		✓	✓			
Sausalito	2006	✓						
South San Francisco	2004	✓	✓	✓	✓	✓		
Turlock	2013	✓	✓	✓	✓			✓

**FIRM QUALIFICATIONS AND EXPERIENCE (Continued)**

As you can see from the client list on page 7, we have a winning combination that has resulted in **strong client loyalty and retention**. Several clients who left have returned after seeing the difference between our firm and our competitors. **Others have remained our clients after completing a full-blown proposal process**, most recently Brentwood, Manteca and Belmont.

**Grant and Compliance Audit Experience**

Our pertinent Non-Transportation Single Audit Act experience is graphed below:

Client	Housing and Urban Development	Justice	Homeland Security	Agriculture	Defense	Commerce	Interior	National Endowment for the Arts & the Humanities	Energy/Education/Labor	Health & Human Services	Environmental Protection Agency
Alameda	■	■	■			■					
American Canyon											■
ABAG				■		■	■				■
Belmont	■	■									
Concord	■	■			■						
Daly City	■	■	■	■				■		■	■
Davis	■		■								■
EBMUD			■				■				■
East Palo Alto	■	■				■			■	■	■
El Cerrito		■	■								■
EID											■
Food Bank	■		■	■							
Galt			■								
Livermore	■	■						■		■	■
Manteca	■	■	■								
Martinez	■	■	■								
Milpitas	■	■	■	■							
Mountain View	■	■	■						■		
Napa	■	■	■								
Palo Alto	■		■						■		■
Rancho Cordova	■	■	■						■	■	
Richmond	■	■	■			■			■		
Roseville	■	■	■		■						■
WETA			■								
San Pablo	■										
San Rafael	■		■								
SRVFPD			■								
So. Lake Tahoe	■	■		■			■				
So. San Francisco	■		■	■					■	■	■
Suisun City	■	■									
Sunnyvale	■	■	■		■			■	■		
Vallejo	■	■	■		■	■					■
Waterford	■										
West Sacramento	■	■	■	■							■

**FIRM QUALIFICATIONS AND EXPERIENCE (Continued)**

Our pertinent Single Audit Act and Transportation grant experience is graphed below:

Client	US Department of Transportation			Local	State	Transportation Development Act			
	Airport Improvement Program	Highway Planning & Construction	Transit & Other			Measures A, B & C	SEPP/SLTP/TSM	Transit/Para-Transit	Bicycle Pedestrian Trail
AC Transit									♦
ACTIA		♦	♦	♦					
ACTA		♦	♦	♦					
Alameda		♦	♦	♦	♦	♦	♦	♦	
American Canyon		♦	♦					♦	
ABAG		♦			♦				
Atherton				♦					
Belmont		♦	♦	♦				♦	
Brentwood		♦						♦	
CCTA		♦		♦					
Concord		♦	♦	♦	♦			♦	
Daly City	♦	♦	♦	♦	♦			♦	
Davis		♦	♦		♦				
East Palo Alto				♦					
El Cerrito		♦						♦	
Galt		♦							
Larkspur								♦	
Livermore	♦	♦	♦	♦	♦	♦		♦	
LAVTA			♦	♦		♦			
Los Banos				♦				♦	
Manteca		♦	♦	♦					
Martinez		♦	♦	♦				♦	
Millbrae		♦		♦					
Milpitas		♦	♦		♦			♦	
Modesto	♦	♦	♦			♦		♦	
Mountain View		♦						♦	
Napa		♦	♦					♦	
Oakley								♦	
Peninsula Corridor Joint Powers Board			♦	♦	♦	♦			
Palo Alto			♦					♦	
Portola Valley				♦					
Rancho Cordova		♦	♦						
Richmond		♦	♦	♦					
Roseville		♦	♦		♦				
San Carlos		♦			♦			♦	
San Mateo Transit District		♦	♦			♦			♦
San Mateo County Transportation Authority		♦	♦						
San Pablo		♦		♦				♦	
San Rafael		♦	♦					♦	
Solano Trans Authority		♦						♦	
South Lake Tahoe	♦					♦		♦	
South San Francisco		♦			♦			♦	
Suisun City		♦						♦	
Sunnyvale		♦	♦						
Vallejo		♦	♦	♦		♦			
Water Emergency Transportation Authority (WETA)			♦						♦
Waterford		♦				♦		♦	
West Sacramento		♦	♦			♦		♦	
Woodside				♦				♦	



## **FIRM QUALIFICATIONS AND EXPERIENCE (Continued)**

### ***Long Term Debt Experience***

Because of our depth of experience with municipalities we have experience with virtually every debt type and structure. We have experience auditing revenue bonds, certificates of participation, special assessment bonds, Marks-Roos bond pools, capital appreciation bonds, variable rate demand bonds, auction rate bonds, bond anticipation notes and bonds/swap agreements with synthetic fixed interest rates. Our experience with swaps by client including the total notional amount follows:

- Contra Costa Transportation Authority - \$300 million (Forward Swap commitment)
- City of Richmond - \$199 million, including a counter swap
- City of Pittsburg - \$156 million
- City of Roseville - \$115 million
- South Placer Wastewater Authority- \$94 million
- City of Modesto - \$62 million
- City of San Pablo - \$36 million
- East Bay Municipal Utility District - \$90 million

### ***Public Financing Authorities and Mello-Roos Experience***

We have performed audits of Public Facilities Financing Authorities and Mello-Roos districts and designed financial statements that went beyond required disclosures to include Inception-to-Date information about capital projects. These disclosures can allow the reader to see and understand the entire scope and cost of capital projects, even though they may not remain on the Authority's books after completion.

We are familiar with public financing authorities and the accounting and auditing problems that can arise with their use. We have many clients that use financing authorities in issuing debt. We have considerable experience with the "blending" of financing authority funds with other City funds.

### ***Assistive Resources***

Our client support is unmatched by any other firm. As a San Francisco Bay Area municipal audit niche firm with five audit partners, we are positioned perfectly to provide staff and Council with a wide variety of resources. Support ranges from turn key financial statement drafts with linked footnotes and direct download-based financial statements to professional continuing education sessions. We are active in professional organizations affecting local government and have a strong presence in neighboring local governments which keeps our knowledge current that we readily share with our clients. And we do not charge extra for the five minute phone calls throughout the year.

### ***Client Training and Professional Development***

We can provide you with varying levels of training and professional development resources. We provide our semi-annual continuing education to our staff and have on occasion opened it up to our clients who wish to keep their licensees current. We have also developed and conducted training specifically for our clients. Training can be general theory in nature, semi-customized or fully customized training that fits your operations. Theory intensity can be at the beginning, intermediate and advanced levels. On occasion, we have provided our clients with shorter presentations of new pronouncements and other requirements. At the City of Richmond, for example, we developed and taught monthly training sessions on virtually every major finance area to its staff over a twelve month period. Much of their staff assumed new functions in the aftermath of serious staffing cuts several years ago and their Finance Director was seeking an economical method of enhancing their knowledge base and skill sets. At the City of Livermore, we provided customized training on capital assets to their finance staff and grants management training to several departments as a means of solving coordination weaknesses.

## FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

### *Books, Periodicals, News Letters, and Professional Standards*

We provide our staff and our clients, if they wish, all of the resources they need to complete their work efficiently and effectively. Our resources include all AICPA Professional Standards, AICPA Audit and Accounting Guides, GASB statements, interpretations, implementation guides and concept statements, FASBs, ARBs, APBs, Generally Accepted Government Audit Standards (The "Yellow Book"), Single Audit Regulations and website links to OMB Circulars, the SF-Sac Data Collection Form and instructions, website links for CFDA numbers, the Code of Federal Regulations and publications of the Government Accountability Office. We also have GFOA documents such as CAFR Checklists, the Governmental Accounting, Auditing and Financial Reporting Guide (the "Blue Book"), the GAAFR Review, and ACWA newsletters. We maintain an up-to-date library of guidelines and other documents we use such as cash and investment guidelines, and Transportation Development Act regulations and guidelines, Transportation Measures A, B and J guidelines and regulations. And, we attend conferences by CSMFO, ACWA, AIPCA and the CalCPA Education Foundation to keep ourselves current.

### *Capabilities in General Consulting and Compliance Auditing*

We also provide a variety of other services which you may need, including:

- ❖ **Temporary Accounting Assistance** - When we are not limited by independence regulations, we have provided additional accounting help in areas such as:
  - Construction in Progress Accounting
  - Owner Participation Agreement/Disposition and Development Agreement Accounting
  - Forecasts and Projections
  - Grant Management
  - Capital Assets
  - General Ledger Journal Entries
  - Debt recording
  - Account analysis and clean up
- ❖ **Preparation of Controller's Reports and annual filings** - We can prepare any of the following whether you are an audit client or not:
  - State Controller's Reports for:
    - Cities
    - Special Districts, or
    - Transportation Planning Agencies
  - Annual Street Reports
  - Information Returns
- ❖ **Training and Continuing Education** - Generic or customized to fit your needs!
  - Governmental Accounting - Beginning, Intermediate and Advanced Levels
  - Grant Accounting and Management
  - Bank Reconciliations
  - Management and Accounting
  - Cash and Investments
  - Accounting for Receivables and Revenues
  - Accounts Payable and Purchasing
  - Capital Asset Accounting
  - Debt Accounting and Management
  - Information System Security and Microsoft training

## FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

- ❖ **Operational Segment Audits** such as:
  - Cash collection controls and procedures
  - Loans receivable management
  - Police evidence room
  - Cal-Card and Purchasing Card
- ❖ **Project Length Audits** such as Construction in Progress project audits and Joint Powers Authority member equity calculations.
- ❖ **Lease/Franchise/TOT/Independent Operator Agreement Audits** including rent recalculations, revenue controls, payroll/independent contractor compliance and more.
- ❖ **Pre-award Operator/Contractor Analysis and Audits**, such as
  - Preward audits of Engineering Firms funded by CALTRANS
  - Independent Analysis of Proposed Airport Operators
  - Independent Analysis for Prospective Fire Service Providers
- ❖ **Information Systems Support** customized to fit your needs:
  - Information System Reviews and Audits
  - Network Vulnerability Scans
  - Security and Access Reviews
  - Security and Microsoft Certified Training
  - Microsoft Small Business Specialist
  - Payment Card Industry (PCI) Compliance

### *Professional Activity*

We are active members of the Government Finance Officers Association and the California Society of Municipal Finance Officers as well as the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants. We are also a member of the Association of California Water Agencies (ACWA). We are frequent speakers at various organizations; some of our pertinent presentations are listed below:

In May 2009, Cory Biggs, our former CEO, was a speaker at the annual Governmental Accounting and Auditing Conference hosted by the Education Foundation of the California Society of Certified Public Accountants. This annual conference is held for CPAs for the purpose of keeping CPAs current on issues affecting Governmental Accounting and Auditing. At the conference, Cory presented "The Auditor's Perspective" on auditing municipalities on the verge of, or in bankruptcy. His presentation followed remarks made by the City of Oakley Assistant Finance Director and the City's bankruptcy attorney. He was also requested to provide an update at the 2010 conference.

Also in 2009, Cory spoke at the semi-annual conference of the California Municipal Treasurer's Association on "Maintaining a Good Relationship with Your Auditor" in which he discussed techniques for treasury staff to use when working with auditors to achieve a meaningful, thorough audit process. This discussion included a heavy focus on cash and investment processes and procedures, compliance, financial reporting and disclosures.

In August 2007, Cory presented Trust Fund Alternatives for Funding Retiree Health Care Benefits at a symposium sponsored by ABAG.

In August 2006, Cory, made two presentations at a Symposium on the Implementation of GASB #45, sponsored by ABAG. One presentation was a summary of the Statement and its impacts on municipalities and the other presentation explored funding options and ramifications of the Statement.

## **FIRM QUALIFICATIONS AND EXPERIENCE (Continued)**

In February 2006, Cory presented "Cost Impacts from Implementing GASB 45, Accounting of Financial Reporting by Employers for Post-employment Benefits Other than Pensions", to the San Mateo Finance Officers Group. He was also a speaker at the 2005 CSMFO Annual Conference, on "How to Stay Out of Trouble" regarding identification of adverse fiscal trends in local governments and appropriate responses.

We attend CSMFO Northern California chapter meetings on a regular basis, and we have served as speakers on various occasions. We all attend the CSMFO Annual Conference, at which our Partners have been speakers. We have also attended the League of California Cities' annual Financial Management Seminars.

Amy Meyer and Katherine Yuen serve on the Governmental Accounting and Auditing Committee of the California Society of CPAs. Amy Meyer is a CAFR reviewer for the CAFR Award Program of the Government Finance Officers Association.

### ***Internal Quality Assurance System***

Every one of our audit and assurance engagements has an Engagement Partner responsible for the successful completion of the work as well as ensuring we maintain quality levels that satisfy professional standards. Our very high Partner to staff ratio of one to five is double that of traditional firms. We specifically structure our work for on-site Engagement Partner participation while the audit is being conducted. This structure is done by design to ensure we have active on the job oversight of staff and timely completion of the work.

We have always subjected our audit and assurance engagements to a second Quality Assurance Review. Historically this was performed by a second partner. However, over the past several years audit quality controls standards have been revised and enhanced. Standards issued by the American Institute of Certified Public Accountants and General Accountability Office now form the guidance in determining adequate quality controls for audit firms. While not required by the Standards, we believed it would be better to have an independent second review of the work by someone without engagement responsibilities and to have that person report to the shareholders directly as a group rather than any one shareholder.

### ***No Disciplinary Action***

We have no record of substandard or unsatisfactory performance, nor have any claims ever been filed with any State Board of Accountancy against our firm or any of our employees.

### ***Federal or State Field Reviews***

We have not been subject to any Federal or State Field Reviews of our audits during the past three years.

### ***Litigation***

We have not been sued over poor work quality, nor have we paid any such claims out of court in the past five years.

## FIRM QUALIFICATIONS AND EXPERIENCE (Continued)

**But we are proud to say we have been sued!** This was an action by a third-party contractor who filed suit to prevent us from issuing a report critical of their operation and their method of determining the amount of revenue they should share with our client. This action was not settled out of court; but went to judgment. In that case **the Superior Court of the State of California held in our favor and dismissed us from the proceedings without prejudice.** In other words, the Court decided that our report should be issued without any change.

In the words of our insurance representative, **"You are the only accounting firm we know of that has been sued for doing their work RIGHT!"**

### *External Quality Control Review*

We are members of the Quality Review Program of the AICPA, which means we subject ourselves to a peer review of our workpapers and quality control procedures every three years by independent accountants specializing in such work. **Our most recent peer review was completed in 2011; we again received a rating of pass, the highest level of assurance possible.** This peer review included a review of four governmental and non-profit audit engagements, including a Special District. A copy of our most recent peer review opinion is located at the end of this section.

Our municipal audit reports are subject to annual reviews by various branches of the Office of the State Controller. District audit reports and Single Audit Act reports receive particular scrutiny. During the past five years every one of these reports has been accepted as submitted. Of course, all of our clients' CAFRs are also reviewed by CSMFO and/or GFOA for award consideration; every report submitted has won an award from one of these organizations.

PEER REVIEW



**POWELL & SPAFFORD, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

Jessie C. Powell, CPA  
Patrick D. Spafford, CPA

Licensed by the California Board of Accountancy  
Member-Audit in Institute of Certified Public Accountants

System Review Report

To the Shareholders  
Maze & Associates  
and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Maze & Associates (the firm) in effect for the year ended May 31, 2011. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*.

In our opinion, the system of quality control for the accounting and auditing practice of Maze & Associates in effect for the year ended May 31, 2011, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency (ies)* or *fail*. Maze & Associates has received a peer review rating of *pass*.

*Powell & Spafford, LLP*

October 5, 2011

**PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS AND EXPERIENCE**

*Audit Team*

We are proposing to assign Amy Meyer as Engagement Partner, Vikki Rodriguez as Technical Review/Alternate Partner, and Isaac Williams as Supervisor to your audit. We will also have Donald Hester, our Information Technology Director, perform a review of your information system as it relates to our work and our Quality Assurance Director, Cory Biggs, perform a Quality Assurance Review of all our reports and workpapers.

We would be happy to exchange any member of the team, should the City wish to do so.

**We understand that engagement partners, managers, directors and other supervisory staff may be changed only with the express written permission of the City.**

We will balance out our resources with our Senior Associates and Associates to form fully leveraged teams. All of our audit staff are experienced with Comprehensive Annual Financial Reports, large enterprise operations, retirement plans, Single Audits, capital assets and infrastructure, long term debt, including swaps and related compliance and continuing disclosures, and all other aspects of municipal accounting and financial reporting.

We provide our clients continuity while introducing enough new people to keep our perspective fresh and provide you with the benefits of rotation. We intend to retain all the people assigned to your audit throughout this year's entire engagement. In future years we plan to rotate no more than one person on each segment whom we will replace with someone of equal experience.

Brief resumes of our proposed team members follow:

**AMY MEYER, Engagement Partner** - Amy graduated from the University of the Pacific in 1993 with a B.S. in Accounting and a minor in Information Systems, and has worked with Maze & Associates since 1993. Amy is a California CPA and is a member of the California Society of CPAs and the American Institute of Certified Public Accountants. Amy has assisted several of our clients with their computer applications and is very comfortable using a variety of systems. She has been involved with a number of accounting and GASB implementation training classes customized to our clients' needs. Amy is also our PC applications expert. Amy currently serves on the Governmental Accounting and Auditing Committee of the California Society of Certified Public Accountants, which provides practical guidance to CPAs in the area of governmental accounting and auditing in an effort to improve the quality of financial reporting on governmental entities. Amy is also a CAFR reviewer for GFOA. **She has accumulated three hundred four hours of continuing education during the last three years as an in-house instructor and participant.** She has gained valuable experience on the audits of the following:

City of Alameda	City of Mountain View
Alameda Power and Telecom	City of Oakley
City of Albany	City of Palo Alto
City of American Canyon	Redwood Empire Municipal Insurance Fund
Town of Atherton	City of Rancho Cordova
Association of California Water Agencies Joint Powers Insurance Authority	City of Richmond
City of Brentwood	City of Rio Vista
California Joint Powers Risk Management Authority	City of Rocklin
City of Concord	City of Roseville
City of Dublin	Town of San Anselmo
East Bay Regional Park District	City of San Carlos
City of El Cerrito	City of San Pablo
City of Hercules	City of Santa Clara

**PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS AND EXPERIENCE (Continued)**

**AMY MEYER (Continued)**

Livermore Area Recreation and Park District	City of Saratoga
City of Livermore	South Placer Wastewater Authority
Town of Los Gatos	City of Tracy
City of Manteca	City of Vallejo
City of Martinez	City of Waterford
City of Milpitas	West Contra Costa Transportation Advisory Committee
City of Modesto	City of Woodland

**VIKKI C. RODRIGUEZ, CPA, Partner** – Vikki graduated from San Diego State University where she received her Bachelor of Science Degree in Accounting with a Minor in English. Vikki received her Masters in Taxation at Golden Gate University in 2006. She is a Certified Public Accountant in the State of California. She is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants. Vikki spent a year and a half working as an accountant at the City of Daly City and her college years working part time for both municipal government and nonprofit organizations prior to joining the firm in 1998. Vikki has accumulated over 360 hours of continuing education in the past three years as an instructor, participant and student. She has attended the past four annual Nonprofit Organization Conferences held in May. Vikki chairs on the non-profit board of the Center for Human Development. Her audit experience includes the following:

***Municipalities***

City of Alameda	City of Martinez
City of American Canyon	City of Milpitas
City of Belmont	City of Newark
City of Benicia	City of Palo Alto
City of Cupertino	City of Petaluma
City of Daly City	City of Pittsburg
City of Emeryville	City of Pleasant Hill
City of Half Moon Bay	City of Rio Vista
City of Larkspur	City of San Carlos
City of Livermore	City of San Rafael
City of Los Banos	City of Suisun City
Town of Los Altos Hills	City of San Mateo
Town of Los Gatos	City of South Lake Tahoe
City of Manteca	City of Tracy
<b><i>Special Districts</i></b>	City of Visalia
Alameda-Contra Costa Transit District	Livermore Amador Valley Transit Authority
Alameda Municipal Power	Livermore Area Recreation & Park District
Bethel Island Municipal Improvement District	Livermore Amador Valley Waste Management Agency
Calaveras County Water District	Novato Sanitary District
Coastside County Water District	Mid-Peninsula Water District
Contra Costa Mosquito & Vector Control District	Peninsula Corridor Joint Powers Board
Contra Costa Transportation Authority	Rodeo-Hercules Fire Protection District
Contra Costa Water District	San Mateo Transportation Authority
Delta Diablo Sanitation District	San Mateo County Transit Authority
Diablo Water District	Santa Clara Valley Animal Control Authority
	Santa Clara Valley Water District



**PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS AND EXPERIENCE (Continued)**

***Vikki Rodriguez (Continued)***

Dublin San Ramon Services District	South San Joaquin Irrigation District
East Bay Municipal Utility District	Skyline County Water District
East Palo Alto Sanitary District	Solano Transit Authority
El Dorado Irrigation District	West Bay Sanitary District
Fairfield Suisun Sewer District	West Valley Sanitation District

***ISAAC WILLIAMS, SUPERVISOR*** - graduated from Cal State East Bay in 2009 with a Bachelor of Science in Business Administration of Accounting. *Isaac* has received 240 hours of continuing education in the past three years.

City of Alameda	City of Palo Alto
City of Belmont	City of Pittsburg
City of Benicia	City of Piedmont
City of Belmont	Placer County Water Agency
City of Concord	City of Roseville
City of Davis	City of San Pablo
Dublin San Ramon Services District	Solano Irrigation District
Eastern Contra Costa Transit Authority	City of Stockton
El Cerrito	Traffix
City of Lathrop	City of Turlock
City of Larkspur	City of Vallejo
City of Livermore	City of Waterford
City of Los Banos	City of West Sacramento
City of Manteca	Town of Atherton
Menlo Park	Town of Moraga
City of Oakley	Zone 7-Alameda County Flood Control
	City of San Rafael

***CORY BIGGS, CPA, Quality Assurance Director*** - Cory is a graduate of CSU Hayward with a B.S. in Business, emphasis in Accounting. He is a California CPA with over twenty nine years experience, three with Deloitte, Haskins & Sells, three with Seiler & Company, a large Bay Area local firm, and the rest with us. He is a member of the AICPA and California Society of CPA's. Cory's experience includes cities, school districts, and a variety of high-tech and commercial for-profit organizations. He is a CAFR reviewer for the GFOA and was a member of the Professional and Technical Standards Committee which summarizes and makes the final determination for CSMFO awards for Cities. **Cory has accumulated three hundred twenty hours of continuing education in the past three years as an in-house instructor and participant.** His relevant municipal experience includes:

City of Alameda	Livermore Amador/Valley Transit Authority
City of American Canyon	City of Los Altos
Association of Bay Area Governments	Town of Los Altos Hills
Town of Atherton	Town of Los Gatos
City of Belmont	City of Manteca
Belmont San Carlos Fire Department	City of Martinez
Belmont Net Six Joint Powers Authority	City of Millbrae
Belmont South San Mateo Police Authority	City of Milpitas

**PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS AND EXPERIENCE (Continued)**

***Cory Biggs (Continued)***

City of Capitola	City of Modesto
Coastside County Water District	City of Mountain View
City of Concord	City of Napa
Contra Costa County Bond Funds	City of Palo Alto
Contra Costa Transportation Authority	Placer County Water Agency
City of Cupertino	City of Pleasant Hill
City of Daly City	Town of Portola Valley
City of Dublin	Richmond Housing Authority
Dublin San Ramon Services District	San Francisco Bay Area Water Emergency Transit Authority
East Bay Municipal Utility District	San Francisco Bay Transit Water Emergency Authority
City of El Cerrito	City of San Carlos
El Dorado Irrigation District	City of San Rafael
City of Emeryville	San Ramon Valley Fire Protection District
City of Hayward	Santa Clara Valley Water District
Town of Hillsborough	City of Saratoga
City of Livermore	City of South Lake Tahoe
Livermore-Amador Valley Transit Authority	South Lake Tahoe Basin Waste Management Authority
Livermore Area Recreation and Park District	City of South San Francisco
	City of Vallejo

***DONALD E. HESTER, IT Director***-Donald's clients include local municipalities, non-profits, corporations and federal government agencies, specializing in a wide array of compliance programs and security assessments such as PCI, FISMA, COBIT, ITIL and ISO27002. He is a guest lecturer and speaker on security topics for CMTA, CSMFO, MISAC, CISOA, ISACA and others and he has served on various advisory committees and as a subject matter expert in information technology and security. Donald also teaches IT Audit and Forensics at the University of San Francisco and Microsoft courses for Los Positas College, San Diego City College and for the @One program of the California State Chancellor's office. Donald graduated with honors from the American Military University with a Bachelor's Degree in Security Management with a concentration in Information Security. He has nearly 20 years of experience in the security field. Donald has been with us for ten years now and has received more than 320 hours of continuing education in the past three years and has over 900 hours of instructional work. His certifications include; CISSP, CISA, CAP, MCT, MCITP, MCTS, MCSE Security, MCSA Security, MCDST, Security+ and CTT+. Donald is also a Chairman and past Treasurer for the Brentwood Veterans Memorial Building and Commandant and past Treasurer for the Delta Diablo Det. 1155 Marine Corps League.

***Staff Training***

We believe the level of training we provide is unmatched by any other accounting firm. **Our audit staff receives an average of 80 hours of continuing education annually, including an average of over 48 hours of municipal audit and accounting training. These are twice the amount required by professional standards.**

Our program places heavy emphasis on governmental accounting and auditing classes conducted by our own staff, supplemented by courses offered by the California Society of Certified Public Accountants, the American Institute of Certified Public Accountants, the Government Finance Officers Association, the California State Municipal Finance Officers Organization and the Association of California Water Agencies.

**PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS AND EXPERIENCE (Continued)**

We accomplish this task by reserving a solid week in January or February and another week in July solely for staff training. Our training is very specific and very participatory; lectures are almost non-existent as people are involved in a continual give-and-take format designed to educate while it helps us improve our services. We deal with specific clients and situations, we solve problems and do case studies, and we train people for real-life situations through role-play exercises. Everyone is equal in these exercises and everyone contributes their own experience in the field and the ideas they have formulated from that experience.

Suggestions coming out of staff training sessions are the source of most of the service improvements and refinements we make each year.

A listing of our continuing education courses provided to all our staff, both certified and non-certified, over the past three years is as follows:

Area/Course	2010		2011		2012		2013	
	Spring 40 Hrs.	Summer 40 Hrs.	Spring 40 Hrs.	Summer 40 Hrs.	Spring 40 Hrs.	Summer 40 Hrs.	Spring 8 Hrs.	Summer 40 Hrs.
<b>Accounting and Accounting Management</b>								
Municipal Audit - Practice Analysis and Review	☐	☐	☐	☐	☐	☐	☐	☐
Managing Municipal Audits - Audit Supervisors	☐	☐			☐	☐		
Cities in the News					☐			
Quality Control			☐		☐			
<b>GAAP Updates</b>								
Cash, Debt, and Capital Asset Auditing Updates	☐	☐	☐	☐		☐		
Researching CCH, Best Practices Consulting/ Governmental Accounting	☐					☐		
GASB/FASB Update	☐	☐	☐	☐	☐	☐	☐	☐
GASB 34 - Training		☐				☐		
Journal Entry Testing			☐					
<b>Compliance Audits</b>								
Transportation Audits - TDA, STIP and Measures A, B, C		☐						
RDA Compliance	☐	☐	☐		☐	☐		
Single Audit Compliance		☐		☐		☐		☐
Housing Authority Audits and REAC Submissions		☐		☐				
Prop 1B Testing		☐						
<b>Internal Control</b>								
Audit Standards Update			☐	☐	☐			☐
New SASs, Risk Assessment and Impacts on Approach	☐		☐	☐		☐	☐	☐
Assessing Internal Control Risks/ Sample Sizes	☐		☐	☐	☐			
Updating our Audit Approach	☐		☐					☐
SAS 112/115/Memorandum on Internal Control Workshop	☐		☐					
Compliance Auditing (SAS 117)			☐					
Yellow Book Update				☐		☐		
<b>IT/Paperless/Other</b>								
Team Building: Building and Maintaining Effective and Successful Teams					☐			
CCH Paperless Audit Software/ Trial Balance Function	☐	☐	☐	☐	☐	☐		
IT Information Systems Review Updates	☐	☐		☐	☐	☐		☐
Professional Liability Insurer Loss Prevention Seminar			☐					

## PARTNER, SUPERVISORY AND STAFF QUALIFICATIONS AND EXPERIENCE (Continued)

### *Qualifications and Continuity*

Our people accumulate over 1500 hours of purely municipal audit and accounting experience annually, far more than in any general service accounting firm. And we keep the same people on the job, normally for at least three years.

We provide our clients continuity while introducing enough new people to keep our perspective fresh and provide you with the benefits of rotation. We intend to retain all the people assigned to your audit throughout this year's entire engagement. In future years we plan to rotate no more than one person on each segment whom we will replace with someone of equal experience.

We do everything we can to ensure continuity because it helps you, it helps our staff and it helps us. We schedule the entire year in advance to avoid conflicts, and we give priority to clients who are able to accurately predict the date their books will be closed, so that the staff on their audit will not be affected if another client's closing or audit is delayed. We attempt to match personalities as well as skills and abilities so that our staff and yours will get along well.

## SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES

### *City Client List*

Please see the listing of all of our City clients on page 7.

### *References*

#### *City of Richmond* – A client since 2005

Principal contact - James Goins, Finance Director, (510) 620-6740

Engagement Partner – Amy Meyer

Total Hours 2,354

Workscope and reports:

- Comprehensive Annual Financial Report (GFOA Award)
- Single Audit Act Report
- Gann Limit Agreed Upon Procedures Report
- Memorandum on Improvements in Internal Controls
- Richmond Joint Powers Financing Authority
- Basic Intermediate and Advanced Governmental Accounting Training
- Annual Report of Financial Transactions (State Controller's Report)
- Richmond Housing Authority (w/ REAC)
- Richmond Housing Authority Properties

#### *City of Manteca* - A client since 1986

Engagement Partner – Amy Meyer

Principal contact—Suzanne Mallory, Finance Director (456) 239-8765

Total Hours 680

Workscope and reports:

- Comprehensive Annual Financial Report (GFOA Award)
- Memorandum on Internal Control
- Single Audit Report
- Manteca Financing Authority
- Gann Limit Agreed Upon Procedures Report

**SIMILAR ENGAGEMENTS WITH OTHER GOVERNMENT ENTITIES (Continued)**

**City of Pittsburg** – A client since 2011  
Principal contact – Tina Olsen, Finance Director (925) 252-4946  
Engagement Principal – Vikki Rodriguez  
Total Hours 507

Workscope and reports:  
Comprehensive Annual Financial Report (GFOA Award)  
Memorandum on Internal Control  
Transportation Development Audit  
Single Audit Act Report  
Gann Limit Agreed Upon Procedures Report  
Municipal Employee Retirement System

**City of Brentwood** - A client since 2007  
Principal contract – Pam Ehler, Director of Finance– (925) 516-5460  
Engagement Partner – Amy Meyer  
Total hours 480

Workscope & Reports:  
Comprehensive Annual Financial Report (GFOA Award)  
Memorandum on Internal Control  
Gann Limit Agreed Upon Procedures Report  
Transportation Development Act Audit  
Single Audit Report

**Rancho Cordova** – A client since 2009  
Engagement Partner – Amy Meyer  
Principal contact – Donna Silva, Finance Director (916) 851-8735  
Total Hours 456

Workscope and Reports:  
Comprehensive Annual Financial Report (GFOA Award)  
Recommendations for Improvements in Internal Control  
Single Audit  
Public Financing Corporation Financial Statements  
Gann Limit Agreed Upon Procedures Report

**SPECIFIC AUDIT APPROACH**

***Specific Audit Approach***

Our audit strategy is designed specifically for municipalities. We perform half our audit well before year-end so we can identify problems early. Our strategy maximizes our efficiency and lessens the load on our clients. When engaged to prepare the financial statements, we prepare proformas of them for your review, well before year-end and we give you detailed interim and final-phase checklists of all the items we will need from you months in advance. We have integrated GASB 34 requirements into our strategy so that there is a seamless transition to the entity-wide statements.

**We will plan the audit in detail and prepare an Audit Plan** which details the information we will need from you to complete our interim and year-end audits, along with the person responsible for preparing it and the date they will have it ready. We tailor it to refer directly to the schedules you already prepare.

## SPECIFIC AUDIT APPROACH (Continued)

**We do not require special reports or reconciliations just for our audit.** We have found that coordinating our team and our client's staff works very well because it helps minimize the impact on your staff at year end. This way the Audit Plan includes most data we need from you so you and your staff can plan and schedule your work accordingly. **Our clients know from prior experience with our firm, that we excel at minimizing our impact on City staff.**

### *Specific Audit Strategy—Interim*

Unlike older-style firms, **we perform most of our important work at interim**, well before the end of the fiscal year. We use our interim work to identify and solve problems and plan the year-end closing and audit in detail. Well before we begin our interim work we'll send you a list of the items we need, so you will have time to prepare.

We forecast many year-end amounts at interim, so that we can limit the amount of work required at year-end and concentrate instead on areas of concern. For example, we normally perform all our cash and investment testing at interim, including sending confirmation letters to depositories and determining financial statement categorizations. Performing these last two steps at interim allows plenty of time to follow up on confirmations or resolve questions about the proper categorization of an investment without delaying the audit. As another example, we test long-term debt at interim and forecast year-end balances and transactions for each debt issue.

We use **remote inquiry** as much as possible at interim, in order to increase our efficiency and reduce our impact on your staff. We can download Council Minutes and other documents from your Website for review. Combining these abilities with our checklists has allowed us to perform larger portions of the audit in our own offices and reduce our questions to writing so that you have more time to deal with them.

### *Laws, Regulations and Compliance*

Our audits are designed to ensure that we test transactions for compliance with the Single Audit Act and other applicable laws and regulations, including the California Government Code, provisions of applicable Grant guidelines, California Constitution Gann Limit requirements, requirements of local measures, Transportation Development Act requirements, etc. We identify applicable laws and regulations as part of our audit planning each year.

The California Government Code has many provisions and underlying regulations relating to investments and the investment policy, all of which are tested as part of our audit of cash and investments. That Code and the underlying regulations also form the basis of our compliance audit tests of Housing Successors, Child Development Programs, debt and other areas.

To the extent possible, we also begin our tests of compliance with laws and regulations at interim, including use of the OMB Circular A-133 and the Compliance Supplement and any other applicable compliance guidelines. Even if the work cannot begin until year-end we determine the applicable laws and regulations for our compliance testing so that we may incorporate the necessary information in our year-end closing checklist. Our audit samples for purposes of compliance vary based on the grant or compliance guidelines and are program-specific. The samples are stratified to ensure we test transactions that are representative of the costs charged to grants.

### *Specific Audit Strategy—Year End*

At year-end we do not repeat any of the work we performed at interim. Instead, we focus on the items in your Audit Plan and on the Basic Financial Statements. **Our year-end audit field-work actually starts in our office**, so that when we do arrive in your offices we are fully prepared and we minimize our impact on your operations.

## SPECIFIC AUDIT APPROACH (Continued)

In our offices, we cross-reference or reconcile your Audit Plan information, reports and schedules. The Engagement Partner **performs our detailed Analytical Review and emails our questions to you in advance of our arrival** in your offices. Our experience is that this Analytical Review identifies any issues remaining after our interim work, as well as most potential audit adjustments. This gives all of us time to address these items in person while the audit field-work is proceeding, instead of by telephone, fax and e-mail afterward.

When we start work in your offices, we will need you to complete your responses to the Analytical Review, but we will not need much of your time and we will not ask for more schedules or reports. Our Engagement Partner and Supervisor will meet with you on the first day of the year-end audit to discuss any remaining unanswered Analytical Review questions, review the status of the year-end closing and to determine if modifications to our year-end approach are needed. This meeting sets the stage for the year-end audit.

At the conclusion of our year-end work, our Partner and Supervisor will review the final financial statement drafts with you and your staff. The following week, our Quality Assurance Director will perform a "quality assurance review" of the financial statements and workpapers so that we will be ready to sign the financial statements as soon as the City approves them.

We designed this strategy specifically to fit cities and the complications introduced by GASB 34. It requires our Partners to be fully and actively involved in the planning and performance of the work and it allows us to issue final financial statements and reports immediately after we finish our field-work in your offices.

You will find our strategy allows you to control the audit process, enables you to spread the work over the year as you wish and greatly reduces the pressure at year end.

### *Audit IT Systems, Security and Going Green*

Hand-in-hand with our continuing investment in our people has been our increased investment in systems and hardware support. Eight years ago our systems work was handled by an outside consultant. **Today, we have a full-time staff of three people who maintain our state-of-the-art systems capabilities and provide increasing levels of such service to our clients.**

Every person on our staff is provided with a Windows operating system PC networked with other audit team PCs and a printer via our own wireless LAN establish at the start of each audit in our client's office. In 2008, we completely eliminated hardcopy workpapers by converting to *ProSystems fx Engagement* paperless audit software published by Commerce Clearing House. We use Word as our word processor and Excel for preparation of financial statements and schedules and Outlook for personal information management.

Because of our shift from hardcopy documentation to softcopy and our obligation under professional standards to maintain confidentiality of client data, we instituted state-of-the-art security protections to ensure client data remains confidential and secure. For example, many CPAs use email as a method of communicating financial data to and from clients. But emails are not secure communications! We therefore employ a secure data file transfer system called "LeapFile" under which we exchange data files with our clients using a secure website. This keeps data confidential and has the added benefit of permitting downloads of large excel files or Microsoft Office files that may be erroneously rejected by some email scanning software. In the event one of our staff works out of town or telecommutes, they access data via our virtual private network. **Our VPN, LANs, and audit software are password protected and encrypted to ensure your data remains confidential and secure.**

## SPECIFIC AUDIT APPROACH (Continued)

We will also use some type of connection to the internet during our audit, but coordinate it with our client's IT Staff to ensure there are no breaches in security or protocols.

### *Local Expertise and Resources*

Our expertise and resources are local which provides our clients with timely on-the-spot responses to issues and questions as they arise. Our Audit Supervisors are on site daily while the audit team is in the field. Our Engagement Partners are on site at least weekly checking on progress, discussing and resolving issues with the Audit Team, as well as meeting with our client as needed. In cases of highly complex operations or unusual issues, our Technical Review Partner is brought out to meet with the audit team and provide technical support, consultation and participate in meetings with our clients as needed. With all our resources available locally, our clients are assured of in depth, timely audits and expedient resolutions to questions and issues as they arise.

### *Auditing Large and Complex EDP Systems*

Our approach to auditing EDP systems encompasses information system reviews, system controls and transaction cycle processing, verification and data extraction.

### *Information System Review*

Information System Security became an important part of financial statement audits and we have performed an Information Systems Review (ISR) with every audit since 2001. Unlike our competitors, we extend our review to not only encompass the financial system, but also the network environment that houses that system. From our perspective, the internal controls that are present in the overall network environment are critical to understanding the internal controls over the financial system.

**Unlike financial statements, there are currently no authoritative standards that local governments must employ to ensure that adequate and appropriate IT controls are designed and implemented.** We extensively researched this area and concluded it was most appropriate to base our ISR on the certification and accreditation framework developed by the National Institute of Standards and Technology (NIST) for the Federal Information Security Management Act (FISMA) which is the minimum security required for federal government agencies information systems. NIST recommends states, local governments and Indian tribes comply with these standards as well. **Our reviews include procedures to determine that your systems are adequately protected from unauthorized internal access, provide for reasonable measures to ensure continuation of service, provide for security of data from physical or network access and have internet access defenses including hacker prevention, detection and deterrent systems.**

Our information systems reviews are performed by qualified information security professionals who hold at least the Information Systems Audit and Control Association's (ISACA) Certified Information Systems Auditor (CISA) or the (ISC)<sup>2</sup>'s Certified Information Systems Security Professional (CISSP). Both certifications require continuing professional education. As a value added service we will provide the City with a matrix of the City's maturity as compared with NIST's certification and accreditation framework. Each internal control taken from NIST SP 800-53Rev4 is ranked in this maturity matrix and an average score is provided to the City to give the City a benchmark.



## SPECIFIC AUDIT APPROACH (Continued)

### *System Controls and Transaction Cycle Processing Verification*

With any data processing system upon which we intend to rely as a means of reducing substantive testing, we perform a variety of tests to verify the accuracy of transaction processing, the reliability of system control points and authorization controls, appropriateness of profile structures including Super-user rights access, and automated functionality such as sub-ledger integration and auto-journal entry validity and set up controls.

Gaining an understanding of the design of relevant procedures, controls and authorization levels is integrated with our risk assessment procedures discussed under the *Client Tailored Risk Assessment* section below. As part of our risk assessment process we identify those transaction cycles we intend to rely on. Both processing procedures and controls that are to be relied on are tested with our audits.

Transaction cycle processing and control tests typically involve sampling techniques. Most of our transaction samples are selected and tested during the interim portion of our work. Each sample will run from thirty to fifty transactions in size. We use interval and judgment sampling techniques with a high degree of stratification. Most municipalities operate more than one major revenue system. Therefore, we typically determine which revenue transactions are processed with common procedures and controls and deem that to be a single population and subject it to a single sample. Other revenue cycles processed with separate controls are tested with their own samples. For example, it is common for separate samples to be selected for governmental receipts and each major enterprise fund. Transaction cycles we sample are dependent on materiality to each client's financial statements but typically include, payroll, disbursements, receipts, loans receivable, investments and budget transactions and in accordance with the requirements of Statement of Auditing Standards #99 we also sample journal entries. Samples from each grant audit or major federal award program are also made. Samples are triple purpose samples and we test for correct recording, compliance with applicable policy or regulation and key control attributes - both manual and automated. This includes verification of sub-ledger integration and auto-journal entry validity, if needed.

### *Profiles, Access and Setup Controls*

Despite advances in information technology automation and system control features, classic segregation of duties concepts remain a mainstay for providing adequate internal controls. What has changed, however is the necessity to determine system profile structures and actual system access. We inquire how our clients establish and maintain system profiles for relevant staff with the objective of determining whether controls are in place to provide for adequate segregation of duties and to determine if system profiles are appropriate based on the individual's duties. We also determine how our clients monitor access and we test access through reviews of access logs, observation and in some extreme cases, with fully observed access attempts.

We will also inquire about procedures and controls used to ensure only those system functions and controls assigned to an employee are in fact setup in system profiles. Considerations include Super User Rights, system profile set up, and system authorization functionality such as transaction initiation, review and approval, automated entry setup and posting. Work typically involves inquiry of staff with Super-User Rights and determining how the organization provides a check and balance against the possibility that one person with Super-User Rights can intentionally or inadvertently assign unauthorized access. We often review access logs and examine approvals of profile changes and review authorization levels.

## SPECIFIC AUDIT APPROACH (Continued)

### *Data Extraction*

We employ rather simple data extraction techniques these days since most modern systems provide easy download capabilities to text or Excel files. We have been utilizing data extraction for over fifteen years. We first began data extraction as a means of downloading data from our clients financial systems for upload directly into the financial statements. Then we expanded this to include transaction details, account information and other data contained in our clients systems that we need for audit. Our Chief Operations Officer, Chris Hunt, oversees our data extraction needs and has successfully worked with all of our clients and their systems to achieve data extractions for our use. We are extremely adept at converting from text, delimited and fixed width files, and with every system used by clients.

### *Assessing Risks – Interim Phase*

Beginning with fiscal 2007-2008 audits, a new set of Statements of Auditing Standards became effective and required that most auditors change the way they audit. Much of this new guidance came out of the aftermath of highly publicized audit failures such as Enron, Global Crossings and the like. The Statements make it clear that a generalized one-size-fits all audit approach will not be permitted. An audit must be based on a unique audit strategy customized to fit each client and its industry.

The primary objective of these Standards is to require the auditor's application of an audit risk model. The concept is that a set of financial statements should be evaluated for the underlying risks of material misstatement. Then, a customized audit should be tailored to test for misstatements and verify that controls are designed and in place to prevent and detect misstatements.

**We have consistently employed a risk based concept from our firm's inception in 1986.** Our audit checklists and programs were originated by reference to *Audits of Local Governments* published by the Practitioners' Publishing Company (PPC), a third party vendor specializing in producing audit guides for unique industries. But, we have not simply used their guide as our approach. We have customized it further for the simple reason that California municipalities have many unique risks not faced by municipalities in other states. As you know, California state law and applicable regulations cover a wide variety of areas such as cash and investment management, redevelopment compliance, transportation development act programs, and child development programs. Indeed, even revenues of California municipalities are unusual and complex such as the Triple Flip and Proposition 1A securitization.

Our primary objective in an audit of each client's financial statements is to opine on whether the financial statements, including disclosures, are free of material misstatement. Our opinion must be based on sufficient, appropriate audit evidence that we obtain and this evidence must be documented. To achieve this objective, we further refine our approach to be responsive to each individual audit. We may reduce the scope of our substantive audit tests provided we conclude there are effective specific controls in place which would detect and correct misstatements due to errors or fraud.

### *Fraud Considerations*

Beginning with our 2004 audits, we employed additional audit steps required by Statement of Auditing Standards #99, *Consideration of Fraud in a Financial Statement Audit*. SAS #99 requires auditors to consider risk areas that may be susceptible to fraud and to then modify their audit strategy. We have been employing a variation of the SAS #99 concept since the early 1990's. For example, for many of our recurring clients, we visited all of their cash collection sites. We performed cash counts and reviewed cash handling practices and procedures, including security measures employed to limit access to cash. This and our planning meetings with our clients staff have resulted in the inclusion of a variety of special emphasis areas in our audits. We combine our fraud consideration brain storming sessions with our overall risk assessment process discussed below.

## SPECIFIC AUDIT APPROACH (Continued)

### *Client Tailored Risk Assessment*

Our strategy to assessing risk begins with a brainstorming session of our audit team where they review your prior year financial statements and operations to identify areas of major audit risk. We also incorporate our consideration of other factors such as the risk of fraud, the economy, regulatory complexities or changes, credit market conditions and others into our initial assessment. We may also compare unusual transactions and estimates to those used by other municipalities or to current trends and issues. Since we are a niche firm specializing in California municipalities this is relatively easy. For example, certain development agreements are unique to municipalities. These agreements usually contain complex financial transactions and legal restrictions. With so much experience in this area we can quickly design an efficient response to these risks.

Major audit risks are further evaluated through consideration of relevant assertions to determine inherent risk due to error or fraud. For example, cash on hand has a relative higher inherent risk of loss due to theft than an infrastructure asset. High and medium inherent risk audit areas are further evaluated to determine relevant internal controls needed to prevent, detect and correct errors or fraud.

We start our evaluation of your internal controls by interviewing staff and meeting with Department heads as needed. We review policies and procedure manuals and other documentation to determine the design of procedures and controls. As part of our evaluations we document narrative memoranda outlining the duties of each pertinent person as well as our GRID evaluation of the important nexus control points. The GRID is our own design; it is a two-axis chart we use to identify potential conflicts of duties in your controls. We enhance our evaluation by reviewing system profile reports, paying special attention to super-user rights. This data is then used to determine the presence or absence of compensating controls designed to mitigate conflicts of duties vested in a single individual.

We then test to verify that procedures and controls are operating effectively such that they reduce the risk that errors or fraud could occur and go undetected and uncorrected. We use a variety of techniques to verify controls are effective including: sampling, observation, documentation of reviews, examining system access reports and comparisons with other data.

After this has been completed, we assess the risk of material misstatement which is determined by the relative inherent risk of an area and the associated control risk to plan our substantive tests. That is, the risk that controls are not in place or are not operating effectively. Areas with a low risk of material misstatement assessment may receive limited substantive procedures while those with a high risk of material misstatement will receive significant substantive procedures.

