

**PERALTA COMMUNITY COLLEGE DISTRICT**  
**Board of Trustees Agenda Report**  
**For the Trustee Meeting Date of January 27, 2015**

**ITEM TITLE:**

Contract with Dolinka Group for the Audit of Redevelopment Agreements and Contracts

**SPECIFIC BOARD ACTION REQUESTED:**

Consider approval of contract with the Dolinka Group to conduct an annual audit of redevelopment pass-through payments from all 24 redevelopment agreements the District has with the 5 former redevelopment agencies (Alameda, Albany, Berkeley, Emeryville, and Oakland) in fiscal years 2014/15 and 2015/16.

**ITEM SUMMARY:**

Property taxes are a significant source of revenue to community colleges. In fiscal year 2013/14, property taxes accounted for approximately 21% of Peralta's Unrestricted General Fund Revenue. A portion of this revenue comes from redevelopment agreements and designated projects.

As part of the fiscal year 2011/12 State Budget Act, Assembly Bill 1 26 (AB 1 26) was enacted which dissolved all of California's redevelopment agencies as of February 1, 2012. Part of the dissolution effort, cities and counties that had formed redevelopment agencies are required to work with other designated agencies, i.e. schools, community colleges, and other taxing agencies, to initiate the process described within AB 1 26 to unwind the affairs of the former redevelopment agencies, liquidate any remaining assets that may exist after the wind-down has occurred, and transfer any remaining assets to the appropriate agencies (i.e. schools and colleges).

Within Peralta's CCD's boundaries there were 5 redevelopment agencies. They included: Alameda, Albany, Berkeley, Emeryville, and Oakland. Within these 5 redevelopment agencies there were approximately 24 designated project areas with reported remaining obligations and assets in excess of \$2.2 billion.

As the unwinding of the former redevelopment agencies occurs, it would be in the District's best interest to have an audit conducted to ensure that any past and future property tax amounts due to the District are identified and encumbered within the process so that the District's interests are secured. This audit engagement with the Dolinka group would extend through June 30, 2016 and would not exceed \$60,000. The Dolinka Group identified funds due to the District from property taxes through a prior contract with the District. They have a long history of providing redevelopment consulting services to local education agencies and have been recognized as the most comprehensive redevelopment service provider in the state. They have recently worked on a number of redevelopment studies for many other community college districts: Los Rios, Monterey Peninsula, Hartnell, Mt. SAC, San Diego, Mira Costa, Contra Costa, Rancho Santiago, Cerritos, Long Beach, Riverside, Mt. San Jacinto, as well as the State Chancellor's Office. The President and CEO of the Dolinka Group is Benjamin E. Dolinka.

**SOURCE OF FUNDS (AND FISCAL/BUDGETARY IMPACT):**

Restricted Redevelopment Funds – Fund 61

## **BACKGROUND/ANALYSIS:**

As part of the 2011 Budget Act and in order to protect funding for core public services at the local level, the Legislature approved the dissolution of the State's 400+ RDAs. After a period of litigation, RDAs were officially dissolved as of February 1, 2012. As a result of the elimination of the RDAs, property tax revenues are now being used to pay required payments on existing bonds, other obligations, and pass-through payments to local governments. The remaining property tax revenues that exceed the enforceable obligations are now being allocated to cities, counties, special districts, and school and community college districts, thereby providing critical resources to preserve core public services.

To help facilitate the winding down process at the local level, Successor Agencies have been established to manage redevelopment projects currently underway, make payments on enforceable obligations, and dispose of redevelopment assets and properties. Each Successor Agency has an Oversight Board that supervises its work. The Oversight Board is comprised of representatives of the local agencies that served in the redevelopment project area: the city, county, special districts, and K-14 educational agencies. Oversight Board members have a fiduciary responsibility to holders of enforceable obligations, as well as to the local agencies that would benefit from property tax distributions from the former redevelopment project area. Interim Vice Chancellor Rinne has been designated as Peralta's Oversight Board representative for all five Boards.

Within Peralta's constituent boundaries there were five former redevelopment agencies. The purpose and focus of this redevelopment services contract would be an annual audit of the redevelopment pass-through payments in fiscal years 2014/15 and 2015/16, to reconcile payments in fiscal years 2012/13 and 2013/14, to collect and review contracts and new and amended documentation from each redevelopment agency, to confirm time limitations for each Redevelopment Project Area, to calculate the owed pass-through payments to the District, to audit prior year remittances, and to research new redevelopment laws and statutes that may affect collection and disbursement of Redevelopment pass through dollars.

