



October 12, 2012

Mr. Scott McBride, Acting Community Development Director
City of Atwater
750 Bellevue Road
Atwater, CA 95301

Dear Mr. McBride:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Atwater Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 28, 2012 for the period of January through June 2013. Finance has completed its review of your ROPS III, which may have included obtaining clarification for various items.

HSC section 34171 (d) defines enforceable obligations. Based on a sample of line items reviewed and application of the law, the following do not qualify as enforceable obligations:

- Item Nos. 10 and 11 – Atwater Blvd-Winton Way and Downtown Revitalization project for \$2 million of bond funds. Although the design and engineering works has been completed, a construction agreement is not in place. HSC section 34191.4 (c) states that, after an agency receives a finding of completion from Finance, bond proceeds issued on or before December 31, 2010 shall be used for the purpose for which the bonds were sold. Finance has not issued a finding of completion for the Agency. Therefore, the items are not enforceable obligations.
- Item Nos. 6 and 9 were reclassified as administrative costs, and therefore administrative cost claimed exceeds the allowance by \$3,836. HSC section 34171 (b) limits administrative expenses to three percent of property tax allocated to the successor agency or \$250,000, whichever is greater.

Amount administrative costs for fiscal year 2012-13	\$250,000
Administrative costs claimed for July through December 2012	107,428
Administrative costs claimed for January through June 2013	146,408
Overage	\$3,836

Except for items denied in whole or in part as enforceable obligations as noted above, Finance is approving the remaining items listed in your ROPS III. If you disagree with the determination with respect to any items on your ROPS III, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

http://www.dof.ca.gov/redevelopment/meet_and_confer/

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is \$1,172,108 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 1,034,775
Less: Six-month total for items reclassified as administrative cost	
Item 6	5,000
Item 9	239
Total approved RPTTF for enforceable obligations	\$ 1,029,536
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	142,572
Total RPTTF approved:	\$ 1,172,108
Administrative Cost Calculation	
Total RPTTF for the period July through December 2012	\$ 107,428
Total RPTTF for the period January through June 2013	1,029,536
Total RPTTF for fiscal year 2012-13:	\$ 1,136,964
Allowable administrative cost for fiscal year 2012-13 (Greater of 3% or \$250,000)	250,000
Administrative allowance for the period of July through December 2012	107,428
Allowable RPTTF distribution for administrative cost for ROPS III:	\$ 142,572

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county auditor-controller to account for differences between actual payments and past estimated obligations. Additionally, these estimates and accounts are subject to audit by the county auditor-controller and the State Controller.

Please refer to the ROPS III schedule that was used to calculate the approved RPTTF amount:

<http://www.dof.ca.gov/redevelopment/ROPS/ROPS III Forms by Successor Agency/>.

All items listed on a future ROPS are subject to a subsequent review. An item included on a future ROPS may be denied even if it was not questioned from the preceding ROPS.

The amount available from the RPTTF is the same as the property tax increment that was available prior to enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the successor agency in the RPTTF.

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Please direct inquiries to Beliz Chappuie, Supervisor or Cindie Lor, Lead Analyst at
(916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Ms. Lori Waterman, Grants Manager, City of Atwater
Ms. Sylvia Sanchez, Supervising Accountant, County of Merced