**We then design our final phase audit plan to ensure we obtain sufficient appropriate evidence about the financial statements and disclosures.** Specific audit procedures are developed and documented in our audit programs and we develop potential internal control points for further evaluation as to significance and communicate those to staff.

### *Client Participation in the Risk Assessment Process*

Of course, any risk assessment process is incomplete without our clients' active participation. We hold meetings with senior finance staff and others within the organization to discuss their views and assessments of risks affecting the financial statements. Our inquiries are backed up by reviews of the annual budget, mid-year budget revisions, internal audit reports, grantor performance and monitoring correspondence and any other pertinent data we deem relevant.

## SPECIFIC AUDIT APPROACH (Continued)

We must also establish two-way communication with the Council or Audit Committee which we typically accomplish by meeting to discuss the audit process and timing, management representations and fraud considerations. For those organizations without an Audit Committee, we typically attend a Council meeting or meet with representatives of the Council.

### *Assessing Risks - Final Phase*

Although the majority of our evaluations and testing of internal controls is completed with our interim testing, it is during the final phase that actual year end balances, transactions and disclosures are known and our substantive procedures are employed. These procedures and data often reveal unusual or unexpected results that must be considered in the risk assessment process. Risk assessment processes are iterative and cumulative. That is, we must continually re-evaluate our assessments based on information and procedures gathered. It is not uncommon for an initial assessment and the corresponding substantive audit work to be restructured as a result of new data. Indeed it is the intent of current audit standards that the audit be responsive to risks.

Our substantive procedures are selected to be responsive to the assessed risk and relevant assertion and typically involve analytical procedures, third-party confirmation, estimation techniques, mini-max tests, trend analyses, recomputations, corroboration with other tests, tests in total, sampling and comparisons to data gathered in other municipal audits.

Risk assessment procedures would be incomplete without an evaluation of the adequacy of our evidence obtained including internal control tests, any significant deficiencies or material weaknesses and substantive test results. **These factors are considered prior to the release of our opinion in a final re-assessment process that includes our quality assurance review.**

### *Ability to Provide Services on a Short Notice*

We are always ready to provide our clients with the services they need. Depending on the amount of work involved we can adjust our calendar to accommodate smaller projects at any time. Larger projects can be problematic during our peak busy season which lasts from mid-September through December. During those months, our approach to providing services on a short notice is predicated on the principle that we must satisfy our existing obligations before accepting new work. In the rare instance that we are unavailable due to existing commitments, we have a number of recommended consultants that can assist the City.

### *Communication and Coordination*

**We will meet with you at the start of each phase of work and conduct an exit conference at the end of each phase of work. This will ensure you know everything we do, with plenty of time to address any issues.**

Two key objectives for a well run audit are to ensure timely communication of the audit results and to provide for seamless coordination of the external auditors with City staff. The concept is virtually identical to our Accounting Issues Memorandum and detailed Interim and Closing Checklists that we typically prepare for our clients.

## SPECIFIC AUDIT APPROACH (Continued)

The Accounting Issues Memorandum concept was originated by one of our staff over a decade ago to function as a partner's brief of an engagement's status. It worked so well we expanded it to all our audits and share it with our clients. It has proven to be an indispensable communication and coordination tool ever since. This informal memo condenses and summarizes the audit status and issues as of the end of our interim work. It includes housekeeping matters, major and minor potential findings, scheduled audit fieldwork start and finish dates, etc. We produce this memo right in your office before the conclusion of our interim work, so you have an idea of what we've found so far and whether there are areas that need work.

Our Memorandum on Internal Control is drafted at year-end and may include significant issues raised with our interim phase Accounting Issues Memorandum as well as issues arising from our year-end work. We review a draft with you, so that you will have plenty of time to consider the facts and discuss our findings before the audit results are presented to the Council and Committees.

### *Prompt Service and Delivery of Reports*

Financial information, like fish, must be as fresh as possible and this is an important part of our service. We have always focused on reducing financial statement turn-around time and we have never missed a deadline. We normally complete the review of the final draft of the financial statements on the last day of our field-work in our clients' offices or within two weeks thereafter.

Our audit strategy emphasizes detail planning and coordination of our staff and client staff to complete the audit as efficiently as possible. We have found that completing all our work and our reports as part of our field-work dramatically reduces the time required to issue final reports to our clients.

Our strategy allows our clients ample time to review all report drafts before issuance, while ensuring that all reports are issued timely. **Many clients have been able to advance the date on which their reports are presented to Council.**

### *Audit Schedule*

**We have timed our audit to complete all your reports so that they are ready to print by your deadlines.** We will start our work as soon as you appoint us your auditors, with an entrance conference as soon as possible. Please see the proposed segmentation of the engagement on the schedule at the end of this section.

**CITY OF OAKLEY**  
**Proposed Engagement Segments and Budget**

Audit Activities	Budgeted Hours					Total
	Partners		Staff			
	Engagement	Review	Supervisor	Associates	Office	
Planning & budget/Confirm/Checklists	1.00		4.00	2.00		7.00
SAS #29 Fraud Assessment	1.00		2.00			3.00
Minutes-resolutions			8.00			8.00
Report	8.00	4.00	16.00		8.00	36.00
Supervision/review	16.00		24.00			40.00
Conferences & meetings	2.00		8.00			10.00
Management letter	1.00		4.00			5.00
MD&A				2.00		2.00
Accounting Issues Memo	1.00		4.00			5.00
Analytical review	2.00		4.00			6.00
Adjustments			2.00			2.00
GRID -Internal Control Evaluation				4.00		4.00
Information Systems Review			4.00			4.00
Cash & Investments				20.00		20.00
Revenue/Receivables				16.00		16.00
Interfunds				2.00		2.00
Notes/loans receivable				8.00		8.00
Capital Assets				12.00		12.00
Accounts Payable/Disbursements				16.00		16.00
Payroll/Accrued liabilities				12.00		12.00
Long Term Debt				14.00		14.00
Pension Plan				6.00		6.00
Fund balance & net position				6.00		6.00
Self insurance/claims				4.00		4.00
Budget				4.00		4.00
Housing Successor Compliance (SB341)			2.00			2.00
<b>Subtotal - Comprehensive Annual Financial Report &amp; Management Letter</b>	<b>32.00</b>	<b>4.00</b>	<b>82.00</b>	<b>128.00</b>	<b>8.00</b>	<b>254.00</b>
<b>Additional Services per RFP:</b>						
GANN Limit Review Report	0.50		2.00	5.00	1.00	8.50
Single Audit Report (Per Tested Program)	1.00		4.00	34.00	2.00	41.00
Successor Agency to the Oakley Redevelopment Agency Disclosures	4.00		6.00	24.00		34.00
<b>GRAND TOTAL</b>	<b>37.50</b>	<b>4.00</b>	<b>94.00</b>	<b>191.00</b>	<b>11.00</b>	<b>337.50</b>

## IDENTIFICATION OF ANTICIPATED POTENTIAL AUDIT PROBLEMS

### *New GASB Implementation*

We will provide the City with whatever support it needs with regard to gaining an understanding of new pronouncements affecting the financial statements and our audits. Our consistent approach is to provide our clients with advance identification of new GASBs as they are issued. With every audit, we provide overviews of new pronouncements including effective dates and we review these with staff.

In the year of implementation we proforma new disclosures and add on additional data requests to our interim and closing checklists. For complex rules, we prepare course materials and conduct training and education sessions during interim for finance and other affected City staff to ensure they understand the requirements. We include the new GASB provisions as well as any additional resources such as implementation guides, practical application examples and additional technical resources and contacts. After staff has had a chance to think about the City's operations we conduct a follow-up conference to determine the potential impact to the financial statements and audit. In unusual cases we will schedule additional field work before year end to ensure the new rules do not affect year end timing.

Beginning in fiscal year 2015, the City will be required to implement the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, which will have a significant impact on the City's financial statements and footnote disclosures related to the CalPERS pension plan. Although it is anticipated that CalPERS will be able to provide the information necessary for the implementation of the new pronouncement for the year ended June 30, 2015, that information is not expected to be available until the fall of 2015, so we are not able to determine whether the pronouncement will result in an increase to the scope of the audit. As soon as that information is available, we will clearly communicate any revisions to the scope of the audit to the City and whether those changes affect the audit fee.

**COST PROPOSAL  
TO CONTINUE TO PROVIDE  
PROFESSIONAL AUDITING SERVICES  
FOR THE CITY OF OAKLEY**

**Submitted By**

**MAZE & ASSOCIATES  
3478 Buskirk Avenue, Suite 215  
Pleasant Hill, CA 94523  
(925) 930-0902**

**Contact Persons**

Amy Meyer -- e-mail address -- [amym@mazeassociates.com](mailto:amym@mazeassociates.com)  
Vikki Rodriguez -- e-mail address -- [vikr@mazeassociates.com](mailto:vikr@mazeassociates.com)



## COST PROPOSAL

### ***Certification***

Amy Meyer and Vikki Rodriguez are authorized to submit this proposal and negotiate and sign a contract with the City of Oakley. Our offer is firm and irrevocable for a period of sixty days from the date of this proposal.

### ***Total Cost of Audit***

Our Total All-Inclusive Maximum Prices for the services specified in the Request for Proposal for the fiscal years ending June 30, 2015 through June 30, 2017 are detailed at the end of this section. Our Total All-inclusive Maximum Prices for the services specified in the RFP are firm fixed fees.

Our policy is to attempt to keep our clients fees constant after inflation. Therefore, the fees for years subsequent to 2015 have been adjusted by 3.5% per year.

### ***Additional Services***

Any additional services will be performed and billed only on the City's prior authorization at our standard billing rates.

### ***Fees***

Our fees are firm fixed prices. In determining our fees, we understand that the City's records will be in condition to be audited; that is, transactions will be properly recorded in the general ledger and subsidiary records, these accounting records and the original source documents will be readily available to use, we will be furnished with copies of bank reconciliations and other reconciliations and analyses prepared by the City and City personnel will be reasonably available to explain procedures, prepare audit correspondence and obtain files and records.

### ***Manner of Payment***

Progress billings will be sent on the basis of actual audit work completed during the course of the engagement. We do not bill for out-of-pocket expenses as they are included in our stated all-inclusive maximum price.

**We do not post separate rate structures for municipal audit work. We view this work as being every bit as important and valuable as the work we perform for other clients and we put our best people on it. Any consulting work you request will be performed at the same rates as our audit work.**

### ***Cost Rationale***

We have always completed our work in the time budgeted and for the agreed upon fee. We have never requested additional fees for work within the scope of the audit after our work was completed. As always, we finish what we start, regardless of the accuracy of our budgets.

ATTACHMENT A

AUDIT WORK COST PROPOSAL FORM

Service	2014/15	2015/16	2016/17
City Audit and Related Reports	\$30,990	\$32,075	\$33,198
GANN Limit Review Report	845	875	906
Single Audit and Related Reports if necessary (per tested program)	3,610	3,736	3,867
Successor Agency to the Oakley Redevelopment Agency Disclosures	3,810	3,943	4,081
<b>Total for Fiscal Year (not to exceed)</b>	<b>\$39,255</b>	<b>\$40,629</b>	<b>\$42,052</b>

NOTES:

- (1) Out-of-pocket expenses are included in our total all-inclusive maximum price above.
- (2) Our policy is to attempt to keep our client's fees constant after inflation.

Therefore, the fees for years subsequent to 2015 have been adjusted for the 2014 CPI increase of 3.50% for the Services Sector of the U.S. Department of Labor, Bureau of Labor Statistics for the San Francisco-Oakland Area.

**ATTACHMENT B**

**ESTIMATE OF COST**

Name of Firm: Maze & Associates

Address: 3478 Buskirk Avenue, Suite 215  
Pleasant Hill, CA 94523

Contact Name: Amy Meyer

Contact Phone #: (925) 930-0902 Fax # (925) 930-0902

Contact Email: amym@mazeassociates.com

**1. Auditors Standard Hourly Billing Rates**

<b>Auditors Standard Hourly Billing Rates</b>			
<b>Position</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
Partner	\$300	\$311	\$322
Supervisor	115	119	123
Associates	85	88	91
Clerical	65	67	69

## EXHIBIT B

### INSURANCE REQUIREMENTS

#### PROFESSIONAL SERVICE CONTRACTS:

Consultant shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Consultant, its agents, representatives, or employees.

#### MINIMUM SCOPE AND LIMIT OF INSURANCE

Coverage shall be at least as broad as:

1. **Commercial General Liability (CGL):** Insurance Services Offer Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than **\$1,000,000** per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
2. **Automobile Liability:** Insurance Services Office Form Number CA 0001 covering, Code 1 (any auto), or if Consultant has no owned autos, Code 8 (hired) and 9 (non-owned), with limit no less than **\$1,000,000** per accident for bodily injury and property damage.
3. **Workers' Compensation** insurance as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than **\$1,000,000** per accident for bodily injury or disease.  
**(not required if consultant provides written verification it has no employees)**
4. **Professional Liability** (Errors and Omissions) Insurance appropriate to the Consultant's profession, with limit no less than **\$1,000,000** per occurrence or claim, \$2,000,000 aggregate.

If the Consultant maintains higher limits than the minimums shown above, the City requires and shall be entitled to coverage for the higher limits maintained by the Contractor. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City.

#### Other Insurance Provisions

**The insurance policies are to contain, or be endorsed to contain, the following provisions:**

##### ***Additional Insured Status***

**The City, its officers, officials, employees, and volunteers are to be covered as additional insureds** on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Consultant including materials, parts or equipment furnished in connection with

such work or operations. General liability coverage should be provided in the form of an endorsement to the Consultant's insurance (at least as broad as ISO Form CG 20 10 11 85 or both CG 20 10 and CG 20 37 forms if later revisions used).

***Primary Coverage***

For any claims related to this contract, the **Consultant's insurance coverage shall be primary** insurance as respects the City, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees, or volunteers shall be excess of the Consultant's insurance and shall not contribute with it.

***Notice of Cancellation***

Each insurance policy required above shall state that **coverage shall not be canceled, except with notice to the City.**

***Waiver of Subrogation***

Consultant hereby grants to City a waiver of any right to subrogation which Consultant or any insurer of said Consultant may acquire against the City by virtue of the payment of any loss under such insurance. Consultant agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the City has received a waiver of subrogation endorsement from the insurer.

***Deductibles and Self-Insured Retentions***

Any deductibles or self-insured retentions must be declared to and approved by the City. The City may require the Consultant to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.

***Acceptability of Insurers***

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the City.

***Claims Made Policies***

If any of the required policies provide coverage on a claims-made basis:

1. The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work.
2. Insurance must be maintained and evidence of insurance must be provided **for at least five (5) years after completion of the contract of work.**
3. If coverage is canceled or non-renewed, and not **replaced with another claims-made policy form with a Retroactive Date** prior to the contract effective date, the Consultant must purchase "extended reporting" coverage for a minimum of **five (5) years** after completion of contract work.

***Verification of Coverage***

Consultant shall furnish the City with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by the City before work commences. However,

failure to obtain the required documents prior to the work beginning shall not waive the Consultant's obligation to provide them. The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

***Subcontractors***

Consultant shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Contractor shall ensure that City is an additional insured on insurance required from subcontractors.

***Special Risks or Circumstances***

City reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

**EXHIBIT C**

**VERIFICATION OF REQUIRED INSURANCE**



## STAFF REPORT

**Date:** Tuesday, February 10, 2015  
**To:** Bryan H. Montgomery, City Manager  
**From:** Joshua McMurray, Senior Planner  
**Subject:** **Housing-Related Parks Program (HRP Program) Resolution**

Approved and Forwarded to City Council:

  
Bryan H. Montgomery, City Manager

### Background

Recently, HCD announced through a Notice of Funding Availability (NOFA) that applications are being accepted under the HRP Program. The NOFA is for approximately \$35 million from the passage of Proposition 1C, the Housing and Emergency Shelter Trust Fund Act of 2006. The program is designed to award grant funds to local governments that approve housing for lower-income households and are in compliance with State of California housing element law.

The HRP Program does not use a competitive process to award funds. Funds awarded are calculated on a per-bedroom basis for each newly constructed or substantially rehabilitated residential unit that is affordable to very low-income or low-income households. Eligible units that received a building permit or certificate of occupancy during the designated program years of January 1, 2010, to December 31, 2014, qualify for the HRP Program. Applicants may receive \$750 to \$2,725 per bedroom for very low-income units or \$500 to \$2,200 per bedroom for low-income units. The range for each income group is due to bonus awards that factor in location, type of project, and specific area designations. The minimum application amount is \$75,000.

For the designated program years noted, staff has identified 107 affordable housing units consisting of 204 bedrooms that will qualify for the HRP Program. Considering these affordable housing units, their location, and household income restrictions, Staff anticipates the application will be for an amount between \$200,000 and \$250,000.

Grant funds awarded can be used for the costs of park and recreation facility creation, development, or rehabilitation, including the acquisition of land. Eligible costs to construct, rehabilitate, or acquire capital assets include:

- A. Physical property with an expected useful life of 15 years or more;
- B. Major maintenance, reconstruction, or demolition for purposes of reconstruction of facilities, and retrofitting work or expenditures that continue or enhance the useful life of the capital asset; or



**Subject: HRP Program Resolution**

**Date: February 10, 2015**

**Page 2**

C. Equipment with an expected useful life of two years or more.

Applications were due by February 5, 2015. HCD allows for the application to be submitted with a draft resolution (which the City did), with HCD requiring a City Council approved resolution within 30 days of the application due date. If awarded HRP funding, Staff proposes to utilize the funds for a portion of the improvements to Holly Creek Park. The proposed improvements consist of the acquisition of adjoining land to Holly Creek Park (4758 Hagar Court) and constructing a parking lot and drinking fountain. The parking lot and drinking fountain amenities will address recreation interests of the community and significantly enhance the overall experience of the park. Any HRP Program funds awarded would need to be expended within 24 months of the award.

The HRP Program is intended to provide a grant to municipalities that are in compliance with state housing element law. HRP Program funds would give the City an opportunity to enhance its community by providing much-needed improvements in qualifying parks.

**Fiscal Impact**

It is anticipated that the City could receive from \$200,000 to \$250,000 in funding from the HRP Program. There is no match requirement for HRP Program funds. Therefore, there would be no fiscal impact to the City's General Fund.

**Recommendation**

Staff recommends that the City Council of the City of Oakley adopt the resolution authorizing the City Manager to:

1. Submit an application to the California Department of Housing and Community Development's (HCD) Housing-Related Parks Program (HRP Program); and
2. If awarded funding, execute an agreement and any related documents necessary to participate in the HRP Program.

**Attachments**

1. Proposed City Council Resolution

**RESOLUTION NO. XX-15**  
**A RESOLUTION OF THE CITY OF OAKLEY AUTHORIZING THE APPLICATION**  
**FOR THE HOUSING RELATED PARKS GRANT**

**WHEREAS**, The State of California, Department of Housing and Community Development (Department) has issued a Notice of Funding Availability dated December 10, 2014 (NOFA), under its Housing-Related Parks (HRP) Program.; and

**WHEREAS**, the City of Oakley ("Applicant") desires to apply for a HRP Program grant and submit the 2014 Designated Program Year Application Package released by the Department for the HRP Program; and

**WHEREAS**, The Department is authorized to approve funding allocations for the HRP Program, subject to the terms and conditions of the NOFA, Program Guidelines, Application Package, and Standard Agreement.

**NOW THEREFORE, BE IT RESOLVED BY THE CITY OF OAKLEY**

1. Applicant is hereby authorized and directed to apply for and submit to the Department the HRP Program Application Package released December 2014 for the 2014 Designated Program Year in an amount not to exceed \$XXXXX.00. If the application is approved, the Applicant is hereby authorized and directed to enter into, execute, and deliver a State of California Standard Agreement (Standard Agreement) in an amount not to exceed \$XXXXX.00, and any and all other documents required or deemed necessary or appropriate to secure the HRP Program Grant from the Department, and all amendments thereto (collectively, the "HRP Grant Documents").
2. Applicant shall be subject to the terms and conditions as specified in the Standard Agreement. Funds are to be used for allowable capital asset project expenditures to be identified in Exhibit A of the Standard Agreement. The application in full is incorporated as part of the Standard Agreement. Any and all activities funded, information provided, and timelines represented in the application are enforceable through the Standard Agreement. Applicant hereby agrees to use the funds for eligible capital asset(s) in the manner presented in the application as approved by the Department and in accordance with the NOFA and Program Guidelines and Application Package.
3. The City Manager is authorized to execute in the name of Applicant the HRP Program Application Package and the HRP Grant Documents as required by the Department for participation in the HRP Program.

**PASSED AND ADOPTED** by the City Council at a meeting held on the \_\_\_ day of February 2015, by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

APPROVED:

\_\_\_\_\_  
Doug Hardcastle, Mayor

ATTEST:

\_\_\_\_\_  
Libby Vreonis, City Clerk

\_\_\_\_\_  
Date

The undersigned City Clerk of the Applicant herebefore named does hereby attest and certify that the forgoing is a true and full copy of a resolution of the City of Oakley adopted at a duly convened meeting on the date above-mentioned, which has not been altered, amended or repealed.

\_\_\_\_\_  
Libby Vreonis, City Clerk

\_\_\_\_\_  
Date



## STAFF REPORT

**Date:** February 10, 2015

**To:** Bryan H. Montgomery, City Manager

**From:** Dwayne Dalman, Economic Development Manager

**Subject:** Extension of Exclusive Option Agreement for Purchase of Real Property for 101 Carol Lane, Oakley, CA (APN 037-132-038) and 111 Carol Lane (APN 037-132-0375)

Approved and Forwarded to City Council:

  
Bryan H. Montgomery, City Manager

### **Summary and Background**

In August, 2013 the City Council authorized an Invitation to Bid for Real Property located at 101 and 111 Carol Lane, Oakley, California. In September, 2013, the City Council accepted a bid from Thomas Properties, Inc., who proposed to purchase the property for \$339,000, or approximately \$10.27 per square foot. Thomas Properties committed to develop the property in a timely manner and consistent with the City's economic development objectives.

Parcel 037-132-0375 is owned by the City. Parcel 037-132-0383 was owned by the Oakley Redevelopment Agency. Due to the state law abolishing redevelopment agencies, that parcel is now owned by the Successor Agency to the Oakley Redevelopment Agency (Successor Agency).

The Successor Agency wishes to transfer its parcel to the City, but the California Department of Finance (DOF) has denied consent to sell the parcel until the Successor Agency has developed and received DOF approval of a Long-Term Property Management and Disposition Plan (Disposition Plan).

In November, 2014, the Successor Agency approved the Disposition Plan and forwarded it to DOF for approval. As Thomas Properties cannot finalize the purchase of the property until DOF approves the Disposition Plan, they have requested an extension of the Exclusive Option Agreement for a period of six months, with the ability to extend for an additional six months if needed.

### **Fiscal Impact**

At such time that the Disposition Plan is approved by DOF, the City will realize \$339,000 in sales proceeds (revenues to the General Fund) and stands to gain a retail center that will provide positive economic development impacts such as retail

Date: February 10, 2015

Subject: Extension of Exclusive Option Agreement for Purchase of Real Property

Page: 2

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development and job creation. The improvements to the parcel will also generate an increase in the annual property tax revenue.

**Recommendation**

Staff recommends that the Council adopt the resolution approving the Extension of the Exclusive Option Agreement for Purchase of Real Property for 101 Carol Lane, Oakley, CA (APN 037-132-038) and 111 Carol Lane (APN 037-132-0375).

**Attachment**

1. Extension Agreement
2. Copy of Exclusive Option Agreement for the Purchase of Real Property
3. Resolution accepting the Extension Agreement

**EXTENSION TO OPTION AGREEMENT**

**THIS EXTENSION** is hereby entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2015 by and between the City of Oakley, a municipal corporation ("CITY") and Thomas Properties Inc., a California corporation ("THOMAS").

Recitals

- A. The parties entered into an Exclusive Option Agreement for Purchase of Real Property on December 20, 2013 for the option to purchase property commonly known as 101 and 111 Carol Lane, Oakley, California.
- B. The Option Agreement recited that one of the parcels, APN 037-132-0383 is owned by the Successor Agency to the Oakley Redevelopment Agency, and that the California Department of Finance is required to approve a property Disposition Plan before that parcel can be conveyed from the Successor Agency to the CITY.
- C. The Department of Finance has, as of this date, not yet approved the Disposition Plan, and therefore the parties wish to extend the term and validity of the Extension Agreement.

**WHEREFORE, THE PARTIES AGREE AS FOLLOWS:**

- 1. The Option Agreement specified herein is hereby extended for a period of six months from the date first above written. The parties may, upon written communication from one to the other, extend the Option Agreement for an additional six months after the expiration of the initial extension term.
- 2. All of the terms and conditions of the Option Agreement shall remain unchanged except for the term thereof.

CITY  
City of Oakley, a municipal corporation

THOMAS  
Thomas Properties Inc., a California corporation

By: \_\_\_\_\_  
Bryan H. Montgomery  
City Manager

By: \_\_\_\_\_  
Sam Thomas

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Steve Thomas

\_\_\_\_\_  
Derek P. Cole  
City Attorney

ATTEST:

\_\_\_\_\_  
Libby Vreonis  
City Clerk

**EXCLUSIVE OPTION AGREEMENT  
FOR PURCHASE OF REAL PROPERTY**

**THIS AGREEMENT** is made this 20 day of Dec, 2013 by and between the City of Oakley, a municipal corporation ("CITY") and Thomas Properties Inc., a California corporation ("THOMAS").

Recitals

- A. CITY has published an Invitation to Bid for the purchase of two parcels located at 101 and 111 Carol Lane, Oakley, California, bearing Contra Costa County Assessor Parcel Numbers 037-132-0383 and 037-132-0375. The Invitation to Bid was an open and competitive process pursuant to procedures contained in CITY's ordinances, Title 2, Article 8 of the Oakley Municipal Code.
- B. THOMAS has submitted a proposal to purchase both parcels. CITY has determined that THOMAS' bid is the best and highest bid that meets the CITY's requirements for commercial development of the parcels. THOMAS has also posted with the City, as required by the Invitation to Bid, a Bid Surety of Ten Thousand (\$10,000.00) Dollars.
- C. Parcel #037-132-0375 is owned by the CITY. Parcel 037-132-0383 was owned by the Oakley Redevelopment Agency. Due to the state law abolishing redevelopment agencies, that parcel is now owned by the Successor Agency to the Oakley Redevelopment Agency ("SUCCESSOR AGENCY").
- D. The SUCCESSOR AGENCY wishes to transfer its parcel to the CITY, but the California Department of Finance ("FINANCE") has denied consent to sell the parcel until the SUCCESSOR AGENCY has developed an approved Long-Term Property Management and Disposition Plan ("DISPOSITION PLAN").
- E. The CITY and THOMAS wish to continue in their mutual desire to sell and purchase the two parcels, and thereby enter into this Agreement.

**Wherefore, the parties agree as follows:**

- 1. CITY grants to THOMAS an exclusive option to purchase the two above-mentioned parcels for the amount, and under the terms and conditions, as specified in THOMAS' bid, a copy of which is attached hereto, marked Exhibit "A", and made a part hereof.

2. The ability of THOMAS to purchase the parcels is contingent upon FINANCE approving the DISPOSITION AGREEMENT and Parcel #037-132-0383 being transferred to CITY's ownership.
3. This Exclusive Option Agreement shall remain in force and effect for one year from the date first above written. The parties may, upon mutual consent as expressed in a writing, extend this Agreement for additional periods as they may determine.
4. Because of the current need to obtain FINANCE's approval for the parcel owned by the SUCCESSOR AGENCY, CITY shall, upon execution of this Agreement, return to THOMAS its Bid Surety posted with the CITY in the amount of Ten Thousand (\$10,000.00) Dollars. As valuable consideration for this Exclusive Option Agreement, THOMAS hereby tenders to CITY, and CITY accepts, a nonrefundable check made payable to the CITY in the amount of Five Hundred (\$500.00) Dollars.
5. CITY will not negotiate with other parties, nor entertain other offers to purchase the property, during the effectiveness of this Agreement.
6. Upon receiving FINANCE's approval for the transfer of the property and upon CITY being in title to the parcel currently owned by SUCCESSOR AGENCY, CITY shall notify THOMAS in writing that it is able to proceed with the sale. THOMAS, within ninety (90) calendar days of the City Council's approval of the sale and purchase agreement with THOMAS, shall close escrow on the parcels being purchased. If THOMAS does not do so, and CITY does not grant any extension of time for the close of escrow, this Exclusive Option Agreement shall terminate and be of no further force or effect.
7. THOMAS understands and agrees that upon successful exercise of its option, it shall have the obligation, at its own cost and expense, to merge the two parcels by a procedure authorized by law.
8. Nothing herein guarantees that any specific project or development will be approved by the CITY if this Option is exercised, any such approval being subject to City Council discretion at a noticed public hearing. However, CITY does warrant that the General Plan and zoning designations allow commercial uses at the subject location.
9. This Exclusive Option Agreement also constitutes a License granted to THOMAS to enter the parcels for the purpose of inspection, surveying, planning and



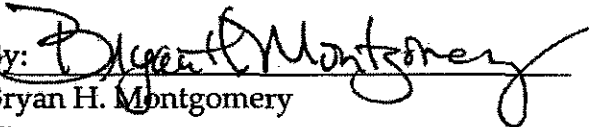
engineering. Upon any such entry, THOMAS shall hold and save CITY harmless from any liability, claim, or damage associated with such entry.

10. The parties acknowledge that FINANCE and/or the SUCCESSOR AGENCY may place conditions or requirements upon CITY for the conveyance to the CITY. It shall be in the exclusive discretion of CITY whether to accept or reject such conditions or requirements, and nothing herein shall compel CITY to complete its acquisition of the property during the pendency of this Agreement. There shall be no liability against CITY, the SUCCESSOR AGENCY or FINANCE for the failure of any such entity to complete the transactions specified herein during the effectiveness of this Agreement, or for the imposition of any terms and conditions which would result in this Option not being exercised.

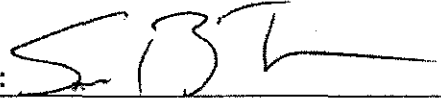
IN WITNESS WHEREOF, the parties hereunto set their hands in duplicate, the day and year first herein above written.

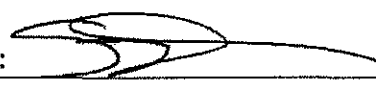
**CITY**

*City of Oakley, a municipal corporation*

By:   
Bryan H. Montgomery  
City Manager

**THOMAS**

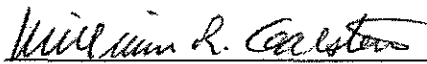
By:   
Sam Thomas, Thomas Properties, Inc.

By:   
Steve Thomas, Thomas Properties, Inc.

**ATTEST:**

  
Libby Vreonis  
City Clerk

**APPROVED AS TO FORM:**

  
William R. Galstan  
Special Counsel





Agenda Date: 02/10/2015  
Agenda Item: 3.12

## STAFF REPORT

**Date:** February 10, 2015  
**To:** Bryan H. Montgomery, City Manager  
**From:** Paul Abelson, Finance Director

Approved and Forwarded to City Council, as  
the Board of the Successor Agency to the  
Oakley Redevelopment Agency:

  
Bryan Montgomery, City Manager

**SUBJECT: Resolution Approving the Final Form of Certain Documents Relating to the Issuance and Sale of Tax Allocation Refunding Bonds to Refund the Former Oakley Redevelopment Agency's 2003 Bonds, and Approving Related Matters and Official Actions**

### Background and Analysis

State Law requires the Successor Agency to move forward with the winding down of the Redevelopment Agency's affairs as expeditiously as possible. Steps contemplated to help accomplish that goal include the potential refunding of existing bonds to reduce debt service payments, where such savings are meaningful.

This Board and the Successor Agency's Oversight Board approved the refunding of the 2003 bonds in October 2014, including the selection of Stifel, Nicolaus & Company as underwriters; and the State Department of Finance (DOF) approved the sale on January 29, 2015, conditioned on the refunding's meeting the related Dissolution Act legal requirements.

As a final step in the necessary approvals process, Staff now seeks your approval of the attached the Preliminary Official Statement and Bond Purchase Agreement, in substantially final form, and authority for staff to make the final changes as needed and to complete the sale after pricing, as long as it continues to meet the conditioned legal requirements and offer substantial savings, as intended.

### Fiscal Impact

The principal outstanding on the existing bonds is \$6,150,000. The attached Refunding Analysis from the Agency's Financial Advisor prepared in October showed a successful refunding could provide total savings from cash flow of approximately \$1,471,000, and the bonds could be structured to realize most of the savings in the first few years at approximately \$285,000-\$290,000 in each of the first five (5) years. These represent potential savings after all costs of issuance.

**Subject: Resolution Approving the Final Form of Certain Documents Relating to the Issuance and Sale of Tax Allocation Refunding Bonds to Refund the Former Oakley Redevelopment Agency's 2003 Bonds, and Approving Related Matters and Official Actions**

**Date: February 10, 2015**

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With the remaining work to prepare the bonds and proceed in obtaining a bond rating, issuance will likely occur in mid-to-late March. While the market could change by the time we are ready to go, recent pricing remains favorable and absent significant changes, we anticipate a successful refunding at that time.

**Recommendation**

Staff recommends the Board adopt the attached Resolution approving the documents attached in substantially final form, authorizing Staff to make the necessary changes to finalize them, and complete the sale when ready and all conditions met.

**Attachments**

1. Resolution
2. Preliminary Official Statement
3. Bond Purchase Agreement

## RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE SUCCESSOR AGENCY TO THE OAKLEY REDEVELOPMENT AGENCY, APPROVING THE FINAL FORM OF CERTAIN DOCUMENTS RELATING TO THE ISSUANCE AND SALE OF TAX ALLOCATION REFUNDING BONDS TO REFUND CERTAIN OUTSTANDING OBLIGATIONS OF THE FORMER OAKLEY REDEVELOPMENT AGENCY, AND APPROVING RELATED MATTERS AND OFFICIAL ACTIONS**

**WHEREAS**, pursuant to Section 34172(a) of the California Health and Safety Code (the "Code"), the Oakley Redevelopment Agency (the "Former Agency") has been dissolved and no longer exists as a public body, corporate and politic, and pursuant to Section 34173 of the Code the City of Oakley has become the successor entity to the Agency (the "Successor Agency"); and

**WHEREAS**, the Successor Agency is obligated to pay the Redevelopment Agency of the City of Oakley 2003 Taxable Tax Allocation Bonds, Series 2003 (Oakley Redevelopment Project Area), issued in the aggregate principal amount of \$8,500,000 (the "Prior Obligations"), for the purpose of financing and refinancing programs, projects and activities relating to the Former Agency's Oakley Redevelopment Project (the "Redevelopment Project") from tax increment revenues derived from the Redevelopment Project; and

**WHEREAS**, the Prior Obligations are subject to redemption and the Successor Agency has adopted its Resolution No. SA-08-14 on October 28, 2014 (the "Authorizing Resolution"), pursuant to Section 34177.5 of the Code, authorizing the issuance of refunding bonds in the aggregate principal amount of not to exceed \$8,000,000 (the "Refunding Bonds") under Article 11 (commencing with §53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code for the purpose of refunding the Prior Obligations, subject to compliance with the savings requirements set forth in Section 34177.5(a) of the Code; and

**WHEREAS**, pursuant to Section 34179 of the Code, an oversight board (the "Oversight Board") has been established for the Successor Agency and has previously adopted its resolution approving the issuance of the Refunding Bonds and related matters; and

**WHEREAS**, such actions by the Oversight Board relating to the issuance of the Refunding Bonds have been approved by the California Department of Finance; and

**WHEREAS**, pursuant to the Authorizing Resolution, the Successor Agency has previously authorized the execution and delivery of a First Supplemental Trust Indenture and Escrow Instructions relating to the issuance of the Refunding Bonds and the

refunding of the Prior Obligations, in substantially the respective forms on file with the City Clerk, with such changes therein, deletions therefrom and additions thereto as the Mayor, as the presiding officer of the Successor Agency, or the City Manager of the City, as the chief administrative officer of the Successor Agency (each, an "Authorized Officer"), shall approve, such approval to be conclusively evidenced by the execution and delivery thereof; and

**WHEREAS**, the Successor Agency wishes at this time to approve the final form of various other legal documents relating to the issuance and sale of the Refunding Bonds for the purpose of refunding the Prior Obligations;

**NOW, THEREFORE, BE IT RESOLVED** by the Successor Agency to the Oakley Redevelopment Agency, as follows:

**Section 1. Issuance of Refunding Bonds.** In accordance with the Authorizing Resolution, the Successor Agency hereby approves the issuance of the Refunding Bonds for the purpose of providing for the refunding of the Prior Obligations. As provided in the Authorizing Resolution, the Refunding Bonds may only be issued and sold if the total interest cost to maturity on the Refunding Bonds plus the principal amount of the Refunding Bonds does not exceed the total remaining interest cost to maturity on the Prior Obligations plus the remaining principal of the Prior Obligations.

**Section 2. Sale of Refunding Bonds.** In accordance with the Authorizing Resolution, the Successor Agency hereby approves the negotiated sale of the Refunding Bonds to Stifel, Nicolaus & Company, Incorporated, as underwriter (the "Underwriter"). The Refunding Bonds shall be sold to the Underwriter pursuant to the Bond Purchase Agreement in substantially the form on file with the City Clerk, with such changes therein, deletions therefrom and additions thereto as an Authorized Officer shall approve, such approval to be conclusively evidenced by the execution and delivery thereof. The Refunding Bonds shall be sold at a true interest cost of not to exceed 4.50%, and the amount of the Underwriter's discount on the sale of the Refunding Bonds shall not exceed 1% of the par amount thereof.

**Section 3. Approval of Official Statement.** The Successor Agency hereby approves the Preliminary Official Statement describing the Refunding Bonds, in substantially the form on file with the City Clerk. Distribution of the Preliminary Official Statement by the Underwriter is hereby approved. Prior to the distribution of the Preliminary Official Statement, the City Manager of the City is authorized and directed, on behalf of the Successor Agency, to deem the Preliminary Official Statement "final" pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule"). The execution of the Final Official Statement, which shall include such changes and additions thereto deemed advisable by the City Manager, and such information permitted to be excluded from the Preliminary Official Statement pursuant to the Rule, is hereby approved for delivery to the purchasers of the Refunding Bonds. The City Manager is authorized and directed to execute and deliver the Final Official Statement for and on

behalf of the Successor Agency and to deliver to the Underwriter a certificate with respect to the information set forth therein.

**Section 4. Official Actions.** All actions heretofore taken by the officers and agents of the Successor Agency with respect to the issuance of the Refunding Bonds are hereby approved, confirmed and ratified. The Mayor, the City Manager, the Finance Director, the City Clerk and any and all other officers of the City are hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, and other documents, including but not limited to documents relating to any policy of municipal bond insurance which is issued with respect to the Bonds, which they, or any of them, may deem necessary or advisable in order to consummate the sale, issuance and delivery of the Refunding Bonds to the Underwriter and the refunding of the Prior Obligations.

**Section 5. Effective Date.** This Resolution shall take effect from and after the date of its passage and adoption.

**PASSED AND ADOPTED** this \_\_\_ day of February, 2015, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

---

Doug Hardcastle, Chair

Attest:

---

Libby Vreonis, Secretary

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2015

**NEW ISSUE – BOOK-ENTRY**

**RATING**

**Insured Rating: S&P: “\_”**  
**Underlying Rating: S&P: “\_”**

(See “CONCLUDING INFORMATION - Rating on the Bonds” herein)

*In the opinion of Nossaman LLP, Irvine, California, Bond Counsel, based on existing statutes, regulations, rulings and court decisions and assuming, among other matters, compliance with certain covenants, interest on the Series A Bonds is excludable from gross income for federal income tax purposes. Interest on the Series A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxable income, although Bond Counsel observes that it is included in adjusted current earnings in calculating corporate alternative minimum taxable income. Interest on the Series B Bonds is not excludable from gross income for federal income tax purposes. In the further opinion of Bond Counsel, interest on the Bonds is, under existing law, exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding other federal or State tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See “LEGAL MATTERS - Tax Matters” herein.*

**SUCCESSOR AGENCY TO THE OAKLEY REDEVELOPMENT AGENCY**

\$ \_\_\_\_\_ \*  
**(OAKLEY REDEVELOPMENT  
PROJECT AREA)  
TAX ALLOCATION  
REFUNDING BONDS  
SERIES 2015A**

\$ \_\_\_\_\_ \*  
**(OAKLEY REDEVELOPMENT  
PROJECT AREA)  
TAXABLE TAX ALLOCATION  
REFUNDING BONDS  
SERIES 2015B**

**Dated: Date of Delivery**

**Due: September 1, as shown on the inside cover page**

**The cover page contains certain information for quick reference only. It is not a summary of the issue. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. See “RISK FACTORS” herein for a discussion of special risk factors that should be considered in evaluating the investment quality of the Bonds.**

Proceeds from the sale of the Successor Agency to the Oakley Redevelopment Agency (the “Successor Agency”) Tax Allocation Refunding Bonds, Series 2015A (“Series A Bonds”) and Taxable Tax Allocation Refunding Bonds, Series 2015B (“Series B Bonds,” and together with the Series A Bonds, the “Bonds”) will be used to refinance certain outstanding obligations of the Oakley Redevelopment Agency (the “Former Agency”).

The Bonds will be issued under a Trust Indenture, dated as of May 1, 2008, between the Former Agency and Wells Fargo Bank, National Association (the “Trustee”), as supplemented by a First Supplemental Trust Indenture, dated as of March 1, 2015 (as supplemented, the “Indenture”), by and between the Successor Agency and the Trustee. The Bonds are special obligations of the Successor Agency and are payable solely from and secured by a pledge of certain tax increment revenues of the Former Agency’s Project Area, on a parity basis to certain obligations of the Former Agency to remain outstanding after the issuance of the Bonds, and a pledge of amounts in certain funds and accounts established under the Indenture (see “SECURITY FOR THE BONDS” and “RISK FACTORS”).

Interest on the Bonds is payable on September 1, 2015 and semiannually thereafter on March 1 and September 1 of each year until maturity (see “THE BONDS - General Provisions” herein). The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity.

**The Bonds are special obligations of the Successor Agency. The Bonds do not constitute a debt or liability of the City of Oakley, the County of Contra Costa, the State or of any political subdivision thereof, other than the Successor Agency. The Successor Agency shall only be obligated to pay the principal of the Bonds, or the interest thereon, from the funds described herein, and neither the faith and credit nor the taxing power of the City of Oakley, the County of Contra Costa, the State or any of its political subdivisions is pledged to the payment of the principal of or the interest on the Bonds. The Successor Agency has no taxing power.**

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by \_\_\_\_\_. See “MUNICIPAL BOND INSURANCE” and “APPENDIX G – SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

**[INSERT INSURER LOGO]**



The Bonds are being offered when, as and if issued, subject to the approval as to their legality by Nossaman LLP, Irvine, California, Bond Counsel. Certain legal matters will also be passed on for the Successor Agency by Nossaman LLP, Irvine, California, as Disclosure Counsel. Certain legal matters will be passed on for the Underwriter by its counsel, \_\_\_\_\_, \_\_\_\_\_, California. It is anticipated that the Bonds will be available for delivery through the facilities of The Depository Trust Company on or about March \_\_\_\_, 2015.

*The date of the Official Statement is \_\_\_\_\_, 2015.*

**[INSERT STIFEL LOGO]**

**SUCCESSOR AGENCY TO THE OAKLEY REDEVELOPMENT AGENCY  
(OAKLEY REDEVELOPMENT PROJECT AREA)**

**\$ \_\_\_\_\_ TAX ALLOCATION  
REFUNDING BONDS, SERIES 2015A**

**MATURITY SCHEDULE\***

<b>Maturity Date</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>Price</b>	<b>CUSIP®†</b>
<b>September 1</b>					

\$ \_\_\_\_\_ % Term Bonds Due September 1, 20 \_\_, Yield: \_\_\_ % (CUSIP®: \_\_\_\_\_)

**\$ \_\_\_\_\_ TAXABLE TAX ALLOCATION  
REFUNDING BONDS, SERIES 2015B**

**MATURITY SCHEDULE\***

<b>Maturity Date</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>Price</b>	<b>CUSIP®†</b>
<b>September 1</b>					

\* Preliminary, subject to change.

† Copyright 2015, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services Bureau, operated by Standard & Poor's. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services. CUSIP numbers have been assigned by an independent company not affiliated with the Successor Agency and are included solely for the convenience of the holders of the Bonds. None of the Successor Agency, the Financial Advisor or the Underwriter takes any responsibility for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

## GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

**Use of Official Statement.** This Official Statement is submitted in connection with the offer and sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the Bonds.

**Estimates and Forecasts.** When used in this Official Statement and in any continuing disclosure by the Successor Agency in any press release and in any oral statement made with the approval of an authorized officer of the Successor Agency or any other entity described or referenced herein, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

**Limit of Offering.** No dealer, broker, salesperson or other person has been authorized by the Successor Agency to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained herein and if given or made, such other information or representation must not be relied upon as having been authorized by the Successor Agency, the Financial Advisor or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

**Involvement of Underwriter.** The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

**Information Subject to Change.** The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Successor Agency or any other entity described or referenced herein since the date hereof. All summaries of the documents referred to in this Official Statement are made subject to the provisions of such documents, respectively, and do not purport to be complete statements of any or all of such provisions.

**Stabilization of Prices.** In connection with this offering, the Underwriter may overallocate or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the public offering prices set forth on the inside cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

**Web Page.** The City of Oakley maintains a website. However, the information maintained on the website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

\_\_\_\_\_ (the "Insurer") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, the Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Insurer, supplied by the Insurer and presented under the heading "MUNICIPAL BOND INSURANCE" and "APPENDIX G - SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

**SUCCESSOR AGENCY TO THE  
OAKLEY REDEVELOPMENT AGENCY  
OAKLEY, CALIFORNIA**

**CITY COUNCIL AND SUCCESSOR AGENCY  
BOARD**

Doug Hardcastle, *Mayor*  
Kevin Romick, *Vice Mayor*  
Randy Pope, *Councilmember*  
Sue Higgins, *Councilmember*  
Vanessa Perry, *Councilmember*

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**CITY AND SUCCESSOR AGENCY STAFF**

Bryan H. Montgomery, *City Manager*  
Paul Abelson, *Finance Director*  
Dwayne Dalman, *Economic Development Manager*  
Derek P. Cole, *City Attorney*

---

**PROFESSIONAL SERVICES**

**Bond Counsel and Disclosure Counsel**

Nossaman LLP  
Irvine, California

**Financial Advisor**

Public Financial Management, Inc.  
San Francisco, California

**Trustee and Escrow Bank**

Wells Fargo Bank, National Association  
San Francisco, California

**Fiscal Consultant**

Fraser & Associates  
Roseville, California

**Verification Agent**

[To Come]

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# OFFICIAL STATEMENT

## SUCCESSOR AGENCY TO THE OAKLEY REDEVELOPMENT AGENCY

\$ \_\_\_\_\_\*  
**(OAKLEY REDEVELOPMENT  
PROJECT AREA)  
TAX ALLOCATION  
REFUNDING BONDS  
SERIES 2015A**

\$ \_\_\_\_\_\*  
**(OAKLEY REDEVELOPMENT  
PROJECT AREA)  
TAXABLE TAX ALLOCATION  
REFUNDING BONDS  
SERIES 2015B**

This Official Statement which includes the cover page and appendices (the "Official Statement") is provided to furnish certain information concerning the sale of the Successor Agency to the Oakley Redevelopment Agency (Oakley Redevelopment Project Area) Tax Allocation Refunding Bonds, Series 2015A ("Series A Bonds") and Taxable Tax Allocation Refunding Bonds, Series 2015B ("Series B Bonds," and together with the Series A Bonds, the "Bonds"), in the aggregate principal amount of \$ \_\_\_\_\_\* and \$ \_\_\_\_\_\* respectively.