## **DELIVERABLES AND SCOPE OF WORK:**

Dolinka Group, LLC shall provide Redevelopment Consulting Services to Peralta Community College District ("Client"). The specific tasks to be performed under this Statement of Work include the following:

### **Redevelopment Services – Annual Audit**

This service involves Dolinka Group providing Redevelopment Assistance to the District. These services shall consist of annually auditing redevelopment pass-through payments in fiscal years 2014/15 and 2015/16. In fiscal year 2014/15 Dolinka Group shall provide auditing services for payments in fiscal years 2012/13 and 2013/14. In fiscal years 2015/16, Dolinka Group shall provide auditing services for payments for the preceding fiscal year. The specific tasks to be performed are as followed:

- Task 1. Collect Annual Data  
This task involves collecting and reviewing annual from the County for each Redevelopment Project Area. Such data will include, but not limited to, assessed valuation, tax rate areas, and tax rates.
- Task 2. Gather New and Amended Documentation  
This task involves gathering and reviewing new and amended documentation from each given redevelopment agency for the Redevelopment Project Areas. Such documentation may include, but not be limited to redevelopment plans, ordinances, and project area maps.
- Task 3. Confirm Time Limitations

This task involves confirming the initial and/or adjusted time limitations for the Redevelopment Project Areas, Dolinka Group shall confirm the time frames for (i) commencement of pass-through payments to the District from each redevelopment agency and (ii) extensions of the termination of pass-through payments.

Task 4. Calculate Expected Pass-Through Payment(s)

This task involves calculating the owed pass-through payment for the Redevelopment Project Areas. Dolinka Group shall use data/documentation obtained in Tasks 1 through 3 to calculate the pass-through payment owed to the District from each redevelopment agency.

Task 5. Update Projected Future Tax Increment

This task involves updating projected future tax increment receipts using data/documentation obtained in Tasks 1 through 3 to calculate the pass-through payment owed to the District from each redevelopment agency.

Task 6. Audit Remittances

This task involves auditing remittances of pass-through payments to the District from each redevelopment agency. Dolinka Group shall collect pass-through payment records from the District and sort the records by the Redevelopment Project Areas.

Task 7. Perform Comparisons

This task involves comparing the expected pass-through payments calculated in Task 4 with the audited remittances in Task 6. Dolinka Group shall determine if each redevelopment agency has remitted the correct amount to the District for the Redevelopment Project Areas.

Task 8. Confirm Payment Apportionments

This task involves confirming the apportionment requirements of pass-through payments received by the District for the Redevelopment Project Areas. To confirm the payment apportionments, Dolinka Group will rely on applicable statutory provisions required by California redevelopment law and legal counsel retained by the District.

Task 9. Verify Reporting Requirements

This task involves researching and verifying the revenue limit requirements of pass-through payments received by the District from the Redevelopment Project Areas. Dolinka Group will rely on applicable statutory provisions required by California redevelopment law and legal counsel retained by the District to confirm the reporting requirements.

Task 10. Research New Redevelopment Laws and Statutes

This task involves researching new redevelopment laws and statutes that effect Tasks 4, 8, and 9. Research of laws and statutes will include, but not be limited to, health and safety code, education code, assembly bills, senate bills, and case law, Assistance may be needed from legal counsel retained by the District.

Task 11. Meeting with Staff

This task involves meeting with the staff of the District to review and discuss findings and updates from Tasks 1 through 10.

**ANTICIPATED COMPLETION DATE:**

**JUNE 30, 2016**

**ALTERNATIVES/OPTIONS:**

**None**

**EVALUATION AND RECOMMENDED ACTION:**

Approval contract with Dolinka Group to provide an annual audit for 24 redevelopment agreements the District has with the 5 former redevelopment agencies.

**OTHER DEPARTMENTS IMPACTED BY THIS ACTION (E.G. INFORMATION TECHNOLOGY):**

YES \_\_\_\_\_ NO     X    

**COMMENTS:**

**WHO WILL BE PRESENTING THIS ITEM AT THE BOARD MEETING?**

Interim Vice Chancellor Rinne

(\*\*\*\*\*Board contract approval is subject to negotiation and execution by the Chancellor.)

**DOCUMENT PREPARED BY:**

Prepared by: Susan Rinne Date: 01/16/2015  
Susan Rinne Interim, Vice Chancellor Finance and Administration

**DOCUMENT PRESENTED AND APPROVED BY:**

Presented and approved by: Susan Rinne Date: 01/16/2015  
Susan Rinne Interim, Vice Chancellor Finance and Administration

**FINANCE DEPARTMENT REVIEW**

Finance review required  Finance review *not* required

If Finance review is required, determination is:  Approved  Not Approved

If not approved, please give reason: \_\_\_\_\_

Signature: Susan Rinne Date: 01/16/2015  
Susan Rinne, Interim Vice Chancellor of Finance and Administration

**GENERAL COUNSEL (Legality and Format/adherence to Education Codes):**

Legal review required  Legal review *not* required

If Legal review is required, determination is:  Approved  Not Approved

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
General Counsel

**CHANCELLOR'S OFFICE APPROVAL**

Approved, and Place on Agenda  Not Approved, but Place on Agenda

Signature: Dr. José M. Ortiz  
José M. Ortiz, Chancellor