



October 19, 2012

Mr. Zane Johnston, Finance Director  
City of Tracy  
333 Civic Center Place  
Tracy, CA 95376

Dear Mr. Johnston:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Tracy successor agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on September 4, 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 No. 5 – Agency share of the City of Tracy's (City) debt in the amount of \$10.4 million. It is our understanding this pertains to the Agency's reimbursement to the City for lease payments made by the City to the Tracy Operating Partnership Joint Powers Authority (Authority). The payments to the Authority are in connection with Lease Revenue Bonds issued by the Authority, of which the former redevelopment agency (RDA) is not a party. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the RDA and the former RDA are not enforceable. Therefore, the reimbursement agreement between the City and former RDA is not an enforceable obligation and not eligible for funding.
- Item No. 6 – Tax administration in the amount of \$195,000. HSC section 34182 (e) allows the county auditor-controller to deduct from the Redevelopment Property Tax Trust Fund for its administration costs prior to making a distribution. Therefore, this is not an enforceable obligation and not eligible for funding.

Except for item(s) denied in whole or in part as enforceable obligation(s) 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: \$2,615,806 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	\$ 2,685,806
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Item 5	0
Item 6	195,000
Total approved RPTTF for enforceable obligations	\$ 2,490,806
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	125,000
<b>Total RPTTF approved:</b>	<b>\$ 2,615,806</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 Derk Symons, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY  
Local Government Consultant

cc: Mr. Robert Harmon, Senior Accountant, City of Tracy  
Ms. Sandra Chan, Chief Deputy Auditor-Controller, County of San Joaquin