## INTRODUCTION

*This Introduction contains only a brief description of this issue and does not purport to be complete. The Introduction is subject in all respects to more complete information in the entire Official Statement and the offering of the Bonds to potential investors is made only by means of the entire Official Statement and the documents summarized herein. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.*

### Authority and Purpose

The Bonds are being issued pursuant to the Constitution and laws of the State of California (the "State"), including Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Bond Law"), and Section 34177.5 of the Community Redevelopment Law, constituting Part 1 of Division 24 (commencing with Section 33000) of the Health and Safety Code of the State (the "Redevelopment Law"). The Bonds are being issued pursuant to Trust Indenture, dated as of May 1, 2008, by and between the Oakley Redevelopment Agency (the "Former Agency") and Wells Fargo Bank, National Association, as trustee (the "Trustee"), as supplemented by a First Supplemental Trust Indenture dated as of March 1, 2015 (as supplemented, the "Indenture") by and between the Successor Agency to the Oakley Redevelopment Agency (the "Successor Agency") and the Trustee.

The Bonds are being issued to refinance the Former Agency's outstanding Taxable Tax Allocation Bonds, Series 2003 (the "Refunded Bonds").

See "THE FINANCING PLAN" herein.

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\* Preliminary, subject to change.



The Bonds are being issued on a parity with the Former Agency's Subordinated Tax Allocation Bonds Series 2008A (Oakley Redevelopment Project Area) (the "2008 Bonds"), currently outstanding in the principal amount of \$ \_\_\_\_\_.

## **The Successor Agency and the Former Agency**

The Former Agency was established in 1989 by the County of Contra Costa (the "County") pursuant to the Redevelopment Law. On June 29, 2011, Assembly Bill No. 26 ("AB X1 26") was enacted as Chapter 5, Statutes of 2011, together with a companion bill, Assembly Bill No. 27 ("AB X1 27"). A lawsuit was brought in the California Supreme Court, *California Redevelopment Association, et al. v. Matosantos, et al.*, 53 Cal. 4<sup>th</sup> 231 (Cal. 2011), challenging the constitutionality of AB X1 26 and AB X1 27. In its December 29, 2011 decision, the California Supreme Court largely upheld AB X1 26, invalidated AB X1 27, and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the California Supreme Court in the *California Redevelopment Association* case, as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Former Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

The primary provisions enacted by AB X1 26 relating to the dissolution and wind down of former redevelopment agency affairs are Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code of the State, as amended on June 27, 2012 by Assembly Bill No. 1484 ("AB 1484"), enacted as Chapter 26, Statutes of 2012 (as amended from time to time, the "Dissolution Act"). The Redevelopment Law, as amended by the Dissolution Act, is sometimes referred to herein as the "Law."

Pursuant to Section 34173 of the Dissolution Act, the City Council (the "City Council") of the City of Oakley (the "City") elected for the City to serve as successor agency to the Former Agency, by adopting Resolution No. \_\_\_\_\_ on \_\_\_\_\_, and thus since the February 1, 2012 dissolution of the Former Agency, the City has served in such capacity. Section 34173(g) of the Dissolution Act expressly affirms that the Successor Agency is a separate public entity from the City, that the two entities shall not merge, and that the liabilities of the Former Agency will not be transferred to the City nor will the assets of the Former Agency become assets of the City (see "THE SUCCESSOR AGENCY" herein).

The Successor Agency is governed by a five-member board consisting of the members of the City Council. The City Manager acts as the Successor Agency's chief administrative officer (see "THE SUCCESSOR AGENCY" herein).

## **The City**

The City was incorporated as a general law city on July 1, 1999 (see "APPENDIX C - CITY OF OAKLEY INFORMATION STATEMENT" herein). The City is situated in the eastern portion of the County, along the shore of the Sacramento-San Joaquin Delta, near the cities of Pittsburg, Antioch, and Brentwood. The City is located 55 miles east of San Francisco and 55 miles south of Sacramento.

## **Tax Allocation Financing Under the Dissolution Act**

Prior to the enactment of AB X1 26, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance which adopts the redevelopment plan becomes the base year valuation. Assuming the taxable valuation never drops below the base year level, the taxing agencies

thereafter received that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of agency obligations.

Under the Dissolution Act, moneys will be deposited from time to time in a Redevelopment Property Tax Trust Fund (the "Redevelopment Property Tax Trust Fund") held by a county auditor-controller with respect to a successor agency, which are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the Redevelopment Law to be used for the financing of redevelopment projects using current assessed values on the last equalized roll on August 20 each year. See "SECURITY FOR THE BONDS - Tax Allocation Financing" herein for additional information.

The Dissolution Act authorizes refunding bonds, including the Bonds, to be secured by a pledge of moneys deposited from time to time in the Redevelopment Property Tax Trust Fund. Tax Revenues, as defined herein, pledged to pay the Bonds consist of the amounts deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to and as provided in the Dissolution Act, and use of such funds to pay debt service on the Bonds is payable on a parity with the 2008 Bonds (see "Security for the Bonds" below).

The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the Former Agency, with the same legal effect as if the bonds had been issued prior to the effective date of AB X1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedules (see "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Definitions" and "SECURITY FOR THE BONDS - Recognized Obligation Payment Schedules").

## **The Project Area**

Upon the incorporation of the City on July 1, 1999, the County transferred control of the Project Area to the Former Agency. The County adopted the Redevelopment Plan establishing the initial project area (the "Original Area") by Ordinance No. 89-89 on December 27, 1989 (the "Redevelopment Plan"). The Redevelopment Plan was amended on December 6, 1994 to conform to the provisions of AB 1290 (defined herein). The Redevelopment Plan was further amended on October 22, 2001 by Ordinance No. 17-01 to add approximately 621 acres (the "Added Area") to the Original Area's 916 acres. The Added Area began receiving tax increment revenue in Fiscal Year 2003/04. The Original Area and the Added Area are collectively referred to herein as the "Project Area."

See "THE PROJECT AREA" herein for additional information on the Project Area and "THE SUCCESSOR AGENCY" herein for additional information on the Redevelopment Plans.

## **Security for the Bonds**

For the security of the Bonds, the Successor Agency grants a pledge of and lien on all of the Tax Revenues, subject to the prior pledge, security interest and lien on Tax Revenues of debt service on a parity with the 2008 Bonds. "Tax Revenues" are defined under the Indenture as taxes that were eligible for allocation to the Former Agency with respect to the Project Area and are allocated to the Successor Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws and deposited in the Redevelopment Property Tax Trust Fund, with certain exclusions. By definition, Tax Revenues exclude the same amounts that were payable by the Former Agency pursuant to any existing Tax Sharing

Agreements, amounts that were payable by the Former Agency as Statutory Tax Sharing, and County administrative costs allowed under Section 34182 of the Law and Section 95.3 of the California Revenue and Taxation Code. See “FINANCIAL INFORMATION - Tax Sharing Agreements and Tax Sharing Statutes” and “APPENDIX B - PROJECTED TAX REVENUES” herein.

Taxes levied on the property within the Project Area on that portion of the taxable valuation over and above the taxable valuation of the applicable base year property tax roll with respect to the various component projects of the Project Area, will be deposited in the Redevelopment Property Tax Trust Fund for transfer by the County Auditor-Controller to the Successor Agency’s Redevelopment Obligation Retirement Fund on January 2 and June 1 of each year to the extent required for payments listed in the Successor Agency’s Recognized Obligation Payment Schedule in accordance with the requirements of the Dissolution Act. Moneys transferred by the County Auditor-Controller to the Successor Agency will be deposited into the Successor Agency’s Redevelopment Obligation Retirement Fund and will be transferred by the Successor Agency to the Trustee for deposit in the Special Fund established under the Indenture. See “SECURITY FOR THE BONDS - Recognized Obligation Payment Schedules” herein.

**The Bonds are special obligations of the Successor Agency. The Bonds do not constitute a debt or liability of the City of Oakley, the County of Contra Costa, the State or of any political subdivision thereof, other than the Successor Agency. The Successor Agency shall only be obligated to pay the principal of the Bonds, or the interest thereon, from the funds described herein, and neither the faith and credit nor the taxing power of the City of Oakley, the County of Contra Costa, the State or any of its political subdivisions is pledged to the payment of the principal of or the interest on the Bonds. The Successor Agency has no taxing power.**

## **2015-2016 Governor’s Budget Summary - Proposed Legislative Changes**

In the 2015-2016 Governor’s Budget Summary released on January 9, 2015, the Governor states that oversight of the dissolution process has progressed to the point where legislative changes can be considered in order to add finality to the entire dissolution process and reduce the burden on all parties involved. For a discussion of those changes, see “SECURITY FOR THE BONDS – 2015-2016 Governor’s Budget Summary - Proposed Legislative Changes.”

## **Municipal Bond Insurance and Reserve Account Surety Policy**

Concurrently with the issuance of the Bonds, \_\_\_\_\_ (the “Insurer”) will issue its Municipal Bond Insurance Policy (the “Policy”) for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as “APPENDIX G” to this Official Statement.

In order to further secure the payment of the principal of and interest on the Bonds, a Reserve Account for the Bonds has been established by the Indenture. The Reserve Account will be funded by the purchase of a Municipal Bond Debt Service Reserve Insurance Policy (a “Reserve Policy”) issued by the Insurer in an amount equal to the Reserve Account Requirement as defined in the Indenture. See “SECURITY FOR THE BONDS - Reserve Account - Qualified Reserve Instruments.”

## **Legal Matters**

All legal proceedings in connection with the issuance of the Bonds are subject to the approving opinion of Nossaman LLP, Irvine, California, as Bond Counsel. Such opinion, and certain tax consequences incident to the ownership of the Bonds are described more fully under the heading “LEGAL MATTERS - Tax Matters” herein. Certain legal matters will be passed on for the Successor

Agency by Nossaman LLP, Irvine, California, as Disclosure Counsel. Certain legal matters will be passed on for the Underwriter by its counsel, \_\_\_\_\_, \_\_\_\_\_, California.

## **Professional Services**

The Trustee will act on behalf of the Bondholders for the purpose of receiving all moneys required to be paid to the Trustee, to allocate, use and apply the same, to hold, receive and disburse the Tax Revenues and other funds held under the Indenture, and otherwise to hold all the offices and perform all the functions and duties provided in the Indenture to be held and performed by the Trustee.

Public Financial Management, Inc., San Francisco, California (the "Financial Advisor") advised the Successor Agency as to the financial structure and certain other financial matters relating to the Bonds.

Fees payable to Bond Counsel, Disclosure Counsel, Underwriter's Counsel, and the Financial Advisor are contingent upon the sale and delivery of the Bonds.

## **Financial Statements of the Successor Agency**

After the enactment of the Dissolution Act, the activities of the Successor Agency are reported as a fiduciary trust fund, as part of the City's Comprehensive Annual Financial Report, which is in accordance with guidance issued by the State Department of Finance on September 19, 2012 and available on its website relating to redevelopment dissolution ([www.dof.ca.gov/redevelopment](http://www.dof.ca.gov/redevelopment)) under the category of "Common RDA Dissolution Questions and Answers," interpreting Section 34177(n) of the California Health and Safety Code concerning certain successor agency post audit obligations. The State Department of Finance's website is not in any way incorporated into this Official Statement, and the Successor Agency cannot take any responsibility for, nor make any representation whatsoever as to, the continued accuracy of the Internet address or the accuracy, completeness, or timeliness of information posted there. In addition, from time to time, the State Department of Finance changes its guidance without notice.

Pursuant to the Dissolution Act, the housing assets, housing obligations, and housing activities of the Former Agency have been transferred to the City after the dissolution date and have been reported in a special fund in the City's Comprehensive Annual Financial Report.

The City's financial statements for the fiscal year ended June 30, 2014, attached hereto as "APPENDIX D," have been audited by Maze & Associates, Pleasant Hill, California. The City's audited financial statements are public documents and are included within this Official Statement without the prior approval of the auditor.

## **Offering of the Bonds**

**Authority for Issuance.** The Bonds are to be issued and secured pursuant to the Indenture, as authorized by Resolution No. \_\_\_\_\_ of the Successor Agency adopted on October 28, 2014 and by Resolution No. \_\_\_\_\_ of the Successor Agency adopted on February 10, 2015 (collectively, the "Successor Agency Resolution"), the Bond Law, the Dissolution Act and the Redevelopment Law. The Successor Agency to the Oakley Redevelopment Agency Oversight Board (the "Oversight Board") approved the action taken by the Successor Agency to refinance the Refunded Bonds on \_\_\_\_\_, 2014 (the "Oversight Board Resolution"). The State Department of Finance approved the Oversight Board action by letter dated \_\_\_\_\_, 2015 (the "DOF Determination Letter").

**Offering and Delivery of the Bonds.** The Bonds are being sold to Stifel, Nicolaus & Company, Incorporated (the "Underwriter"). The Bonds are offered, when, as and if issued, subject to the approval as to their legality by Nossaman LLP, Irvine, California, as Bond Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of The Depository Trust Company on or about March \_\_\_, 2015.

## **Information Concerning this Official Statement**

This Official Statement speaks only as of its date. The information set forth herein has been obtained by the Successor Agency from sources which are believed to be reliable and such information is believed to be accurate and complete, but such information is not guaranteed as to accuracy or completeness, nor has it been independently verified and is not to be construed as a representation by the Underwriter or the Disclosure Counsel. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended as such and are not to be construed as representations of fact. The information and expressions of opinion herein are subject to change without notice and the delivery of this Official Statement shall not, under any circumstances, create any implication that there has been no change in the information or opinions set forth herein or in the affairs of the Successor Agency since the date hereof.

**Availability of Legal Documents.** The summaries and references contained herein with respect to the Indenture, the Bonds and other statutes or documents do not purport to be comprehensive or definitive and are qualified by reference to each such document or statute, and references to the Bonds are qualified in their entirety by reference to the form thereof included in the Indenture. Copies of these documents may be obtained from the Successor Agency at 3231 Main Street, Oakley, California 94561.

# THE BONDS

## General Provisions

**Repayment of the Bonds.** Interest on the Bonds is payable at the rates per annum set forth on the inside cover page hereof. Interest on the Bonds will be computed on the basis of a year consisting of 360 days and twelve 30-day months.

Interest on the Bonds will be payable on March 1 and September 1 (each an "Interest Payment Date"), commencing September 1, 2015, and thereafter from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after the close of business on the 1<sup>st</sup> calendar day of the month in which such Interest Payment Date occurs (each, a "Record Date") and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) a Bond is authenticated on or before the first Record Date, in which event it shall bear interest from the Closing Date; *provided, however*, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

The Bonds are authorized to be issued in denominations of \$5,000 or any integral multiple of \$5,000, and will be dated as of the date of their original delivery.

**Transfer or Exchange of Bonds.** Any Bond may, in accordance with its terms, be transferred or exchanged, pursuant to the provisions of the Indenture, upon surrender of such Bond for cancellation at the Principal Corporate Trust Office of the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer or exchange, the Trustee shall authenticate and deliver a new Bond or Bonds of like series, interest rate, maturity and principal amount. The Trustee may require the payment by the Bondholder requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange. The foregoing provisions regarding the transfer and exchange of the Bonds apply only if the book-entry system is discontinued. So long as the Bonds are in the book-entry system of DTC as described below, the rules of DTC will apply for the transfer and exchange of Bonds.

**Book-Entry System.** DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. Interest on and principal of the Bonds will be payable when due by wire of the Trustee to DTC which will in turn remit such interest and principal to DTC Participants, which will in turn remit such interest and principal to Beneficial Owners of the Bonds (see "APPENDIX F - THE BOOK-ENTRY SYSTEM" herein). As long as DTC is the registered owner of the Bonds and DTC's book-entry method is used for the Bonds, the Trustee will send any notices to Bond Owners only to DTC.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Successor Agency or the Trustee. Under such circumstances, if a successor securities depository is not obtained, Bonds are required to be printed and delivered as described in the Indenture. The Successor Agency may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Bonds will be printed and delivered as described in the Indenture.

## Redemption Prior to Maturity

**Optional Redemption.** The Bonds maturing before September 1, 20\_\_ are not subject to call and redemption prior to maturity. The Bonds maturing on or after September 1, 20\_\_ shall be subject to call and redemption prior to maturity, at the option of the Successor Agency, as a whole on any date or in part on any Interest Payment Date, among maturities as shall be determined by the Successor Agency, and by lot within each maturity (each Bond being deemed to be composed of \$5,000 portions with each such portion being separately redeemable), from funds derived by the Successor Agency from any source, on or after September 1, 20\_\_, at the redemption price for each redeemed Bond equal to the principal amount thereof, with accrued interest to the date of redemption, without premium.

**Sinking Account Redemption.** (i) The Bonds maturing September 1, 20\_\_ shall be subject to mandatory sinking fund redemption in part, by lot, commencing on September 1, 20\_\_, from mandatory sinking fund payments, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, in the aggregate respective principal amounts and on the dates set forth below; provided, however, that if some but not all of such Bonds have been redeemed pursuant to optional redemption the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of such Bonds so redeemed, to be allocated among such sinking fund payments on a pro rata basis as determined by the Successor Agency:

### 20\_\_ Term Bonds

Payment Dates (September 1)	Amount
	\$

(ii) The Bonds maturing September 1, 20\_\_ shall be subject to mandatory sinking fund redemption in part, by lot, commencing on September 1, 20\_\_, from mandatory sinking fund payments, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, in the aggregate respective principal amounts and on the dates set forth below; provided, however, that if some but not all of such Bonds have been redeemed pursuant to optional redemption the total amount of all future sinking fund payments shall be reduced by the aggregate principal amount of such Bonds so redeemed, to be allocated among such sinking fund payments on a pro rata basis as determined by the Successor Agency:

### 20\_\_ Term Bonds

Payment Dates (September 1)	Amount
	\$

**Purchase in Lieu of Redemption.** The Successor Agency may at any time buy Bonds at public or private sale at a price which, inclusive of brokerage fees, will not exceed the par amount of the Bonds so purchased, plus any applicable premium and any Bonds so purchased shall be tendered to the Trustee for cancellation. Term Bonds so purchased may be credited against sinking fund payments.

**Notice of Redemption; Rescission.** Notice of redemption shall be given by the Trustee not less than thirty (30) nor more than sixty (60) days prior to the redemption date by first class mail to each of the Owners designated for redemption at their addresses appearing on the Bond registration books of the Trustee on the date such Bonds are selected for redemption. Each notice of redemption shall (a) state the redemption date; (b) state the redemption price; (c) state the place or places of redemption; (d) state the CUSIP numbers of the Bonds to be redeemed, the individual number of each Bond to be redeemed or that all Bonds between two stated numbers (both inclusive) or that all of the Bonds are to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed; (e) state that on the redemption date there will become due and payable on each Bond the redemption price thereof and that from and after such redemption date interest thereon shall cease to accrue; and (f) require that such Bonds be then surrendered, with a written instrument of transfer duly executed by the Owner thereof or by his attorney duly authorized in writing if payment is to be made to a person other than the Owner.

The Successor Agency shall have the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of optional redemption shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for prepayment for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Successor Agency and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

When notice of redemption has been given and when the amount necessary for the redemption of the Bonds called for redemption is set aside for that purpose in the Redemption Fund, and when interest accrued and to accrue to the redemption date has been set aside for that purpose in the Interest Account, the Bonds designated for redemption shall become due and payable on the redemption date thereof at the place specified in the notice of redemption. Such Bonds shall be redeemed and paid at said redemption price out of the Redemption Fund and no interest will accrue on such Bonds called for redemption from and after the redemption date specified in such notice. The Owners of said Bonds so called for redemption after such redemption date shall look for the payment of such Bonds and the premium thereon, if any, only to the Redemption Fund.

**Scheduled Debt Service on the Series A Bonds**

The following is the scheduled semi-annual and annual Debt Service on the Series A Bonds (assuming no optional redemption).

<b>Interest Payment Date</b>	<b>Principal*</b>	<b>Interest*</b>	<b>Semi-Annual Debt Service*</b>	<b>Annual Debt Service*</b>
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**Total**

\* Preliminary, subject to change.



**Scheduled Debt Service on the Series B Bonds**

The following is the scheduled semi-annual and annual Debt Service on the Series B Bonds (assuming no optional redemption).

<b>Interest Payment Date</b>	<b>Principal*</b>	<b>Interest*</b>	<b>Semi-Annual Debt Service*</b>	<b>Annual Debt Service*</b>
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Total

\* Preliminary, subject to change.

# THE FINANCING PLAN

## The Refunding Program

On the Delivery Date, the Successor Agency will irrevocably deposit a portion of the proceeds of the Bonds with Wells Fargo Bank, National Association, as escrow bank (the “Escrow Bank”), pursuant to Escrow Instructions dated as of March 1, 2015 (the “Escrow Instructions”) between the Successor Agency and the Escrow Bank.

The deposit, together with other funds deposited with the Escrow Bank, will be held [uninvested] [in Federal Securities] and will be sufficient to pay the redemption price of the Refunded Bonds on March \_\_\_, 2018.

The lien of the Refunded Bonds will be discharged, terminated and of no further force and effect upon the deposit with the Escrow Bank of the amounts required pursuant to the Escrow Instructions (see “CONCLUDING INFORMATION - Verification of Mathematical Computations” herein). Amounts on deposit with the Escrow Bank are not available to pay debt service on the Bonds.

## Estimated Sources and Uses of Funds

Under the provisions of the Indenture, the Trustee will receive the proceeds from the sale of the Bonds and other available funds and will apply them as shown below.

### Sources of Funds

Par Amount of Bonds  
Original Issue Premium  
Funds Held for the Refunded Bonds  
Net Source of Funds

### Uses of Funds

Transfer to Escrow Bank  
Underwriter’s Discount  
Costs of Issuance Fund <sup>(1)</sup>  
Total Use of Funds

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<sup>(1)</sup> Expenses include fees and expenses of Bond Counsel, the Financial Advisor, Disclosure Counsel, Fiscal Consultant and the Trustee, costs of printing the Official Statement, rating fees, insurance premium, reserve surety premium and other costs of issuance of the Bonds.

# SECURITY FOR THE BONDS

## Tax Allocation Financing

Prior to the enactment of the Dissolution Act, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. First, the assessed valuation of the taxable property in a project area, as last equalized prior to adoption of the redevelopment plan, was established and became the base roll. Thereafter, except for any period during which the assessed valuation drops below the base year level, the taxing agencies, on behalf of which taxes are levied on property within the project area, receive the taxes produced by the levy of the then current tax rate upon the base roll. Taxes collected upon any increase in the assessed valuation of the taxable property in a project area over the levy upon the base roll could be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing the redevelopment project. Redevelopment agencies themselves had no authority to levy taxes on property.

The Dissolution Act now requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Former Agency had the Former Agency not been dissolved using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the County Auditor-Controller (the "Redevelopment Property Tax Trust Fund") pursuant to the Dissolution Act. Such funds, or portions thereof distributed to the Successor Agency, are deposited by the Successor Agency in its "Recognized Obligation Retirement Fund." The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if the bonds had been issued prior to effective date of AB X1 26, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedules (see "Recognized Obligation Payment Schedules" below).

The Dissolution Act authorizes refunding bonds, including the Bonds, to be secured by a pledge of moneys deposited from time to time in a Redevelopment Property Tax Trust Fund held by a county auditor-controller with respect to a successor agency, which are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the Redevelopment Law to be used for the financing of redevelopment projects, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the county auditor-controller and payments made under Sections 33401, 33676 and 33607.7 (among others, unless subordinated) of the Redevelopment Law.

Successor agencies have no power to levy property taxes but must receive an allocation of taxes as described above. See "RISK FACTORS."

## Tax Revenues

As provided in the Redevelopment Plans for the constituent project areas (the constituent project areas are individually referred to herein as a "Redevelopment Project") of the Project Area and pursuant to Article 6 of Chapter 6 of the Redevelopment Law, and Section 16 of Article XVI of the Constitution of the State, taxes levied upon taxable property in each Redevelopment Project each year by or for the benefit of the State, for cities, counties, districts or other public corporations (collectively, the "Taxing Agencies") for fiscal years beginning after the effective date of the ordinance approving the applicable constituent Redevelopment Plan, or the respective effective date of an ordinance approving an

amendment to the Redevelopment Plan that added territory to the Redevelopment Project, will be divided as follows:

- a) To Taxing Agencies: That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the Redevelopment Project as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to the effective date of the ordinance adopting the Redevelopment Plan, or the respective effective dates of ordinances approving amendments to the Redevelopment Plan that added territory, as applicable (each, a “base year valuation”), will be allocated to, and when collected will be paid into, the funds of the respective taxing agencies as taxes by or for the taxing agencies on all other property are paid; and
- b) To the Former Agency/Successor Agency: Except for that portion of the taxes in excess of the amount identified in (a) above which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989 for the acquisition or improvement of real property, which portion shall be allocated to, and when collected shall be paid into, the fund of that taxing agency, that portion of the levied taxes each year in excess of such amount, annually allocated within the Plan Limit, when collected will be paid into a special fund of the Former Agency/Successor Agency. Section 34183 of the Dissolution Act effectively eliminates the January 1, 1989 date from this paragraph.

Tax revenues generated as set forth under (b) above and allocated to the Successor Agency constitute Tax Increment Revenues, as that term is used herein.

**Pledged Tax Revenues.** For the security of the Bonds, the Successor Agency grants a pledge of and lien on all of the Tax Revenues, subject to the prior pledge, security interest and lien on Tax Revenues of debt service on a parity with the 2008 Bonds. “Tax Revenues” are defined under the Indenture as taxes that were eligible for allocation to the Former Agency with respect to the Project Area and are allocated to the Successor Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws and deposited in the Redevelopment Property Tax Trust Fund. By definition, Tax Revenues are net of the same amounts that were payable by the Former Agency under Tax Sharing Agreements and Statutory Tax Sharing (as defined below) as well as the County’s administrative costs allowed under Section 34182 of the Dissolution Act and Section 95.3 of the Revenue and Taxation Code. See “FINANCIAL INFORMATION - Tax Sharing Agreements and Tax Sharing Statutes” herein.

## **Redevelopment Property Tax Trust Fund**

Section 34172 of the Dissolution Act provides that, for purposes of Section 16 of Article XVI of the State Constitution, the Redevelopment Property Tax Trust Fund shall be deemed to be a special fund of the Successor Agency to pay the debt service on indebtedness incurred by the Former Agency or the Successor Agency to finance or refinance the redevelopment projects of the Former Agency.

Prior to the dissolution of redevelopment agencies, tax increment revenues from one project area could not be used to repay indebtedness incurred for another project area. However, the Dissolution Act only requires that county auditor-controllers establish a single Redevelopment Property Tax Trust Fund

with respect to each former redevelopment agency within the respective county. Additionally, the Dissolution Act now requires that all revenues equivalent to the amount that would have been allocated as tax increment to the former redevelopment agency will be allocated to the Redevelopment Property Tax Trust Fund of the applicable successor agency, and this requirement does not require funds derived from separate project areas of a former redevelopment agency to be separated. In effect, in situations where a former redevelopment agency had established more than one redevelopment project area, the Dissolution Act combines the property tax revenues derived from all project areas into a single trust fund, the Redevelopment Property Tax Trust Fund, to repay indebtedness of the former redevelopment agency or the successor agency. The Former Agency had merged all its redevelopment projects into one redevelopment project.

To the extent the documents governing outstanding bonds of a redevelopment agency have pledged revenues derived from a specific project area, the Dissolution Act states, "It is the intent ... that pledges of revenues associated with enforceable obligations of the former redevelopment agencies are to be honored. It is intended that the cessation of any redevelopment agency shall not affect either the pledge, the legal existence of that pledge, or the stream of revenues available to meet the requirements of the pledge."

The Redevelopment Law authorized redevelopment agencies to make payments to school districts and other taxing agencies to alleviate any financial burden or detriments to such taxing agencies caused by a redevelopment project. The Former Agency had entered into several agreements for this purpose ("Tax Sharing Agreements"). Additionally, Sections 33607.5 and 33607.7 of the Redevelopment Law required mandatory tax sharing applicable to redevelopment projects adopted on or after January 1, 1994 or amended after January 1, 1994 in a manner specified in such sections (the "Statutory Tax Sharing Amounts"). See "APPENDIX B - PROJECTED TAX REVENUES - Tax Sharing Agreements" and "Tax Sharing Statutes" herein). The Dissolution Act requires the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund amounts required to be distributed under any Tax Sharing Agreements and for Statutory Tax Sharing Amounts to the taxing entities for each six-month period before amounts are distributed by the County Auditor-Controller from the Redevelopment Property Tax Trust Fund to the Successor Agency's Redevelopment Obligation Retirement Fund each January 2 and June 1, unless (i) pass-through payment obligations have previously been made subordinate to debt service payments for the bonded indebtedness of the Former Agency, as succeeded by the Successor Agency, (ii) the Successor Agency has reported, no later than the December 1 and May 1 preceding the January 2 or June 1 distribution date, that the total amount available to the Successor Agency from the Redevelopment Property Tax Trust Fund allocation to the Successor Agency's Redevelopment Obligation Retirement Fund, from other funds transferred from the Former Agency, and from funds that have or will become available through asset sales and all redevelopment operations is insufficient to fund the Successor Agency's enforceable obligations, pass-through payments, and the Successor Agency's administrative cost allowance for the applicable six-month period, and (iii) the State Controller has concurred with the Successor Agency that there are insufficient funds for such purposes for the applicable six-month period. The Successor Agency has covenanted in the Indenture to timely file a "Notice of Insufficiency" with the County Auditor-Controller in the event that such an insufficiency occurs.

If the requirements stated in clauses (i) through (iii) of the foregoing paragraph have been met, the Dissolution Act provides for certain modifications in the distributions otherwise calculated to be distributed for such six-month period. To provide for calculated shortages to be paid to the Successor Agency for enforceable obligations, the amount of the deficiency will first be deducted from the residual amount otherwise calculated to be distributed to the taxing entities under the Dissolution Act after payment of the Successor Agency's enforceable obligations, pass-through payments, and the Successor Agency's administrative cost allowance. If such residual amount is exhausted, the amount of the remaining deficiency will be deducted from amounts available for distribution to the Successor Agency

for administrative costs for the applicable six-month period in order to fund the enforceable obligations. Finally, funds required for servicing bond debt may be deducted from the amounts to be distributed under Tax Sharing Agreements and for Statutory Tax Sharing Amounts, in order to be paid to the Successor Agency for enforceable obligations, but only after the amounts described in the previous two sentences have been exhausted.

The Dissolution Act provides for a procedure by which the Successor Agency may make Statutory Tax Sharing Amounts subordinate to the Bonds. The Former Agency had previously undertaken proceedings to subordinate such payments to the 2008 Bonds, and therefore, Statutory Tax Sharing Amounts are subordinate to the 2008 Bonds or the Bonds. The City had previously agreed to subordinate its Statutory Tax Sharing Amount to the payment of the Refunded Bonds, but will not subordinate such amounts to the Bonds.

The Successor Agency expects, but cannot guarantee, that the process prescribed by the Dissolution Act of administering the Tax Revenues will effectively result in adequate Tax Revenues for the payment of principal of and interest on the Bonds when due. See "SECURITY FOR THE BONDS - Recognized Obligation Payment Schedules." Based on past history, the Successor Agency estimates that the County Auditor-Controller will collect approximately \_\_\_% of the current year's annual tax increment plus \_\_\_% of the prior year's remaining annual tax increment for deposit in the Redevelopment Project Tax Trust Fund on January 2 of such year and \_\_\_% of the current year's annual tax increment in the Redevelopment Project Tax Trust Fund on June 1 of such year such distribution in any case limited to the amount requested by the Successor Agency on the applicable Recognized Obligation Payment Schedule and approved by the State Department of Finance, as described below.

## **Recognized Obligation Payment Schedules**

Before each six-month period, the Dissolution Act requires successor agencies to prepare and approve, and submit to the successor agency's oversight board and the State Department of Finance for approval, a Recognized Obligation Payment Schedule (the "Recognized Obligation Payment Schedule") pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. As defined in the Dissolution Act, "enforceable obligation" includes bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds of the former redevelopment agency, as well as other obligations such as loans, judgments or settlements against the former redevelopment agency, any legally binding and enforceable agreement that is not otherwise void as violating the debt limit or public policy, contracts necessary for the administration or operation of the successor agency, and amounts borrowed from the Low and Moderate Income Housing Fund and from the city. A reserve may be included on the Recognized Obligation Payment Schedule and held by the successor agency when required by the bond indenture or when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bond for the next payment due in the following six-month period (see "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Covenants of the Successor Agency"). The Successor Agency has covenanted to request such reserves as described below.

Under the Dissolution Act, the categories of sources of payments for enforceable obligations listed on a Recognized Obligation Payment Schedule are the following: (i) the Low and Moderate Income Housing Fund, (ii) bond proceeds, (iii) reserve balances, (iv) administrative cost allowance, (v) the Redevelopment Property Tax Trust Fund (but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or otherwise required under the Dissolution Act), or (vi) other revenue sources (including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the former redevelopment agency, as

approved by the oversight board). Other than amounts deposited in the Redevelopment Property Tax Trust Fund allocable to the Project Area and amounts held in funds and accounts under the Indenture, the Successor Agency does not expect to have any other funds available to pay the Bonds.

The Dissolution Act provides that only those payments listed in the Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule.

The Recognized Obligation Payment Schedule, with respect to each six-month period beginning January 1 and July 1, must be submitted by the Successor Agency, after approval by the Oversight Board, to the County Administrative Officer, the County Auditor-Controller, the State Department of Finance, and the State Controller by 90 days before the date of the next January 2 or June 1 property tax distribution. If the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by such deadlines, the City will be subject to a civil penalty equal to \$10,000 per day for every day the schedule is not submitted to the State Department of Finance. Additionally, the Successor Agency's administrative cost allowance is reduced by 25% if the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by the 80th day before the date of the next January 2 or June 1 property tax distribution, as applicable, with respect to the Recognized Obligation Payment Schedule for corresponding six-month periods. For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications thereof on the Bonds, see "RISK FACTORS - Recognized Obligation Payment Schedule."

The Dissolution Act requires the State Department of Finance to make a determination of the enforceable obligations and the amounts and funding sources of the enforceable obligations no later than 45 days after the Recognized Obligation Payment Schedule is submitted. Within five business days of the determination by the State Department of Finance, the Successor Agency may request additional review by the department and an opportunity to meet and confer on disputed items, if any. The State Department of Finance will notify the Successor Agency and the County Auditor-Controller as to the outcome of its review at least 15 days before the January 2 or June 1 date of property tax distribution, as applicable. Additionally, the County Auditor-Controller may review a submitted Recognized Obligation Payment Schedule and object to the inclusion of any items that are not demonstrated to be enforceable obligations and may object to the funding source proposed for any items, provided that the County Auditor-Controller must provide notice of any such objections to the Successor Agency, the Oversight Board, and the State Department of Finance at least 60 days prior to the January 2 or June 1 date of property tax distribution, as applicable.

In connection with the allocation and distribution by the County Auditor-Controller of property tax revenues deposited in the Redevelopment Property Tax Trust Fund, under the Dissolution Act the County Auditor-Controller must prepare estimates of the amounts of (i) property tax to be allocated and distributed and (ii) the amounts of pass-through payments to be made in the upcoming six-month period, and provide those estimates to the entities receiving the distributions and the State Department of Finance no later than October 1 and April 1 of each year, as applicable. If, after receiving such estimate from the County Auditor-Controller, the Successor Agency determines and reports, no later than December 1 or May 1, as applicable (e.g., by May 1, 2015 with respect to the Recognized Obligation Payment Schedule for July 1, 2015 through December 31, 2015), that the total amount available to the Successor Agency from the Redevelopment Property Tax Trust Fund allocation to the Successor Agency's Redevelopment Obligation Retirement Fund, from other funds transferred from the Former Agency, and from funds that have or will become available through asset sales and all redevelopment operations, is insufficient to fund the payment of pass-through obligations, for the Successor Agency's enforceable obligations listed on the Recognized Obligation Payment Schedule, and for the Successor Agency's administrative cost allowance,

the County Auditor-Controller must notify the State Controller and the State Department of Finance no later than 10 days from the date of the Successor Agency's notification. If the State Controller concurs that there are insufficient funds to pay required debt service, the Dissolution Act provides for certain adjustments to be made to the estimated distributions, as described in more detail under "Redevelopment Property Tax Trust Fund" above.

The Successor Agency has covenanted to comply with all of the requirements of the Redevelopment Law and the Dissolution Act. Not less than 90 days prior to each January 2, the Successor Agency shall submit to the Oversight Board and the State Department of Finance, a Recognized Obligation Payment Schedule that includes all debt service on the 2008 Bonds and the Bonds due and payable in the following calendar year, so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund on such January 2 amounts required to enable the Successor Agency to pay timely principal of, and interest on, the 2008 Bonds and the Bonds during such calendar year and to establish a reserve for a portion of the principal due on August 15 in such calendar year (as described below). Not less than 90 days prior to each June 1, the Successor Agency shall submit to the Oversight Board and the State Department of Finance, a Recognized Obligation Payment Schedule that includes the remaining debt service on the 2008 Bonds and the Bonds and any Parity Debt due and payable in such calendar year, together with amounts, if any, not funded from the January 2 distribution of the Redevelopment Property Tax Trust Fund, so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund on such June 1 amounts required to enable the Successor Agency to pay timely principal of, and interest on the 2008 Bonds and the Bonds coming due on September 1 in such calendar year, taking into account any reserve established in the preceding period.

The Successor Agency shall place on the applicable Recognized Obligation Payment Schedule for approval by the Oversight Board and State Department of Finance, to the extent necessary, any amount required to be held by the Successor Agency as a reserve until the next six-month period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Law and any amount required to be deposited in the Reserve Account in order to maintain in the Reserve Account the amount of the Reserve Requirement.

With respect to the debt service to be due on the 2008 Bonds and the Bonds during the calendar year 2015, the Successor Agency has requested on its Recognized Obligation Payment Schedule for the period beginning January 2, 2015 ("ROPS 14-15B"):

- (1) \$ \_\_\_\_\_ for interest due on the 2008 Bonds on March 1, 2015 and a reserve for the total principal and interest due on the 2008 Bonds on September 1, 2015;
- (2) \$ \_\_\_\_\_ for the interest due on the Refunded Bonds on March 1, 2015; and
- (3) \$ \_\_\_\_\_ as a reserve for the principal on the Refunded Bonds due on September 1, 2015.

The Successor Agency submitted the ROPS 14-15B to the Department of Finance on \_\_\_\_\_, 2014, indicating that such debt service and reserves for the Refunded Bonds would be applied to the Bonds once issued. The Department of Finance approved all payments requested on the ROPS 14-15B on \_\_\_\_\_, 2015.



## **Statutory Limitations on Review of Bonds on ROPS by DOF**

The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if the bonds had been issued prior to effective date of AB X1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedule. Section 34177.5(f) of the Dissolution Act additionally provides that if the State Department of Finance has requested review of the Oversight Board Resolution and, after review, has approved the resolution, the scheduled payments on the Bonds shall be listed in the Recognized Obligation Payment Schedule and will not be subject to further review and approval by the State Department of Finance or the State Controller.

The DOF Determination Letter includes the following statement: "This approval is specifically conditioned on the understanding that no refunding bonds will be issued unless such bonds meet the limitations in HSC section 34177.5(a). Any debt service obligations listed on a Recognized Obligation Payment Schedule (ROPS) stemming from bonds issued not in compliance with that section will not be approvable by Finance [the State Department of Finance]." The issuance of the Bonds will be accompanied by approving legal opinions, substantially in the forms attached hereto as Appendix E regarding the due and valid authorization of the Series A Bonds and the Series B Bonds, respectively, under the Bond Law, Health and Safety Code Section 34177.5, the Successor Agency Resolution, the Oversight Board Resolution, and the Indenture. See, however, "RISK FACTORS - Factors Which May Affect Tax Revenues – Interpretation of and Future Changes in the Law; Voter Initiatives."

## **Pledge of Tax Revenues**

Under the Indenture, there is established a trust fund known as the "Special Fund" (and an Interest Account, a Principal Account, a Sinking Account, a Reserve Account, and a Redemption Account therein), which will be held by the Trustee in trust. Moneys transferred by the County Auditor-Controller to the Successor Agency will be deposited into the Successor Agency's Redevelopment Obligation Retirement Fund and will be transferred by the Successor Agency to the Trustee for deposit in the Special Fund established under the Indenture.

The Bonds and any Parity Debt (defined below) shall be equally secured by a pledge of, security interest in and lien on all of the Tax Revenues, pursuant to Section 34177.5(g) of the Law, including all of the Tax Revenues comprised of moneys deposited from time to time in the Redevelopment Property Tax Trust Fund or Tax Revenues held from time to time in the Special Fund (if applicable). The Bonds shall be additionally secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Reserve Account. Except for the Tax Revenues and such moneys, no funds or properties of the Successor Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest on the Bonds.

The Successor Agency has established the Redevelopment Obligation Retirement Fund pursuant to Section 34170.5(a) of the Law which the Successor Agency shall continue to hold and maintain so long as any of the Bonds are Outstanding.

The Successor Agency shall deposit all of the Tax Revenues received with respect to any Semiannual Period into the Redevelopment Obligation Retirement Fund promptly upon receipt thereof. All Tax Revenues received by the Successor Agency in excess of the amount required to pay debt service on the 2008 Bonds and to pay debt service on the Bonds and any Parity Debt and except as may be provided to the contrary in any indenture relating to any Parity Debt, shall be released from the pledge and lien of the Indenture and shall be applied in accordance with the Law, including but not limited to the

payment of debt service on any subordinate debt. Prior to the payment in full of the principal of and interest on the Bonds and the payment in full of all other amounts payable under the Indenture and under any supplemental indentures, the Successor Agency shall not have any beneficial right or interest in the moneys on deposit in the Redevelopment Obligation Retirement Fund, except as may be provided in the Indenture and in any supplemental indenture.

Also see “No Additional Debt Other Than Refunding Bonds” below.

The Tax Revenues are pledged to the payment of principal of and interest on the Bonds pursuant to the Indenture until the Bonds have been paid, or until moneys have been set-aside irrevocably for that purpose. The Trustee will covenant to exercise such rights and remedies as may be necessary to enforce the payment of the Tax Revenues when due under the Indenture, and otherwise to protect the interests of the Bondholders in the event of default by the Successor Agency.

**The Bonds are special obligations of the Successor Agency. The Bonds do not constitute a debt or liability of the City of Oakley, the County of Contra Costa, the State or of any political subdivision thereof, other than the Successor Agency. The Successor Agency shall only be obligated to pay the principal of the Bonds, or the interest thereon, from the funds described herein, and neither the faith and credit nor the taxing power of the City of Oakley, the County of Contra Costa, the State or any of its political subdivisions is pledged to the payment of the principal of or the interest on the Bonds. The Successor Agency has no taxing power.**

## **2015-2016 Governor’s Budget Summary – Proposed Legislative Changes**

In the 2015-2016 Governor’s Budget Summary (“Proposed State Budget”) released on January 9, 2015, the Governor states that oversight of the dissolution process has progressed to the point where legislative changes can be considered in order to add finality to the entire dissolution process and reduce the burden on all parties involved. The Proposed State Budget states that Administration will introduce legislation through the budget process to gradually transition the state away from the current detailed role in the RDA dissolution process.

The Proposed State Budget also states that the legislation will meet the following objectives:

- Minimize the potential erosion of property tax residuals being returned to the local affected taxing entities (both in the short and long term) while transitioning the state from detailed review of enforceable obligations to a streamlined process;
- Clarify and refine various provisions in the statutes to eliminate ambiguity, where appropriate, and make the statutes operate more successfully for all parties without rewarding previous questionable behavior; and
- Maintain the expeditious wind-down of former RDA activities while adding new incentives for substantial compliance with the law.
- In the Proposed State Budget, it states that the Administration’s proposed legislation will specifically include the following process changes:
  - Transition all successor agencies from a biannual ROPS process to an annual ROPS process beginning July 1, 2016, when the successor agencies transition to a countywide oversight board. This restructured process will be more efficient and will reduce the workload on all parties.
  - Establish a “Last and Final” ROPS process beginning September 2015. The Last and Final ROPS will be available only to successor agencies that have a Finding of Completion, are in agreement with Finance on what items qualify for payment, and meet other specified

conditions. If approved by Finance, the Last and Final ROPS will be binding on all parties and the successor agency will no longer submit a ROPS to Finance or the oversight board. The county auditor-controller will remit the authorized funds to the successor agency in accordance with the approved Last and Final ROPS until each remaining enforceable obligation has been fully paid.

The Proposed State Budget states further that proposed legislation will also clarify that:

- Former tax increment caps and RDA plan expirations do not apply for the purposes of paying approved enforceable obligations. One of the core principles of the dissolution process is that approved enforceable obligations will be paid and that this clarification will confirm that funding will continue to flow until all approved enforceable obligations have been paid.
- Reentered agreements that are not for the purpose of providing administrative support activities are not authorized or enforceable.
- Litigation expenses associated with challenging dissolution determinations are not separate enforceable obligations, but rather are part of the administrative costs of the successor agency.
- Contractual and statutory pass through payments end upon termination of all of a successor agency's enforceable obligations.
- The State Department of Finance is exempt, as provided in existing law, from the regulatory process.
- County auditor-controllers' offices shall serve as staff for countywide oversight boards.

It is assumed that the Proposed State Budget will not amend the process for the distribution of the Redevelopment Property Tax Trust Fund moneys twice annually on January 2 and June 1 of each year. If that is the case, even with the change in the preparation of the Recognized Obligation Payment Schedule from twice a year to once a year, the Successor Agency will continue to set aside Tax Revenue and pay debt service on the Bonds and the 2008 Bonds as described herein.

The Successor Agency expects, but cannot guarantee, that the processes for funding of enforceable obligations prescribed by any new legislative change in the Dissolution Act will not interfere with its administering of the Tax Revenues in accordance with the Indenture and will effectively result in adequate Tax Revenues for the timely payment of principal of and interest on the Bonds and Parity Debt when due.

## **Reserve Account**

A separate Reserve Account has been established under the Indenture to be held by the Trustee to further secure the timely payment of principal of and interest on each series of the Bonds and the 2008 Bonds. The Successor Agency must maintain a balance in the Reserve Account equal to the Reserve Requirement.

"Reserve Requirement" is defined in the Indenture to mean, as of the Closing Date, an amount equal to the lesser of (i) 10% of the initial outstanding principal amount of the Bonds; (ii) Maximum Annual Debt Service on the Outstanding Bonds; or (iii) 125% of Average Annual Debt Service on the Bonds, and thereafter means an amount equal to the lesser of the initial Reserve Requirement or Maximum Annual Debt Service on the Outstanding Bonds.

No deposit need be made in the Reserve Account so long as there shall be on deposit therein a sum equal to the Reserve Requirement. All money in the Reserve Account shall be used and withdrawn

by the Trustee solely for the purpose of paying principal of or interest on the Bonds, in the event of any deficiency at any time to make such payments, or for the retirement of all the Bonds then Outstanding, except that so long as the Successor Agency is not in default under the Indenture, any amount in the Reserve Account in excess of the Reserve Requirement may be transferred to the Interest Account.

