



October 14, 2012

Mr. Kenneth A. Domer, Assistant City Administrator
City of Placentia
401 E. Chapman Avenue
Placentia, CA 92870

Dear Mr. Domer:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Placentia Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 30, 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 – In the amount of \$25,000 are considered general administrative expenses and have been reclassified as funded through the administrative cost allowance. HSC section 34171 (b) limits administrative expenses to three percent of property tax allocated to the successor agency or \$250,000 whichever is greater. Of the \$250,000 available for administrative expenses \$78,215 was distributed during the July through December 2012 period leaving only \$171,785 available for the January through June 2013 period. Of the \$209,300 administrative costs claimed, \$37,515 (\$209,300-\$171,785) is not an enforceable obligation and is not eligible for the Redevelopment Property Tax Trust Fund (RPTTF) funding.

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 RPTTF distribution for the reporting period is \$1,614,616 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 1,467,831
Less: Six-month total for items reclassified as administrative cost	
Item No. 10	12,000
Item No. 11	13,000
Total approved RPTTF for enforceable obligations	<u>\$ 1,442,831</u>
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	<u>171,785</u>
Total RPTTF approved:	\$ 1,614,616

Administrative Cost Calculation	
Total RPTTF for the period July through December 2012	\$ 909,792
Total RPTTF for the period January through June 2013	1,442,831
Total RPTTF for fiscal year 2012-13:	\$ 2,352,623
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	78,215
Allowable RPTTF distribution for administrative cost for ROPS III:	\$ 171,785

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 Nichelle Thomas or Wendy Griffe, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Mr. Troy Butzlaff, City Administrator, City of Placentia
Ms. Karen Ogawa, Finance Director, City of Placentia
Mr. Frank Davies, Administrative Manager, Orange County