



October 13, 2012

Ms. Suzanne Mallory, Finance Director  
City of Manteca  
1001 West Center Street, Suite B  
Manteca, CA 95337

Dear Ms. Mallory:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Manteca Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 29, 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:

- Administrative cost claimed exceed the allowance by \$122,258. HSC section 34171 (b) limits fiscal year 2012-13 administrative costs to three percent of property tax allocated to the Agency or \$250,000, whichever is greater. As a result, the Agency is eligible for \$290,292 in administrative costs during fiscal year 2012-13. The Agency received no funding for administrative costs for the July through December 2012 period, thus leaving a balance of \$290,292 available for the January through June 2013 period. Although \$412,550 is claimed for administrative cost, only \$290,292 is available pursuant to the cap. Therefore, \$122,258 of excess administrative cost claimed is not allowed.
- Item No. 28 through 37 totaling \$52.2 million requested for various bond funded projects. There are no contracts in place to support the expenditures. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. Upon receiving a Finding of Completion from Finance, these items may become enforceable pursuant to HSC section 34191.4 (c). Until then, they are not enforceable obligations and not authorized for payment.

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/](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: \$5,977,742 as summarized below:

<b>Approved RPTTF Distribution Amount</b>	
<b>For the period of January through June 2013</b>	
Total RPTTF funding requested for obligations	\$ 5,687,450
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	290,292
<b>Total RPTTF approved:</b>	<b>\$ 5,977,742</b>
<b>Administrative Cost Calculation</b>	
Total RPTTF for the period July through December 2012	\$ 3,988,934
Total RPTTF for the period January through June 2013	5,687,450
<b>Total RPTTF for fiscal year 2012-13:</b>	<b>\$ 9,676,384</b>
Allowable administrative cost for fiscal year 2012-13 (Greater of 3% or \$250,000)	290,292
Administrative allowance for the period of July through December 2012	0
<b>Allowable RPTTF distribution for administrative cost for ROPS III:</b>	<b>\$ 290,292</b>

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/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS%20III%20Forms%20by%20Successor%20Agency/).

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.

Please direct inquiries to Robert Scott, Supervisor or Jenny DeAngelis, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY  
Local Government Consultant

cc: Mr. Donald Smail, Economic Development Manager, City of Manteca  
Mr. Adrian Van Houten, Auditor-Controller, County of San Joaquin  
Ms. Sandra Chan, Chief Deputy Auditor Controller, County of San Joaquin