The Reserve Requirement may be satisfied by crediting to the Reserve Account moneys, a letter of credit, a bond insurance policy, any other comparable credit facility or any combination thereof, for which the Successor Agency has received confirmation from any rating agency than rating the Bonds that replacement will not adversely affect the rating on the Bonds and which in the aggregate make funds available in the Reserve Account in an amount equal to the Reserve Requirement; provided, however, the provider of any such letter of credit, bond insurance policy or other comparable credit facility, must be rated in one of the two highest rating categories by Standard & Poor's at the time of delivery of such letter of credit, bond insurance policy or other comparable credit facility. Upon the deposit with the Trustee of such letter of credit, bond insurance policy or other comparable credit facility, the Trustee shall transfer moneys then on hand in the Reserve Account to the Successor Agency to be applied for lawful redevelopment purposes. In the event of a downgrade revision in the rating of such letter of credit, bond insurance policy or other comparable credit facility provided after the Closing Date, the Successor Agency shall promptly transfer all available surplus Tax Revenues available under the Indenture to the Reserve Account until the earlier of (i) the time when the amount in the Reserve Account equals the Reserve Requirement in which case the Successor Agency shall thereafter terminate the facility, or (ii) the time when the Successor Agency secures a substitute letter of credit, bond insurance policy or other credit facility meeting the requirements of the Indenture for the Bonds.

## **Qualified Reserve Instruments**

Concurrently with the issuance of the Bonds, the Insurer will issue its Municipal Bond Debt Service Reserve Insurance Policy for the Bonds (the "Reserve Policy") The Reserve Policy is being issued in the amount of the Reserve Account Requirement for the Bonds. Information regarding the Insurer is discussed herein under "MUNICIPAL BOND INSURANCE."

### **THE INSURER HAS ISSUED THE RESERVE POLICY SOLELY LIMITED TO FUNDING DRAWS BY THE TRUSTEE ON THE RESERVE ACCOUNT FOR THE BONDS.**

Rating agencies have downgraded or withdrawn the ratings on the claims-paying ability and financial strength of most of the nation's bond insurance companies, including the provider of the Reserve Policy described above. Deterioration in the financial condition of the provider of the Reserve Policy or a failure to honor a draw by any provider under its Reserve Policy could occur. The Successor Agency is not required under the Indenture to replace the Reserve Policy with cash or a replacement instrument in the event the ratings of its provider decline or are withdrawn. If circumstances should ever cause the Reserve Policy to be canceled or discharged, such cancellation or discharge could be determined to create a deficiency in the Reserve Account Requirement previously satisfied by such Reserve Policy. Under the Indenture, in the event that the amount on deposit in the Reserve Account is less than the Reserve Account Requirement, the Successor Agency is required to transfer to the Trustee an amount of available Tax Revenues sufficient to maintain the amount in such Reserve Account at such Reserve Account Requirement. Should the amount of Tax Revenues then available to maintain such Reserve Account at the applicable Reserve Account Requirement be insufficient for such purpose, such insufficiency would not result in an event of default under the Indenture, but the requirement of the Successor Agency to transfer available Tax Revenues to the Trustee would continue.

## **No Additional Debt Other Than Refunding Bonds**

So long as the Bonds are Outstanding, the Successor Agency shall not issue any bonds, notes, loans, advances, or otherwise incur any indebtedness, which is in any case payable from all or any part of the Tax Revenues, excepting only as provided in the Indenture. The Successor Agency will not otherwise encumber, pledge or place any charge or lien upon any of the Tax Revenues or other amounts pledged to the Bonds superior to the pledge and lien created for the benefit of the Bonds. Nothing in the Indenture shall prevent the Successor Agency from issuing and selling Subordinate Debt.

# MUNICIPAL BOND INSURANCE

## Bond Insurance Policy

Concurrently with the issuance of the Bonds, the Insurer will issue its Municipal Bond Insurance Policy (the "Policy") for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

[DESCRIPTION OF POLICY AND INSURER TO COME]

## THE SUCCESSOR AGENCY

### Government Organization

The Former Agency was established by the County in 1989 pursuant to the Redevelopment Law. On June 29, 2011, AB X1 26 was enacted, together with a companion bill, AB X1 27. A lawsuit was brought in the California Supreme Court, *California Redevelopment Association, et al. v. Matosantos, et al.*, 53 Cal. 4<sup>th</sup> 231 (Cal. 2011), challenging the constitutionality of AB X1 26 and AB X1 27. In its December 29, 2011 decision, the California Supreme Court largely upheld AB X1 26, invalidated AB X1 27, and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the California Supreme Court in the *California Redevelopment Association* case, as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Former Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

Pursuant to Section 34173 of the Dissolution Act, the City Council elected for the City to serve as successor agency to the Former Agency, by adopting Resolution No. \_\_\_\_\_ on \_\_\_\_\_, 20\_\_\_\_, and thus since the February 1, 2012 dissolution of the Former Agency, the City has served in such capacity. Section 34173(g) of the Dissolution Act, added by AB 1484, expressly affirms that the Successor Agency is a separate public entity from the City, that the two entities shall not merge, and that the liabilities of the Former Agency will not be transferred to the City nor will the assets of the Former Agency become assets of the City.

The Successor Agency is governed by a five-member board which consists of all members of the City Council. The Mayor serves as the presiding officer of the Successor Agency.

### SUCCESSOR AGENCY BOARD MEMBER

### TERM EXPIRES

Doug Hardcastle, Mayor  
Kevin Romick, Vice Mayor  
Randy Pope, Councilmember  
Sue Higgins, Councilmember  
Diane Burgis, Councilmember

The City performs certain general administrative functions for the Successor Agency. The City Manager serves as the Successor Agency's chief administrative officer, the City Clerk serves as the Successor Agency secretary and the Finance Director serves as the Successor Agency treasurer. The costs of such functions, as well as additional services performed by City staff are allocated annually to the Successor Agency, within certain limitations established by the Dissolution Act. Such reimbursement is subordinate to payment on any outstanding bonds of the Successor Agency.

Current City Staff assigned to administer the Successor Agency include:

**KEY ADMINISTRATIVE PERSONNEL**

Bryan H. Montgomery	City Manager
Paul Abelson	Finance Director
Dwayne Dalman	Economic Development Manager
Derek P. Cole	City Attorney

**Successor Agency Powers**

All powers of the Successor Agency are vested in its members, who are elected members of the City Council. Pursuant to the Dissolution Act, the Successor Agency is a separate public body from the City and succeeds to the organizational status of the Former Agency but without any legal authority to participate in redevelopment activities, except to complete any work related to an approved enforceable obligation. The Successor Agency is tasked with expeditiously winding down the affairs of the Former Agency, pursuant to the procedures and provisions of the Dissolution Act. Under the Dissolution Act, many Successor Agency actions are subject to approval by the Oversight Board, as well as review by the State Department of Finance. California has strict laws regarding public meetings (known as the Ralph M. Brown Act) which generally make all Successor Agency and Oversight Board meetings open to the public in similar manner as City Council meetings.

Section 34179.5 of the Dissolution Act established a due diligence review process for determining the unobligated balances that redevelopment agencies had available as of June 30, 2012 to remit to their respective county auditor-controllers for distribution to affected taxing entities within the project areas of the former redevelopment agencies. The Successor Agency has remitted to the County Auditor-Controller all of the unobligated balances as determined by the State Department Finance. In August 2014 the Successor Agency received its Finding of Completion from the State Department of Finance. Receipt of the Finding of Completion allows the Successor Agency to do several things, among them, developing a plan for the disposition of any properties held by the Successor Agency and spending proceeds of bonds issued prior to December 31, 2010, all requiring approval of the Oversight Board.

After receiving the finding of completion, each successor agency is required to submit a Long Range Property Management Plan detailing what it intends to do with its inventory of properties. Successor agencies are not required to immediately dispose of their properties but are limited in terms of what they can do with the retained properties. Permissible uses include: sale of the property, use of the property to fulfill an enforceable obligation, retention of the property for future redevelopment, and retention of the property for governmental use. These plans must be filed by successor agencies with the State Department of Finance within six months of receiving a finding of completion. The Successor Agency submitted its Long Range Property Management Plan in November 2014 and such plan is currently under review by the State Department of Finance.

## **Redevelopment Plans**

### **General**

The County Board of Supervisors adopted Ordinance No. 89-89 approving the Redevelopment Plan on December 27, 1989 with respect to the Original Area. The Redevelopment Plan was amended by Ordinance No. 94-65, adopted by the County Board on December 6, 1994, which amended the Redevelopment Plan with respect to the time period during which the Redevelopment Plan will be in effect, the time period during which the Agency may establish indebtedness and the amount of tax increment revenues that may be allocated to the Agency, and which brought the Redevelopment Plan into conformance with AB 1290. The Project Area was incorporated as part of the City on July 1, 1999. Pursuant to an incorporation election on November 3, 1998, Resolution No. 97-17 of the Contra Costa County Local Agency Formation Commission (the "Incorporation Resolution") and Section 33215 of the Law, the County transferred the Project Area to the City, and the Former Agency assumed the debts and obligations of the Project Area. The Redevelopment Plan was further amended on October 22, 2001 by adoption of Ordinance No. 17-01 to add the Added Area. On December 8, 2003 the City Council adopted Ordinance No. 16-03 that amended the Redevelopment Plan to eliminate the limitation on incurrence of new indebtedness in relation to the Original Area.

The Redevelopment Plan describes the boundaries of the Project Area, contains a general statement of the objectives of such Project Area, land use, layout of principal streets, building intensities and standards, and other criteria proposed as the basis for redevelopment of the Project Area. The Redevelopment Plan also describe how the Redevelopment Plan effectuates the purposes of the Redevelopment Law and how the proposed redevelopment conforms to the General Plan of the City, and describes the impact of the Redevelopment Plan upon residents thereof and upon the surrounding neighborhood.

The general objectives of the Redevelopment Plan are to the principal goals and objectives of the Redevelopment Plan are to fund circulation and transportation improvements, primarily those related to State Route 4 deficiencies, upgrade inadequate public and community facilities, rehabilitate existing housing units and the development of neighborhood parks and amenities, stimulate new industrial/retail development, assist in the financing and construction of roads, drainage improvements and utility upgrades, and expand the supply of affordable housing and upgrade existing residential areas by assisting in the rehabilitation of existing housing.

### **Financial Limitations**

Pursuant to the Redevelopment Law, the City (and the County, as its predecessor in interest) has adopted a number of ordinances extending the effective date of the Redevelopment Plan (as set forth in the table below). In addition, total Outstanding principal of bonds payable from such tax increment may not at any time exceed \$450,000,000, and total Incremental Tax Revenues may not exceed \$550,000,000. Based on Agency records, the Agency has received approximately \$\_\_\_\_\_ of Incremental Tax Revenues through June 30, 2014. Upon issuance of the Bonds, the total principal amount of Outstanding bonds payable from Incremental Tax Revenues is \$\_\_\_\_\_. After the issuance of the Bonds, no other obligations besides the Bonds and the 2008 Bonds are currently outstanding.

On October 10, 2001 the Governor of the State signed into law Senate Bill 211 ("SB 211"), which allows redevelopment agencies to eliminate the time limits on their ability to incur debt for project areas established prior to January 1, 1994. Additionally, SB 211 allows redevelopment agencies to extend the termination date of their redevelopment plans and the deadline for the receipt of tax increment for the repayment of debt by 10 years for project areas established prior to January 1, 1994. In order to extend the termination of the redevelopment plans or the deadline for the receipt of tax increment for the repayment



of debt, the redevelopment agency must make certain findings of blight in the applicable project areas. Additionally, if a redevelopment agency elects to eliminate the time limit on the incurrence of debt, the termination of the redevelopment plans or the deadline for the receipt of tax increment for the repayment of debt, the redevelopment agency must make certain additional statutory pass-throughs to other taxing entities. In the event the Agency elects to extend or eliminate any of the deadlines allowed to be extended pursuant to SB 211 for the Project Area, the growth of Tax Revenues, if any, would be negatively affected.

On December 8, 2003, the City adopted Ordinance No. 16-03, eliminating the time limitation for the Original Area to incur new debt and increasing the amount of tax increment available to repay indebtedness. Therefore, commencing with the first year following the expiration of the prior time limit to incur debt (Fiscal Year 2010/11) and using the Fiscal Year 2009/10 valuations as an adjusted base year value, the Agency is required to pay to the affected taxing entities statutory pass-through payments. These tax sharing payments continue for the life of the Original Area. See "FINANCIAL INFORMATION – Tax Sharing Agreements and Tax Sharing Statutes" herein.

The expiration date of the components of the Redevelopment Plan, the final date to incur indebtedness and the final date to receive Incremental Tax Revenues from each component of the Project Area is set forth in the following table. The date of final payment of principal of and interest on the 2008 Bonds is September 1, 2032 and for the Bonds is September 1, 20\_\_, which is prior to termination of the effective date of each component of the Project Area.

**OAKLEY REDEVELOPMENT AGENCY  
OAKLEY REDEVELOPMENT PROJECT AREA  
FINANCIAL LIMITATIONS**

<b>Project Area Component</b>	<b>Limit on Incurring Debt</b>	<b>Expiration Date of Plan</b>	<b>Last Date to Receive Increment</b>	<b>Tax Increment Limitation</b>	<b>Outstanding Bonded Debt</b>
Original Area	Eliminated	12/21/29	12/21/39	-	-
Added Area	10/22/21	10/22/31	10/22/46	-	-
Total Project Area				\$550 million	\$450 million

## THE PROJECT AREA

### Description of the Project Area

The Project Area, as amended, consists of approximately 1,537 contiguous acres (approximately 2.4 square miles), or about 69% of the total incorporated area of the City. The Project Area includes 916 acres in the Original Area and 621 acres in the Added Area. It is generally bounded on the east by the Atchison, Topeka and Santa Fe Railroad (the "AT&SF") and State Route 4, on the south by Oakley Road, State Route 4 and Cypress Road, on the west by Bridgehead/Neroly Road, and on the north by the AT&SF right-at-way in the northeast part of the City.

The percentage of 2014/15 taxable value by land use within the Project Area is shown below.

**TABLE NO. 1  
PROJECT AREA  
TAXABLE VALUE BY LAND USE**

	Parcels	Taxable Value	% of Total
Residential	1,474	\$ 259,360,702	60.84%
Commercial	73	72,110,250	16.92%
Industrial	33	40,825,046	9.58%
Vacant Land	88	13,458,407	3.16%
Other	94	11,271,028	2.64%
Total Secured	1,762	397,025,433	93.14%
Unsecured / State Assessed		29,240,064	6.86%
<b>Grand Total</b>		<b>426,265,497</b>	<b>100.00%</b>

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Source: Fraser & Associates

## Assessed Valuations and Tax Revenues

Historical assessed value for the Project Area based on the equalized tax rolls are shown below.

**TABLE NO. 2  
PROJECT AREA  
HISTORICAL TAXABLE VALUE (1)**

Fiscal Year	Locally-Assessed Secured Value	Unsecured Value	State-Assessed Value	Total Taxable Value	Percentage Change	Total Incremental Value (1)
2014-15	\$ 397,025,433	\$ 24,097,964	\$ 5,142,100	\$ 426,265,497	14.98%	\$ 323,968,263
2013-14	343,303,603	25,617,663	1,802,100	370,723,366	3.67	268,426,132
2012-13	328,552,135	27,467,841	1,582,100	357,602,076	-2.64	255,304,842
2011-12	337,085,917	30,138,485	62,100	367,286,502	-2.01	264,989,268
2010-11	351,076,379	22,883,862	846,225	374,806,466	-5.74	272,509,232
2009-10	371,005,290	26,615,904	0	397,621,194	-19.92	295,323,960
2008-09	470,719,017	25,798,418	0	496,517,435	-1.25	394,220,201
2007-08	476,777,548	26,036,140	0	502,813,688	7.84	400,516,454
2006-07	440,420,028	24,789,593	1,061,481	466,271,102	17.33	363,973,868
2005-06	373,094,980	23,202,158	1,101,743	397,398,881	N/A	295,101,648
Total Percentage Change					7.26%	
Average Percentage Change					0.78%	

Source: Fraser & Associates.

(1) Taxable Value above base year value of \$106,422,877.

Historical Tax Increment Revenues levied by the County and Tax Incremental Revenues received by the County for the Project Area are shown below.

**TABLE NO. 3  
PROJECT AREA  
HISTORICAL TAX INCREMENT LEVY AND RECEIPTS**

	Levy per County (1)	Tax Increment Receipts Less Supplementals (2)	% of Levy Received	Supplementals	Total Tax Increment Receipts	% of Levy Received
2013-14	\$ 2,698,816	\$ 2,700,812	100.07%	\$ (669)	\$ 2,700,143	100.05%
2012-13	2,657,313	2,658,516	100.05	(18,707)	2,639,809	99.34
2011-12	2,782,537	2,771,007	99.59	1,563	2,772,570	99.64
2010-11	2,783,374	2,784,586	100.04	774	2,785,360	100.07
2009-10	3,022,085	3,022,820	100.02	(38,917)	2,983,903	98.74

Source: Fraser & Associates.

(1) Initial levy reported by Contra Costa County.

(2) Receipts per Agency records, inclusive of property tax administrative fees and pass through payments.

Actual Tax Increment Revenues paid to the Former Agency or available to the Successor Agency from the Project Area are shown below.

**TABLE NO. 4  
PROJECT AREA  
HISTORICAL ANALYSIS OF TAX REVENUES**

Category	2009-10	2010-11	2011-12	2012-13	2013-14
Tax Increment	\$ 3,022,820	\$ 2,784,586	\$ 2,771,007	\$ 2,658,516	\$ 2,700,812
Supplemental Taxes	(38,917)	774	1,563	(18,707)	(669)
<b>Total Tax Increment (1)</b>	<b>2,983,903</b>	<b>2,785,360</b>	<b>2,772,570</b>	<b>2,639,809</b>	<b>2,700,143</b>
<i>Senior Liens on Tax Increment:</i>					
Property Tax Administration Fees	31,412	28,272	25,981	48,965	35,749
Section 33676 Allocations	71,549	71,009	72,721	90,864	81,981
Housing Set-Aside (2)	596,781	557,072	0	0	0
Negotiated Tax Sharing Payments (3)	542,581	514,425	508,361	482,152	524,718
Statutory Tax Sharing Payments (4)	23,916	20,785	15,888	18,111	18,433
<b>Tax Revenue</b>	<b>\$ 1,717,664</b>	<b>\$ 1,593,797</b>	<b>\$ 2,149,619</b>	<b>\$ 1,999,717</b>	<b>\$ 2,039,262</b>
Sub. Negotiated Tax Sharing Payments	48,558	44,782	43,249	42,795	44,567
<b>Net Tax Revenue</b>	<b>\$ 1,669,106</b>	<b>\$ 1,549,015</b>	<b>\$ 2,106,370</b>	<b>\$ 1,956,922</b>	<b>\$ 1,994,695</b>

Source: Fraser & Associates.

- (1) Reflects actual receipts based on the records of the Agency.
- (2) The housing set-aside is no longer required under the Dissolution Act.
- (3) Payments per negotiated tax sharing agreements that are senior to debt service.
- (4) Required per Section 33607.5 of the CRL.

## Major Taxpayers

The ten largest property taxpayers for fiscal year 2014/15 within the Project Area are shown below.

**TABLE NO. 5  
MERGED PROJECT AREA  
TEN LARGEST TAXPAYERS AS A PERCENT OF 2014/15 ASSESSED VALUE**

Assessee	Number of Parcels	Area	Type of Use	2014-15			% of Value (2)	% of Inc Value (2)
				Secured	Unsecured	Total Value		
1) Cypress Square – S and R Associates	1	Original	Shopping Center	\$18,101,126	\$ 0	\$ 18,101,126	4.25%	5.59%
2) Lucky No Cal Investor LLC (3)	1	Original	Shopping Center	8,385,446	0	8,385,446	1.97	2.59
3) Shurgard Storage Centers Inc	2	Original	Self-Storage	7,400,000	11,923	7,411,923	1.74	2.29
4) Simon-Oakley Town Center LLC	4	Original	Shopping Center	6,119,300	0	6,119,300	1.44	1.89
5) Corporation for Better Housing	3	Original	Apartment	5,853,680	0	5,853,680	1.37	1.81
6) HPH Properties LP	1	Original	Industrial	5,842,829	0	5,842,829	1.37	1.80
7) WEC 98D-30 LLC	1	Original	Shopping Center	5,582,836	0	5,582,836	1.31	1.72
8) Oakley Generating Station	1	Amendment	Utility	5,080,000	0	5,080,000	1.19	1.57
9) Western Oilfields Supply Company	2	Original	Industrial	1,270,861	3,126,045	4,396,906	1.03	1.36
10) Hayworth-Fabian LLC	1	Original	Commercial	4,363,097	25,525	4,388,622	1.03	1.35
<b>Total Valuation</b>				<b>\$67,999,175</b>	<b>\$ 3,163,493</b>	<b>\$ 71,162,668</b>	<b>16.69%</b>	<b>21.97%</b>

Source: Contra Costa County property tax records.

- (1) Based on ownership of locally-assessed secured property.
- (2) Based on total 2014-15 Project Area taxable value of \$426,265,497 and incremental value of \$323,968,263.
- (3) This owner has an outstanding assessment appeal and has requested a reduction of value of \$4.4 million.

## FINANCIAL INFORMATION

### Successor Agency Accounting Records and Financial Statements

The activities of the Successor Agency are reported as a fiduciary trust fund as part of the City's Comprehensive Annual Financial Report, which is in accordance with guidance issued by the State Department of Finance on September 19, 2012 and available on its website relating to redevelopment dissolution ([www.dof.ca.gov/redevelopment](http://www.dof.ca.gov/redevelopment)) under the category of "Common RDA Dissolution Questions and Answers," interpreting Section 34177(n) of the California Health and Safety Code concerning certain successor agency post audit obligations. The Successor Agency does not prepare separate financial statements.

Pursuant to the Dissolution Act, the housing assets, housing obligations, and housing activities of the Former Agency have been transferred to the City after the dissolution date and have been reported in a special fund in the Comprehensive Annual Financial Report. These funds are not under the purview of the State Department of Finance.

The City's financial statements for the Fiscal Year ended June 30, 2014, attached hereto as "APPENDIX C" have been prepared by the City.

### Property Taxation in California

**Manner in Which Property Valuations and Assessments are Determined (Article XIII A).** On June 6, 1978, California voters approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the State Constitution which imposes certain limitations on taxes that may be levied against real property. This amendment, which added Article XIII A to the State Constitution, among other things, defines full cash value of property to mean "the county assessor's valuation of real property as shown on the 1975/76 tax bill under 'full cash value,' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." This full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or any reduction in the consumer price index or comparable local data, or any reduction in the event of declining property value caused by substantial damage, destruction or other factors. The amendment further limits the amount of any *ad valorem* tax on real property to 1% of the full cash value of that property, except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and on any bonded indebtedness for the acquisition or improvement of real property which is approved after July 1, 1978 by two-thirds of the votes cast by voters voting on such indebtedness. However, pursuant to an amendment to the California Constitution, redevelopment agencies are prohibited from receiving any of the tax increment revenue attributable to tax rates levied to finance bonds approved by the voters on or after January 1, 1989 for the acquisition or improvement of real property. Moreover, Section 34183 of the Dissolution Act effectively eliminates the January 1, 1989 date from such prohibitions (see "SECURITY FOR THE BONDS - Tax Revenues," "Property Tax Rate" below and "RISK FACTORS - Factors Which May Affect Tax Revenues - Reduction in Inflationary Rate").

In the general election held November 4, 1986, voters of the State of California approved two measures, Propositions 58 and 60, which further amend the terms "purchase" and "change of ownership," for purposes of determining full cash value of property under Article XIII A, to not include the purchase or transfer of (1) real property between spouses and (2) the principal residence and the first \$1,000,000 of other property between parents and children. Proposition 60 amends Article XIII A to permit the Legislature to allow persons over age 55 who sell their residence and buy or build another of equal or lesser value within two years in the same county (or in certain cases, another county), to transfer the old residence's assessed value to the new residence.

**Proposition 8 Adjustments.** Proposition 8, approved in 1978, provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions based on Proposition 8 do not establish new base year values, and the property may be reassessed as of the following lien date up to the lower of the then-current fair market value or the factored base year value. The State Board of Equalization has approved this reassessment formula and such formula has been used by county assessors statewide, and such methodology has been upheld by the California courts. During the recent recession, the County made significant blanket assessed value reductions throughout the County pursuant to Proposition 8 from the maximum amount that could be assessed on property. As a result, the Former Agency saw reductions in property values of approximately \_\_\_\_% between 2008/09 and 2010/11, which the Successor Agency attributes to Proposition 8 reductions.

**Unsecured and Secured Property.** In California, property which is subject to *ad valorem* taxes is classified as "secured" or "unsecured." The secured classification includes property on which any property tax levied by a county becomes a lien on that property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property, arising pursuant to State law, has priority over all other liens on the secured property, regardless of the time of the creation of the other liens.

Property in the Project Area is assessed by the Contra Costa County Assessor except for public utility property which is assessed by the State Board of Equalization.

The valuation of secured property is determined as of January 1 each year for taxes owed with respect to the succeeding Fiscal Year. The tax rate is equalized during the following September of each year, at which time the tax rate is determined. Secured and unsecured property is entered on separate parts of the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of the fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment in addition to a \$20 cost on the second installment. On July 1 of each fiscal year any property which is delinquent will become defaulted. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of 1-1/2% per month to the time of redemption, together with any other charges permitted by law. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County Tax Collector. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes for the amount of taxes which are delinquent.

Property taxes on the unsecured roll become delinquent if unpaid on August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1-1/2% per month begins to accrue on November 1 of the fiscal year. The County has four ways of collecting delinquent unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder's Office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

**Supplemental Assessments.** Legislation adopted in 1984 (Section 75, *et seq.* of the Revenue and Taxation Code of the State of California) provides for the supplemental assessment and taxation of property at its full cash value as of the date of a change of ownership or the date of completion of new construction (the "Supplemental Assessments"). To determine the amount of the Supplemental Assessment the County Auditor

applies the current year's tax rate to the supplemental assessment roll and computes the amount of taxes that would be due for the full year. The taxes due are then adjusted by a proration factor to reflect the portion of the tax year remaining as determined by the date on which the change in ownership occurred or the new construction was completed. Supplemental Assessments become a lien against the real property on the date of the change of ownership or completion of new construction.

**Unitary Property.** Commencing in the 1988/89 Fiscal Year, the Revenue and Taxation Code of the State of California changed the method of allocating property tax revenues derived from state assessed utility properties. It provides for the distribution of state assessed values to tax rate areas by a county-wide mathematical formula rather than assignment of state assessed value according to the location of those values in individual tax rate areas.

Commencing with the 1988/89 Fiscal Year, each county has established one county-wide tax rate area. The assessed value of all unitary property in the county has been assigned to this tax rate area and one tax rate is levied against all such property ("Unitary Revenues").

The property tax revenue derived from the assessed value assigned to the county-wide tax rate area shall be allocated as follows: (1) each jurisdiction will be allocated up to 2% of the increase in Unitary Revenues on a pro-rata basis county-wide; and (2) any decrease in Unitary Revenues or increases less than 2%, or any increase in Unitary Revenues above 2% will be allocated among jurisdictions in the same proportion of each jurisdiction's Unitary Revenues received in the prior year to the total Unitary Revenues county-wide.

Legislation adopted in 2006 (SB 1317, Chapter 872) provides that, commencing with Fiscal Year 2007/08, certain property related to new electrical facilities shall be allocated entirely to the county in which such property is located and property tax revenues derived from such property shall be allocated to such county and certain taxing entities with such county.

**Property Tax Rate.** There are a number of tax rate areas within the Project Area. The differences between the \$1.00 tax rate and those actually levied (referred to as the "tax override rate") represents the tax levied by overlapping entities to pay debt service on bonded indebtedness approved by the voters.

Tax override rates typically decline each year. A declining tax override rate is the result of several factors: an effective limit, established by Article XIII A of the California Constitution, on the amount of property taxes that can be levied; rising taxable values within the jurisdictions of taxing entities levying the approved override rate (which reduces the tax rate needed to be levied by the taxing entity to meet debt service requirements); and the eventual retirement, over time, of the voter-approved debt.

Section 34183 of the Dissolution Act effectively eliminated the tax override rate from the calculation of tax increment revenues with respect to tax override rates authorized by voters for the purpose of repaying bonded indebtedness for the acquisition or improvement of real property. Future Tax Increment Revenues have been projected by applying a tax rate of \$1.00 per \$100 of taxable value general levy to incremental taxable values.

**Administrative Costs.** In 1990, the Legislature enacted SB 2557 (Chapter 466, Statutes of 1990) which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions on a prorated basis. SB 1559 (Chapter 697, Statutes of 1992) explicitly includes redevelopment agencies among the jurisdictions which are subject to such charges. In addition, Sections 34182(e) and 34183(a) of the Dissolution Act allow administrative costs of the County Auditor-Controller for the cost of administering the provisions of the Dissolution Act, as well as the foregoing SB 1559 amounts, to be deducted from property tax revenues before monies are deposited into the Redevelopment Property Tax Trust Fund. For Fiscal Year 2013/14, the County administrative fees charged to



the Project Area including administration of the Redevelopment Property Tax Trust Fund were \$ \_\_\_\_\_. In total, the fees represent approximately \_\_\_\_% of gross tax increment revenues, excluding revenue generated from tax overrides.

## **Tax Sharing Agreements and Tax Sharing Statutes**

### **Tax Sharing Agreements**

Pursuant to prior Section 33401(b) of the Redevelopment Law, a redevelopment agency was authorized to enter into an agreement to pay tax increment revenues to any taxing agency that has territory located within a redevelopment project to alleviate any financial burden or detriment caused by the redevelopment project. These agreements are commonly referred to as “tax sharing agreements” or “pass-through agreements.”

The Successor Agency’s obligation to make payments to the Mosquito District, the Fire Protection District, the Antioch Unified School District, the Oakley Union School District and the Liberty High School District under the respective agreements are subordinate to its obligation to make payments of principal, interest or other amounts on or in connection with the issuance of the 2008 Bonds and Bonds. The Tax Sharing Agreements generally provides the following:

**East Contra Costa Fire Protection District.** Pursuant to an agreement by and between the Agency, as successor to the Contra Costa County Redevelopment Agency, and the East Contra Costa Fire Protection District, as successor to the Oakley Fire Protection District dated as of December 21, 1989, the Agency has agreed to pay one hundred percent of the portion of tax increment that would have been paid to the East Contra Costa Fire Protection District if the Project Area had not been established without regard to the division and allocation of tax increment revenue pursuant to Health and Safety Code Section 33670.

**Contra Costa Mosquito Abatement District.** Pursuant to an agreement by and between the Agency, as successor to the Contra Costa County Redevelopment Agency, and the Contra Costa Mosquito Abatement District dated as of December 21, 1989, the Agency agreed to pay a percentage of the Mosquito District’s Share (such Share being the portion of tax increment that would have been paid to the Mosquito District if the Project Area had not been established without regard to the division and allocation of tax increment revenue pursuant to Health and Safety Code Section 33670). The percentage is calculated based on the amount of assistance funds the Agency provides to the Mosquito District. The percentage ranges from 100% (if the Agency contributes less than \$10,001) to 0% (if the Agency contributes more than \$90,000). The Agency’s obligation under this agreement commenced in December 1994 and ends on December 21, 2029. The Agency’s obligation to make payments to the Mosquito District under this agreement are subordinate to its obligation to make payments of principal, interest or other amounts on or in connection with the issuance of the Bonds, or other indebtedness of the Agency.

**Antioch Unified School District, Oakley Union School District and Liberty High School District.** Pursuant to an agreement between the Agency, as successor to the Contra Costa County Redevelopment Agency, and the Antioch Unified School District dated as of March 28, 1990, an agreement between the Agency, as successor to the Contra Costa County Redevelopment Agency, and the Oakley Union School District dated as of February 14, 1990, and an agreement by and between the Agency, as successor to the Contra Costa County Redevelopment Agency, and the Liberty High School District dated as of February 14, 1990, the Agency agreed to pay to each of the School Districts (i) their full shares of general levy tax increment revenue attributable to inflationary growth of base year real property values in the Original Area, and (ii) 25% of their share of the general levy tax increment revenues in the Original Area net of the district’s inflationary share, continuing until the expiration of the Redevelopment Plan (which occurs on December 21, 2029). The School Districts agree to limit the use such tax increment pass-throughs for certain projects of benefit to the School Districts, as set forth in the Agreements.

**Contra Costa County Office of Education.** Pursuant to an agreement by and between the Agency, as successor to the Contra Costa County Redevelopment Agency, and the Contra Costa County Office of Education dated as of December 21, 1989, the Agency agreed to pay a percentage of the portion of tax increment that would have been paid to the Contra Costa County Office of Education without regard to the division and allocation of tax increment revenue pursuant to Health and Safety Code Section 33670. Such percentage is either 50% (beginning five years after adoption of the Redevelopment Plan or the construction of 50,000 square feet of development), or 100% (beginning ten years after adoption of the Redevelopment Plan, which was December 27, 1999).

### **Tax Sharing Statutes**

Certain provisions were added to the Redevelopment Law by the adoption of AB 1290 in 1994. If a new redevelopment projects was formed by a redevelopment plan adopted on or after January 1, 1994 or if new territory was added to a redevelopment project on or after January 1, 1994, under Section 33607.5 of the Redevelopment Law, any affected taxing entity would share in the Tax Increment Revenues generated by such added area pursuant to a statutory formula ("Statutory Tax Sharing").

In addition, with respect to redevelopment projects formed by adoption of a redevelopment plan prior to January 1, 1994, if the Former Agency deleted the time limit to incur indebtedness in a redevelopment project (pursuant to Section 33333.6(e) of the Redevelopment Law, as amended pursuant to SB 211) or increased the total amount of Tax Increment Revenues to be allocated to the project area or increased the duration of the Redevelopment Plan and the period for receipt of Tax Increment Revenues, Statutory Tax Sharing is required under Section 33607.7 of the Redevelopment Law with all affected taxing entities not already a party to a tax sharing agreement, once the original limitations were reached.

The Dissolution Act provides for a procedure by which the Successor Agency may make Statutory Tax Sharing amounts subordinate to the Bonds. The Former Agency had previously undertaken proceedings to subordinate such payments to the 2008 Bonds and the Successor Agency will undertake such procedure with respect to the Bonds.

Since dissolution, the County Auditor-Controller calculates and pays the Statutory Tax Sharing amounts.

### **Outstanding Indebtedness**

After refinancing the Refunded Bonds, the Successor Agency will have the 2008 Bonds outstanding in the aggregate principal amount of \$\_\_\_\_\_. The Bonds are being issued on a parity with the 2008 Bonds.

### **Projected Tax Revenues and Debt Service Coverage**

Receipt of projected Tax Revenues shown in Tables No. 6 and 7 in the amounts and at the times projected by the Successor Agency depends on the realization of certain assumptions relating to the Tax Increment Revenues. Table No. 6 projects a 2% per year property increase while Table No. 7 projects no growth in real property value. \_\_\_\_\_ has projected taxable valuation and Tax Revenues in the Project Area. The Successor Agency believes the assumptions upon which the projections are based are reasonable; however, some assumptions may not materialize and unanticipated events and circumstances may occur (see "RISK FACTORS"). Therefore, the actual Tax Revenues received during the forecast period may vary from the projections and the variations may be material and could affect the Successor Agency's ability to timely pay principal of and interest on the Bonds.

**TABLE NO. 6**  
**PROJECTED TAX REVENUES**  
**(ASSUMES 2% GROWTH)**  
**(000's Omitted)**

Fiscal Year	Real (1) Property	New (2) Development	Other (3) Property	Total Value	Value Over Base of 102,297	Total Tax (4) Increment	Property Tax (5) Admin Fees	(6) Section 33676	(7) Senior Negotiated Tax Sharing	Statutory Tax Sharing (8) Payment	Tax Revenue	(9) Subordinate Negotiated Tax Sharing	Net Tax Revenues
2014-2015	\$ 399,832	N/A	26,434	426,265	323,968	3,255	43	\$ 83	\$ 612	\$ 24	\$ 2,492	\$ 51	\$ 2,442
2015-2016	407,828	0	26,434	434,262	331,965	3,335	44	88	663	26	2,514	52	2,462
2016-2017	415,985	0	26,434	442,419	340,121	3,416	45	93	682	27	2,569	53	2,516
2017-2018	424,304	0	26,434	450,738	348,441	3,499	46	98	702	29	2,625	54	2,571
2018-2019	432,791	0	26,434	459,224	356,927	3,584	47	103	721	30	2,683	55	2,628
2019-2020	441,446	0	26,434	467,880	365,583	3,671	48	108	742	31	2,742	56	2,685
2020-2021	450,275	0	26,434	476,709	374,412	3,759	49	113	762	33	2,801	57	2,744
2021-2022	459,281	0	26,434	485,715	383,417	3,849	51	119	783	34	2,862	59	2,804
2022-2023	468,466	0	26,434	494,900	392,603	3,941	52	124	805	36	2,924	60	2,865
2023-2024	477,836	0	26,434	504,270	401,972	4,035	53	130	826	38	2,988	61	2,927
2024-2025	487,392	0	26,434	513,826	411,529	4,130	54	136	849	39	3,053	62	2,990
2025-2026	497,140	0	26,434	523,574	421,277	4,228	56	141	871	41	3,119	64	3,055
2026-2027	507,083	0	26,434	533,517	431,220	4,327	57	147	894	42	3,186	65	3,121
2027-2028	517,225	0	26,434	543,659	441,361	4,429	58	153	918	44	3,255	66	3,188
2028-2029	527,569	0	26,434	554,003	451,706	4,532	60	160	942	46	3,325	67	3,257
2029-2030	538,121	0	26,434	564,555	462,257	4,637	61	166	967	48	3,396	69	3,327
2030-2031	548,883	0	26,434	575,317	473,020	4,745	62	172	992	49	3,469	70	3,399
2031-2032	559,861	0	26,434	586,295	483,997	4,855	64	179	1,017	51	3,543	72	3,472
2032-2033	571,058	0	26,434	597,492	495,195	4,967	65	186	1,044	53	3,619	73	3,546
2033-2034	582,479	0	26,434	608,913	506,616	5,081	67	192	1,070	55	3,696	75	3,622
2034-2035	594,129	0	26,434	620,563	518,265	5,198	68	199	1,097	58	3,775	76	3,699
2035-2036	606,011	0	26,434	632,445	530,148	5,316	70	207	1,125	60	3,855	78	3,777
2036-2037	618,132	0	26,434	644,565	542,268	5,438	72	214	1,153	63	3,936	79	3,857
2037-2038	630,494	0	26,434	656,928	554,631	5,561	73	221	1,182	66	4,019	81	3,938

Source: Fraser & Associates

(1) Prior Year Real Property increased by 2 percent per year.

(2) No New Development included in projections.

(3) Includes the value of secured and unsecured personal property, and state-assessed railroad and non-unitary property.

- (4) Based on the application of 1% tax rate to incremental taxable value plus unitary revenue.
- (5) Per SB 2557, reflects Project Area share of County's property tax administrative costs. Also includes estimate of County costs for the implementation of the Dissolution Act.
- (6) Allocations made per former Section 33676 of the CRL.
- (7) Payments required per negotiated agreements in the Original Area that are senior to debt service.
- (8) Required per the provisions of Section 33607.5 of the CRL for the Amendment Area.
- (9) Negotiated payments that are subordinate to debt service.

**TABLE NO. 7**  
**PROJECTED TAX REVENUES**  
**(ASSUMES NO GROWTH)**  
**(000's Omitted)**

Fiscal Year	Real (1) Property	New (2) Development	Other (3) Property	Total Value	Value Over Base of 102,297	Total Tax (4) Increment	Property Tax (5) Admin Fees	(6) Section 33676	(7) Senior Negotiated Tax Sharing	Statutory Tax Sharing (8) Payment	Tax Revenue	(9) Subordinate Negotiated Tax Sharing	Net Tax Revenues
2014-2015	\$ 399,832	N/A	26,434	426,265	323,968	3,255	43	\$ 83	\$ 612	\$ 24	\$ 2,492	\$ 51	\$ 2,442
2015-2016	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2016-2017	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2017-2018	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2018-2019	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2019-2020	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2020-2021	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2021-2022	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2022-2023	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2023-2024	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2024-2025	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2025-2026	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2026-2027	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2027-2028	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2028-2029	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2029-2030	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2030-2031	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2031-2032	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2032-2033	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2033-2034	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2034-2035	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2035-2036	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2036-2037	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442
2037-2038	399,832	0	26,434	426,265	323,968	3,255	43	83	612	24	2,492	51	2,442

Source: Fraser & Associates.

(1) Prior Year Real Property held constant.

(2) No New Development included in projections.

- (3) Includes the value of secured and unsecured personal property, and state-assessed railroad and non-unitary property.
- (4) Based on the application of 1% tax rate to incremental taxable value plus unitary revenue.
- (5) Per SB 2557, reflects Project Area share of County's property tax administrative costs. Also includes estimate of County costs for the implementation of the Dissolution Act.
- (6) Allocations made per former Section 33676 of the CRL.
- (7) Payments required per negotiated agreements in the Original Area that are senior to debt service.
- (8) Required per the provisions of Section 33607.5 of the CRL for the Amendment Area.
- (9) Negotiated payments that are subordinate to debt service.

## RISK FACTORS

*The purchase of the Bonds involves investment risk. If a risk factor materializes to a sufficient degree, it could delay or prevent payment of principal of and/or interest on the Bonds. Such risk factors include, but are not limited to, the following matters and should be considered, along with other information in this Official Statement, by potential investors.*

### Factors Which May Affect Tax Revenues

The ability of the Successor Agency to pay principal of and interest on the Bonds depends on the timely receipt of Tax Revenues as projected herein (see "FINANCIAL INFORMATION - Projected Tax Revenues" herein). Projections of Tax Revenues are based on the underlying assumptions relating to Tax Increment Revenues derived from the Project Area. Tax Revenues allocated to the Successor Agency (which constitute the ultimate source of payment of principal of and interest on the Bonds, as discussed herein) are determined by the amount of incremental valuation of taxable property in the Project Area, the current rate or rates at which property in the Project Area is taxed and the percentage of taxes collected in the Project Area, adjusted to reflect prior claims on the Tax Increment Revenues. A number of factors which may affect Tax Increment Revenues, and consequently, Tax Revenues, are outlined below.

**Reductions in Assessed Value.** Tax Revenues allocated to the Redevelopment Property Tax Trust Fund are determined by the amount of incremental taxable value in the Project Area and the current rate or rates at which property in the Project Area is taxed. The reduction of taxable values of property in the Project Area caused by economic factors beyond the Successor Agency's control, such as relocation out of the Project Area by one or more major property owners, sale of property to a non-profit corporation exempt from property taxation, or the complete or partial destruction of such property caused by, among other eventualities, earthquake or other natural disaster, could cause a reduction in the Tax Revenues that provide for the repayment of and secure the 2008 Bonds and the Bonds. Such reduction of Tax Revenues could have an adverse effect on the Successor Agency's ability to make timely payments of principal of and interest on the Bonds.

**Article XIII A.** Pursuant to the California voter initiative process, on June 6, 1978, California voters approved Proposition 13 which added Article XIII A to the California Constitution. This amendment imposed certain limitations on taxes that may be levied against real property to 1% of the full cash value of the property, adjusted annually for inflation at a rate not exceeding 2% annually. Full cash value is determined as of the 1975/76 assessment year, upon change in ownership (acquisition) or when newly constructed (see "FINANCIAL INFORMATION - Tax Increment Revenues" herein for a more complete discussion of Article XIII A). Article XIII A has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by substantial damage, destruction or other factors, and to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other special circumstances.

**Reduction in Inflationary Rate.** The annual inflationary adjustment, while limited to 2%, is determined annually and may not exceed the percentage change in the California Consumer Price Index (CCPI).

Because the Revenue and Taxation Code does not distinguish between positive and negative changes in the CCPI used for purposes of the inflation factor, there was a decrease of 0.237% in 2009/10 – applied to the 2010/11 tax roll – reflecting the actual change in the CCPI, as reported by the State Department of Finance. For each fiscal year since Article XIII A has become effective (the 1978/79 fiscal year), the annual

increase for inflation has been at least 2% except in eight fiscal years (including for the upcoming Fiscal Year 2014/15) as shown below:

<u>Tax Roll</u>	<u>Percentage</u>
1981/82	1.000%
1995/96	1.190
1996/97	1.110
1998/99	1.853
2004/05	1.867
2010/11	(0.237)
2011/12	0.753
2014/15	0.454

**Proposition 8 Adjustments.** Proposition 8, approved in 1978, provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions based on Proposition 8 do not establish new base year values, and the property may be reassessed as of the following lien date up to the lower of the then-current fair market value or the factored base year value. The State Board of Equalization has approved this reassessment formula and such formula has been used by county assessors statewide. This methodology has been approved by the Fourth District Court of Appeals in a case in which the California Supreme Court declined further review. See “FINANCIAL INFORMATION - Tax Increment Revenues – Proposition 8 Adjustments” herein.

If further Proposition 8 adjustments are made by the County Assessor in future years because of declines in the fair market value of properties caused by the lack of real estate development in the area generally, Tax Revenues may be adversely affected and as a possible consequence may have an adverse effect on the Successor Agency’s ability to pay debt service on the Bonds.

**Assessment Appeals.** Assessment appeals may be filed by property owners seeking a reduction in the assessed value of their property. After the property owner files an appeal, the County’s Appeals Board will hear the appeal and make a determination as to whether or not there should be a reduction in assessed value for a particular property and the amount of the reduction, if any. To the extent that any reductions are made to the assessed valuation of such properties with appeals currently pending, or appeals subsequently filed, Tax Increment Revenues, and correspondingly, Tax Revenues will be reduced. Such reductions may have an adverse effect on the Successor Agency’s ability to pay debt service on the Bonds, after satisfying the requirements of the Senior Obligation Indentures. As of \_\_\_\_\_, 2015, there were \_\_\_\_ pending appeals filed by property owners within the Project Area relating to \$\_\_\_\_ million of current year or prior years’ assessed value. To the extent these appeals are resolved in favor of the property owner, Tax Revenues will be reduced.

**Earthquake, Flood and Other Risks.** Any natural disaster or other physical calamity, including earthquake, may have the effect of reducing Tax Increment Revenues through reduction in the aggregate assessed valuation within the boundaries of the Project Area.

Natural disasters, including floods and earthquakes, could damage improvements and/or property in the Project Area, or impair the ability of landowners within the Project Area to develop their properties or to pay property taxes.

There are several identified faults within close proximity to or within the boundaries of the Project Area that could potentially result in damage to buildings, roads, bridges, and property within the Project Area



in the event of an earthquake. The Health and Safety Element of the City's General Plan states that the Brentwood Fault lies under the City and that it is inferred active on the basis of scattered small magnitude earthquakes near the trace of the fault. Other inferred active faults - the Davis and Antioch Faults -- lie west of the City. More information about seismic hazards in the City, can be found in the Health and Safety Element of the City's General Plan on the City's web site at <http://www.ci.oakley.ca.us>. A majority of the property within the Project Area has been developed in conformity with the 1988 Uniform Building Code standards.

If an earthquake were to substantially damage or destroy taxable property within the Project Area, the assessed valuation of such property would be reduced. Such a reduction of assessed valuations could result in a reduction of the Tax Revenues that could impair the ability of the Successor Agency to make payments of debt service on the Bonds when due.

While certain portions of the Project Area are within mapped flood plains, these parcels are not expected to be developed in the foreseeable future.

**Hazardous Substances.** An additional environmental condition that may result in the reduction in the assessed value of parcels would be the discovery of a hazardous substance that would limit the beneficial use of a property within the Project Area. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner (or operator) may be required to remedy a hazardous substance condition of property whether or not the owner (or operator) has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the Project Area be affected by a hazardous substance would be to reduce the marketability and value of the property, perhaps by an amount in excess of the costs of remedying the condition. The Successor Agency can give no assurance that future development will not be limited by these conditions.

**Development Risks.** The Successor Agency's collection of Tax Revenues is directly affected by the economic strength of the Project Area. Projected or potential development within the Project Area will be subject to all the risks generally associated with real estate development projects, including unexpected delays, disruptions and changes. Real estate development operations may be adversely affected by changes in general economic conditions, fluctuations in real estate market and interest rates, unexpected increases in development costs and other similar factors. Further, real estate development operations within the Project Area could be adversely affected by future governmental policies, including governmental policies to restrict or control development. If projected development in the Project Area is delayed or halted, the economy of the Project Area could be affected, causing a reduction in Tax Revenues available to pay debt service on the Bonds.

**Certain Bankruptcy Risks.** The enforceability of the rights and remedies of the Owners of the Bonds and the obligations of the Successor Agency may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equitable principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

**Limited Obligations.** The Successor Agency has no power to levy and collect property taxes, and any property tax limitation, legislative measure, voter initiative or provision of additional sources of income

to taxing agencies having the effect of reducing the property tax rate must necessarily reduce the amount of Tax Increment Revenues, and consequently, Tax Revenues that would otherwise be available to pay the principal of, and interest on the Bonds.

**Interpretation of and Future Changes in the Law; Voter Initiatives.** The Redevelopment Law and the Dissolution Act are complex bodies of law and their application to the Successor Agency, the Redevelopment Plans and the Project Area may be subject to different interpretations by the Successor Agency, the Department of Finance, the County Auditor-Controller, taxing entities and other interested parties, including with respect to Plan Limitations, Statutory Tax Sharing obligations and enforceable obligations. Since the effectiveness of the Dissolution Act, the State Department of Finance and various successor agencies have from time to time disagreed about the interpretation of different language contained in the Dissolution Act, as well as whether or not the State Department of Finance has exceeded its authority in rejecting items from Recognized Obligation Payment Schedules submitted by successor agencies, as evidenced by numerous lawsuits. While the Successor Agency has covenanted in the Indenture to preserve and protect the security of the Bonds and the rights of the Bondowners (see "APPENDIX A – Summary of Certain Provisions of the Indenture - Covenants of the Successor Agency"), any such action taken by the Successor Agency could incur substantial time and cost that may have a detrimental effect on the Successor Agency's ability to timely pay debt service on the Senior Obligations and the Bonds. Moreover, the Successor Agency cannot guarantee the outcome of any such action taken by the Successor Agency to preserve and protect the security of the Bonds and the rights of the Bondowners.

In addition to the existing limitations on Tax Increment Revenues described in this Official Statement under "FINANCIAL INFORMATION - Property Taxation in California," the California electorate or Legislature could adopt future limitations with the effect of reducing Tax Increment Revenues payable to the Successor Agency.

## **Real Estate and General Economic Risks**

Tax Increment Revenues as presented herein as available for payment of any indebtedness of the Successor Agency are based upon the latest actual assessed values for the 2014/15 Fiscal Year. Redevelopment of real property within the Project Area, which may be adversely affected by changes in general economic conditions, fluctuations in the real estate markets and interest rates, unexpected increases in development costs, changes in or new governmental policies including governmental policies to restrict or control certain kinds of development and by other similar factors. If development and redevelopment activities in the Project Area encounters significant obstacles of the kind described herein or other impediments, the economy of the area in and around the Project Area could be adversely affected, causing reduced taxable valuation of property in the Project Area a reduction of the Tax Increment Revenues and a consequent reduction in Tax Revenues available to repay the Bonds. Due to the decline in the general economy of the region, owners of property within the Project Area may be less able or less willing to make timely payments of property taxes, causing a delay or stoppage of Tax Revenues received by the Successor Agency from the Project Area.

## **Tax Sharing**

Certain Tax Sharing Agreements contain provisions that increase the percentage of Tax Increment Revenues payable to certain taxing agencies once certain cumulative or annual Tax Increment Revenue milestones are reached. The projections herein are based on the timing of reaching such milestones. If development were to occur sooner or the assessed value of such affected Redevelopment Project were to increase at levels higher than projected herein, the Tax Sharing Agreement amounts may reach such milestones earlier than projected, in which case, the Tax Sharing Agreement amounts would increase, and Tax Revenues would decrease.

## State of California Fiscal Issues

AB X1 26 and AB 1484 were enacted by the State Legislature and Governor as trailer bills necessary to implement provisions of the State's budget acts for its fiscal years 2011/12 and 2012/13, respectively. The 2011/12 State budget included projected State savings estimated to aggregate \$1.7 billion in 2011/12 associated with AB X1 27, which would have allowed redevelopment agencies to continue in operation provided their establishing cities or counties agreed to make an aggregate \$1.7 billion in payments to K2 schools. However, AB X1 27 was found in December 2011 by the California Supreme Court to violate the State Constitution, which altered this budgetary plan of the State. According to the State's Summary of the 2012/13 State budget, AB 1484 implements a framework to transfer cash assets previously held by redevelopment agencies to cities, counties, and special districts to fund core public services, with assets transferred to schools offsetting State general fund costs (projected savings of \$1.5 billion). The State's budgets for fiscal years 2013/14 and 2014/15 did not include any additional legislation dealing with dissolution of redevelopment agencies. There is legislation and litigation pending that deals with a wide range of dissolution issues.

See "SECURITY FOR THE BONDS - 2015-2016 Governor's Budget Summary - Proposed Legislative Changes" above for a discussion on how certain legislation, if adopted, could affect the administration of the Redevelopment Property Tax Trust Fund and the preparation and approval of Recognized Obligation Payment Schedules.

There can be no assurance that legislation of the type described in the Proposed State Budget will be adopted, or that additional legislation will not be enacted in the future to additionally implement provisions relating to the State budget or otherwise that may affect successor agencies or Tax Revenues.

The full text of each State Assembly bill cited above may be obtained from the "Official California Legislative Information" website maintained by the Legislative Counsel of the State of California pursuant to State law, at the following web link: <http://www.leginfo.ca.gov/bilinfo.html>.

Information about the State budget and State spending is available at various State maintained websites. Text of the current State budget summary, the current State budget, and other documents related to the State budget may be found at the website of the State Department of Finance, [www.dof.ca.gov](http://www.dof.ca.gov). A nonpartisan analysis of the budget is posted by the Legislative Analyst's Office at [www.lao.ca.gov](http://www.lao.ca.gov). In addition, various State official statements, many of which contain a summary of the current and past State budgets may be found at the website of the State Treasurer, [www.treasurer.ca.gov](http://www.treasurer.ca.gov).

*None of the websites or webpages referenced above is in any way incorporated into this Official Statement. They are cited for informational purposes only. The Successor Agency makes no representation whatsoever as to the accuracy or completeness of any of the information on such websites.*

## Recognized Obligation Payment Schedule

The Dissolution Act provides that only those payments listed in the Recognized Obligation Payment Schedule may be made by the Successor Agency from the funds specified in the Recognized Obligation Payment Schedule. Before each six-month period, the Dissolution Act requires successor agencies to prepare and approve, and submit to the successor agency's oversight board and the State Department of Finance for approval, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Tax Revenues will not be distributed from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller to the Successor Agency's Redevelopment Obligation Retirement Fund without a duly approved and effective Recognized Obligation Payment Schedule obtained in sufficient time prior to the January 2 or June 1 distribution dates, as applicable. See "SECURITY FOR THE

BONDS - Recognized Obligation Payment Schedules.” In the event the Successor Agency were to fail to file a Recognized Obligation Payment Schedule with respect to a six-month period, the availability of Tax Revenues to the Successor Agency could be adversely affected for such period.

The Successor Agency has covenanted to take all actions required under the Dissolution Act to include scheduled debt service on the 2008 Bonds and the Bonds as well as any amount required under the Indenture to replenish the Reserve Account of the Special Fund, in Recognized Obligation Payment Schedules for each six-month period and to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Successor Agency’s Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the Successor Agency to pay principal of, and interest on, the 2008 Bonds and the Bonds coming due in the respective six-month period, including listing a reserve on the Recognized Obligation Payment Schedule to the extent required by the Indenture or when the next property tax allocation is projected to be insufficient to pay all obligations due under the provisions of the 2008 Bonds and the Bonds for the next payment due in the following six-month period (see “APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Covenants of the Successor Agency”).

The Dissolution Act also contains certain penalties in the event the Successor Agency does not timely submit a Recognized Obligation Payment Schedule for a six-month period. Specifically, a Recognized Obligation Payment Schedule must be submitted by the Successor Agency, after approval by the Oversight Board, to the County Administrative Officer, the County Auditor-Controller, the State Department of Finance, and the State Controller no later than 90 days before the date of the next January 2 or June 1 property tax distribution with respect to each six-month period. If the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by such deadlines, the City will be subject to a civil penalty equal to \$10,000 per day for every day the schedule is not submitted to the State Department of Finance. Additionally, the Successor Agency’s administrative cost allowance is reduced by 25% if the Successor Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by the 80th day before the date of the next January 2 or June 1 property tax distribution, as applicable, with respect to the Recognized Obligation Payment Schedule for corresponding six-month periods.

The Successor Agency has submitted all Recognized Obligation Payment Schedules, duly approved by the Oversight Board, in a timely manner.

See “SECURITY FOR THE BONDS - 2015-2016 Governor’s Budget Summary - Proposed Legislative Changes” herein for a discussion on how certain legislation, if adopted, could affect the administration of the Redevelopment Property Tax Trust Fund and the preparation and approval of Recognized Obligation Payment Schedules.

### **Series A Bonds Loss of Tax Exemption**

As discussed under the caption “LEGAL MATTERS - Tax Matters” herein, interest on the Series A Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Series A Bonds were executed and delivered as a result of future acts or omissions of the Successor Agency in violation of its covenants contained in the Indenture. Should such an event of taxability occur, the Series A Bonds are not subject to special redemption or any increase in interest rate and will remain outstanding until maturity.

In addition, Congress has considered in the past, is currently considering and may consider in the future, legislative proposals, including some that carry retroactive effective dates, that, if enacted, would alter or eliminate the exclusion from gross income for federal income tax purposes of interest on municipal bonds, such as the Series A Bonds. Prospective purchasers of the Series A Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. The Successor Agency can provide no

assurance that federal tax law will not change while the Series A Bonds are outstanding or that any such changes will not adversely affect the exclusion of the interest on the Series A Bonds from gross income for federal income tax purposes. If the exclusion of the interest on the Series A Bonds from gross income for federal income tax purposes were amended or eliminated, it is likely that the market price for the Series A Bonds would be adversely impacted.

## **IRS Audit of Tax-Exempt Bond Issues**

The Internal Revenue Service has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Series A Bonds will be selected for audit by the Internal Revenue Service. It is also possible that the market value of the Series A Bonds might be affected as a result of such an audit of the Series A Bonds (or by an audit of similar bonds).

## **Risks Related to Insured Bonds**

**The Bond Insurer.** If the Successor Agency fails to provide funds to make payment of the principal of and interest on the Bonds when the same shall become due, any owner of such Bonds shall have a claim on the Policy for such payments. Purchasers of the Bonds should also note that, while the Policy will insure payment of the principal amount (but not any premium) paid to any owner of the Bonds in connection with the mandatory or optional prepayment of any Bond which is recovered from such owner as a voidable preference under applicable bankruptcy law, such amounts will be repaid by the Bond Insurer to the Owner only at the times and in the amounts as would have been due absent such prepayment unless the Bond Insurer chooses to pay such amount at an earlier date or dates.

So long as the Bonds are Outstanding and the Bond Insurer performs its obligations under the Policy, the Bond Insurer shall be deemed to be the sole holder of the Bonds insured by it for the purpose of exercising any voting right or privilege or giving any consent of direction or taking any other action that the Owners of such Bonds are entitled to take pursuant to the Indenture pertaining to defaults and remedies, and the duties and obligations of the Trustee.

If the Bond Insurer is unable to make payments of principal of and interest on the Bonds as such payments become due, the Bonds are payable solely from moneys received by the Trustee pursuant to the Indenture. If the Bond Insurer is required to pay principal of or interest with respect to the Bonds, no representation or assurance is given or can be made that such event will not adversely affect the market price for or marketability of the Bonds.

The long-term rating on the Bonds is dependent, in part, on the claims paying ability or financial strength ratings, as applicable, of the Bond Insurer's current claims paying ability or financial strength ratings are predicated upon a number of factors which could change over time and could result in downgrading of the ratings on the Bonds insured by the Bond Insurer. Such a downgrade could adversely affect the market price for, and marketability of, the Bonds. The Bond Insurer is not contractually bound to maintain its present claims paying ability or financial strength ratings in the future. See "CONCLUDING INFORMATION - Ratings on the Bonds" herein.

**Creditworthiness of the Bond Insurer.** The Bond Insurer's obligation under the Policy is a general obligation of the Bond Insurer. Default by the Bond Insurer may result in insufficient funds being available to pay the principal of and interest on the Insured Bonds. In such event, the remedies available to the Trustee may be limited by, among other things, certain risks related to bankruptcy proceedings, and may also have been altered prior to a default by the Bond Insurer, which has the right, acting with the Trustee, without Owner consent, and upon the occurrence of an Event of Default, to waive the applicable provisions of the Indenture governing defaults and remedies and to direct the Trustee to enforce rights and remedies with respect to such Bonds.

When making an investment decision on the Bonds a prospective Owner should look to the ability of the Successor Agency to pay principal and interest on the Bonds and not solely to the Insurer's ability to pay claims under the Policy. No review of the business or affairs of the Bond Insurer has been conducted by the Successor Agency in connection with the offering of the Bonds. No assurance can be given by the Successor Agency as to the Bond Insurer's ability to pay claims under the Policy. See "MUNICIPAL BOND INSURANCE" herein and "APPENDIX G" hereto for further information concerning the Bond Insurer and the Policy, including resources for obtaining certain financial information concerning the Bond Insurer.

## **Secondary Market**

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

## LEGAL MATTERS

### Enforceability of Remedies

The remedies available to the Trustee and the Owners of the Bonds upon an event of default under the Indenture or any other document described herein are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under such documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Bonds and the Indenture are subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

### Approval of Legal Proceedings

Nossaman LLP, Irvine, California, as Bond Counsel, will render an opinion which states that the Indenture is a valid and binding obligation of the Successor Agency and enforceable in accordance with its terms. The legal opinion of Bond Counsel will be subject to the effect of bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights and to the exercise of judicial discretion in accordance with general principles of equity. See "APPENDIX E" for the proposed form of Bond Counsel's opinions.

The Successor Agency has no knowledge of any fact or other information which would indicate that the Indenture is not so enforceable against the Successor Agency, except to the extent such enforcement is limited by principles of equity and by state and federal laws relating to bankruptcy, reorganization, moratorium or creditors' rights generally.

Certain legal matters will be passed on for the Successor Agency by Nossaman LLP, Irvine, California, as Disclosure Counsel. Certain legal matters will be passed on for the Underwriter by its counsel, \_\_\_\_\_, \_\_\_\_\_, California. Fees payable to Bond Counsel, Disclosure Counsel and Underwriter's Counsel are contingent upon the sale and delivery of the Bonds.

### Tax Matters

#### Series A Bonds

*General.* In the opinion of Nossaman LLP, Irvine, California, Bond Counsel, based on existing statutes, regulations, rulings and court decisions, interest on the Series A Bonds is excludable from gross income for federal income tax purposes and is exempt from State of California personal income taxes. A copy of the proposed opinion of Bond Counsel is set forth in Appendix E hereto.

The Internal Revenue Code of 1986 (the "Code"), imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series A Bonds. The District has covenanted to comply with certain restrictions designed to assure that interest on the Series A Bonds will not be includable in federal gross income. Failure to comply with these covenants may result in interest on the Series A Bonds being includable in federal gross income, possibly from the date of issuance of the Series A Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series A Bonds may affect the value of, or the tax status of interest on the Series A Bonds. Further, no assurance can be given that pending or future

legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Series A Bonds. Prospective owners are urged to consult their own tax advisors with respect to proposals to restructure the federal income tax.

Bond Counsel is further of the opinion that interest on the Series A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. Bond Counsel observes, however, that interest on the Series A Bonds is included in adjusted current earnings in calculating corporate alternative minimum taxable income.

Prospective purchasers of the Series A Bonds should be aware that (i) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest with respect to the Series A Bonds, (ii) interest with respect to the Series A Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code, (iii) passive investment income, including interest with respect to the Series A Bonds, may be subject to federal income taxation under Section 1375 of the Code for subchapter S corporations having subchapter C earnings and profits at the close of the taxable year and gross receipts more than 25% of which constitute passive investment income, and (iv) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of interest on the Series A Bonds.

If the initial offering price to the public (excluding bond houses and brokers) at which a Series A Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a Series A Bond is sold is greater than the amount payable at maturity thereof, then the excess of the tax basis of a purchaser of such Series A Bond (other than a purchaser who holds such Series A Bond as inventory, stock in trade or for sale to customers in the ordinary course of business) over the principal amount of such Series A Bond constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes.

Under the Code, original issue discount is excludable from gross income for federal income tax purposes to the same extent as the interest on the Series A Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each such Series A Bond and the basis of such Series A Bond acquired at such initial offering price by an initial purchaser of each such Series A Bond will be increased by the amount of such accrued discount. The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of such Series A Bonds who purchase such Series A Bonds after the initial offering of a substantial amount thereof. Owners who do not purchase such Series A Bonds in the initial offering at the initial offering prices should consult their own tax advisors with respect to the tax consequences of ownership of such Series A Bonds. All holders of such Series A Bonds should consult their own tax advisors with respect to the allowance of a deduction for any loss on a sale or other disposition to the extent that calculation of such loss is based on accrued original issue discount.

Under the Code, original issue premium is amortized for federal income tax purposes over the term of such a Series A Bond based on the purchaser's yield to maturity in such Series A Bond, except that in the case of such a Series A Bond callable prior to its stated maturity, the amortization period and the yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Series A Bond. A purchaser of such a Series A Bond is required to decrease his or her adjusted basis in such Series A Bond by the amount of bond premium attributable to each taxable year in which such purchaser holds such Series A Bond. The amount of bond premium attributable to a taxable year is not deductible for federal income tax purposes. Purchasers of such Series A Bonds should consult their tax advisors with respect to the precise determination for federal income tax purposes of the amount of bond premium attributable to each taxable year and the effect of bond premium on the sale or other disposition of such a Series A Bond, and with respect to the state and local tax consequences of owning and disposing of such a Series A Bond.



Certain agreements, requirements and procedures contained or referred to in the Indenture and other relevant documents may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in those documents, upon the advice or with the approving opinion of nationally recognized bond counsel. Bond Counsel expresses no opinion as to the effect on any Series A Bond or the interest payable with respect thereto if any change occurs or action is taken or omitted upon the advice or approval of counsel other than Bond Counsel.

Although Bond Counsel has rendered an opinion that interest on the Series A Bonds is excludable from federal gross income, and is exempt from State of California personal income taxes, the ownership or disposition of the Series A Bonds, and the accrual or receipt of interest on the Series A Bonds may otherwise affect an Owner's state or federal tax liability. The nature and extent of these other tax consequences will depend upon each Owner's particular tax status and the Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future rulings, court decisions, legislative proposals, if enacted into law, or clarification of the Code may cause interest on the Series A Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent Owners from realizing the full current benefit of the tax status of such interest. For example, Representative Dave Camp, Chair of the House Ways and Means Committee released draft legislation that would subject interest on the Series A Bonds to a federal income tax at an effective rate of 10% or more for individuals, trusts, and estates in the highest tax bracket, and the Obama Administration proposed legislation that would limit the exclusion from gross income of interest on the Series A Bonds to some extent for high-income individuals. There can be no assurance that such future rulings, court decisions, legislative proposals, if enacted into law, or clarification of the Code enacted or proposed after the date of issuance of the Series A Bonds will not have an adverse effect on the tax exempt status or market price of the Series A Bonds.

***Internal Revenue Service Audit of Tax-Exempt Issues.*** The Internal Revenue Service ("IRS") has initiated an expanded program for the auditing of tax-exempt issues, including both random and targeted audits. It is possible that the Certificates will be selected for audit by the IRS. It is also possible that the market value of the Certificates might be affected as a result of such an audit of the Certificates (or by an audit of similar obligations).

***Information Reporting and Backup Withholding.*** Information reporting requirements apply to interest (including original issue discount) paid after March 31, 2007 on tax-exempt obligations, including the Series A Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series A Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series A Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

## **Series B Bonds**

***General.*** In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series B Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is of the opinion that interest on the Series B Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no

opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the Series B Bonds. A copy of the proposed opinion of Bond Counsel to be delivered in connection with the issuance of the Series B Bonds is set forth in Appendix E hereto.

The following discussion summarizes certain U.S. federal tax considerations generally applicable to holders of the Series B Bonds that acquire their Series B Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the IRS with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with all U.S. federal income tax consequences applicable to any given investor, nor does it address the U.S. federal income tax considerations applicable to categories of investors some of which may be subject to special taxing rules (regardless of whether or not such persons constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Series B Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose "functional currency" is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the indirect effects on persons who hold equity interests in a holder, or (iii) any tax consequences applicable to Non-U.S. Holders (as such term is defined below) of the Series B Bonds. In addition, this summary generally is limited to investors that acquire their Series B Bonds pursuant to this offering for the issue price that is applicable to such Series B Bonds (i.e., the price at which a substantial amount of the Series B Bonds are sold to the public) and who will hold their Series B Bonds as "capital assets" within the meaning of Section 1221 of the Code. This summary also does not consider the taxation of the Series B Bonds under state, local or foreign tax laws.

As used herein, "U.S. Holder" means a beneficial owner of a Series B Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, "Non-U.S. Holder" generally means a beneficial owner of a Series B Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds Series B Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Series B Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Series B Bonds (including their status as U.S. Holders or Non-U.S. Holders).

Prospective investors should consult their own tax advisors in determining the federal, state, local or foreign tax consequences to them from the purchase, ownership and disposition of the Series B Bonds in light of their particular circumstances.

**Interest.** Interest on the Series B Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

The Series B Bonds may be issued with original issue discount ("original issue discount"). In general, the excess of the stated redemption price at maturity of a Series B Bond over its issue price will constitute original issue discount for U.S. federal income tax purposes. The stated redemption price at maturity of a Series B Bond is the sum of all scheduled amounts payable on such Bond (other than qualified stated interest). U.S. Holders of Series B Bonds issued with original issue discount will be required to include original issue

discount in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders generally will be required to include in income increasingly greater amounts of original issue discount in successive accrual periods. The Series B Bonds may be issued at a premium. In general, the excess of the issue price of a Series B Bond over its stated principal amount will constitute a premium. A U.S. Holder of a Series B Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Series B Bond.

***Sale or Other Taxable Disposition of the Series B Bonds.*** Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the State) or other disposition of a Series B Bond, will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Series B Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Series B Bond which will be taxed in the manner described above) and (ii) the U.S. Holder's adjusted tax basis in the Series B Bond (generally, the purchase price paid by the U.S. Holder for the Series B Bond, increased by the amount of any original issue discount previously included in income, and decreased by any payments previously made on such Series B Bond (other than payments of qualified stated interest) or by any amortized premium). Any such gain or loss generally will be capital gain or loss. In the case of a noncorporate U.S. Holder of the Series B Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the Series B Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

***Net Investment Income.*** Certain non-corporate holders of Series B Bonds who are U.S. Holders will be required to pay an additional 3.8% tax on their net investment income (including, among other things, interest and capital gains from the sale, exchange, redemption, retirement or other taxable disposition of Series B Bonds).

***Information Reporting and Backup Withholding.*** Payments on the Series B Bonds generally will be subject to U.S. information reporting and "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the Series B Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Series B Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series B Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder's failure to comply with back-up withholding rules may result in the imposition of penalties by the IRS.

## **No Litigation**

There is no action, suit or proceeding known to the Successor Agency to be pending and notice of which has been served upon and received by the Successor Agency, or threatened, restraining or enjoining the execution or delivery of the Bonds or the Indenture or in any way contesting or affecting the validity of the foregoing or any proceedings of the Successor Agency taken with respect to any of the foregoing.

## CONCLUDING INFORMATION

### Rating on the Bonds

Standard & Poor's is expected to assign its rating of “\_\_” to the Bonds with the understanding that the Policy insuring the payment when due of the principal of and interest on the Bonds will be issued concurrently by the Insurer with the delivery of the Bonds. The Bonds have received the underlying rating of “\_\_” by Standard & Poor's. Such ratings reflect only the views of Standard & Poor's, and any desired explanation of the significance of such ratings may be obtained from such rating agency at the following addresses: Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041, (212) 438-2000. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Except as otherwise required in the Continuing Disclosure Certificate, the Successor Agency undertakes no responsibility either to bring to the attention of the owners of any Bonds any downward revision or withdrawal of any rating obtained or to oppose any such revision or withdrawal. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

### The Financial Advisor

Public Financial Management, Inc., San Francisco, California, an independent financial consulting firm, advised the Successor Agency as to the financial structure and certain other financial matters relating to the Bonds. Fees paid to the Financial Advisor are contingent upon the sale and delivery of the Bonds.

### Verifications of Mathematical Computations

\_\_\_\_\_ will verify from the information provided to them the mathematical accuracy as of the date of the closing on the Bonds of (1) the computations contained in the provided schedules to determine that the cash and investments, together with investment earnings thereon if any, to be held in escrow, will be sufficient to pay, when due, the principal, redemption premium and interest requirements of the Refunded Bonds, and (2) the computation of yield on the Bonds contained in the provided schedules used by Bond Counsel in its determination that the interest with respect to the Bonds is exempt from federal taxation. \_\_\_\_\_ will express no opinion on the assumptions provided to them, nor as to the exemption from taxation of the interest with respect to the Bonds.

### Continuing Disclosure

The Successor Agency will covenant (i) to provide annually certain financial information and operating data relating to the Project Area by not later than March 31 each year commencing March 31, 2016, (ii) to provide the Successor Agency's post audit of its financial transactions and records (which, in accordance with Section 34177(n) of the Dissolution Act and related State Department of Finance guidance are contained in the audited financial statements of the City) for the Fiscal Year ended June 30, 2015 and for each subsequent Fiscal Year when they are available (together, the “Annual Report”), and (iii) to provide notices of the occurrence of certain other enumerated events. The Annual Report will be filed by NBS, as Dissemination Agent, on behalf of the Successor Agency on the Electronic Municipal Market Access Website (“EMMA”) operated by the Municipal Securities Rulemaking Board ([www.emma.msrb.org](http://www.emma.msrb.org)). The specific nature of the information to be contained in the Annual Report or the notices of enumerated events and certain

other terms of the continuing disclosure obligation are summarized in "APPENDIX D - FORM OF CONTINUING DISCLOSURE CERTIFICATE."

The Former Agency and the Successor Agency have never failed to comply in all material respects with any undertaking made pursuant to the Rule in the previous five years. *[TO BE CONFIRMED]*

## **Underwriting**

The Bonds were sold to Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), who is offering the Bonds at the prices set forth on the inside cover page hereof. The initial offering prices may be changed from time to time and concessions from the offering prices may be allowed to dealers, banks and others. The Underwriter has purchased the Bonds at a price equal to \$ \_\_\_\_\_ (\_\_\_\_%), which amount represents the principal amount of the Bonds (\$\_\_\_\_) plus an original issue premium of \$\_\_\_\_, less an Underwriter's discount of \$\_\_\_\_. The Underwriter will pay certain of its expenses relating to the offering.

The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the offering price stated on the cover page hereof. The offering price may be changed from time to time by the Underwriter.

## **References**

All statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Successor Agency and the purchasers or Owners of any of the Bonds.

**Execution**

The execution and delivery of this Official Statement by the City Manager, acting as the chief administrative officer of the Successor Agency has been duly authorized by the Successor Agency.

**SUCCESSOR AGENCY TO THE OAKLEY  
REDEVELOPMENT AGENCY**

By: \_\_\_\_\_  
City Manager of the City of Oakley

**APPENDIX A**  
**SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE**

[TO BE PROVIDED BY BOND COUNSEL]

## **APPENDIX B**

### **CITY OF OAKLEY INFORMATION STATEMENT**

*The following information regarding the City and the surrounding area is presented as general background data. The Bonds are payable solely from the sources described herein (see "SECURITY FOR THE BONDS"). The taxing power of the City of Oakley, the County of Contra Costa, the State of California or any political subdivision thereof is not pledged to the payment of the Bonds. See the information under the caption "THE BONDS."*

#### **The City and the County**

**The City.** One of California's newest cities, the City of Oakley incorporated in July 1999 in order to manage growth and improve law enforcement services through its own city police force. The City is situated in the eastern portion of the County, along the shore of the Sacramento-San Joaquin Delta, near the cities of Pittsburg, Antioch, and Brentwood. Close to the junction of Highways 4 and 160, with access to San Francisco, the Silicon Valley, and the state capital at Sacramento, Oakley is equidistant from San Francisco and Sacramento, at approximately 55 miles. The City also enjoys close proximity to major regional recreation areas, including Mt. Diablo State Park approximately 25 miles to the west, the Sierra Nevada Mountains 90 miles to the east and the Sacramento Delta waterway to the north.

**The County.** Situated northeast of San Francisco, Contra Costa County (the "County") is bounded by San Francisco and San Pablo Bays, the Sacramento River Delta, and by Alameda County on the south. Ranges of hills effectively divide the County into three distinct regions. The western portion, with its access to water, contains much of the County's heavy industry. The central section is rapidly developing from a suburban area into a major commercial and financial headquarters center. The eastern part is also undergoing substantial change, from a rural, agricultural area, to a suburban region. The County has extensive and varied transportation facilities—ports accessible to ocean-going vessels, railroads, freeways, and rapid transit lines connecting the area with Alameda County and San Francisco.

#### **Municipal Government**

The City was incorporated in 1999 as a general law city. The City's Council/Manager form of government is a system founded on the balance between the policy-setting functions of the City Council and the management expertise of an appointed City Manager. City Council members are each elected by popular vote of City residents to serve for four-year terms. A new mayor is selected each year on a rotating basis from its members. Numerous commissions, committees, and task forces operate in concert with the Council to address issues identified by staff and the community.



**Population**

The following chart indicates historic population estimates of the City, the County and the State of California, for the last five calendar years for which data is available.

**HISTORICAL CITY, COUNTY AND STATE POPULATION DATA**

<u>Year</u>	<u>City of Oakley</u>	<u>Contra Costa County</u>	<u>State of California</u>
2010	35,351	1,047,948	37,223,900
2011	35,998	1,056,306	37,427,946
2012	36,573	1,066,597	37,668,804
2013	37,308	1,076,429	37,984,138
2014	38,075	1,087,008	38,340,074

Source: California State Department of Finance, Demographic Research Unit, as of January 1.

**Commercial Activity**

Total taxable sales during calendar year 2012 in the City were reported to be \$132,691,000, a .56% increase over the total taxable sales of \$131,946,000 reported during calendar year 2011. The number of establishments selling merchandise subject to sales tax and the valuation of taxable transactions in the City is presented in the following table.

**CITY OF OAKLEY  
Taxable Retail Sales  
Number of Permits and Valuation of Taxable Transactions  
(Dollars in Thousands)**

<u>Year</u>	<u>Retail Stores &amp; Food Services</u>		<u>Total All Outlets</u>	
	<u>Number of Permits</u>	<u>Taxable Transactions</u>	<u>Number of Permits</u>	<u>Taxable Transactions</u>
2009	278	\$86,700	394	\$115,462
2010	290	92,756	407	124,283
2011	269	97,365	397	131,946
2012	278	98,355	410	132,691
2013 <sup>(1)</sup>	274	80,007	403	96,830

Source: California State Board of Equalization.

(1) Includes first three quarters of 2013. Data for the fourth quarter of 2013 and 2014 is not yet available.

Total taxable sales during calendar year 2012 in the County were reported to be \$13,997,249,000, a 8.5% increase over the total taxable sales of \$12,799,857,000 reported during calendar year 2011. The number of establishments selling merchandise subject to sales' tax and the valuation of taxable transactions in the County is presented in the following table:

**CONTRA COSTA COUNTY**  
**Taxable Retail Sales**  
**Number of Permits and Valuation of Taxable Transactions**  
**(Dollars in Thousands)**

<b>Year</b>	<b>Retail Stores &amp; Food Services</b>		<b>Total All Outlets</b>	
	<b>Number of Permits</b>	<b>Taxable Transactions</b>	<b>Number of Permits</b>	<b>Taxable Transactions</b>
2009	14,045	\$8,473,578	21,395	\$11,883,049
2010	14,423	8,716,393	21,784	11,953,846
2011	13,930	9,300,418	21,153	12,799,857
2012	14,343	10,062,437	21,504	13,997,249
2013 <sup>(1)</sup>	14,511	7,764,410	21,449	10,526,208

Source: California State Board of Equalization.

(1) Includes first three quarters of 2013. Data for the fourth quarter of 2013 and 2014 is not yet available.

**Industry and Employment**

As of November 2014, the County's employment was approximately 518,600; unemployment was approximately 31,100 for a total civilian labor force of approximately 549,700. The unemployment rate was 5.7%. As of November 2014, the City's employment was approximately 14,000; unemployment was approximately 600 for a total civilian labor force of approximately 14,600. The unemployment rate was 4.0%.

**County Labor Force.** Since 2009, the county's labor force gained 13,800, to total 538,900 in 2013. After peaking at 11.1% in 2010, the unemployment rate declined to 7.4% in 2013. The County's unemployment rate has been consistently lower than the rate for California in recent years.

**County Employment by Industry.** The County's employment by industry numbers are not yet available for 2014. Contra Costa industry employment added 9,500 jobs from 2009 through 2013, a growth of 2.83%. Three industries contributed a total of 15,700 new jobs during the period 2009–2013: Professional and Business Services; Educational and Health Services; and Leisure and Hospitality. Within Leisure and Hospitality, Accommodation and Food Services recorded almost all of the growth (3,800 jobs). Employment gains in Professional and Business Services were distributed among three major sectors: Professional, Scientific and Technical Services (2,700); Management of Companies and Enterprises (700); and Administrative and Support and Waste Services (2,100). Educational and Health Services gained 5,800, growth of 9.9 percent. During this same period, job loss was recorded in several industries: Manufacturing; Information; Financial Activities; and Government.

The civilian labor force, employment and unemployment and industry employment for the County of Contra Costa is outlined in the following table for the past five years from 2009 through 2013.

**COUNTY OF CONTRA COSTA**  
**Civilian Labor Force, Employment and Unemployment & Employment by Industry**  
**(Annual Averages)<sup>(1)</sup>**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>Civilian Labor Force:</u> <sup>(2)</sup>	525,100	524,200	529,200	535,700	538,900
Employment	471,700	465,900	474,300	487,800	499,100
Unemployment	53,400	58,300	54,800	48,000	39,800
Unemployment Rate	10.2%	11.1%	10.4%	9.0%	7.4%
<u>Employment by Industry:</u> <sup>(3)</sup>					
Total, All Industries	326,600	317,200	318,100	326,600	336,100
Total Farm	800	700	800	800	1,000
Total Non-Farm	325,900	316,500	317,300	325,800	335,100
Good Producing	39,900	36,600	35,200	37,100	37,400
Mining, Logging and Construction	21,200	18,300	17,800	19,700	21,600
Manufacturing	18,700	18,300	17,400	17,400	15,800
Service Providing	286,000	279,900	282,000	288,700	297,800
Trade, Transportation & Utilities	57,300	55,900	56,500	57,400	58,100
Information	10,400	9,600	9,000	8,400	8,500
Financial Activities	25,700	25,300	24,800	25,300	25,300
Professional & Business Services	45,900	43,800	45,900	48,000	51,300
Educational & Health Services	52,900	53,000	53,500	55,700	58,700
Leisure and Hospitality	31,200	31,300	32,300	33,500	35,700
Other Services	11,700	11,800	12,400	12,400	12,100
Government	51,300	49,200	47,800	47,900	48,100

Source: State of California Employment Development Department.

(1) Data is not seasonally adjusted. Data may not add due to rounding.

(2) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

## Construction

The following tables show a five-year summary of the valuation of building permits issued in the City and a five-year summary in the County.

### CITY OF OAKLEY Total Building Permit Valuations (valuations in thousands)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014<sup>(1)</sup></u>
<b>Residential</b>					
Single Family	\$43,185,767	\$ 20,530,394	\$36,596,124	\$ 58,062,968	\$ 24,451,787
Multi-Family Dwelling	3,309,595	0	1,630,441	3,939,866	0
Alterations/Additions	<u>1,105,005</u>	<u>1,021,430</u>	<u>742,012</u>	<u>902,361</u>	<u>809,265</u>
<b>Total Residential:</b>	<b>\$47,600,367</b>	<b>\$ 21,551,824</b>	<b>\$38,968,577</b>	<b>\$ 62,905,195</b>	<b>\$25,261,052</b>
<b>Non-Residential</b>					
New Commercial	\$ 0	\$ 0	\$ 1,957,114	\$ 0	\$ 1,555,647
New Industrial	0	0	15,000	40,000	0
New Other	966,166	577,614	1,312,542	1,314,204	961,980
Alterations/Additions	<u>795,691</u>	<u>424,500</u>	<u>93,900</u>	<u>1,799,965</u>	<u>949,364</u>
<b>Total Non-Residential:</b>	<b>\$ 1,761,857</b>	<b>\$1,002,114</b>	<b>\$ 3,378,556</b>	<b>\$ 3,154,169</b>	<b>\$ 3,466,991</b>
<b>Total Building Permit Valuation:</b>	<b>\$49,362,224</b>	<b>\$22,553,938</b>	<b>\$42,347,133</b>	<b>\$ 66,059,364</b>	<b>\$ 28,728,043</b>
<b>New Dwelling Units</b>					
Single Family	166	77	146	206	77
Multi-Family	<u>44</u>	<u>0</u>	<u>44</u>	<u>30</u>	<u>0</u>
<b>Total:</b>	<b>210</b>	<b>77</b>	<b>190</b>	<b>236</b>	<b>77</b>

Source: Construction Industry Research Board, *Building Permit Summary*.

(1) 2014 numbers are through November 2014.

**COUNTY OF CONTRA COSTA**  
**Total Building Permit Valuations**  
(valuations in thousands)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014<sup>(1)</sup></u>
<b>Residential</b>					
Single Family	\$237,457,990	\$211,417,860	\$340,255,658	\$469,376,459	\$381,648,398
Multi-Family Dwelling	106,555,397	47,304,215	54,884,765	62,799,697	75,550,326
Alterations/Additions	<u>209,044,439</u>	<u>197,218,990</u>	<u>179,471,670</u>	<u>195,787,426</u>	<u>237,315,118</u>
<b>Total Residential:</b>	<b>\$553,057,826</b>	<b>\$455,941,065</b>	<b>\$574,612,093</b>	<b>\$727,963,582</b>	<b>\$ 694,513,842</b>
<b>Non-Residential</b>					
New Commercial	\$ 38,093,540	\$ 12,389,015	\$ 41,233,596	\$ 27,946,785	\$ 134,242,721
New Industrial	29,619,448	7,187,991	7,000,791	8,927,774	20,836,514
New Other	47,510,661	55,825,499	42,220,483	76,946,019	51,527,362
Alterations/Additions	<u>170,193,776</u>	<u>214,521,008</u>	<u>124,147,158</u>	<u>220,737,032</u>	<u>173,130,318</u>
<b>Total Non-Residential:</b>	<b>\$285,417,425</b>	<b>\$289,923,513</b>	<b>\$214,602,028</b>	<b>\$334,557,610</b>	<b>\$ 379,736,915</b>
<b>Total Building Permit Valuations:</b>	<b>\$838,475,251</b>	<b>\$745,864,578</b>	<b>\$789,214,121</b>	<b>\$1,062,521,192</b>	<b>\$1,074,250,757</b>
<b>New Dwelling Units</b>					
Single Family	890	718	1,188	1,585	1,349
Multi-Family	<u>890</u>	<u>355</u>	<u>534</u>	<u>370</u>	<u>525</u>
<b>Total:</b>	<b>1,699</b>	<b>1,073</b>	<b>1,722</b>	<b>1,955</b>	<b>1,874</b>

Source: Construction Industry Research Board, *Building Permit Summary*.

(1) 2014 numbers are through November 2014.

**Assessed Valuation**

The following table shows a ten-year history of assessed valuations in the City:

**CITY OF OAKLEY**  
**ASSESSED VALUATIONS**  
Fiscal Years 2005-06 through 2014-15

<u>Fiscal Year</u>	<u>Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>
2005-06	\$1,398,339,162	\$712,644	\$71,050,542	\$1,470,102,348
2006-07	1,733,961,994	1,184,044	80,743,551	1,815,889,589
2007-08	1,927,903,868	872,467	87,191,974	2,015,968,309
2008-09	1,785,673,983	403,948	94,770,275	1,880,848,206
2009-10	1,603,872,653	151,584	97,960,445	1,701,984,682
2010-11	1,526,172,355	151,584	92,926,737	1,619,250,676
2011-12	1,507,516,383	151,584	57,995,143	1,565,663,110
2012-13	1,475,641,653	57,878	56,667,283	1,532,366,814
2013-14	1,514,792,956	57,878	55,369,790	1,570,220,624
2014-15	1,706,057,369	57,878	56,338,414	1,762,453,661

Source: California Municipal Statistics, Inc.

## **Utilities**

Gas and electric service in the City is provided by Pacific Gas & Electric. Telephone service is provided by AT&T. Water is supplied by City wells and the Diablo Valley Water District through the City water lines and filtration plant. Sewer service is supplied by Iron Horse Sanitary District. Oakley Disposal Service provides residential and commercial garbage recycling and green waste collection and recycling service to the City of Oakley.

## **Education**

The City is part of the Oakley and Liberty Union School Districts which provide K-12 public education needs. There is one high school and one continuation high school, two middle schools and five elementary schools located in the City.

Near the City are four colleges: Los Medanos Community College in Pittsburg, Diablo Valley College in Concord and San Joaquin Delta Community College and Contra Costa College in San Pablo.

## **Transportation**

The City, located near the cities of Antioch and Stockton, is in close proximity to a highly developed transportation network. State Highway 4 runs in an east/west direction near the City, intersecting Interstate 680 near Martinez and Interstate 80 in Hercules. To the east, Highway 4 leads to Stockton where it intersects with Interstate 5. The highways provide the City with access to major regional workplace and recreation areas. The City is close to both regional and international airports - Concord Airport, Stockton Airport and Oakland International Airport. The City is also served by bus lines and railroads. Tri-Delta Transit is a local bus service provider for Oakley residents and Eastern Contra Costa residents. Bay Area Rapid Transit ("BART") provides a bus service from Antioch connecting to the existing Concord BART station. BART stations in West Pittsburg and Pittsburg have recently opened, further extending the rapid transit system into the east County area.

**APPENDIX C**  
**CITY AUDITED FINANCIAL STATEMENTS**

## APPENDIX D

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Successor Agency to the Oakley Redevelopment Agency (the "Issuer") in connection with the issuance of its (Oakley Redevelopment Project Area) Tax Allocation Refunding Bonds, Series 2015A and Taxable Tax Allocation Refunding Bonds, Series 2015B (the "Bonds"), in the aggregate principal amount of \$ \_\_\_\_\_ and \$ \_\_\_\_\_, respectively.

The Bonds will be issued under a Trust Indenture, dated as of May 1, 2008, between the Oakley Redevelopment Agency and Wells Fargo Bank, National Association (the "Trustee"), as supplemented by a First Supplemental Trust Indenture dated as of March 1, 2015 (as supplemented, the "Indenture") by and between the Issuer and the Trustee. The Issuer covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12.

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms have the following meanings:

"*Annual Report*" means any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4.

"*Annual Report Date*" means March 31 in each year, beginning March 31, 2016.

"*Dissemination Agent*" means NBS, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a) or 5(b).

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

"*Official Statement*" means the Official Statement dated \_\_\_\_\_, 2015 relating to the Bonds.

"*Participating Underwriter*" means any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Project Area*" means the Oakley Redevelopment Project Area.

"*Rule*" means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2016 with the report for the 2014/15 Fiscal Year, provide to the MSRB, in an



electronic format as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4. Not later than 5 days prior to the Annual Report Date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the Issuer for the applicable Fiscal Year may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date if not available by that date. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The Dissemination Agent (if other than the Issuer) shall have no duty or obligation to review such Annual Report.

(b) If the Issuer does not provide (or cause the Dissemination Agent to provide) an

Annual Report by the Annual Report Date, the Issuer shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice of its failure to provide the Annual Report as required under this Disclosure Certificate.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

(d) The Issuer shall also electronically file a copy of the Annual Report with the Insurer.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) Audited Financial Statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Issuer's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available. The audited Financial Statements of the Issuer may be reported and included as a fiduciary fund (agency trust fund) of the City of Oakley's Comprehensive Annual Financial Report if no separate Financial Statement is prepared for the Issuer.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the Issuer for the prior fiscal year of the type included in the Official Statement, in the following categories (to the extent not included in the Issuer's audited financial statements):

(i) secured and unsecured assessed valuation of taxable properties in the Project Area during the most recent completed fiscal year;

(ii) Tax Revenues collected compared to deposits to the Redevelopment Property Tax Trust Fund for the most recent completed fiscal year;

- (iii) total amount of Tax Revenues derived from the Project Area during the most recent completed fiscal year;
- (iv) the total amount by which pledged Tax Revenues derived from the Project Area during the most recent completed fiscal year provided coverage for annual debt service on the Bonds and all obligations issued on a parity with the Bonds;
- (v) 10 largest taxpayers in the Project Area during the most recent completed fiscal year, and the total assessed valuation represented thereby and the percent of the total taxable assessed value of all properties in the Project Area.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Listed Events.

(a) *Reportable Events.* The Successor Agency shall, or shall cause the Dissemination (if not the Successor Agency) to, give notice of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (3) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (4) Substitution of credit or liquidity providers, or their failure to perform.
- (5) Defeasances.
- (6) Rating changes.
- (7) Tender offers.
- (8) Bankruptcy, insolvency, receivership or similar event of the obligated person.
- (9) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(b) *Material Reportable Events.* The Successor Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (1) Non-payment related defaults.

- (2) Modifications to rights of security holders.
- (3) Bond calls.
- (4) The release, substitution, or sale of property securing repayment of the securities.
- (5) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.
- (6) Appointment of a successor or additional trustee, or the change of name of a trustee.

(c) *Time to Disclose.* Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall, or shall cause the Dissemination Agent (if not the Issuer) to, file a notice of such occurrence with EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(5) and (b)(3) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds under the Indenture.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be NBS. The Dissemination Agent may resign by providing thirty days prior written notice to the Issuer.

Section 9. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the Successor Agency may amend this Disclosure Agreement, provided no amendment increasing or affecting the obligations or duties of the Dissemination Agent shall be made without the consent of such party, and any provision of this Disclosure Agreement may be waived if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to the Issuer to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in

any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer or the Dissemination Agent to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent (if other than the Issuer), its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

The Dissemination Agent shall be paid compensation by the Issuer for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the Issuer from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent may conclusively rely upon the Annual Report provided to it by the Issuer as constituting the Annual Report required of the Issuer in accordance with this Disclosure Certificate and shall have no duty or obligation to review such Annual Report. The Dissemination Agent shall have no duty to prepare the Annual Report nor shall the Dissemination Agent be responsible for filing any Annual Report not provided to it by the Issuer in a timely manner in a form suitable for filing with the MSRB. In accepting the appointment under this Agreement, the Dissemination Agent is not acting in a fiduciary capacity to the Holders or Beneficial Owners of the Certificates, the Issuer, the Participating Underwriters or any other party or person. No provision of this Disclosure Certificate shall require the Dissemination Agent to risk or advance or expend its own funds or incur any financial liability. Any company succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor to the Dissemination Agent hereunder without the execution or filing of any paper or any further act.

Section 13. Beneficiaries. This Disclosure Certificate inures solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and creates no rights in any other person or entity.

Date: \_\_\_\_\_, 2015

**SUCCESSOR AGENCY TO THE OAKLEY  
REDEVELOPMENT AGENCY**

By: \_\_\_\_\_  
City Manager of the City of Oakley

**APPENDIX E**  
**PROPOSED FORM OF BOND COUNSEL OPINIONS**  
[TO BE PROVIDED BY BOND COUNSEL]

## APPENDIX F

### THE BOOK-ENTRY SYSTEM

*The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.*

*Neither the issuer of the Bonds (the "Issuer") nor the trustee, fiscal agent or paying agent appointed with respect to the Bonds (the "Agent") take any responsibility for the information contained in this Appendix.*

*No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.*

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through

or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com). *The information contained on such Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or



Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

**APPENDIX G**  
**SPECIMEN BOND MUNICIPAL INSURANCE POLICY**

[TO COME]

**APPENDIX H**  
**FISCAL CONSULTANT REPORT**

[TO COME]

*Stradling Yocca Carlson & Rauth*  
*Draft 1/30/2014*

§ \_\_\_\_\_  
**SUCCESSOR AGENCY TO THE OAKLEY  
 REDEVELOPMENT AGENCY  
 (OAKLEY REDEVELOPMENT PROJECT AREA)  
 TAX ALLOCATION REFUNDING BONDS,  
 SERIES 2015A**

§ \_\_\_\_\_  
**SUCCESSOR AGENCY TO THE OAKLEY  
 REDEVELOPMENT AGENCY  
 (OAKLEY REDEVELOPMENT PROJECT AREA)  
 TAXABLE TAX ALLOCATION REFUNDING BONDS,  
 SERIES 2015B**

**BOND PURCHASE AGREEMENT**

\_\_\_\_\_, 2015

Successor Agency to the Oakley Redevelopment Agency  
 3231 Main Street  
 Oakley, CA 94561

Ladies and Gentlemen:

Stifel, Nicolaus & Company, Incorporated (the "Underwriter") offers to enter into this Bond Purchase Agreement (this "Purchase Agreement") with the Successor Agency to the Oakley Redevelopment Agency (the "Agency") which will be binding upon the Agency and the Underwriter upon the acceptance hereof by the Agency. This offer is made subject to its acceptance by the Agency by execution of this Purchase Agreement and its delivery to the Underwriter on or before 5:00 p.m., California time, on the date hereof. All terms used herein and not otherwise defined shall have the respective meanings given to such terms in the Indenture (as hereinafter defined).

The Agency acknowledges and agrees that: (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm's length commercial transaction between the Agency and the Underwriter; (ii) in connection with such transaction, the Underwriter is acting solely as principal and not as agent or a fiduciaries of the Agency; (iii) the Underwriter has not assumed a fiduciary responsibility in favor of the Agency with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or are currently providing other services to the Agency on other matters); and (iv) the Agency has consulted with its own legal and financial advisors to the extent it has deemed appropriate.

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements hereinafter set forth, the Underwriter hereby agrees to purchase from the Agency for offering to the public, and the Agency hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of the (i) \$\_\_\_\_\_ aggregate principal amount of the Agency's Tax Allocation Refunding Bonds, Series 2015A (the "Series A Bonds"), at a purchase price equal to \$\_\_\_\_\_ (being the aggregate principal amount thereof, less an Underwriter's discount of \$\_\_\_\_\_ and [plus/less] a [net] original issue [premium/discount] of \$\_\_\_\_\_), and (ii) \$\_\_\_\_\_ aggregate principal amount of the Agency's Taxable Tax Allocation Refunding Bonds, Series 2015B (the "Series B Bonds," and together with Series A Bonds, the "Bonds" or individually, a "Series of Bonds"), at a purchase price equal to \$\_\_\_\_\_ (being the aggregate principal amount thereof less an Underwriter's discount of \$\_\_\_\_\_. In addition, on behalf of the Agency, the Underwriter shall wire the amount of \$\_\_\_\_\_ to the Insurer

(defined below) to pay the costs of the premiums for the Policy (defined below) and the Surety Policy (defined below). The Bonds are to be purchased by the Underwriter from the Agency. Such payment and delivery and the other actions contemplated hereby to take place at the time of such payment and delivery are herein sometimes called the "Closing."

2. The Bonds and Related Documents. Each Series of Bonds shall be substantially in the form described in, and shall be issued and secured under the provisions of an Indenture of Trust, dated as of May 1, 2008, (the "Original Indenture"), by and between the Agency and Wells Fargo, National Association, as trustee (the "Trustee") as supplemented by a First Supplemental Trust Indenture, dated as of March 1, 2015 (the "First Supplement," and with the Original Indenture the "Indenture") by and between the Agency and the Trustee, pursuant Part 1, Division 24 of the California Health and Safety Code (the "Law") and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Act") and a resolution of the Agency adopted October 28, 2014 (the "Agency Resolution"). The issuance of each Series of Bonds was approved by the Oversight Board for the Successor Agency by a resolution on November 25, 2014 (the "Oversight Board Resolution"). The Bonds shall be as described in the Indenture and the Official Statement dated the date hereof relating to the Bonds (which, together with all exhibits and appendices included therein or attached thereto and such amendments or supplements thereto which shall be approved by the Underwriter, is hereinafter called the "Official Statement").

Certain maturities of the Bonds shall be insured under a municipal bond insurance policy (the "Policy") from \_\_\_\_\_ (the "Insurer")[, as shown on Exhibit A (the "Insured Bonds")]. A debt service reserve insurance policy (the "Surety Policy") shall also be purchased from Insurer for the Bonds.

The net proceeds of the Bonds will be used to refund the Oakley Redevelopment Agency's outstanding Taxable Tax Allocation Bonds, Series 2003, originally issued in the aggregate principal amount of \$\_\_\_\_\_ (the "Prior Bonds");

The Agency will undertake pursuant to the provisions of a Continuing Disclosure Certificate, to be dated the date of the Closing (the "Disclosure Certificate") and executed by the Agency, to provide certain annual information and notices of the occurrence of certain enumerated events. A description of the undertaking is set forth in the Preliminary Official Statement (as defined below) and will also be set forth in the Official Statement.

The Indenture (or the First Supplement, as applicable), the Continuing Disclosure Certificate, the Escrow Agreement relating to the Prior Bonds (the "Escrow Agreement"), and this Purchase Agreement are sometimes collectively referred to herein as the "Agency Legal Documents".

3. Offering. It shall be a condition to the Agency's obligations to sell and to deliver the Bonds to the Underwriter and to the Underwriter's obligations to purchase, to accept delivery of and to pay for the Bonds that the entire \$\_\_\_\_\_ aggregate principal amount of the Series A Bonds and \$\_\_\_\_\_ aggregate principal amount of the Series B Bonds shall be issued, sold and delivered by the Agency and purchased, accepted and paid for by the Underwriter at the Closing. The Underwriter agrees to make a bona fide public offering of all of the Bonds at the initial public offering prices or yields set forth in Exhibit A hereto and on the inside front cover page of the Official Statement. The Underwriter reserves the right to change, subsequent to the initial public offering, such initial offering prices as it shall deem necessary in connection with the marketing of the Bonds.

4. Use and Preparation of Documents. The Agency has caused to be prepared and delivered to the Underwriter prior to the execution of this Purchase Agreement copies of the Preliminary Official Statement dated \_\_\_\_\_, 2015, relating to the Bonds (the "Preliminary Official Statement"), which was approved by a resolution of the Agency adopted on February 10, 2015 (the "Agency OS Resolution"). The Agency ratifies, confirms and approves the use by the Underwriter prior to the date hereof of the Preliminary Official Statement. The Agency has previously deemed the Preliminary Official Statement to be final as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12"), except for information permitted to be omitted therefrom by Rule 15c2-12. The Agency hereby agrees to deliver or cause to be delivered to the Underwriter, within seven (7) business days of the date hereof, but not less than one (1) business day prior to Closing a sufficient number of copies of the final Official Statement relating to the Bonds, dated the date hereof, which includes all information permitted to be omitted by Rule 15c2-12 and any amendments or supplements to such Official Statement as have been approved by the Agency and the Underwriter (the "Official Statement") to enable the Underwriter to distribute a single copy of each Official Statement to any potential customer of the Underwriter requesting an Official Statement during the time period beginning when the Official Statement becomes available and ending 25 days after the End of the Underwriting Period (defined below). The Agency hereby approves of the use and distribution (including the electronic distribution) by the Underwriter of the Preliminary Official Statement and the Official Statement in connection with the offer and sale of the Bonds. The Agency shall have executed and delivered to the Underwriter a certification to such effect in the form attached hereto as Exhibit B. The Underwriter agrees that it will not confirm the sale of any Bonds unless the confirmation of sale is accompanied or preceded by the delivery of a copy of the Official Statement.

5. Representations, Warranties and Agreements of the Agency. The Agency hereby represents, warrants and agrees as follows:

(a) The Agency is a public entity existing under the laws of the State of California, including the Law.

(b) The Agency has full legal right, power and authority to enter into the Agency Legal Documents and carry out and consummate the transactions contemplated by the Agency Legal Documents.

(c) By all necessary official action of the Agency prior to or concurrently with the acceptance hereof, the Agency has duly authorized and approved the preparation and use of the Preliminary Official Statement and the Official Statement, the execution and delivery of the Official Statement and the Agency Legal Documents, and the performance by the Agency of all transactions contemplated by the Agency Legal Documents; and the Agency Legal Documents will constitute legal, valid and binding obligations of the Agency, enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally.

(d) The Agency is not in any material respect in breach of or default under any applicable constitutional provision, law or administrative regulation to which it is subject or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement (including, without limitation, the Indenture) or other instrument to which the Agency is a party or to which the Agency or any of its property or assets is otherwise subject, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a

default or event of default under any such instrument; and the execution and delivery of the Agency Legal Documents, and compliance with the provisions on the Agency's part contained therein, will not conflict with or constitute a material breach of or a material default under any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Agency is a party or to which the Agency or any of its property or assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Agency or under the terms of any such constitutional provision, law, regulation or instrument, except as provided by the Indenture.

(e) Except as described in or contemplated by the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction of the matter which are required for the due authorization by, or which would constitute a condition precedent to or the absence of which would materially adversely affect the due performance by, the Agency of its obligations under the Agency Legal Documents have been duly obtained.

(f) Between the date of this Purchase Agreement and the date of the Closing, the Agency will not, without the prior written consent of the Underwriter, offer or issue any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, payable from Tax Revenues (as defined in the Indenture), nor will there be any adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the Agency.

(g) To the best knowledge of the officer of the Agency executing this Purchase Agreement, after due inquiry, as of the date hereof, there is no action, suit, proceeding, inquiry or investigation, at law or in equity before or by any court, government agency, public board or body, pending or threatened against the Agency, affecting the existence of the Agency or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the execution and delivery of the First Supplement or the collection of the Tax Revenues or contesting or affecting, as to the Agency, the validity or enforceability of the Agency Legal Documents or contesting the exclusion from gross income of interest on the Series A Bonds for federal income tax purposes, or contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the powers of the Agency, or in any way contesting or challenging the consummation of the transactions contemplated hereby, or which might result in a material adverse change in the financial condition of the Agency or which might materially adversely affect the Tax Revenues of the Agency; nor, to the best knowledge of the Agency, is there any known basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity of the authorization, execution, delivery or performance by the Agency of the Agency Legal Documents.

(h) As of the time of acceptance hereof and as of the date of the Closing, the Agency does not and will not have outstanding any indebtedness which indebtedness is secured by a lien on the Tax Revenues of the Agency superior to or on a parity with the lien provided for in the Indenture on the Tax Revenues, other than as disclosed in the Official Statement.

(i) As of the time of acceptance hereof and as of the date of the Closing, the Agency has complied with the filing requirements of the Law, including, without limitation, the filing of all Recognized Obligation Payment Schedules, as required by the Law.

(j) As of the date thereof, the Preliminary Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein in light of the circumstances under which they were made, not misleading (except that this representation does not include information relating to The Depository Trust Company or the book-entry-only system, the Insurer, the Policy or the Surety Policy).

(k) As of the date thereof and at all times subsequent thereto to and including the date which is 25 days following the End of the Underwriting Period (as such term is hereinafter defined) for the Bonds, the Official Statement did not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made not misleading (except that this representation does not include information relating to The Depository Trust Company or the book-entry-only system).

(l) If between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, an event occurs which would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information herein, in the light of the circumstances under which it was presented, not misleading, the Agency will notify the Underwriter, and, if in the opinion of the Underwriter or the Agency, or respective counsel, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Agency will cooperate in the preparation of an amendment or supplement to the Official Statement in a form and manner approved by the Underwriter, and shall pay all expenses thereby incurred. For the purposes of this subsection, between the date hereof and the date which is 25 days of the End of the Underwriting Period for the Bonds, the Agency will furnish such information with respect to itself as the Underwriter may from time to time reasonably request. As used herein, the term "End of the Underwriting Period" means the later of such time as: (i) the Agency delivers the Bonds to the Underwriter; or (ii) the Underwriter does not retain, directly or as members of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Notwithstanding the foregoing, unless the Underwriter gives notice to the contrary, the "End of the Underwriting Period" shall be the date of Closing.

(m) If the information contained in the Official Statement is amended or supplemented pursuant to paragraph (l) hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period for the Bonds, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact required to be stated therein or necessary to make such information therein in the light of the circumstances under which it was presented, not misleading (except that this representation does not include information relating to The Depository Trust Company or the book-entry-only system).

(n) After the Closing, the Agency will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy,



the Underwriter shall reasonably object in writing or which shall be disapproved by counsel for the Underwriter.

(o) Any certificate signed by any officer of the Agency and delivered to the Underwriter shall be deemed a representation by the Agency to the Underwriter as to the statements made therein.

(p) The Agency will apply the proceeds from the sale of the Bonds for the purposes specified in the Official Statement.

(q) The Agency has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Agency is not a bond issuer whose arbitrage certifications may not be relied upon.

(r) The Agency will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter, at the expense of the Underwriter, as it may reasonably request in order to qualify the Bonds for offer and sale under the "blue sky" or other securities laws and regulations of such states and other jurisdictions of the United States of America as the Underwriter may designate; provided, however, that the Agency will not be required to execute a special or general consent to service of process or qualify as a foreign corporation in connection with any such qualification in any jurisdiction.

(s) The Agency will refrain from taking any action with regard to which the Agency may exercise control that results in the inclusion in gross income for federal income tax purposes of the interest on the Series A Bonds or State of California income tax purposes of the interest on the Bonds.

(t) Except as disclosed in the Official Statement, the Agency has not defaulted in any material respect under any prior continuing disclosure undertaking within the previous five years.

(u) The Oversight Board has duly adopted the Oversight Board Resolution approving the issuance of the Bonds and no further Oversight Board approval or consent is required for the issuing of the Bonds or the consummation of the transactions described in the Preliminary Official Statement.

(v) The Department of Finance of the State (the "Department of Finance") has issued a letter, dated \_\_\_\_\_, 2015, approving the issuance of the bonds. No further Department of Finance approval or consent is required for the issuance of the Bonds or the consummation of the transactions described in the Preliminary Official Statement. Except as disclosed in the Preliminary Official Statement, the Agency is not aware of the Department of Finance directing or having any basis to direct the County Auditor-Controller to deduct unpaid unencumbered funds from future allocations of property tax to the Agency pursuant to Section 34183 of the Dissolution Act.

6. Closing. At 8:00 A.M., California time, on \_\_\_\_\_, 2015, or on such other date as may be mutually agreed upon by the Agency and the Underwriter, the Agency will, subject to the terms and conditions hereof, sell and deliver the Bonds to the Underwriter, duly executed and authenticated, together with the other documents hereinafter mentioned, and, subject to the terms and conditions hereof, the Underwriter will accept such delivery and pay the purchase price of the Bonds

as set forth in Section 1 hereof in federal funds. Sale, delivery and payment as aforesaid shall be made at the offices of Nossaman LLP Irvine, California ("Bond Counsel"), or such other place as shall have been mutually agreed upon by the Agency and the Underwriter, except that the Bonds (with one certificate for each maturity and otherwise in a form suitable for the book-entry system) shall be delivered to the Underwriter in New York, New York, through the book-entry system of The Depository Trust Company ("DTC"). Unless the DTC Fast Automated Securities Transfer ("FAST") is utilized, the Bonds will be made available for inspection by DTC at least one business day prior to the Closing.

7. Closing Conditions. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and warranties of the Agency contained herein, and in reliance upon the representations and warranties to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Agency of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriter's obligations under this Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Agency of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions:

(a) The Underwriter shall receive, within seven (7) business days of the date hereof, but in no event less than 1 day prior to Closing, copies of the Official Statement (including all information previously permitted to have been omitted from the Preliminary Official Statement by Rule 15c2-12 and any amendments or supplements as have been approved by the Underwriter), in such reasonable quantity as the Underwriter shall have requested;

(b) The representations and warranties of the Agency contained herein shall be true, complete and correct on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing and the statements of the officers and other officials of the Agency and the Trustee made in any certificate or other document furnished pursuant to the provisions hereof are accurate;

(c) At the time of the Closing, the Agency Legal Documents shall have been duly authorized, executed and delivered by the respective parties thereto, and the Official Statement shall have been duly authorized, executed and delivered by the Agency, all in substantially the forms heretofore submitted to the Underwriter, with only such changes as shall have been agreed to in writing by the Underwriter, and shall be in full force and effect; and there shall be in full force and effect such resolution or resolutions of the governing body of the Agency as, in the opinion of Bond Counsel, shall be necessary or appropriate in connection with the transactions contemplated hereby;

(d) At the time of the Closing, all necessary official action of the Agency relating to the Official Statement and the Agency Legal Documents shall have been taken and shall be in full force and effect and shall not have been amended, modified or supplemented in any material respect;

(e) At or prior to the Closing, the Underwriter shall have received copies of each of the following documents:

(1) Bond Counsel Opinions. The approving opinions of Bond Counsel to the Agency, dated the date of the Closing and substantially in the form included as Appendix E to the Official Statement;

(2) Supplemental Opinion of Bond Counsel. A supplemental opinion or opinions of Bond Counsel addressed to the Underwriter, in form and substance acceptable to the Underwriter, and dated the date of the Closing, stating that the Underwriter may rely on the opinions of Bond Counsel described in paragraph (1) above as if such opinions were addressed to the Underwriter and to the following effect:

(i) the Purchase Agreement has been duly executed and delivered by the Agency and (assuming due authorization, execution and delivery by and validity against the Underwriter) constitutes the valid and binding agreement of the Agency, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights and by the application of equitable principles;

(ii) the statements contained in the Official Statement under the captions "THE BONDS," "SECURITY FOR THE BONDS," "LEGAL MATTERS-Tax Matters," and in Appendices A and E insofar as such statements expressly summarize certain provisions of the Indenture or the opinion of Bond Counsel, are accurate in all material respects;

(iii) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the First Supplement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and

(iv) the Agency has taken all actions required to defease the Prior Bonds and such Prior Bonds are no longer outstanding under the terms of the Indenture of Trust pursuant to which the Prior Bonds were issued.

(3) Fiscal Consultant's Certificate. A certificate of Fraser & Associates (the "Fiscal Consultant"), dated the date of the Closing, addressed to the Agency and the Underwriter, in form and substance acceptable to the Underwriter, (i) certifying as to the accuracy of (A) the information contained in APPENDIX H—"FISCAL CONSULTANT REPORT", and the information in the Official Statement under the captions "THE PROJECT AREA" and "FINANCIAL INFORMATION," (ii) consenting to the inclusion of such firm's Fiscal Consultant's Report in the Preliminary Official Statement and the Official Statement, and (iii) stating that, to the best of such firm's knowledge, but without having conducted any investigation with respect thereto, nothing has come to such firm's attention between the date of such report and the date hereof which would materially alter any of the conclusions set forth in such report.

(4) Agency Counsel Opinion. An opinion of Counsel to the Agency, dated the date of the Closing and addressed to the Underwriter, in form and substance acceptable to the Underwriter to the following effect:

(i) the Agency is a public body, corporate and politic, duly organized and existing under the Constitution and laws of the State, with full right, power and authority to execute, deliver and perform its obligations under the Agency Legal Documents;

(ii) the Agency Resolution and the Agency OS Resolution were duly adopted at meetings of the Agency, called and held pursuant to law, with all public notice required by law and at which quorums were present and acting throughout; and the Agency Resolution and the Agency OS Resolution are in full force and effect and have not been modified amended or rescinded since their respective adoption date; and

(iii) The Agency Legal Documents and the Official Statement have been duly authorized, executed and delivered by the Agency and, assuming due authorization, execution and delivery by the other parties thereto, the Agency Legal Documents constitute the valid, legal and binding obligations of the Agency enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors rights and by the application of equitable principles if equitable remedies are sought;

(iv) The execution and delivery of the Agency Legal Documents and the Official Statement and compliance with the provisions of the Agency Legal Documents, under the circumstances contemplated thereby, (1) do not and will not in any material respect conflict with or constitute on the part of the Agency a breach of or default under any agreement or other instrument to which the Agency is a party or by which it is bound, and (2) do not and will not in any material respect constitute on the part of the Agency a violation, breach of or default under any existing law, regulation, court order or consent decree to which the Agency is subject;

(v) to the best of such counsel's knowledge, except as otherwise disclosed in the Official Statement, there is no litigation or proceeding, pending and served, or threatened, challenging the creation, organization or existence of the Agency, or the validity of the Bonds or the Agency Legal Documents or seeking to restrain or enjoin any of the transactions referred to therein or contemplated thereby, or under which a determination adverse to the Agency would have a material adverse effect upon the financial condition or the revenues of the Agency, or which, in any manner, questions the right of the Agency to issue, sell and deliver the Bonds, to enter into the First Supplement or to use the Tax Revenues for repayment of the Bonds or affects in any manner the right or ability of the Agency to collect or pledge the Tax Revenues.

(vi) Based upon his or her participation as Agency Counsel in the preparation of the Official Statement and without having undertaken to determine independently the fairness, accuracy or completeness of the statements contained in the Official Statement, Agency Counsel has no reason to believe that, as of the its date and as of date of Closing, the information in the Official Statement relating to the Agency, the Tax Revenues and the Redevelopment Project (as that term is defined in the Indenture) (excluding any financial or statistical data with respect thereto, as to which no opinion is expressed) contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(5) Trustee Counsel Opinion. The opinion of counsel to the Trustee, dated the date of the Closing, addressed to the Underwriter, to the effect that:

(i) The Trustee is a national banking association, duly organized and validly existing under the laws of the United States of America, having full power to enter into, accept and administer the trusts created under the Indenture and the Escrow Agreement.

(ii) The First Supplement and the Escrow Agreement have been duly authorized, executed and delivered by the Trustee and the First Supplement and the Escrow Agreement constitute the legal, valid and binding obligation of the Trustee, enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought.

(iii) Except as may be required under Blue Sky or other securities laws of any state, no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the execution and delivery of the First Supplement or the Escrow Agreement, or the consummation of the transactions contemplated by the First Supplement and the Escrow Agreement.

(6) Agency Certificate. A certificate of the Agency, dated the date of the Closing, signed on behalf of the Agency by a duly authorized officer of the Agency, to the effect that:

(i) the representations and warranties of the Agency contained herein are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing;

(ii) no event affecting the Agency has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(iii) the Agency is not, in any material respect, in breach of or default under any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Agency is a party or is otherwise subject, which would have a material adverse impact on the Agency's ability to perform its obligations under the Agency Legal Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument.

(7) Trustee's Certificate. A Certificate, dated the date of Closing, to the effect that:

(i) the Trustee is a national banking association duly organized and validly existing under the laws of the United States of America;

(ii) the Trustee has full power, authority and legal right to comply with the terms of the Indenture and the Escrow Agreement and to perform its obligations stated therein; and

(iii) the First Supplement and the Escrow Agreement have been duly authorized, executed and delivered by the Trustee and (assuming due authorization, execution and delivery by the Agency) constitute legal, valid and binding obligations of the Trustee in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally.

(8) Legal Documents. Executed copies of this Purchase Agreement and the other Agency Legal Documents.

(9) Rating Letter. A letter from Standard & Poor's Credit Ratings Services ("S&P") to the effect that the Bonds have been assigned an insured rating of "\_\_\_" and an underlying rating of "\_\_\_", which ratings shall be in effect as of the Delivery Date.

(10) Disclosure Letter. A letter of Nossaman LLP ("Disclosure Counsel"), dated the date of the Closing, addressed to the Underwriter, to the effect that, based upon its participation in the preparation of the Official Statement and without having undertaken to determine independently the fairness, accuracy or completeness of the statements contained in the Official Statement, such counsel has no reason to believe that, as of the date of the Closing, the Official Statement (excluding therefrom the reports, financial and statistical data and forecasts therein and the information included in the Appendices thereto and information relating to DTC, as to which no advice need be expressed) contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(11) Oversight Board Resolution. A copy of the Oversight Board Resolution.

(12) Oversight Board Certificate. A certificate of the Clerk of the Oversight Board to the effect that the Oversight Board Resolution was validly adopted, remains in full force and effect, and has not been amended, rescinded or otherwise modified since its date of adoption.

(13) Parity Certificate. A copy of the executed certificate of the Agency required to be delivered to the Trustee as a condition of the issuance of the Bonds on a parity with the outstanding Parity Bonds (as defined in the Indenture).

(14) Verification Report. A report, dated the date of the Closing, of \_\_\_\_\_, independent certified public accountants (the "Verification Agent"), to the effect that it has verified the accuracy of the mathematical computations of the adequacy of the deposits in the redemption fund for the Prior Bonds for the full and timely payment of all principal (including premium, if any) and interest due with respect to the portion of the Agency obligations to be defeased with the funds held pursuant to the Escrow Agreement, as are then outstanding on the dates specified in the Official Statement at the then applicable redemption price.

(15) Bond Insurance Policy. The executed Policy of the Insurer insuring the scheduled payment of principal of and interest on the [Insured] Bonds, substantially in the form attached as Appendix G to the Official Statement.

(16) Surety Policy. The executed Surety Policy issued by the Insurer.

(17) Insurer Counsel Opinion. An opinion of counsel to the Insurer, dated as of the date of Closing, addressed to the Underwriter and the Agency in form and substance acceptable to the Underwriter, substantially to the effect that: (i) the Insurer has been duly incorporated and is validly existing and in good standing under the laws of the State of its incorporation; (ii) the Policy and Surety Policy constitute legal, valid and binding obligations of the Insurer enforceable in accordance with their terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization, rehabilitation and other similar laws of general applicability relating to or affecting creditors' and/or claimants' rights against insurance companies and to general equity

principles; and (iii) the information contained in the Official Statement under the caption "MUNICIPAL BOND INSURANCE" does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(18) Additional Documents. Such additional certificates, instruments and other documents as Bond Counsel, the Agency or the Underwriter may reasonably deem necessary.

All the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Purchase Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance satisfactory to the Underwriter.

If the Agency or the Trustee shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds contained in this Purchase Agreement, if the Agency shall determine in good faith (and provide written notice to the Underwriter) that legislation has been introduced or proposals made by the Governor of the State which if enacted and effective would impose additional limitations or burdens on the Agency or the County by reason of the issuance of the Bonds or which purport to prohibit the issuance of the Bonds, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and the Underwriter shall be under no further obligation hereunder.

8. Termination. The Underwriter shall have the right to terminate this Purchase Agreement, without liability therefor, by notification to the Agency if at any time between the date hereof and prior to the Closing:

(a) any event shall occur which causes any statement contained in the Official Statement to be materially misleading or results in a failure of the Official Statement to state a material fact necessary to make the statements in the Official Statement, in the light of the circumstances under which they were made, not misleading; or

(b) the marketability of the Bonds or the market price thereof, in the opinion of the Underwriter, has been materially adversely affected by an amendment to the Constitution of the United States or by any legislation in or by the Congress of the United States or by the State, or the amendment of legislation pending as of the date of this Purchase Agreement in the Congress of the United States, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or the proposal for consideration of legislation by either such Committee or by any member thereof, or the presentment of legislation for consideration as an option by either such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States, or the favorable reporting for passage of legislation to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or any decision of any Federal or State court or any ruling or regulation (final, temporary or proposed) or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other federal or State authority materially adversely affecting the federal or State tax status of the Agency, or the interest on bonds or notes or obligations of the general character of the Bonds; or

(c) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department or agency of the State, or a decision by any court of competent jurisdiction within the State or any court of the United States shall be rendered which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of the Bonds; or

(d) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of, or that obligations of the general character of the Bonds, or the Bonds, are not exempt from registration under, any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or that the First Supplement needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect; or

(e) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange which restrictions materially adversely affect the Underwriter's ability to trade the Bonds; or

(f) a general banking moratorium shall have been established by federal or State authorities; or

(g) the United States has become engaged in hostilities which have resulted in a declaration of war or a national emergency or there has occurred any other outbreak of hostilities or a national or international calamity or crisis, or there has occurred any escalation of existing hostilities, calamity or crisis, financial or otherwise, the effect of which on the financial markets of the United States being such as, in the reasonable opinion of the Underwriter, would affect materially and adversely the ability of the Underwriter to market the Bonds; or

(h) any rating of the Bonds shall have been downgraded, suspended or withdrawn by a national rating service, which, in the Underwriter's reasonable opinion, materially adversely affects the marketability or market price of the Bonds; or

(i) the commencement of any action, suit or proceeding described in Section 5(g) hereof which, in the judgment of the Underwriter, materially adversely affects the market price of the Bonds; or

(j) there shall be in force a general suspension of trading on the New York Stock Exchange.

9. Expenses. The Agency will pay or cause to be paid the approved expenses incident to the performance of its obligations hereunder and certain expenses relating to the sale of the Bonds, including, but not limited to, (a) the cost of the preparation and printing or other reproduction of the Agency Legal Documents (other than this Purchase Agreement); (b) the fees and disbursements of Bond Counsel, Disclosure Counsel, the Financial Advisor, Fiscal Consultant and any other experts or



other consultants retained by the Agency; (c) the costs and fees of the credit rating agencies; (d) the cost of preparing and delivering the definitive Bonds; (e) the cost of providing immediately available funds on the Closing Date; (f) the cost of the printing or other reproduction of the Preliminary Official Statement and Official Statement and any amendment or supplement thereto, including a reasonable number of certified or conformed copies thereof; (g) the Underwriter's out-of-pocket expenses incurred with the financing; (h) the fees of Digital Assurance Certification for a continuing disclosure undertaking compliance review; and (i) expenses (included in the expense component of the spread) incurred on behalf of the County's or the Agency's employees which are incidental to implementing this Purchase Agreement. The Underwriter will pay the expenses of the preparation of this Purchase Agreement and all other expenses incurred by the Underwriter in connection with the public offering and distribution of the Bonds, and the fee and disbursements of Underwriter's Counsel. The Underwriter is required to pay the fees of the California Debt and Investment Advisory Commission in connection with the offering of the Bonds. The Agency acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider such fees. Notwithstanding that such fees are solely the legal obligation of the Underwriter, the Agency agrees to reimburse the Underwriter for such fees.

The Underwriter shall pay, and the Agency shall be under no obligation to pay, all expenses incurred by the Underwriter in connection with the public offering and distribution of the Bonds.

10. Notices. Any notice or other communication to be given to the Agency under this Purchase Agreement may be given by delivering the same in writing at the Agency's address set forth above; Attention: Executive Director, and to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to Stifel Nicolaus & Company, Incorporated, One Montgomery Street, 35<sup>th</sup> Floor, San Francisco, California 94104, Attention: Ralph Holmes.

11. Parties in Interest. This Purchase Agreement is made solely for the benefit of the Agency and the Underwriter and no other person shall acquire or have any right hereunder or by virtue hereof. All of the representations, warranties and agreements of the Agency contained in this Purchase Agreement shall remain operative and in full force and effect, regardless of: (i) any investigations made by or on behalf of the Underwriter; (ii) delivery of and payment for the Bonds pursuant to this Purchase Agreement; and (iii) any termination of this Purchase Agreement.

12. Effectiveness and Counterpart Signatures. This Purchase Agreement shall become effective upon the execution of the acceptance by an authorized officer of the Agency and shall be valid and enforceable at the time of such acceptance and approval. This Purchase Agreement may be executed by the parties hereto by facsimile transmission and in separate counterparts, each of which when so executed and delivered (including delivery by facsimile transmission) shall be an original, but all such counterparts shall together constitute but one and the same instrument.

13. Headings. The headings of the sections of this Purchase Agreement are inserted for convenience only and shall not be deemed to be a part hereof.

14. Governing Law. This Purchase Agreement shall be construed in accordance with the laws of the State of California.

Very truly yours,

STIFEL, NICOLAUS & COMPANY,  
INCORPORATED

By: \_\_\_\_\_  
Its: Authorized Officer

Accepted:

SUCCESSOR AGENCY TO THE OAKLEY REDEVELOPMENT AGENCY

By: \_\_\_\_\_  
Executive Director

**EXHIBIT A**

**SUCCESSOR AGENCY TO THE OAKLEY REDEVELOPMENT AGENCY  
(OAKLEY REDEVELOPMENT PROJECT AREA)  
TAX ALLOCATION REFUNDING BONDS,  
SERIES 2015A**

<i>Maturity Date (September 1)</i>	<i>Amount</i>	<i>Coupon</i>	<i>Yield</i>	<i>Price</i>
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**SUCCESSOR AGENCY TO THE OAKLEY REDEVELOPMENT AGENCY  
(OAKLEY REDEVELOPMENT PROJECT AREA)  
TAXABLE TAX ALLOCATION REFUNDING BONDS, SERIES 2015B**

<i>Maturity Date (September 1)</i>	<i>Amount</i>	<i>Coupon</i>	<i>Yield</i>	<i>Price</i>
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**EXHIBIT B**

RULE 15c2-12 CERTIFICATE

The undersigned hereby certifies and represents to Stifel, Nicolaus & Company, Incorporated (the "Underwriter") that [he/she] is a duly appointed and acting officer of the Successor Agency to the Oakley Redevelopment Agency authorized to execute this Certificate, and as such is to execute and deliver this Certificate and further hereby certify and reconfirm on behalf of the Agency to the Underwriter as follows:

(1) This Certificate is delivered to enable the Underwriter to comply with Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") in connection with the offering and sale of the Successor Agency to the Oakley Redevelopment Agency's (i) Tax Allocation Refunding Bonds, Series 2015A and (ii) Taxable Tax Allocation Refunding Bonds, Series 2015B (collectively, the "Bonds").

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated as of \_\_\_\_\_, 2015, setting forth information concerning the Bonds and the Agency, as issuer of the Bonds (the "Preliminary Official Statement").

(3) As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters and the identity of the underwriter(s), all with respect to the Bonds.

(4) The Preliminary Official Statement is, except for the Permitted Omissions, deemed final within the meaning of the Rule and has been, and the information therein is accurate and complete in all material respects except for the Permitted Omissions.

(5) If, at any time prior to the execution of the final contract of purchase, any event occurs as a result of which the Preliminary Official Statement might include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Agency shall promptly notify the Underwriter thereof.

IN WITNESS WHEREOF, I have hereunto set my hand as of the \_\_ day of \_\_\_\_\_, 2015.

SUCCESSOR AGENCY TO THE OAKLEY  
REDEVELOPMENT AGENCY

By \_\_\_\_\_  
Authorized Officer



## STAFF REPORT

**Date:** February 10, 2015  
**To:** Bryan H. Montgomery, City Manager  
**From:** Paul Abelson, Finance Director  
**SUBJECT:** Resolution Approving Successor Agency Mid-Year Financial Status Report

Approved and Forwarded to the Oakley  
City Council, as the Board of the  
Successor Agency to the Oakley  
Redevelopment Agency

  
Bryan H. Montgomery, City Manager

### Background and Analysis

The Successor Agency follows a statutory process for its spending plan defined by the State and subject to their approval each six-months, commonly referred to as its ROPS process (ROPS standing for the Recognized Obligations Payment Schedule that defines allowable expenditures). City policy is that a mid-year financial report be presented to the City Council; and because the ROPS process does not adequately do so, Staff has prepared the attached Mid-Year Financial Status Report for the Successor Agency in its place.

### Fiscal Impact

There is no fiscal impact resulting from review or approval of the attached report. The report is intended to ensure the Agency provides ongoing public financial reporting to the Board and Public consistent with the City's policies governing its other operations.

### Recommendation

Staff recommends the Board adopt the Resolution Approving the attached Successor Agency Mid-Year Financial Status Report.

### Attachments

1. Mid-Year Financial Status Report
2. Resolution

**City of Oakley, as Successor Agency to the Oakley  
Redevelopment Agency  
Midyear Financial Status Report  
Fiscal Year 2014-15**

**Contents**

Executive Summary

Summary of Agency Assets

Summary of Debts, Project and Administrative Obligations

Summary of Impacts Resulting from the Elimination of the Oakley  
Redevelopment Agency

Presented to the City Council on February 10, 2015

## **Executive Summary**

The details outlined in the report below provide an update on the financial status of the Successor Agency to the Oakley Redevelopment Agency (the Successor Agency) at mid-year.

In the separate sections below, our intent is to clearly provide information regarding the assets currently held by the Successor Agency, and its obligations.

Expenditures in the second half of the year are expected to include only those for debt service, property management and maintenance (including property taxes) for Agency owned properties, administration, bond related reporting services, audit costs, and contractual obligations related to completed and completing capital projects.

Funding for these expenditures will come from receipts of property taxes allowed by the Department of Finance, rents, common area maintenance charges paid by tenants, and from bond funds, predominantly those made available from the final sale of Agency property originally purchased using bond proceeds.

The Agency is also expecting to refund its 2003 Bonds, with any related expenses paid from the proceeds of the refunding. Should the refunding not occur some expenses will be paid from other unrestricted Agency revenues, when available.



## **Summary of Agency Assets**

The Successor Agency had on hand at December 31, 2014, the following assets:

### **Cash held to meet Bond Covenants:**

<b>Asset Held:</b>	<b>Restricted Assets</b>	<b>Unrestricted Assets</b>
Cash Reserves for its 2003 Bonds, held by its Trustee	\$ 674,830	
Cash Reserves for its 2008 Bonds, held by its Trustee	\$1,999,750	
Cash Pledged for upcoming 2003 Bond Debt Service payments, held by the Trustee	\$13	
Cash Pledged for upcoming 2008 Bond Debt Service payments, held by the Trustee	\$ 190	
<b>Totals</b>	<b><u>\$2,674,783</u></b>	<b><u>\$ -0-</u></b>

**Bond Proceeds and Assets having been acquired with Bond Proceeds:**

<b>Asset Held:</b>	<b>Restricted Assets</b>	<b>Unrestricted Assets</b>
Bond Proceeds held for Projects (held in a separate account)	\$17,871	
Real Property held by the City, purchased with Bond Proceeds (carried at lower of cost or estimated market value)	\$2,803,630	
<b>Totals</b>	<b><u>\$2,821,501</u></b>	<b><u>\$ -0-</u></b>

*(The above restricted amounts are restricted to uses authorized by bond covenants. In addition, cash sale proceeds for any property acquired using tax-exempt bond proceeds, must be reinvested in a qualifying public project – typically infrastructure- within two years of the sale, or must be deposited into an escrow to pay off future bonds, as early as permitted by the bond documents. Using the funds for other purposes voids the bond's tax-exempt status.)*

*Note that infrastructure assets constructed by the Agency, not held for redevelopment or sale, have been excluded from the above. A proposal to officially transfer those assets to the City is currently pending with the Department of Finance.*

**Assets Not Restricted by Bond Covenants:**

<b>Asset Held:</b>	<b>Restricted Assets</b>	<b>Unrestricted Assets</b>
Cash and Investments*	\$35,104	\$135,963
Land purchased originally by the RDA**		\$ 4,299,462
Other Real Property, constructed by the RDA		\$2,353,735
Long-Term Notes Receivable		\$ 0
<b>Totals</b>	<b><u>\$ 35,104</u></b>	<b><u>\$6,789,160</u></b>

*\*Restricted Cash and Investments include tenant deposits, and amounts for outstanding checks and interfund charges billed, but not yet transferred. Unrestricted cash and investments are all committed towards paying January through June expenditures in the 14-15B ROPS.*

*\*\*Some of the land reported here at cost, is likely not salable and likely will be transferred to the City for future right of way, small downtown parking lots, and/or beautification projects. In addition to what's shown in the table, the Agency has public infrastructure assets on the books totaling \$15.2 million that are not salable and are expected ultimately to be transferred to the City. The assets include existing rights of way and street improvements, traffic signals, and other public facilities.*

## **Summary of Debts, Project and Administrative Obligations**

At December 31, 2014, the Successor Agency had the following Debts:

<b>Debts:</b>	<b>Amount Outstanding</b>
Outstanding Principal on the Agency's 2003 Bonds (including the Housing portion, pursuant to AB 1x26)	\$6,150,000
Outstanding Principal on the Agency's 2008 Tax-Exempt Bonds	\$24,050,000
Total	<u>\$30,200,000</u>

### **Project Obligations**

The Successor Agency has the following project related obligations at December 31, 2014 (known and estimated). Funding for all three are from bond proceeds.

<b>Project Obligations</b>	<b>Estimated Amount</b>
Estimated Staff Costs for processing and overseeing previously completed projects	\$161,893*
Directional/Wayfinding Signage Projects	\$51,878**
Frontage Improvements on Main Street between the Raley's Shopping Center and Shurgard Storage Center	\$880,000**
Total	<u>\$1,093,771</u>

\*The amount remains unpaid due to a lack of funds in the bond accounts.

\*\* Project has been stopped or deferred until funds are available.

**Pursuant to AB 1x26, at December 31, 2013, the Successor Agency had the following Administrative/Other Obligations:**

**Other Financial Obligations:**

Local agency pass-throughs obligations have been transferred to the County Auditor Controller. They are paid after bond debt service, so long as and to the extent tax increment is sufficient. Any amounts the County is unable to pay become future obligations, also administered by the County Auditor Controller. The amount of accumulated, unpaid pass-through obligations shown in his Office's most recent calculation was approximately \$1,288,473, as of December 31, 2014.

Under the new law, the Successor Agency receives tax revenues only in amounts necessary to pay recognized, enforceable obligations, which means the Agency does, and will continue, to exist in survival mode financially speaking. Its financial position is never expected to again become "strong", and it will require vigilance to ensure cash flows requested far in advance, as mandated by DOF, remain sufficient to meet upcoming obligations.

The Agency has a financial obligation to pay the City amounts for administering and staffing the Successor Agency. The amount is 3% of the tax increment, but no less than \$250,000 per year, and is subordinated to both debt service and pass-through obligations. Tax revenues are not yet sufficient to pay these amounts and the full \$250,000. Administrative costs, therefore, are in part paid from other Agency revenues (principally from rental income).

***Performance Obligations:***

The Successor Agency is obligated to perform the following activities:

- Coordinate with the County Auditor Controller regarding the administration of Tax Increment, and the repayment of the Agency's debts, including pass-throughs to other local agencies.
- Administer the Agency's funds and resources to preserve the maximum value for local agencies; including the continued maintenance and management of properties until they are sold.
- Satisfy all outstanding enforceable obligations of the Agency timely, including bond covenants, using the resources of the Successor Agency and those provided by the County Auditor pursuant to AB 1x26 and AB 1484, as approved by the Department of Finance. This means the Agency must meet both the financial obligations of the Agency, as well as the performance obligations, including projects as well as debt and administration related obligations.
- To prepare Recognized Obligations Payment Schedules for each 6-month period, as required by the Dissolution Act, for approval by the Oversight Board and Department of Finance.
- Arrange for the external audit of the Successor Agency, as required to meet bond covenants for the June 30, 2015 audit and each year thereafter until the Agency is terminated.

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OAKLEY, AS  
SUCCESSOR AGENCY TO THE OAKLEY REDEVELOPMENT AGENCY,  
APPROVING THE MID-YEAR FINANCIAL STATUS REPORT**

**NOW, THEREFORE, BE IT RESOLVED** that the City Council, as the Board of the Successor Agency of the Oakley Redevelopment Agency, approves the Mid-Year Financial Status Report attached hereto as Exhibit A.

The foregoing resolution was adopted at a regular meeting of the City Council, held on the 10<sup>th</sup> day of February 2015, by the following vote:

AYES:

NOES:

ABSTENTION:

ABSENT:

APPROVED: \_\_\_\_\_

Doug Hardcastle, Chair

ATTEST:

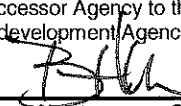
\_\_\_\_\_  
Libby Vreonis, Secretary



## STAFF REPORT

**Date:** February 10, 2015  
**To:** Bryan H. Montgomery, City Manager  
**From:** Paul Abelson, Finance Director  
**SUBJECT:** City of Oakley as Successor Agency to the Oakley Redevelopment Agency-Quarterly Investment Report (2nd Quarter FY 2014-2015)

Approved and Forwarded to the Oakley  
City Council, as the Board of the  
Successor Agency to the Oakley  
Redevelopment Agency

  
Bryan Montgomery, City Manager

### Background and Analysis

California law and the City's Investment Policy require the Agency's fiscal officer to submit a quarterly investment report to the Agency's governing board. The report should contain information on all securities held, and include a statement denoting the ability of the local agency to meet its expenditure requirements for the next six months.

### Fiscal Impact

The Investment Report for the Period Ending December 31, 2014 attached shows balances of \$198,058.95 in cash for operations and \$2,675,059.18 in bond reserves held by the Bond Trustee.

The Agency is in compliance with the City's annually adopted investment policy; however, it continues to struggle to meet expenditure requirements. While there was sufficient tax revenues distributed to the Agency in June, when combined with amounts set aside in January and accumulated between January and June, to make the Agency's bond debt service payments in September, funding is still insufficient to pay prior unpaid property tax pass-through obligations to other taxing agencies, current period pass-throughs, operating costs and remaining project costs. With increased property tax revenues this year, the Agency's funding is improved, but not yet sufficient to meet all of its needs.

### Recommendation

Staff recommends the City Council, as the Board of the Successor Agency, accept the investment report for the 2nd Quarter of Fiscal Year 2014-2015.

### Attachments

City of Oakley as Successor Agency to the Redevelopment Agency Investment Report for the quarter ended December 31, 2014





City of Oakley as Successor Agency to the  
Oakley Redevelopment Agency

**Quarterly Investment Report**

For the Quarter Ended December 31, 2014

Type*	Name of Institution	Rate	Maturity***	Cost Amount	Market Value
<b>Investments in Wells Fargo Bank Account</b>					
	Successor Agency Checking	0.020%	N/A	\$ 198,058.95	\$ 198,058.95
<b>Total Investments Other than Bond Proceeds</b>				<b>198,058.95</b>	<b>198,058.95</b>
<b>Investments with Wells Fargo Trust (bond proceeds): **</b>					
<b>2003 Taxable Allocation Bonds</b>					
9	<i>Government Money Market</i> Wells Fargo Advantage Gov MM Svc	0.010%	N/A	674,858.79	674,858.79
<b>2008 Tax Exempt Tax Allocation Bonds</b>					
9	<i>Government Money Market</i> California Asset Management Trust	0.050%	N/A	2,000,200.39	2,000,200.39
<b>Total Investments of Bond Proceeds</b>				<b>2,675,059.18</b>	<b>2,675,059.18</b>
<b>Total Agency Investments</b>				<b>\$ 2,873,118.13</b>	<b>\$ 2,873,118.13</b>

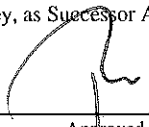
\* Type of investment as described in Authorized Investments section of the City's adopted Investment Policy

- |                                      |                       |                                 |
|--------------------------------------|-----------------------|---------------------------------|
| 1. U.S Government Securities         | 5. Bankers Acceptance | 9. Money market funds           |
| 2. U.S. Government Agency Securities | 6. Commercial Paper   | 10. Repurchase agreements       |
| 3. Local Agency Investment Fund      | 7. Medium term notes  | 11. CalTRUST Short Term Account |
| 4. Certificates of Deposit           | 8. Mutual funds       | 12. Overnight Sweep             |

\*\* Investment of bond proceeds is governed by each bond's Trust Agreement. All of the amounts with Wells Fargo Trust are debt service reserve funds. Investment income remains with the individual bond accounts.

\*\*\* All Successor Agency accounts have same day or next day liquidity

The City of Oakley, as Successor Agency to the Oakley Redevelopment Agency, is in compliance with the City's annually adopted investment policy.

  
\_\_\_\_\_  
Approved by Paul Abelson  
Finance Director

1/30/15  
Date



Agenda Date: 02/10/2015  
Agenda Item: 3.15

## STAFF REPORT

**Date:** February 10, 2015  
**To:** Bryan H. Montgomery, City Manager  
**From:** Paul Abelson, Finance Director  
**SUBJECT:** **Resolution Approving a Recognized Obligations Payment Schedule For the Six Month Period July to December 2015**

Approved and Forwarded to City Council, as the Board of the Successor Agency to the Oakley Redevelopment Agency:

  
Bryan Montgomery, City Manager

### **Background and Analysis**

State Law requires the Successor Agency Board adopt Recognized Obligations Payment Schedules (ROPS) for each six-month period. Attached is the completed ROPS, in the form provided by the State Department of Finance (DOF) for this period. The ROPS attached must be approved by the Agency's Board and Oversight Board, and submitted to DOF by March 1, 2015. DOF must also approve before the County Auditor-Controller will release property taxes in June for the upcoming July to December period.

### **Fiscal Impact**

For items approved by DOF, the ROPS defines the payments allowed by the Successor Agency. The expenditures proposed are limited to paying remaining enforceable obligations, debt service, amounts necessary to maintain the Agency's properties, and to pay the City the administrative allowance allowed under statute. With savings in the last year, we expect to be able to apply \$120,000 of net rental income towards these expenses, and thus reduce the amount of property tax requested to pay for debt service, and administrative costs. The net benefit flows to the local agencies, as prescribed in the Dissolution Act.

### **Recommendation**

Staff recommends the Board adopt the attached Resolution approving the ROPS attached for the six month period July – December 2015.

### **Attachments**

1. Resolution and Recognized Obligations Payment Schedule for July – December 2015.

**Recognized Obligation Payment Schedule (ROPS 15-16A) - Summary**

Filed for the July 1, 2015 through December 31, 2015 Period

**Name of Successor Agency:** Oakley  
**Name of County:** Contra Costa

<b>Current Period Requested Funding for Outstanding Debt or Obligation</b>		<b>Six-Month Total</b>
<b>Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF) Funding</b>		
<b>A Sources (B+C+D):</b>		<b>\$ 1,284,374</b>
B Bond Proceeds Funding (ROPS Detail)		1,099,374
C Reserve Balance Funding (ROPS Detail)		100,000
D Other Funding (ROPS Detail)		85,000
<b>E Enforceable Obligations Funded with RPTTF Funding (F+G):</b>		<b>\$ 1,520,002</b>
F Non-Administrative Costs (ROPS Detail)		1,395,002
G Administrative Costs (ROPS Detail)		125,000
<b>H Current Period Enforceable Obligations (A+E):</b>		<b>\$ 2,804,376</b>

<b>Successor Agency Self-Reported Prior Period Adjustment to Current Period RPTTF Requested Funding</b>		
I Enforceable Obligations funded with RPTTF (E):		1,520,002
J Less Prior Period Adjustment (Report of Prior Period Adjustments Column S)		-
<b>K Adjusted Current Period RPTTF Requested Funding (I-J)</b>		<b>\$ 1,520,002</b>

<b>County Auditor Controller Reported Prior Period Adjustment to Current Period RPTTF Requested Funding</b>		
L Enforceable Obligations funded with RPTTF (E):		1,520,002
M Less Prior Period Adjustment (Report of Prior Period Adjustments Column AA)		-
<b>N Adjusted Current Period RPTTF Requested Funding (L-M)</b>		<b>1,520,002</b>

Certification of Oversight Board Chairman:  
 Pursuant to Section 34177 (m) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named agency.

Name	Title
/s/ _____	
Signature	Date

**Recognized Obligation Payment Schedule (ROPS 15-16A) - ROPS Detail**  
**July 1, 2015 through December 31, 2015**  
 (Report Amounts in Whole Dollars)

A Item #	B Project Name / Debt Obligation	C Obligation Type	D Contract/Agreement Execution Date	E Contract/Agreement Termination Date	F Payee	G Description/Project Scope	H Project Area	I Total Outstanding Debt or Obligation	J Retired	K, L, M, N, O Funding Source					P Six-Month Total
										Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)			RPTTF		
										Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	
								\$ 53,933,885		\$ 1,099,374	\$ 100,000	\$ 85,000	\$ 1,395,002	\$ 125,000	\$ 2,804,376
1	2003 TABS DS	Bonds Issued On or Before 12/31/10	11/1/2003	9/1/2028	Wells Fargo Corporate	Debt Service Payable in September	Oakley	9,410,113	N				380,572		\$ 380,572
2	2008 Tax Exempt TABS DS	Bonds Issued On or Before 12/31/10	5/1/2008	9/1/2038	Wells Fargo Corporate Trust	Debt Service Payable in September and March of each year	Oakley	42,671,398	N				1,004,430		\$ 1,004,430
3	Annual Trustee/Fiscal Agent Fees	Fees	11/1/2003	9/1/2028	Wells Fargo Corporate Trust	Annual Trustee Fes for 2003 Bonds	Oakley	36,000	N				2,500		\$ 2,500
4	Annual Trustee/Fiscal Agent Fees	Fees	5/1/2008	9/1/2038	Wells Fargo Corporate Trust	Annual Trustee Fes for 2008 Bonds	Oakley	63,000	N				2,500		\$ 2,500
5	Continuing Disclosure Services	Fees	7/18/2005	9/1/2028	NBS Financial	Annual Continuing Disclosure Services for 2003 Bonds	Oakley	32,000	N				2,000		\$ 2,000
6	Continuing Disclosure Services	Fees	5/1/2008	9/1/2038	NBS Financial	Annual Continuing Disclosure Services for 2008 Bonds	Oakley	52,000	N				2,000		\$ 2,000
7	Data for Continuing Disclosures	Fees	1/1/2014	9/1/2038	Hindenliter, DeLamas (HdL)	Data for Continuing Disclosures (used for both the 2003 and 2008 Bonds)	Oakley	15,000	N				1,000		\$ 1,000
9	Annual External Audit	Dissolution Audits	1/1/2014	9/1/2039	Current External Auditor is Maze and Associates	Required external audit of the SA pursuant to bond covenants/other requirements.	Oakley	-	y						\$ -
10	Debt Service Reserve Fund	Reserves	1/1/2014	9/3/2015	Wells Fargo Corporate Trust	Set aside for debt service due in September 2015- applied to reduce the RPTTF request for 2003 Sr Bonds DS	Oakley	100,000	N		100,000				\$ 100,000
11	SA Administrative Allowance	Admin Costs	1/1/2014	6/30/2015	City of Oakley	Administrative allowance for the 15-16A ROPS, as prescribed (\$125k, including the Annual External Audit )	Oakley	125,000	N					125,000	\$ 125,000
13	Property Common Area Maintenance and Property Taxes	Property Maintenance	1/1/2014	6/30/2015	Various contractors and utilities	Property taxes, mainenance and common area charges to operate owned properties purusant to existng leases and obligation to maintain properties. (Hoping to dispose within the next 12-24 months. Most are proposed to be conveyed to the City in the Property Management Plan currently under review by DOF).	Oakley	180,000	N			60,000			\$ 60,000
18	Downtown Project	Improvement/Infrastructure	8/9/2011	6/30/2015	TBD	CentroMart Façade and Building improvements represented as part of DDAs	Oakley		y						\$ -
19	Downtown Project	Improvement/Infrastructure	8/9/2011	6/30/2015	Bay Cities	Oakley Plaza Public Parking improvements represented as part of DDAs - Negotiating Final Payment for this and item 21 below. Amount shown is the total of the current expected payment. (They claim the payment due is greater)	Oakley		y						\$ -
21	Downtown Project	Improvement/Infrastructure	8/9/2011	6/30/2015	Bay Cities	Construction of Main Street Improvements represented as part of DDAs (See above note in item 19 (The \$750,000 amount is the total combined anticipated final payment for the two items)	Oakley		y						\$ -
23	Directional Sign Project	Improvement/Infrastructure	8/9/2011	6/30/2015	Ellis and Ellis Sign Systems	Costs for fabrication and installation of directional monument signs.	Oakley	51,878	N	51,878					\$ 51,878
24	Main Street Frontage Improvements	Improvement/Infrastructure	2/1/2009	6/30/2015	TBD	Main Street frontage improvements to Conco Land Company proeprty on Main Street (APNs 037-100-048 and 037-100-049) pursuant to dedication agreement.	Oakley	880,000	N	880,000					\$ 880,000

**Recognized Obligation Payment Schedule (ROPS 15-16A) - ROPS Detail**  
**July 1, 2015 through December 31, 2015**  
 (Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K				L	M	N	O	P
										Funding Source								
										Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)		RPTTF						
Item #	Project Name / Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	Six-Month Total			
28	Downtown Project	Professional Services	7/12/2011	6/30/2015	Mark Thomas Engineering	Completion of Design Work for Downtown Main Street Project	Oakley	5,603	N	5,603						\$ 5,603		
32	Building Maintenance for unleased RE Owned	Property Maintenance	1/1/2014	6/30/2015	Various	Maintenance and other services/utilities directly related to unleased properties, until they are leased or sold. (As mentioned above, we hope to complete disposition of most of these in the next 12-24 months, and the obligation will retire when the properties are finally disposed.)	Oakley	150,000	N			25,000				\$ 25,000		
34	LMIHF DDR Remainder	Miscellaneous	8/23/2013	12/31/2014	County Auditor Controller	LMIHF DDR Payment to CAC when funds are available	Oakley		y							\$ -		
35	AOF DDR Remainder	Miscellaneous	10/16/2013	12/31/2014	County Auditor Controller	AOF DDR Payment to CAC when funds are available	Oakley		y							\$ -		
41	Need to reinstate project costs for prior item 22.	Professional Services	8/9/2011	6/30/2015	City of Oakley	Staff time for project management for items 19 and 21.		161,893	N	161,893						\$ 161,893		
42									N							\$ -		
43									N							\$ -		
44									N							\$ -		
45									N							\$ -		
46									N							\$ -		
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**Recognized Obligation Payment Schedule (ROPS 15-16A) - Report of Cash Balances**  
(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see <a href="https://rad.dof.ca.gov/rad-sa/pdf/Cash_Balance_Agency_Tips_Sheet.pdf">https://rad.dof.ca.gov/rad-sa/pdf/Cash_Balance_Agency_Tips_Sheet.pdf</a> .									
A	B	C	D	E	F	G	H	I	
Cash Balance Information by ROPS Period		Fund Sources					Comments		
		Bond Proceeds		Reserve Balance		Other			RPTTF
		Bonds Issued on or before 12/31/10	Bonds Issued on or after 01/01/11	Prior ROPS period balances and DDR RPTTF balances retained	Prior ROPS RPTTF distributed as reserve for future period(s)	Rent, Grants, Interest, Etc.			Non-Admin and Admin
<b>ROPS 14-15A Actuals (07/01/14 - 12/31/14)</b>									
1	Beginning Available Cash Balance (Actual 07/01/14)	27,188			313,000	18,612	184,108	RPTTF balance determined by DOF in approving t	
2	Revenue/Income (Actual 12/31/14) RPTTF amounts should tie to the ROPS 14-15A distribution from the County Auditor-Controller during June 2014	663,385				1,596,834	1,083,555	Other Revenue includes Settlement payment from	
3	Expenditures for ROPS 14-15A Enforceable Obligations (Actual 12/31/14) RPTTF amounts, H3 plus H4 should equal total reported actual expenditures in the Report of PPA, Columns L and Q	672,702			313,000	1,472,315	1,261,460	Expenditure includes final DDR payments made in	
4	Retention of Available Cash Balance (Actual 12/31/14) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)								
5	ROPS 14-15A RPTTF Prior Period Adjustment RPTTF amount should tie to the self-reported ROPS 14-15A PPA in the Report of PPA, Column S	No entry required							
6	Ending Actual Available Cash Balance C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)	\$ 17,871	\$ -	\$ -	\$ -	\$ 143,131	\$ 6,203		
<b>ROPS 14-15B Estimate (01/01/15 - 06/30/15)</b>									
7	Beginning Available Cash Balance (Actual 01/01/15) (C, D, E, G = 4 + 6, F = H4 + F4 + F6, and H = 5 + 6)	\$ 17,871	\$ -	\$ -	\$ -	\$ 143,131	\$ 6,203		
8	Revenue/Income (Estimate 06/30/15) RPTTF amounts should tie to the ROPS 14-15B distribution from the County Auditor-Controller during January 2015			100,000		105,000	905,002		
9	Expenditures for ROPS 14-15B Enforceable Obligations (Estimate 06/30/15)	17,871				85,000	905,002		
10	Retention of Available Cash Balance (Estimate 06/30/15) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)							We continue to try to keep costs down so that "other" revenues cover expenses and then some, but recent losses of tenants, and increased CAM costs make this challenging for now. Maintaining some cash on hand is necessary to meet property maintenance obligations as they arise. Our request is to retain \$20,000 for this purpose. Note, when we have an approved PMP, and can dispose of/transfer some of the property, that will help reduce costs. (Our PMP was submitted in late November and is currently under review. ). In addition, we are requesting the retention of \$30,000 for consultants/surveyors/appraisals and other services related to the disposition of properties pursuant to the PMP. Funds would be used to determine the uses/approaches designed to best maximize value, and assist with the marketing/sale of those properties that are ultimately designated for sale.	
11	Ending Estimated Available Cash Balance (7 + 8 - 9 - 10)	\$ -	\$ -	\$ 100,000	\$ -	\$ 50,000	\$ -	These projected remaining balances can be used to offset the requested 15-16A RPTTF allocation.	









RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE CITY COUNCIL, AS THE BOARD OF THE SUCCESSOR  
AGENCY TO THE OAKLEY REDEVELOPMENT AGENCY, APPROVING A  
RECOGNIZED OBLIGATIONS PAYMENT SCHEDULE FOR JULY-DECEMBER 2015**

**NOW, THEREFORE, BE IT RESOLVED** that the City Council, as the Board of the Successor Agency of the Oakley Redevelopment Agency, approves the attached Recognized Obligations Payment Schedule for July – December 2015 attached hereto as Exhibit A.

The foregoing resolution was adopted at a regular meeting of the Successor Agency Board, held on the 10<sup>th</sup> day of February 2015, by the following vote:

AYES:

NOES:

ABSTENTION:

ABSENT:

APPROVED: \_\_\_\_\_

Doug Hardcastle, Chair

ATTEST:

\_\_\_\_\_  
Libby Vreonis, Secretary



## STAFF REPORT

Approved and forwarded to City Council

A handwritten signature in blue ink, appearing to read "B. Montgomery", is written over a horizontal line.

Bryan H. Montgomery, City Manager

**Date:** February 10, 2015  
**To:** Bryan H. Montgomery, City Manager  
**From:** Kenneth W. Strelow, Senior Planner  
**SUBJECT:** **Bella Estates Minor Subdivision 14-978 (TPM 03-14, VA 02-14)**

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### Summary

This is a request by Charles Capp of Bellecci and Associates, Inc. ("Applicant") for approval of 1) a tentative parcel map (MS 14-978) to split one 5-acre lot into four lots for future single family residential development plus one remainder lot, and 2) a variance allowing two of the lots to not meet the 1-acre minimum lot size required by the subject zoning district ("Project"). The variance would allow the project to meet the maximum gross density allowed by the Oakley 2020 General Plan. The site currently has one single family home, which would continue to occupy the remainder lot. The project is located at 1289 Laurel Road and is zoned AL (Limited Agriculture) District. APN 034-080-034.

Staff recommends the City Council adopt the resolution approving TPM 03-14 and VA 02-14, as conditioned.

### Background

#### Previous Preliminary General Plan Amendment

On September 10, 2013, the City Council deliberated on a preliminary General Plan Amendment for the project site. At that meeting, the property owner requested feedback on the potential to apply for a General Plan land use amendment to re-designate the property to Single Family Medium Density ("SM") and eventually subdivide the property into 16-18 residential parcels. The result of the Council deliberations led the property owner to not pursue the General Plan amendment, and instead request a subdivision of the property under the existing General Plan land use designation and zoning district.

## General Plan and Zoning

The General Plan Land Use Designation for the project site is *Agricultural Limited* ("AL") as depicted in the Oakley 2020 General Plan Figure 2-2 (Land Use Diagram). AL designation allows for a maximum density of 1.0 dwelling units per gross acre, per General Plan Table 2-1 (Land Use Designations Densities and Intensities). The site is zoned AL (Limited Agriculture) District, which allows for one detached single family dwelling unit per parcel as a permitted use (Oakley Municipal Code ("OMC") section 9.1.402(b)(2)). Also, General Plan Table 2-6 (General Plan/Zoning Compatibility Matrix) shows the AL District to be consistent with the AL land use designation.

## Surrounding Uses

The project site is located on the eastern edge of an approximately 86-acre area known as the "agricultural core" area of Oakley. This area, situated south of Laurel Road, east of Brown Road and north of Carpenter Road is the largest conglomeration of agriculturally designated and zoned parcels within the City of Oakley. Single family residential and rural residential home sites, as well as Laurel Elementary School, just to the northeast of the project site, surround the property on all sides.

## **Project Description**

### Tentative Parcel Map and Variance

The tentative parcel map (MS 14-978) shows the 5-acre property as five lots of approximately 1-acre each, with frontages of approximately 130 feet each. The maximum allowable density per the Agricultural Limited land use in the General Plan is 1.0 dwelling unit per acre, and the minimum lot size allowed by the AL District (Oakley Municipal Code section 9.1.402 (e)) is 1-acre (or 43,560 sf.). The two southern most lots, which will front Daniel Drive, are proposed at exactly 1-acre each (43,560 sf.) prior to the dedication of Daniel Drive. After dedication of Daniel Drive, these two lots will equal 39,609 sf (Parcel A), and 38,960 sf. (Parcel B). Since the minimum lot size required by the AL District is 1-acre or 43,560 sf., and lot sizes are measured after any required dedications, a variance must be approved to allow a less than minimum lot size (or "substandard lot") for both parcels.

The Subdivision Map Act (California Government Code section 66424.6) allows property owners to subdivide their property and leave a remainder lot that does not count toward the total number of lots on paper, when the intent is not to sell, lease or finance the remainder lot. In this case, the applicant is creating a five lot subdivision, with one remainder lot, and that lot contains the existing house and a few accessory buildings. The existing house and accessory structures on the remainder lot will meet the minimum setbacks of the AL District.

Parcel D, the northern-most parcel, will include an existing barn. Since accessory structures are required to be accessory to a main building, this barn would become a non-conforming structure once the parcel map is recorded. Potential zoning inconsistencies with a stand-

alone, non-conforming barn on an undeveloped parcel are related to use of the barn and property in a manner inconsistent with the AL District use regulations.

### Daniel Drive Dedication

As a condition of the parcel map, the applicant is required to improve and dedicate the remaining portion of Daniel Drive, which fronts Parcels A and B. Daniel Drive will be constructed to City public road standards for a 40-foot wide roadway within a 60-foot right-of-way, including curb, five-foot monolithic sidewalk.

### **Environmental Review**

This project is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15332 (In-fill Development). The project meets the requirements of this exemption because:

- The project is consistent with the applicable General Plan land use designation (Agricultural Limited) and applicable General Plan policies as well as with applicable zoning designation and regulations (Limited Agriculture District);
- The proposed development occurs within City limits on a project site of no more than five acres substantially surrounded by urban uses (residential public uses);
- The project site has no value as habitat for endangered, rare or threatened species (designated as "urban" on HCP/NCCP map);
- Approval of the project would not result in any significant effects relating to traffic, noise, air quality, or water quality; and
- The site can be adequately served by all required utilities and public services.

### **Required Findings**

The tentative parcel map and variance request were analyzed in relation to the required findings found in the City's subdivision ordinance (adopted County ordinance by reference) and zoning ordinance.

The City Council shall not approve a tentative map unless it finds that the proposed subdivision, together with the provisions for its design and improvement, is consistent with the applicable general plan required by law. When approving the tentative map for a minor subdivision, the advisory agency shall make findings as required concerning the fulfillment of construction requirements.

The City Council shall find the following conditions must exist prior to approval of a variance application:

1. That any variance authorized shall not constitute a grant of special privilege inconsistent with the limitations on other properties in the vicinity and the respective land use district in which the subject property is located;
2. That because of special circumstances applicable to the subject property because of its size, shape, topography, location or surroundings, the strict application of the respective zoning regulations is found to deprive the subject property of rights enjoyed by other properties in the vicinity and within the identical land use district;
3. That any variance authorized shall substantially meet the intent and purpose of the respective land use district in which the subject property is located.

## **Analysis and Findings**

### Tentative Parcel Map

The proposed tentative parcel map represents a subdivision of land that is consistent with the applicable General Plan policies and guidelines in that it results in a gross density of one dwelling unit per acre, which is at the maximum allowable gross density for the Agricultural Limited land use designation, and also consistent the sizes of several other parcels in the vicinity and of the same land use designation. Also, the subdivision will result in the completed improvements to Daniel Drive in a manner consistent with Oakley's right of way improvement design standards.

### Variance

The variance being requested will allow the property to be subdivided to the maximum allowable gross density. If the variance were to be denied, the property could still be subdivided, but in a manner resulting in four parcels, rather than five. That could be done with three 1-acre parcels and one parcel of nearly two acres; with four parcels of approximately 1.25-acres; or with an option somewhere in between.

It is fairly common to find properties in the AL, R-40 and R-20 Districts to be just below the minimum lot size requirements, and normally this is caused by the eventual dedication of right of way after creation of the parcel. In order for this variance to be granted, there can be no special privilege provided to this project that is not generally available to other properties in the vicinity and of the same land use designation. There must also be a special circumstance, due to size, shape, or topography, that does not allow this property the same rights enjoyed by others. And finally, the variance shall substantially meet the intent and purpose of the Agricultural Limited land use designation.

Staff recommends approval of this variance request because, 1) although two of the five parcels are proposed at under one acre, there are several other parcels within this agricultural land use area that are less than one acre. At least two properties on Holmes

Subject: Bella Estates Minor Subdivision 14-978 (TPM 03-14, VA 02-14)

Date: February 10, 2015

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Road and two on Carpenter Road are also less than one acre, and smaller than the proposed Parcels A and B, 2) because of the requirement to dedicate Daniel Drive, the net size of the property is restricted is restricted to just under 5-acres. With approval of the variance, Daniel Drive will eventually be improved, which will benefit other properties, as well as the subject property, and 3) the subdivision will meet the intent of the Agricultural Limited land use designation in that it will result in five approximately 1-acre lots and comply, without variance, to the maximum allowable gross density of 1.0 unit per acre.

### **Findings**

Complete draft findings are included in the attached resolution.

### **Recommendation**

Staff recommends the City Council adopt the resolution approving Bella Estates Minor Subdivision 14-978 (TPM 03-14 and VA 02-14), as conditioned.

### **Attachments**

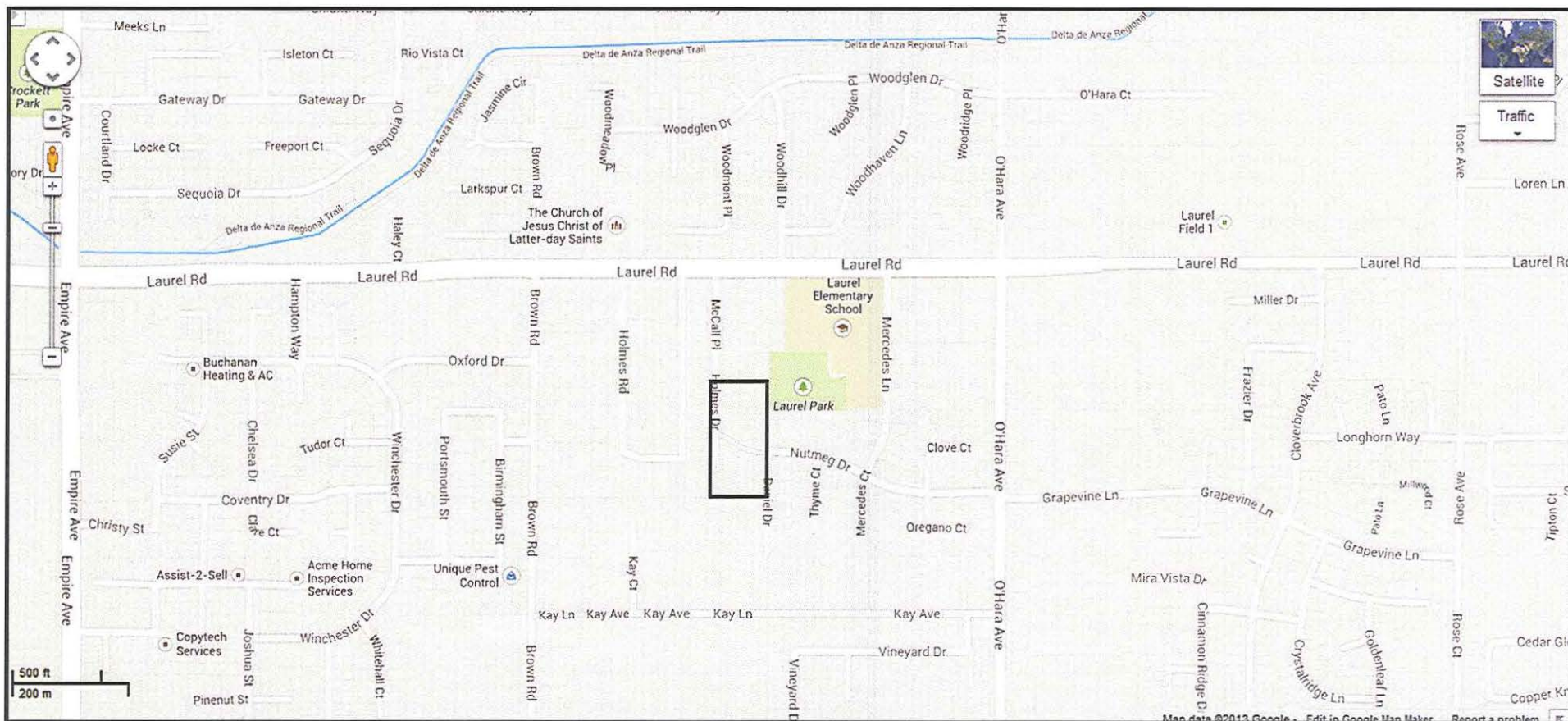
1. Vicinity Map
2. Public Hearing Notice
3. Applicant's Plans
4. Draft Resolution



# VICINITY MAP

Bella Estates Minor Subdivision 14-978 (TPM 03-14, VA 02-14)

1289 Laurel Road (APN 034-080-034)





City of Oakley  
3231 Main Street  
Oakley, CA 94561  
[www.oakleyinfo.com](http://www.oakleyinfo.com)

## NOTICE OF PUBLIC HEARING

Notice is hereby given that on February 10, 2015 at 6:30 p.m., or as soon thereafter as the matter may be heard, the City Council of the City of Oakley will hold a Public Hearing at the Council Chambers located at 3231 Main Street, Oakley, CA 94561 for the purposes of considering an application for design review approval.

**Project Name:** Bella Estates (TPM 03-14, VA 02-14).

**Project Location:** The project is located at 1289 Laurel Road. APN 034-080-034.

**Applicant:** Charles Capp of Bellecci and Associates, Inc. 2290 Diamond Blvd. Suite 100, Concord, CA 94520. [ccapp@bellecci.com](mailto:ccapp@bellecci.com)

**Request:** This is a public hearing on a request for 1) a tentative parcel map (MS 14-978) to split one 5.04-acre lot into four lots for future single family residential development plus one remainder lot, and 2) a variance allowing two of the lots to not meet the 1-acre minimum lot size required by the subject zoning district. The variance would allow the project to meet the maximum gross density allowed by the general plan after dedication of right of way. The site currently has one single family home, which would continue to occupy the remainder lot. The site is zoned AL (Limited Agriculture) District.

The Staff Report and its attachments will be available for public review, on or after February 6, 2015 at City Hall, 3231 Main Street, Oakley, CA 94561 or on the City's website [www.oakleyinfo.com](http://www.oakleyinfo.com).

Interested persons are invited to submit written comments prior to and may testify at the public hearing. **Written comments may be submitted to Ken Strelor, Senior Planner at the City of Oakley, 3231 Main Street, Oakley, CA 94561 or by email to [strelor@ci.oakley.ca.us](mailto:strelor@ci.oakley.ca.us).**

**NOTICE IS ALSO GIVEN** pursuant to Government Code Section 65009(b) that, if this matter is subsequently challenged in Court by you or others, you may be limited to raising only those issues you or someone else has raised at a Public Hearing described in this notice or in written correspondence delivered to the City of Oakley City Council Secretary at, or prior to, the Public Hearing.



# MINOR SUBDIVISION MS 14-978

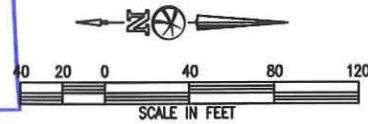
## BELLA EATATES

### TENTATIVE PARCEL MAP

A RESUBDIVISION OF PARCEL "A" PER BOOK 62, PARCEL MAPS, PAGE 42, CONTRA COSTA COUNTY RECORDS.

CITY OF OAKLEY  
 CONTRA COSTA COUNTY, CALIFORNIA  
 OCTOBER 2014 SCALE: 1"=40'  
 BELLECCI & ASSOCIATES, INC.

CITY OF OAKLEY  
 Planning Department  
 OCT 15 2014  
 RECEIVED

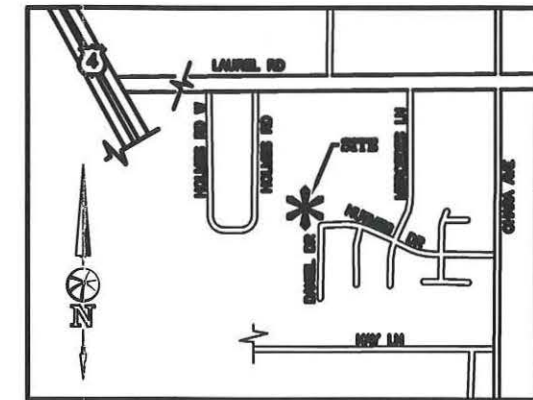
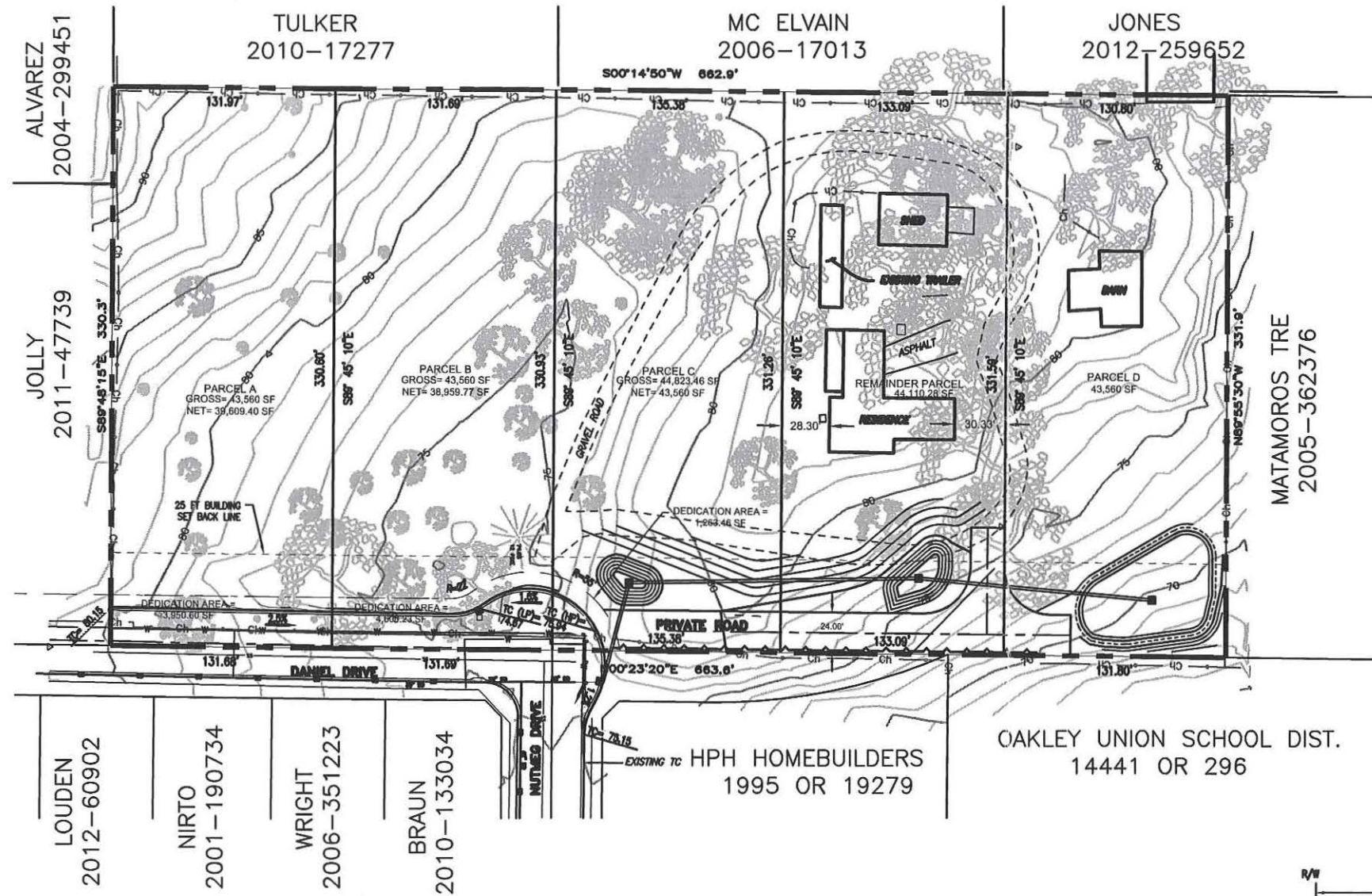


**BASIS OF ELEVATION**

THE TOPOGRAPHIC SURVEY ELEVATIONS ARE BASED ON NAVD 88 DATUM PER A SUBSCRIBED GPS NETWORK MAINTAINED BY "CALIFORNIA SURVEYING AND DRAFTING".

**BASIS OF BEARINGS**

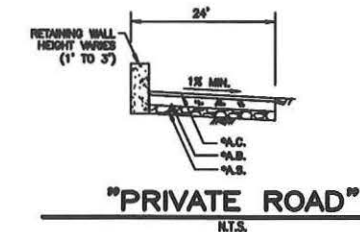
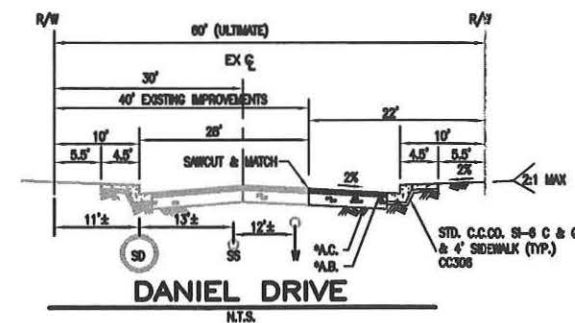
TAKEN AS N 00°23'26" E ALONG THE LINE OF TWO FOUND 5/8" REBAR & CAP I.S. 3424, AS SAID IRON PIPES ARE SHOWN ON THE NE & SE CORNERS OF PARCEL A (62 PM 42).



VICINITY MAP  
 NOT TO SCALE

**GENERAL NOTES**

OWNER/DEVELOPER:	JAMES & TATIANA ARELLANO 3035 TORRE RAMEL LANE OAKLEY, CA 94561-3838
ENGINEER:	BELLECCI & ASSOCIATES, INC. 2290 DIAMOND BLVD., SUITE 100 CONCORD, CA 94520
APH:	034-080-034-1
GENERAL PLAN:	AL - AGRICULTURAL LIMITED
EXISTING ZONING:	(AL) - LIMITED AGRICULTURAL
PROPOSED ZONING:	(AL) - LIMITED AGRICULTURAL
EXISTING LAND USE:	S/F RESIDENCE ON 5 ACRE LOT
PROPOSED LAND USE:	4 PARCELS & REMAINDER
MIN. LOT SIZE:	43,560 SF
MAX. LOT SIZE:	44,823 SF
AVE. LOT SIZE:	43,560 SF
WATER SUPPLY:	DIABLO WATER DISTRICT
SEWAGE:	IRONHOUSE SANITARY DISTRICT
BOUNDARY:	BOUNDARY INFORMATION SHOWN HEREON WAS COMPILED FROM A FIELD RESURVEY OF RECORD INFORMATION FOR PARCEL "A" OF THAT CERTAIN PARCEL MAP FILED IN BOOK 62 OF PARCEL MAPS, AT PAGE 42, C.C.CO. RECORDS.
TOPOGRAPHY:	TOPOGRAPHIC INFORMATION SHOWN HEREON WAS OBTAINED THROUGH A FIELD SURVEY CONDUCTED IN AUGUST OF 2014.



## RESOLUTION NO. XX-15

**A RESOLUTION OF THE CITY OF OAKLEY CITY COUNCIL MAKING FINDINGS AND APPROVING A TENTATIVE PARCEL MAP AND VARIANCE FOR "BELLA ESTATES MINOR SUBDIVISION 14-978" LOCATED AT 1289 LAUREL ROAD APN 034-080-034 (TPM 03-14, VA 02-14)****FINDINGS**

**WHEREAS**, on October 15, 2014, Charles Capp of Bellecci and Associates ("Applicant") filed an application requesting approval of 1) a tentative parcel map (MS 14-978) to split one 5.04-acre lot into four lots for future single family residential development plus one remainder lot, and 2) a variance allowing two of the lots to not meet the 1-acre minimum lot size required by the subject zoning district ("Project"). The site is located at 1289 Laurel Road and zoned AL (Limited Agriculture) District. APN 034-080-034; and

**WHEREAS**, the variance would allow the project to meet the maximum gross density allowed by the Oakley 2020 General Plan; and

**WHEREAS**, the site currently has one single family home, which would continue to occupy the remainder lot; and

**WHEREAS**, the applicant's plans include the Tentative Parcel Map titled "Minor Subdivision MS 14-978 Bella Estates Tentative Parcel Map," received October 15, 2014 and attached to the project staff report ("Plans"); and

**WHEREAS**, on January 14, 2015 the project application was deemed complete per Government Code section 65920 et. seq; and

**WHEREAS**, the project site is designated Agricultural Limited on the Oakley 2020 General Plan Land Use Map, and zoned Limited Agriculture (AL) District; and

**WHEREAS**, the project is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15332 (In-fill Development); and

**WHEREAS**, on January 30, 2015, the Notice of Public Hearing for the project was posted at Oakley City Hall, Freedom High School, 204 2nd Street (City Annex), and at the project site. The notice was also mailed out to all owners of property within a 300-foot radius of the subject property's boundaries, to outside agencies, and to parties requesting such notice; and

**WHEREAS**, on February 10, 2015, the City Council opened the public hearing and received a report from City Staff, oral and written testimony from the applicant and public, and deliberated on the project. At the conclusion of its deliberations, the City

Council took a vote and adopted this resolution to approve the project, as revised by the City Council during its deliberations; and

**WHEREAS**, if any term, provision, or portion of these Findings or the application of these Findings to a particular situation is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions of these Findings, or their application to other actions related to the Project, shall continue in full force and effect unless amended or modified by the City; and

**WHEREAS**, these Findings are based on the City's General Plan, the City's Zoning and Subdivision Ordinances, and the information submitted to the City Council at its February 10, 2015 meeting, both written and oral, including oral information provided by the applicant, as reflected in the minutes of such meetings, together with the documents contained in the file for the project (hereafter the "Record").

**NOW, THEREFORE, BE IT RESOLVED THAT**, on the basis of the above Findings and the entire Record, the City Council makes the following additional findings in support of the recommended approvals:

- A. Regarding the application requesting approval of Minor Subdivision 14-978 for the project titled, "Bella Estates Minor Subdivision 14-978 (TPM 03-14, VA 02-14)", the City Council finds that:
  1. The proposed tentative parcel map represents a subdivision of land that is consistent with the applicable General Plan policies and guidelines in that it results in a gross density of one dwelling unit per acre, which is at the maximum allowable gross density for the Agricultural Limited land use designation, and also consistent the sizes of other parcels in the vicinity and of the same land use designation; and
  2. The subdivision will result in the completed improvements to Daniel Drive in a manner consistent with Oakley's right of way improvement design standards.
- B. Regarding the application requesting approval of a Variance to allow the subdivision to include two substandard lots for the project titled, "Bella Estates Minor Subdivision 14-978 (TPM 03-14, VA 02-14)", the City Council finds that:
  1. The variance does not constitute a grant of special privilege inconsistent with the limitations on other properties in the vicinity and the respective land use district in which the subject property is located in that although two of the five parcels are proposed at less than one acre, there are several other parcels within this agricultural land use area that are less than one acre. At least two properties on Holmes Road and two on Carpenter Road are also less than an acre, and smaller than the proposed Parcels A and B; and

2. Because of the requirement to dedicate Daniel Drive, the net size of the property is restricted to just under five acres. With approval of the variance, the property will be subdivided in a manner consistent with the allowable density, and Daniel Drive will eventually be improved, which will benefit other properties, as well as the subject property; and
3. The variance will allow a subdivision that will substantially meet the intent and purpose of the Agricultural Limited land use designation in that the subdivision provides for five approximately 1-acre lots and complies, without variance, to the maximum allowable gross density of one unit per acre.

C. The Project complies with Measure J Growth Management requirements.

**BE IT FURTHER RESOLVED THAT**, on the basis of the above Findings and the Record, the City Council approves the applicant's request for approval of a Tentative Parcel Map and Variance for "Bella Estates Minor Subdivision 14-978 (TPM 03-14, VA 02-14)", subject to the following conditions:

Applicant shall comply with the requirements of the Oakley Municipal Code, unless otherwise stipulated in this resolution. Conditions of Approval are based on the plans received by the Community Development Department and made a part of the City Council's meeting packet for February 10, 2015.

**THE FOLLOWING CONDITIONS OF APPROVAL SHALL BE SATISFIED PRIOR TO THE ISSUANCE OF A BUILDING PERMIT UNLESS OTHERWISE NOTED (BOLD CONDITIONS ADDED OR AMENDED AT PUBLIC HEARING):**

***Planning Department Conditions***

General:

1. This Tentative Parcel Map and Variance are approved as shown on the plans date stamped by the Planning Department on October 15, 2014, and as conditioned below.
2. This approval shall be effectuated within a period of three (3) years from the effective date of this resolution and if not effectuated shall expire on February 10, 2018. Prior to said expiration date, the applicant may apply for an extension of time pursuant to the provisions of the Municipal Code and Subdivision Map Act.
3. The Parcel Map submitted for acceptance shall be in substantial compliance with the plans presented to and approved by the City Council on February 10, 2015, and conditioned herein.



4. All conditions of approval shall be satisfied by the owner/developer. All costs associated with compliance with the conditions shall be at the owner/developer's expense.
5. Noise generating construction activities, including such things as power generators, shall be limited to the hours of 7:30 a.m. to 5:30 p.m. Monday through Friday, and shall be prohibited on City, State and Federal Holidays. The restrictions on allowed working days and times may be modified on prior written approval by the Community Development Director.
6. Should archaeological materials be uncovered during grading, trenching or other on-site excavation(s), earthwork within 30 yards of these materials shall be stopped until a professional archaeologist who is certified by the Society of Professional Archaeology (SOPA) has had an opportunity to evaluate the significance of the find and suggest appropriate mitigation(s), if deemed necessary.
7. The applicant shall indemnify, defend, and hold harmless the City of Oakley, the City Approving Authorities, and the officers, agents, and employees of the City from any and all claims, damages and liability (including, but not limited to, damages, attorney fees, expenses of litigation, costs of court).

Landscaping:

8. Right-of-way landscaping shall conform to the Oakley Landscape Guidelines and the City's Water Conservation Landscape Ordinance 82-26 and shall be installed prior to final occupancy. The plan shall be prepared by a licensed landscape architect and shall be certified to be in compliance with the City's Water Conservation Ordinance.
9. California native drought tolerant plants shall be used as much as possible. All trees shall be a mix of 15-gallon and 24-inch box; all shrubs shall be a minimum five-gallon size, except as otherwise noted.
10. All landscaped areas not covered by shrubs or groundcover shall be covered with bark or acceptable alternative as reviewed and approved by the Community Development Director. On slopes greater than 3 to 1, the applicant shall use an alternative to bark per the review and approval of the Community Development Director.
11. The applicant shall maintain all private landscaping until occupancy.

Subdivision Disclosures:

12. Where a lot/parcel is located within 300' of a high voltage electric transmission line, the applicant shall record the following notice:

"The subject property is located near a high voltage electric transmission line. Purchasers should be aware that there is ongoing research on possible potential adverse health effects caused by the exposure to a magnetic field generated by high voltage lines. Although much more research is needed before the question of whether magnetic fields actually cause adverse health effects can be resolved, the basis for such a hypothesis is established. At this time no risk assessment has been made."

When a Final Subdivision Public Report issued by the California Department of Real Estate is required, the applicant shall also request that the Department of Real Estate insert the above note in the report.

13. The following statements shall be recorded at the County Recorder's Office for each parcel to notify future owners of the parcels that they own property in an agricultural area:

"This document shall serve as notification that you have purchased land in an agricultural area where you may regularly find farm equipment using local roads; farm equipment causing dust or blowing sand; crop dusting and spraying occurring regularly; burning associated with agricultural activities; noise associated with farm equipment such as zon guns and aerial crop dusting and certain animals, including equestrian trails as well as flies may exist on surrounding properties. This statement is again, notification that this is part of the agricultural way of life in the open space areas of the City of Oakley and you should be fully aware of this at the time of purchase.

Waste Management Plan:

14. The applicant shall submit a Waste Management Plan that complies with the City of Oakley Construction and Demolition Debris Recycling Ordinance.

***Public Works and Engineering Conditions***

THE FOLLOWING PUBLIC WORKS AND ENGINEERING CONDITIONS OF APPROVAL SHALL BE SATISFIED PRIOR TO THE APPROVAL OF A FINAL PARCEL MAP UNLESS OTHERWISE NOTED:

General:

15. Submit improvement plans prepared by a registered civil engineer to the City Engineer for review and approval and pay the appropriate processing costs in accordance with the Municipal Code and these conditions of approval. The plans shall be consistent with the Stormwater Control Plan for the project,

include the drawings and specifications necessary to implement the required stormwater control measures, and be accompanied by a Construction Plan C.3 Checklist as described in the Stormwater C.3 Guidebook.

16. Submit a final parcel map prepared by a licensed land surveyor or qualified registered civil engineer to the City Engineer and pay appropriate fees in accordance with the Code and these conditions of approval.
17. Submit grading plans including erosion control measures and revegetation plans prepared by a registered civil engineer to the City Engineer for review and pay appropriate processing costs in accordance with the Code and these conditions of approval.
18. Execute any agreements required by the Stormwater Control Plan which pertain to the transfer of ownership and/or long term maintenance of stormwater treatment mechanisms required by the plan prior to the final inspection of the first house within the subdivision.
19. Building permits for house construction shall not be issued until the Daniel Drive widening and private driveway serving the lots have been paved.

#### Roadway Improvements:

20. Construct the frontage of Daniel Drive to City public road standards for a 40-foot wide roadway within a 60-foot right-of-way, including curb, five-foot monolithic sidewalk (width measured from curb face), any necessary longitudinal and transverse drainage and conforms to existing improvements. The face of curb shall be located 20 feet from the centerline and any conforms to existing improvements must take place outside of the limits of the project. Existing pavement shall be saw cut along a line parallel with the centerline at a location specified by the City Engineer or his designee in the field.
21. Design all public and private pedestrian facilities in accordance with Title 24 (Handicap Access) and the Americans with Disabilities Act.

#### Road Alignment/Sight Distance:

22. Submit a preliminary plan and profile to the City Engineer for review showing all required improvements to Daniel Drive. The sketch plan shall be to scale, show horizontal and vertical alignments, transitions, curb lines, lane striping and cross sections and shall provide sight distance for a design speed of 25 miles per hour. The plan shall extend a minimum of 150 feet  $\pm$  beyond the limits of the proposed work.

Road Dedications:

23. Convey to the City, by Offer of Dedication, the right of way for Daniel Drive.
24. Furnish necessary rights of way, rights of entry, permits and/or easements for the construction of off-site, temporary or permanent, public and private road, utility and drainage improvements.

Street Lights:

25. Install streetlights along Daniel Drive frontage. The City Engineer shall determine the final number and location of the lights, and the lights shall be on an LS2-A rate service. The lights shall be LED General Electric spun aluminum "cobra head"

Grading:

26. Submit a geotechnical report to the City Engineer for review that substantiates the design features incorporated into the subdivision including, but not limited to grading activities, compaction requirements, utility construction, slopes, retaining walls, and roadway sections.
27. At least one week prior to commencement of grading, the applicant shall post the site and mail to the owners of property within 300 feet of the exterior boundary of the project site notice that construction work will commence. The notice shall include a list of contact persons with name, title, phone number and area of responsibility. The person responsible for maintaining the list shall be included. The list shall be kept current at all times and shall consist of persons with authority to indicate and implement corrective action in their area of responsibility. The names of the individual responsible for noise and litter control shall be expressly identified in the notice. The notice shall be reissued with each phase of major grading activity. A copy of the notice shall be concurrently transmitted to the City Engineer. The notice shall be accompanied by a list of the names and addresses of the property owners noticed, and a map identifying the area noticed.
28. Submit a dust and litter control plan to the City Engineer prior to beginning any construction activities. Dust control measures shall be provided for all stockpiling per the review and approval of the City Engineer.
29. Grade any slopes with a vertical height of four feet or more at a slope of 3 to 1. Retaining walls that may be installed to reduce the slope must be masonry and comply with the City's building code.
30. Submit a haul route plan to the City Engineer for review and approval prior to importing or exporting any material from the site. The plan shall include the location of the borrow or fill area, the proposed haul routes, the estimated



number and frequency of trips, and the proposed schedule of hauling. Based on this plan the City Engineer shall determine whether pavement condition surveys must be conducted along the proposed haul routes to determine what impacts the trucking activities may have. The project proponents shall be responsible to repair to their pre-construction condition any roads along the utilized routes.

31. Prior to commencement of any site work that will result in a land disturbance of one acre or more, the applicant shall provide evidence to the City Engineer that the requirements for obtaining a State General Construction Permit have been met. Such evidence may be a copy of the Notice of Intent letter sent by the State Water Resources Control Board. The WDID Number shall be shown on the grading plan prior to approval by the City Engineer.
32. Submit an updated erosion control plan reflecting current site conditions to the City Engineer for review and approval no later than September 1st of every year while the Notice of Intent is active.
33. Grade all pad elevations or install levees to satisfy Chapter 914-10 of the City's Municipal Code, including the degree of protection provisions.
34. The burying of any construction debris is prohibited on construction sites.

#### Utilities/Undergrounding:

35. Underground all new and existing utility distribution facilities, including those along the frontage of Daniel Drive. The developer shall provide joint trench composite plans for the underground electrical, gas, telephone, cable television and communication conduits and cables including the size, location and details of all trenches, locations of building utility service stubs and meters and placements or arrangements of junction structures as a part of the Improvement Plan submittals for the project. The composite drawings and/or utility improvement plans shall be signed by a licensed civil engineer.
36. All utility boxes shall be installed underground and all wires and cables must be installed in conduits. Compliance with this condition shall be at the discretion of the City Engineer.
37. Above ground utility boxes shall be camouflaged per the review and approval of the City Engineer.

#### Drainage Improvements:

38. Collect and convey all stormwater entering and/or originating on this property, without diversion and within an adequate storm drainage facility, to an adequate natural watercourse having definable bed and banks, or to an existing adequate public storm drainage facility that conveys the storm waters

to an adequate natural watercourse consistent with the plans for Drainage Area 30A and Drainage Area 130 as prepared by the Contra Costa County Flood Control and Water Conservation District.

39. Design and construct all storm drainage facilities in compliance with the Municipal Code and City design standards.
40. Prevent storm drainage from draining across the sidewalk(s) and driveway(s) in a concentrated manner.

Landscaping in the Public Right of Way:

41. Public right of way landscaping along the project streets shall be installed prior to occupancy of homes adjacent to that street.
42. Maintain all landscaping within the public right of way until such time that the adjacent roadway improvements have been accepted for maintenance.

National Pollutant Discharge Elimination System (NPDES):

43. Comply with all rules, regulations and procedures of the National Pollutant Discharge Elimination System (NPDES) for municipal, construction and industrial activities as promulgated by the California State Water Resources Control Board, the Regional Water Quality Control Board (Central Valley - Region IV), including the Stormwater C.3 requirements as detailed in the Guidebook available at [www.cccleanwater.org](http://www.cccleanwater.org).

Compliance shall include developing long-term best management practices (BMP's) for the reduction or elimination of storm water pollutants. The project design shall incorporate wherever feasible, the following long-term BMP's in accordance with the Contra Costa Clean Water Program for the site's storm water drainage:

- Offer pavers for household driveways and/or walkways as an option to buyers.
- Minimize the amount of directly connected impervious surface area.
- Delineate all storm drains with "No Dumping, Drains to the Delta" permanent metal markers per City standards.
- Construct concrete driveway weakened plane joints at angles to assist in directing run-off to landscaped/pervious areas prior to entering the street curb and gutter.
- Distribute public information items regarding the Clean Water Program to buyers.
- Other alternatives as approved by the City Engineer.

Fees/Assessments:

44. Comply with the requirements of the development impact fees listed below, in addition to those noticed by the City Council in Resolution 85-00 and 08-03. The applicant shall pay the fees in the amounts in effect at the time each building permit is issued.
  - a. Traffic Impact Fee (authorized by Ordinance No. 14-00, adopted by Resolution 49-03);
  - b. Regional Transportation Development Impact Mitigation Fee or any future alternative regional fee adopted by the City (authorized by Ordinance No. 14-00, adopted by Resolution No. 73-05);
  - c. Park Land Dedication In-Lieu Fee (adopted by Ordinance No. 03-03);
  - d. Park Impact Fee (authorized by Ordinance No. 05-00, adopted by Resolution No. 19-03);
  - e. Public Facilities Fee (authorized by Ordinance No. 05-00, adopted by Resolution No. 18-03);
  - f. Fire Facilities Impact Fee, collected by the City (adopted by Ordinance No. 09-01);
  - g. South Oakley Infrastructure Master Plan Fee (adopted by Resolution No. 52-03); and
  - h. General Plan Fee (adopted by Resolution No. 53-03).

The applicant should contact the City Engineer prior to constructing any public improvements to determine if any of the required improvements are eligible for credits or reimbursements against the applicable traffic benefit fees or from future developments.

45. The applicant shall be responsible for paying the County Recorder's fee for the Notice of Determination as well as the State Department of Fish and Game's filing fee.
46. Annex the property to the City of Oakley Landscape and Lighting District No. 1 for citywide landscaping and park maintenance, subject to an assessment for maintenance based on the assessment methodology described in the Engineer's Report. The assessment shall be the per parcel annual amount (with appropriate future cost of living adjustment) as established at the time of voting by the City Council. Any required election and/or ballot protest proceedings shall be completed prior to approval of the final map. The Applicant shall apply for annexation and provide all information and

- documents required by the City to process the annexation. All costs of annexation shall be paid by Applicant.
47. Annex the property to the City of Oakley Landscape and Lighting District No. 1 for citywide street lighting costs and maintenance, subject to an assessment for street light maintenance based on the assessment methodology described in the Engineer's Report. The assessment shall be the per parcel annual amount (with appropriate future cost of living adjustment) as established at the time of voting by the City Council. Any required election and/or ballot protest proceedings shall be completed prior to filing of the final map. The applicant shall apply for annexation and provide all information and documents required by the City to process the annexation. All costs of annexation shall be paid by Applicant.
  48. Annex the property to the City of Oakley Landscape and Lighting District No. 1 for project specific landscaping maintenance, subject to an assessment for landscape operation and maintenance based on the assessment methodology described in the Engineer's Report. The assessment shall be the per parcel annual amount (with appropriate future cost of living adjustment) as established at the time of voting by the City Council. Any required election and/or ballot protest proceedings shall be completed prior to filing of the final map. The applicant shall apply for annexation and provide all information and documents required by the City to process the annexation. All costs of annexation shall be paid by Applicant.
  49. Participate in the provision of funding to maintain police services by voting to approve a special tax for the parcels created by this subdivision approval. The tax shall be the per parcel annual amount (with appropriate future cost of living adjustment) as established at the time of voting by the City Council. The election to provide for the tax shall be completed prior to filing of the final map. Should the homes be occupied prior to the City receiving the first disbursement from the tax bill, the project proponent shall be responsible for paying the pro-rata share for the remainder of the tax year prior to the City conducting a final inspection.
  50. Applicant shall comply with the drainage fee requirements for Drainage Area 30A and for Drainage Area 130 as adopted by the County Board of Supervisors. The applicant shall pay the fee in effect at the time of final map approval. Certain improvements required by the Conditions of Approval for this development or the Code may be eligible for credit or reimbursement against the drainage area fee. The developer should contact the City Engineer to personally determine the extent of any credit or reimbursement for which they might be eligible. Any credit or reimbursements shall be determined prior to filing the final map or as approved by the Flood Control District.
  51. Participate in the City's South Oakley Infrastructure Master Plan both by

cooperating with the City's consultant team in the design and implementation of specific infrastructure projects and by providing this project's fair share contribution to the costs of preparing the study. The fair share contribution shall be paid in accordance with Resolution 52-03.

### ***Advisory Notes***

The following Advisory Notes are provided to the applicant as a courtesy but are not a part of the conditions of approval. Advisory Notes are provided for the purpose of informing the applicant of additional ordinance requirements that must be met in order to proceed with development.

- A. The applicant/owner should be aware of the expiration dates and renewing requirements prior to requesting building or grading permits.
- B. The project will require a grading permit pursuant to the Ordinance Code.
- C. Applicant shall comply with the requirements of Ironhouse Sanitary District.
- D. The applicant shall comply with the requirements of the Diablo Water District.
- E. Comply with the requirements of the East Contra Costa Fire Protection District.
- F. Comply with the requirements of the Building Inspection Division. Building permits are required prior to the construction of most structures.
- G. This project may be subject to the requirements of the Department of Fish and Wildlife. It is the applicant's responsibility to notify the Department of Fish and Wildlife, P.O. Box 47, Yountville, California 94599, of any proposed construction within this development that may affect any fish and wildlife resources, per the Fish and Game Code.
- H. This project may be subject to the requirements of the Army Corps of Engineers. It is the applicant's responsibility to notify the appropriate district of the Corps of Engineers to determine if a permit is required, and if it can be obtained.
- I. The applicant shall obtain an encroachment permit for construction within existing City rights of way.

**PASSED AND ADOPTED** by the City Council of the City of Oakley at a meeting held on the 10<sup>th</sup> day of February, 2015 by the following vote:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

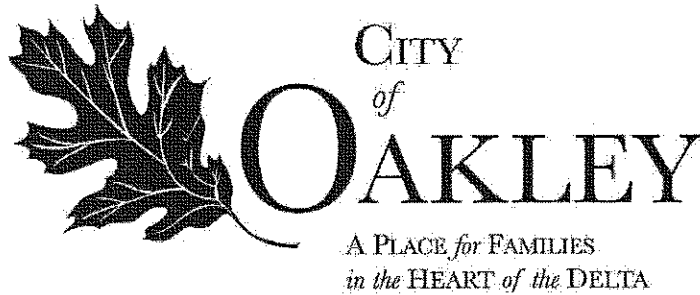
APPROVED:

\_\_\_\_\_  
Doug Hardcastle, Mayor

ATTEST:

\_\_\_\_\_  
Libby Vreonis, City Clerk

\_\_\_\_\_  
Date

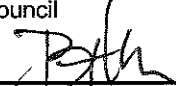


Agenda Date: 02/10/2015  
Agenda Item: 5.1

## MEMORANDUM

Date: February 1, 2015  
To: Bryan H. Montgomery, City Manager  
From: Libby Vreonis, City Clerk  
Subject: Oakley City Council Committee Appointments

Approved and Forwarded to  
City Council

  
Bryan H. Montgomery, City Manager

**FOR CONSIDERATION AT THE MEETING TO BE HELD FEBRUARY 10, 2015**

### **Summary and Background**

On January 13, the City Council approved the City Council Committee Appointment List for 2015. Attached are two versions of the 2015 Appointment List (one is sorted by Councilmember in alphabetical order; the other is sorted by agency/committee in alphabetical order). Upon further review, the City Council requested to revisit the Appointment List for possible revisions.

### **Fiscal Impact**

None.

### **Recommendation**

Staff recommends that the City Council review the attached Appointment List and adopt a resolution approving any amendments to the Appointment List.

### **Attachments**

- 1) 2015 City Council Committee Appointment List-Alphabetical Order by Councilmember
- 2) 2015 City Council Committee Appointment List-Alphabetical Order by Agency/Committee
- 3) Resolution Approving Amendments to the 2015 City Council Committee Appointment List

**Committee Appointments  
Sorted by Council Member**

Hardcastle, Doug	Ad Hoc Downtown Planning Work Group
Hardcastle, Doug	You, Me, We = Oakley!
Hardcastle, Doug	1yr East County Mayors and Managers Meeting
Hardcastle, Doug	1yr East Bay Leadership Council (formerly Contra Costa Council)
Hardcastle, Doug	1yr Contra Costa County Mayors' Conference
Hardcastle, Doug	TRANSPLAN/ECCRFFA/St. Route 4 Bypass Authority/EPAC
Higgins, Sue	Diablo Water District (Liaison)
Higgins, Sue	Oakley Inter-Agency Committee (Public School Liaison)
Higgins, Sue	1 yr League of California Cities, Alternate
Higgins, Sue	Oversight Board to the Successor Agency to the Oakley Redevelopment Agency
Higgins, Sue	Ad Hoc Website Update Work Group
Higgins, Sue	Ad Hoc Library Learning Center Work Group
Perry, Vanessa	Ad Hoc Ag Conservation Committee
Perry, Vanessa	You, Me, We = Oakley!
Perry, Vanessa	Oakley Inter-Agency Committee (Public School Liaison)
Perry, Vanessa	Iron House Sanitary District (Liaison)
Perry, Vanessa	Ad Hoc Website Update Work Group
Perry, Vanessa	Ad Hoc Library Learning Center Work Group
Perry, Vanessa	Tri Delta, <i>Alternate</i>
Pope, Randy	1 yr League of California Cities East Bay Division, <i>Voting</i>
Pope, Randy	East Contra Costa Fire Protection District Board
Pope, Randy	Habitat Conservation Plan Executive Committee/HCP Conservancy
Pope, Randy	1 yr ABAG, <i>Voting</i>
Pope, Randy	Tri Delta Transit
Romick, Kevin	TRANSPLAN (PC Rep)
Romick, Kevin	1yr ABAG, <i>Alternate</i>
Romick, Kevin	1yr East County Mayors and Managers Meeting, <i>Alternate</i>
Romick, Kevin	1 yr Contra Costa County Mayors' Conference, <i>Alternate</i>
Romick, Kevin	Ad Hoc Downtown Planning Work Group
Romick, Kevin	Tri Delta Transit
Romick, Kevin	Ad Hoc Ag Conservation Committee



## Committee Appointments Sorted by Agency/Committee

Attachment 2

Romick, Kevin	1 yr	ABAG, Alternate
Pope, Randy	1 yr	ABAG, Voting
Romick, Kevin		Ad Hoc Ag Conservation Committee
Perry, Vanessa		Ad Hoc Ag Conservation Committee
Hardcastle, Doug		Ad Hoc Downtown Planning Work Group
Romick, Kevin		Ad Hoc Downtown Planning Work Group
Higgins, Sue		Ad Hoc Library Learning Center Work Group
Perry, Vanessa		Ad Hoc Library Learning Center Work Group
Higgins, Sue		Ad Hoc Website Update Work Group
Perry, Vanessa		Ad Hoc Website Update Work Group
Hardcastle, Doug	1 yr	Contra Costa County Mayors' Conference
Romick, Kevin	1 yr	Contra Costa County Mayors' Conference, Alternate
Higgins, Sue		Diablo Water District (Liaison)
Burgis, Diane		East Bay Division of the League, Voting
Hardcastle, Doug	1 yr	East Bay Leadership Council (formerly Contra Costa Council)
Pope, Randy		East Contra Costa Fire Protection District Board
Hardcastle, Doug	1 yr	East County Mayors and Mnagers Meetng,
Romick, Kevin	1 yr	East County Mayors and Mnagers Meetng, Alternate
Pope, Randy		Habitat Conservation Plan Executive Committee/HCP Conservancy
Perry, Vanessa		Ironhouse Sanitary District (Liaison)
Higgins, Sue	1 yr	League of California Cities, Alternate
Pope, Randy	1 yr	League of Cities East Bay Division, Voting
Higgins, Sue		Oakley Inter-Agency Committee (Public School Liaison)
Perry, Vanessa		Oakley Inter-Agency Committee (Public School Liaison)
Higgins, Sue		Oversight Board to the Successor Agency to the Oakley Redevelopment Agency
Romick, Kevin		TRANSPLAN (PC Rep)
Hardcastle, Doug		TRANSPLAN/ECCRFFA/St. Route 4 Bypass Authority/EPAC
Pope, Randy		Tri Delta Transit
Romick, Kevin		Tri Delta Transit
Perry, Vanessa		Tri Delta, Alternate
Perry, Vanessa		You, Me, We = Oakley!
Hardcastle, Doug		You, Me, We = Oakley!

Revised: 2015

RESOLUTION NO. \_\_\_\_\_-15

**RESOLUTION OF THE OAKLEY CITY COUNCIL APPROVING THE  
2015 CITY COUNCIL COMMITTEE APPOINTMENT LIST AS AMENDED**

**BE IT RESOLVED** by the City Council of the City of Oakley that the attached 2015 City Council Committee Appointment List as amended is hereby approved.

The foregoing resolution was introduced at a regular meeting of the Oakley City Council held on the 10<sup>th</sup> day of February, 2015, by Councilmember \_\_\_\_\_, who moved its adoption, which motion being duly seconded by Councilmember \_\_\_\_\_, was upon voice vote carried and the resolution adopted by the following vote:

AYES:

NOES:

ABSTENTION:

ABSENT:

APPROVED:

\_\_\_\_\_  
Doug Hardcastle, Mayor


ATTEST:

\_\_\_\_\_  
Libby Vreonis, City Clerk

\_\_\_\_\_  
Date



## WORKSESSION MEMO

**Date:** February 10, 2015  
**To:** City Council  
**From:** Bryan Montgomery, City Manager   
**SUBJECT:** **Worksession regarding Community Garden**

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### **Background and Analysis**


In May of last year the City Council approved a lease agreement with Slow Foods Delta Diablo to establish a community garden on portions of the City-owned property located at 1250 O'Hara Avenue.

Attached is the Staff Report from May of last year, the Lease Agreement, and some communication with Slow Foods Delta Diablo following the approval of the Agreement.

Councilmember Higgins requested that this work session be held as an update to the project and to specifically discuss the lease term and access to potable water at the Oakley Recreation Buildings (ORB).



## STAFF REPORT

**Date:** May 27, 2014  
**To:** City Council  
**From:** Bryan Montgomery, City Manager   
**Subject:** Lease Agreement with Slow Foods Delta Diablo to establish a Community Garden program on portions of City-owned property located at 1250 O'Hara Avenue (APN 035-211-002).

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### Summary and Background

Some months back, a group of local residents presented to the City Council the idea of establishing a community garden program on City-owned property (the Moura Property), as depicted in the attached aerial photo (Exhibit A). Slow Foods Delta Diablo has agreed to serve as the fiscal sponsor for this group of local residents and is the proposed signator to the lease agreement.

There are a number of elements of the program that have not yet finalized; however, the proposed lease agreement calls for that coordination to take place prior to operations commencing. The proposed agreement calls for a lease term of three years. Staff does not recommend a longer term, due to the other possible plans for the property (other plans could including ballfields, community center, recreation center, library, or other public uses).

### Fiscal Impact

Slow Foods Delta Diablo is not asking for any financial participation from the City, other than a subsidized lease rate, proposed to be \$1 per month.

### Recommendation

Adopt the resolution approving the Lease Agreement with Slow Foods Delta Diablo to establish a community garden program at 1250 O'Hara Avenue and authorize the City Manager to execute the Agreement.

### Attachments

1. Resolution
2. Proposed Lease Agreement with Exhibit A
3. Agreement between Slow Foods Delta Diablo and Oakley Community Gardens

## LEASE AGREEMENT

### City of Oakley/Slow Food and Oakley Community Gardens

#### Portions of 1250 O'Hara Avenue, Oakley, CA

THIS LEASE AGREEMENT is entered into this 29<sup>th</sup> day of May, 2014 by and between the City of Oakley, a municipal corporation ("CITY") and Slow Foods Delta Diablo, a California nonprofit organization, acting as fiscal sponsor to Oakley Community Gardens (collectively "LESSEE").

#### Recitals

- A. CITY owns real property at 1250 O'Hara Avenue, Oakley, California, portions of which are currently surplus to the CITY's immediate needs ("the site" or "the property").
- B. LESSEE desires to develop and conduct community garden activities on the subject site.
- C. CITY is willing to make the site available on a contingent and interim basis, depending upon variables including the intensity of uses desired by LESSEE and future governmental needs for the property.

Now, therefore, the parties agree as follows:

- 1. The property which is the subject of this Lease is generally depicted on the attached Exhibit "A", being a portion of 1250 O'Hara Avenue, Oakley, California, portion of APN 035-211-002. The portions designated for LESSEE's use are limited to the areas identified on Exhibit "A".
- 2. The term of this Lease is 36 months, commencing on June 15, 2014 and terminating on June 15, 2017. Any extension of this Lease shall be subject to the sole discretion of CITY, which makes no representation that the property will be available for LESSEE's continued operations following the termination date, the parties understanding that other governmental priorities for the property may develop. CITY is under no obligation to provide relocation assistance in any form or amount.
- 3. Rent shall be the sum of Twelve (\$12.00) Dollars per year, payable prior to the commencement date established herein and prior to the commencement of the second year of the term.
- 4. Because LESSEE's development plan and specific intended uses for the property are not fully established at this time, the City Council directs the City Manager to supervise and monitor the scope and operation of LESSEE's proposed activities. Prior to commencing

operations, LESSEE shall submit to the City Manager or his/her designee and receive his/her approval for the following:

- a) A site plan, showing location of proposed planting areas and any improvements, all of which shall be of a temporary nature;
- b) A financial plan, indicating fees or dues to be collected and anticipated expenses and revenues;
- c) An irrigation plan, indicating the source of water. CITY makes no representation that water is available from its sources.
- d) Access driveway and parking area plan.

The City Council grants the City Manager supervisory authority over any and all rules and regulations for the use of the site, and may promulgate directives to LESSEE from time to time regarding operations on the property. Such directives shall be aimed at preserving the integrity and appearance of the property, avoiding public or private nuisances, and protecting the CITY's other operations on the city-developed portions of the site. LESSEE shall comply with any and all such directives, subject to its right to appeal any such directive to the City Council for final determination.

5. The premises are leased for the purpose of establishing community garden plots, which shall be available to members of the general public and Oakley community pursuant to reasonable rules and regulations which LESSEE may adopt subject to the City's approval. Any cultivation of cannabis/marijuana or any crop/product prohibited or regulated by federal law is strictly prohibited, violation of which shall result in the immediate termination of this Lease. LESSEE is under an affirmative duty to patrol plots of community members to ensure compliance with this prohibition.
6. LESSEE acknowledges that the adjacent Oakley Recreation Buildings are rented to private parties and are also utilized by various independent and City instructors of recreation and community programs. These uses shall have priority for the utilization of the existing parking lot. Further, public restrooms are not available on an ongoing basis, but are only open for the use of these rental and recreational programs.
7. No utilities are provided as part of this Lease by the CITY unless the City determines to allow the provision of water, which would be at LESSEE's expense.
8. LESSEE shall make no alterations to the property without consent of the City Manager and, due to the potentially short term of this Lease, make no improvements of significant value for which it would seek compensation upon termination of this Lease.
9. LESSEE understands that some expansion of use of scope of the operations may require land use approvals and/or environmental review by the City of Oakley. CITY does not make any representations about whether such approvals would be granted.

10. Any violation of the terms and conditions of this Agreement shall be justification for the immediate termination of this Lease.
11. Upon termination, LESSEE shall return the property to CITY in a vacant, clean and presentable condition. If LESSEE violates this provision, the CITY may, without liability to LESSEE, remove and/or destroy and such property and may recover from LESSEE its costs of cleanup.
12. LESSEE shall keep the subject property free from any and all liens or security arising from its operations and use of the property.
13. LESSEE shall comply with all governmental regulations regarding operations on the property.
14. There shall be no subletting of this Lease without CITY approval. In the event of any unapproved subletting or assignment, this Lease shall be voidable by the CITY.
15. LESSEE shall be responsible for any possessory interest tax which may be levied by Contra Costa County, as well as payment of any and all other taxes, liens or assessments which may be attributable to its operations.
16. LESSEE shall at all times during the effectiveness of this Lease maintain at its cost and expense satisfactory liability and property damage insurance in amount of at least \$1,000,000. The CITY shall be named additional insured under such policy. LESSEE shall defend, hold harmless, and indemnify the CITY, its officers, agents and employees from any claim, damage or liability associated with its use and/or operations on the property. LESSEE shall notify CITY at least ten (10) days prior to the cancellation or expiration of such insurance policy.
17. LESSEE shall not permit any public nuisance or violation of law, ordinance or regulation to occur on the property.
18. CITY is hereby granted the right to enter the property and to inspect same from time to time to determine compliance with this Lease. If the property is secured, CITY shall be granted access as reasonable times.
19. Unless otherwise approved by the City Council, a disaffiliation between Slow Food Delta Diablo and Oakley Community Gardens shall be construed to be a material breach of this Lease.
20. Any notice, demand or communication from one party to the other shall be deemed to have been properly given if delivered by personal service upon, or by mailing the same, postage fully prepaid thereon, and addressed as follows:

To City:           City of Oakley  
                          c/o City Manager  
                          3231 Main Street  
                          Oakley, CA 94561

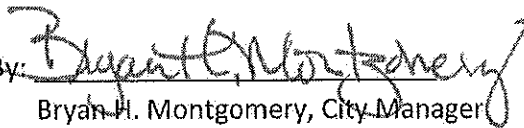
To Lessee: Slow Food Delta Diablo  
c/o Shelley Somersett  
3 Oak Knoll Loop  
Walnut Creek, CA. 94696

An emergency telephone number and email address for Lessee shall be:  
Paul Seger (714) 504-0838

21. LESSEE shall not vacate or abandon the property. If the property takes on the appearance of being abandoned, the City Manager shall notify LESSEE of his/her determination and may thereafter declare this Lease to be cancelled and of no further force or effect.
22. Given the temporary and interim nature of this Lease, there shall be no relocation benefits, nor compensation for any improvements, interference with business or any other claim for reimbursement or damage upon the termination of this Lease or CITY's unwillingness to extend it.


CITY OF OAKLEY, a municipal corporation

Slow Food Delta Diablo, a non-profit

By:   
Bryan H. Montgomery, City Manager

By:   
Shelley Somersett, Chair

ATTEST:

By:   
Libby Vreonis, City Clerk

APPROVED AS TO FORM:

By:   
William R. Galstan, Special Counsel





## Bryan Montgomery

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**From:** Bryan Montgomery  
**Sent:** Wednesday, June 18, 2014 9:02 AM  
**To:** 'Paul Seger'  
**Cc:** CityAttorney; 'Shelley Somerset'; Gail Wadsworth; 'Diane Burgis'; Len Morrow  
**Subject:** RE: Agreement  
**Attachments:** 20140617112840291.pdf; code of conduct and liability release.pdf

Hi Paul:

Thank you again for the documents. Staff has had a chance to review as summarized below:

1. **Front fencing:** a quality split-rail fence is fine. (My comment about your inference of the Mayor approving the fence type was a reminder that we need to keep a single point of contact and one member of the Council saying “yeah” or “nay” doesn’t mean approval). It looks like the split-rail would need to be installed to both the north and south sections of the entryway. Is split rail proposed going east and west on the north and south area of the parking lot? Will the plots be fenced? The chain at the entry will work, though it must have some reflective tape or flag every 6-8’. Any solid posts (not the split rail) to hold the two ends of the chain should have a reflective button or component to it as well. Please do provide the combination on the lock.
2. **Rear Fencing:** The pallet fencing can work, though it isn’t clear on the parking site map where that is to be installed. (There are 4-5 solid lines – two that are prior to the rear fencing). Please provide detail.
3. **Shed:** Your email didn’t include a photo, but a natural/muted tone is best. Under 120 sq ft doesn’t require a building permit.
4. **Bees:** Let us know well in advance of locating bees there. The proximity issue to the school and youth activities at the ORB might preclude many areas of the parcel.
5. **Compost:** The farthest away is best and we reserve the right to request it be moved, if it causes any problems.
6. **Financial Plan:** I know you are just starting, but what you attached is pretty thin. Perhaps SlowFoods has a template that they could assist you with? What you submitted is a blend of a budget and a current snap shot of where you are at. I think both are helpful, though the Agreement contemplates a budget, which is an estimate of what you would expect to spend over the year and what you expect to bring in for revenues. Of course, revenues should equal or exceed the anticipated expenditures. A stronger budget/financial plan helps demonstrate that the operations are viable. It is nominal, but the rent payment is to be paid prior to operations.
7. **Irrigation Plan:** the location of the lines as you propose look good, assuming they are underground. I’m sure the School District will have specifications for you to follow with connections to the well.

8. **Parking Area:** Attached is a quick mark-up on the parking lot area providing by Engineering. There needs to be a few tweaks on the dimensions. The mention of wheel stops would be to help protect fencing – not a hard fast requirement, but a good idea – especially up against the School fencing. (The mark-up also asks questions about the rear fencing as I do in #1 above) The amount of traffic will likely carry dirt and some rock on to and damage the parking lot asphalt over time. Engineering recommends pervious pavers that could be placed the first 6-8' at the driveway from the asphalt. The rest of the parking lot should be a few inches of clean crushed rock on a compacted base. (I recall you had a volunteer and a donor for this?). Even with the rock, the parking area would likely need some watering from time to time ahead of any times when a lot of traffic is expected. We reserve the right to request further improvements and watering if dust, vehicle leakage, or other concerns arise. (As a reminder, the parking lot is considered temporary and, as proposed, does not meet the City, Storm Water, and other Regional standards).
9. **Signage:** The main sign would be the one that would need a sign permit. When I suggested to an "overall signage plan" it would mean anything in the parking lot to guide pattern of travel and its use, posted rules of use near the plots, contact information, etc. These signs wouldn't need a permit as long as they are smaller in nature. The main entrance sign location and compliance with Code is all we need, but I'd suggest you have the "overall" plan to assist your patrons.
10. **Insurance:** Do let us know when this is ready and we'd need the certificate with the City listed as an additional insured.
11. **Code of Conduct & Liability Release:** I've attached the document you sent a couple weeks back. I believe these rules and the waiver would be good to post and promulgate to your patrons. Copies of the Liability Releases would be good to have on file both with you and with us.

Please let me know if you have any questions. There are just a few items above that ask for a little more detail/follow up.

*Bryan H. Montgomery*

CITY MANAGER

3231 MAIN STREET

OAKLEY, CA 94561

PHONE 925-625-7025

[montgomery@ci.oakley.ca.us](mailto:montgomery@ci.oakley.ca.us)



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**From:** Paul Seger [mailto:paceoakley@gmail.com]

**Sent:** Monday, June 16, 2014 5:02 PM

**To:** Bryan Montgomery

**Cc:** CityAttorney; 'Shelley Somerset'; Gail Wadsworth; PACE Oakley; 'Diane Burgis'

**Subject:** Re: Agreement

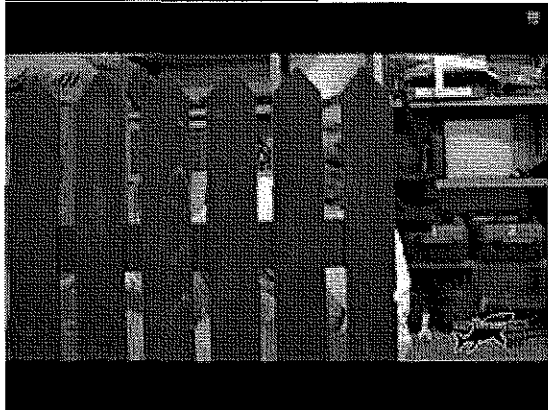
Greetings Bryan,

this mail regards the information you required Oakley Community Gardens/Farm provide in the recent lease agreement.

### **a) site plan:**

**Front-Fencing:** Mayor Pope and I discussed that split rail fencing at the entrance to the additional parking will look attractive. OCGF will go in that direction. We had discussed using a chain across the actual entrance and make use of a heavy duty combination lock. the combination will be provided to all emergency services.

**Rear-parking Fencing:** we will make use of recycled pallets. Cut as such:



**Shed:** The shed will be no more than 120 square feet. It will not have a poured foundation. It will have much the design as photo and will be in muted tones until fashioned with old barn-wood.

I will submit a blueprint prior to construction.

**Bees:** Bees are a future phase and we will approach the city to receive direction with how to proceed when the time comes.

**Compost:** we will provide composting bins at the furthest reaches of our garden plot allotment.

### **b) financial plan:**

find our simple financial plan is attached [ocgf\_financial\_plan.doc]

### **c) irrigation plan:**

find a general irrigation plan attached [moura\_irrigation\_plan.pdf]

You received a notice from the school district this afternoon. Of course we will be finalizing this in time, but there is much work to complete prior to water installation. This conversation shall remain ongoing.

The attached plan will morph as we seek further reliable resources... however, plans will be submitted to the city prior to commencing changes, and least-obstructive development will remain the rule.

### **d) parking area:**

find additional parking-lot expansion proposal attached [moura\_parking\_expansion.pdf]

We recognize your concerns and believe that the provided proposal is well thought out and fair. Of, course we would like to meet with the city, on site, to determine certain elements of the parking area... such as entrance to the farm site.

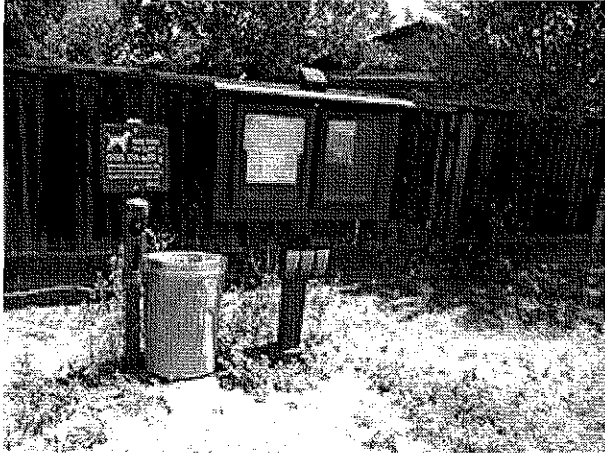
Regarding emergency vehicles, a combination would be provided to any gate/chain, and note that area in the eastern portion of the parking area allows for emergency vehicles to turn around [needing 40' the proposed area allows 44']

**signage:**

while this element is not provided for in the initial lease agreement, of course we'll file a sign permit and will follow all city code regarding footing. We will file a signage permit application... further, perhaps you can enlighten me regarding what an "overall signage plan" looks like.

We are planning on putting one sign [more like kiosks] each at the entrances to parking-lot trailheads... Community Garden & Moura Farm. The will be well set back from the road and will be placed as to not "startle" drivers' attentions.

such as:



**INSURANCE**

We will have an insurance certificate to the city asap. We have only to fill out a few forms and will NOT move forward, nor convene at the property with the intent to conduct OCGF activities until then.

Please let me know of anything else you might need.

Thanks!

Paul Seger

Oakley Community Gardens/Farm Task Force!

714-504-0838

On 5/28/2014 5:36 PM, Bryan Montgomery wrote:

Paul:

Congrats on the approval last night. To finalize the Agreement document we would just need to confirm the name and address of the signator and also an emergency cell phone number (those were the blanks in the Agreement). It would also be time to have the insurance certificate ready to go, with the City named as an additional insured (we'll attach that to the Agreement for our file).

The plan elements that still need detail prior to operations are in Section 4 of the Agreement:

a) SITE PLAN: The last version I saw is the attached. I think it would be helpful to provide the detail of what fence and gate material you are suggesting, the size of the shed (over 120 sq ft needs a building permit). Is the shed new, or something used? Snapping a quick picture of the shed would help. If it is painted, the colors should be muted and blend well with the color of the ORB buildings.

I see a "bees" area on the proposed site plan and those aren't allowed yet. In fact, the Council has directed Staff to work on an ordinance that addresses Residential areas, that wouldn't specifically apply to this property. I think it is best that if and when you want to do bees, that it be a matter that goes back to the City Council.

We would prefer the composting area be as far away from the ORB buildings as possible within that garden plot area -- just in case there are some stragglng smells. We would reserve the right to have you move it even farther away, if smells ever become an issue.

b) FINANCIAL PLAN: The "Code of Conduct" document you sent late last week does include much of the information for this section -- the price of dues and plots. What would be left to send us is a real simple budget that shows the anticipated revenue items and anticipated expenditure items, as mentioned in the Agreement.

c) IRRIGATION PLAN: please do confirm the arrangement with the School District (I'd suggest you have those details in writing so both parties are clear). Also, we'd want to confirm the proposed location of the irrigation lines and guide you on placing them in the least obtrusive locations as possible. If it is a potable water meter arrangement, we'd want to guide you on the placement location of the meter and the main service line(s).

d) PARKING AREA: I suggest we meet out there one day soon to mark out (spray paint) the area designated for the parking lot and entry drive, and your proposed location for the chained entry. It would be wise to see allow a space that, if ever really needed, and emergency vehicle could get around the chained area -- we can jointly figure that out. You mention some grading. I doubt you would want to move that much dirt, but a grading permit is required if over 100 cubic yards is moved, (a pickup truck can hold 3-4 yards), or if there would be swells left after grading that would hold water (mosquito concerns). We wouldn't want any dirt hauled off site without our prior approval.

The main signage for the project does require a sign permit. Depending on the footings, it could need a building permit. Attached is the simple sign permit application. It would be best to just prepare an overall signage plan so that we know what is planned and where.

As mentioned during the Council Meeting, I'll like have our Parks team monitoring things over time -- after this initial phase that is a part of the Agreement is set up. For now, please continue to use me as the main point of contact.

Thanks!

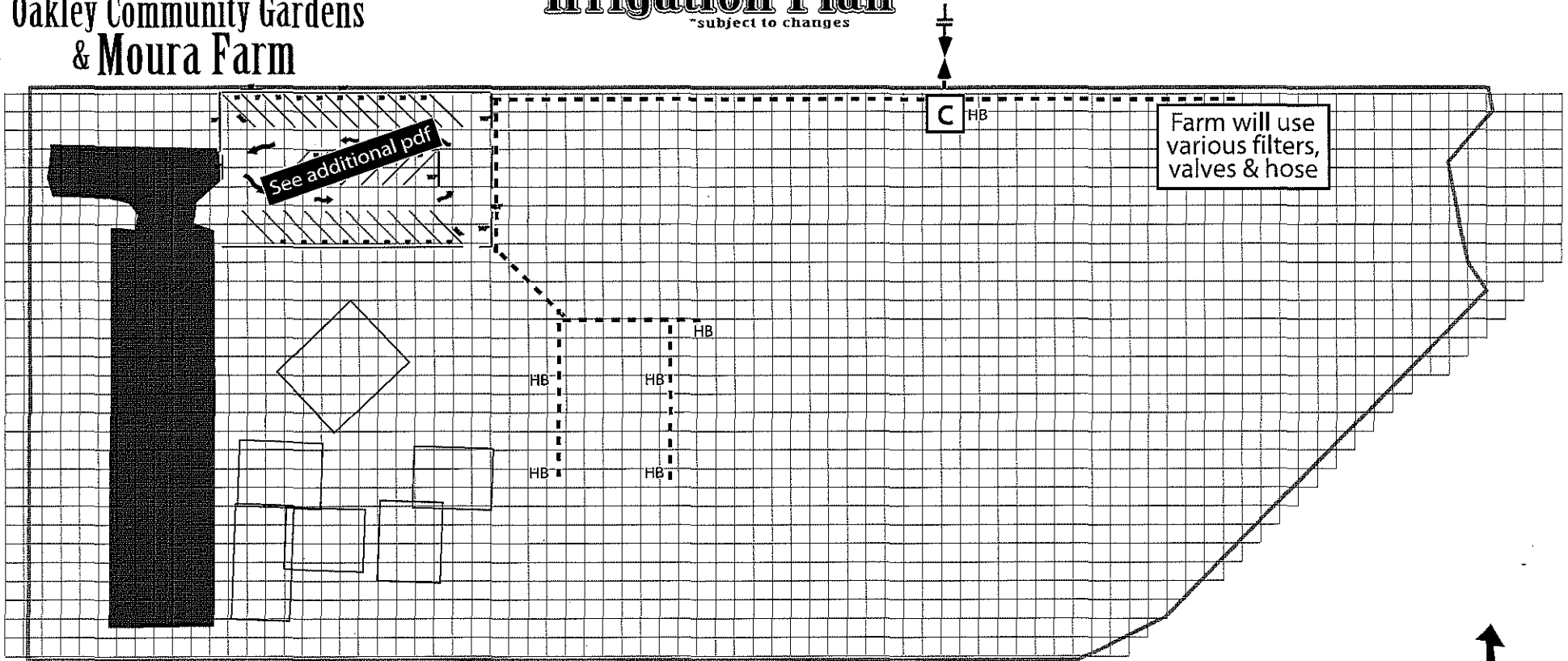
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# Oakley Community Gardens & Moura Farm

## Irrigation Plan \*subject to changes



### Irrigation Legend

-  water line
-  point of connection
-  backflow prevention
-  hosebib
-  controller





**2014 BUDGET FOR THE OAKLEY COMMUNITY GARDENS/FARM**

**ANNUAL EXPENSES:**

- ▶ Total annual insurance premium \$ 954.00
- ▶ Rent for property at 1250 O'Hara at \$1/month \$ 12.00
- ▶ Utilities from School District at \$50/month \$ 600.00

**Subtotal of Annual Expenses to date: \$1566.00**

**INCOME:**

- ▶ **Community Garden plot rentals [12 plots @ 10'x20' x\$35] \$ 420.00**

**TOTAL ESTIMATED ANNUAL EXPENSES [as of 20140616]: \$1566.00**

**TOTAL ESTIMATED INCOME TO DATE [20130616]: \$420.00**



## WORKSESSION MEMO

**Date:** February 10, 2015  
**To:** City Council  
**From:** Bryan Montgomery, City Manager  
Paul Abelson, Finance Director  
**SUBJECT:** **Worksession and update regarding the ongoing Police Services Study**

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### **Background and Analysis**

The ongoing police services study was undertaken to determine how to best position the City in providing for the long-term delivery of police services. Over the past year, Staff has been taking a measured and deliberate approach to gathering the necessary data, and exploring the options and opportunities that may be available regarding the very complex and critical delivery of police services. Our goal is to present a comprehensive, actionable analysis offering you the opportunity to evaluate and decide how to best proceed with the long-term delivery of these very critical services.

A Powerpoint presentation will be made at the City Council Meeting to provide further detail and to encourage questions and comments from the Council and the public, but here are the basic action items that have been a part of the ongoing Police Services Study:

- 1. Defined the Objective:** The goal of the Study was to determine whether the City may be able to provide equal or improved police services at a lower cost than under the current County contract arrangement.
- 2. Met and conferred with the Sheriff and other County officials:** the purpose of the meetings and other communications was to reassure the Sheriff of our continued satisfaction with the quality of services provided, but that the costs of the services were increasingly becoming a serious concern.
- 3. Conducted a survey of other police departments:** we surveyed 27 other police agencies and identified how these agencies were providing (in-house or by contract) over 30 components of the police

services function. Some of these components include staffing, records, training, recruitment and selection, investigations, dispatch, property/evidence, forensics, fleet maintenance, etc. In the process we identified a number of third-party providers for these services.

4. **Conducted preliminary organizational analyses:** with the data collected, we evaluated potential organizational structures and models for providing the police services functions. This analysis reviewed the common "hybrid" approach of providing some services in house and others by contracting with other entities.
5. **Met with other cities that have separated from County contracts:** We gleaned information from a number of cities that have adjusted their police services model over the years. Most notably we met with officials from the cities of San Ramon and Citrus Heights who separated from County contracts and went mostly in house.
6. **Contacted potential vendors:** we connected with over a dozen vendors (some other public entities) to assess the capacity for and the costs to provide these various services to Oakley.
7. **Further developed preliminary models for in-house and hybrid service delivery approaches:** this effort revisited potential organizational structures that would establish a mostly in-house arrangement, but with some services contracted out.
8. **Received input from experienced law enforcement professionals regarding organizational structures:** while some minor adjustments could be made, a preferred organizational chart was necessary to properly cost out the models.
9. **Contracted with compensation and benefits consultants:** this consultant team conducted a salary, benefits and overall compensation survey and also met in focus group settings with some of the existing Oakley officers. This effort assisted with the development of a strategic recruitment plan based on an initial compensation and benefits model that could be used should the City separate from the County.
10. **Identified and worked to quantify the risk transfer components that would occur if the City no longer contracted police services from the County:** there are a number of "back of house" services provided and the assumption of a significant amount of risk by the County as a part of the contract. Identifying those costs and the impact on the City organization has been a critical part of the analysis.

- 11. Identified and estimated one-time conversion costs should the City separate from the County:** while almost all of the vehicles, equipment and other assets are already owned by the City, additional vehicles and equipment would need to be purchased, some office space re-worked and some "overlap" staffing brought on board prior to the separation to prepare for the transition.
  
- 12. Prepared cost estimates comparing current costs with the County contract and the estimated costs of an in-house police department that contracts some services (most notably forensics and dispatch).** These cost estimates have been reviewed and re-reviewed several times and Staff believes we have a solid idea of what the costs will likely be to separate from the County contract.
  
- 13. Conferred with the County once again to determine if they would consider any changes to the cost modeling.** We felt it important to ask once again if the County would consider adjustments to how the costs of services under the police services contract are calculated. We received formal word that such adjustments would not be considered; although a continued contractual relationship with the County for some services, as is done by many cities, is expected and Staff would be meeting with the County staff, should the Council decide to separate from the County contract.

### **Conclusion**

Separating from the County contract comes with some risks and operational impacts to the rest of the City organization; however, we are convinced that a separation will come with a substantial cost savings, with no reduction in service levels. Most critically, all indications are that the cost of adding officers with an in-house model will be less expensive than under the existing County contract, and it is important to position the City wisely so that we are able to make the necessary additions to public safety as the community grows.