



Transmitted via e-mail

April 7, 2023

Jared M. Hansen, Acting Finance Director
City of Manteca
1001 West Center Street
Manteca, CA 95337

2023-24 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Manteca Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period July 1, 2023 through June 30, 2024 (ROPS 23-24) to the California Department of Finance (Finance) on January 31, 2023. Finance has completed its review of the ROPS 23-24.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item No. 20 – Utilities on Agency-owned properties in the amount of \$13,500. Finance approved the Agency's Long-Range Property Management Plan on December 17, 2015, and the contract and agreements necessary to maintain assets prior to disposition are allowable. However, it is our understanding that the property is being improperly used as a homeless warming shelter instead of being actively marketed for sale. HSC section 34177 (e) requires agencies to dispose assets and properties expeditiously and in a manner aimed at maximizing value. The Agency provided no other information to support the requested \$13,500. Based on our previous review, Finance determined the average annual cost of utilities was \$6,350. Therefore, of the requested \$13,500 in Redevelopment Property Tax Trust Fund (RPTTF) funding, \$7,150 is not allowed.
- Item No. 71 – 2020 Bond Debt Service in the amount of \$1,679,200. The Agency requested \$1,679,200 from RPTTF in error. According to the debt service schedules provided by the Agency, the amount requested for the July 1, 2023 through December 31, 2023 period (ROPS A period) should be \$1,206,800 from Reserve Balances, not from RPTTF, and the amount requested for the January 1, 2024 through June 30, 2024 period (ROPS B period) should be \$1,704,800 from RPTTF. The Agency only requested \$472,400 RPTTF funding for the ROPS B period, an additional \$1,232,400 (\$1,704,800 - \$472,400) RPTTF funding is needed. Therefore, to accurately reflect the correct debt service payment, Finance made a net adjustment of \$25,600 (\$1,232,400 - \$1,206,800) to increase the total requested amount of RPTTF from \$1,679,200 to \$1,704,800.

- Item No. 73 – 2020 Bond Debt Service in the amount of \$5,186,900. The Agency requested \$5,186,900 from RPTTF in error. According to the debt service schedules provided by the Agency, the amount requested for the ROPS A period should be \$4,406,570 from Reserve Balances, not from RPTTF, and the amount requested for ROPS B period should be \$5,185,658 from RPTTF. The Agency only requested \$780,330 in RPTTF funding for the ROPS B period; an additional \$4,405,328 (\$5,185,658 - \$780,330) RPTTF funding is needed. Therefore, to accurately reflect the correct debt service payment, Finance made a net adjustment of \$1,242 (\$4,405,328 - \$4,406,570) to decrease the total requested amount of RPTTF from \$5,186,900 to \$5,185,658.
- The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (3). However, Finance notes the Oversight Board (OB) has approved an amount that appears excessive, given the number and nature of the obligations listed on the ROPS. HSC section 34179 (i) requires the OB to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the OB to apply adequate oversight when evaluating the administrative resources necessary to successfully wind-down the Agency.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations (prior period adjustments) for the July 1, 2020 through June 30, 2021 (ROPS 20-21) period. The ROPS 20-21 prior period adjustment (PPA) will offset the ROPS 23-24 RPTTF distribution. The amount of RPTTF authorized includes the PPA resulting from the County Auditor-Controller's (CAC) review of the PPA form submitted by the Agency, as adjusted by Finance. Specifically, based on the documents provided by the Agency, Finance adjusted the actual expenditures for Item Nos. 1, 7, 10, and 11 and administrative RPTTF to \$622,029, \$1,525,519, \$900,000, \$50,345, and \$242,202, respectively. These adjustments have reduced the PPA from \$3,636,143 to \$1,299,010.

The Agency's maximum approved RPTTF distribution for the reporting period is \$5,861,798, as summarized in the Approved RPTTF Distribution table (see Attachment).

RPTTF distributions occur biannually, one distribution for the ROPS A period, and one distribution for the ROPS B period, based on Finance's approved amounts. Since this determination is for the entire ROPS 23-24 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Except for the adjusted items, Finance approves the remaining items listed on the ROPS 23-24 at this time. If the Agency disagrees with our determination with respect to any items on the ROPS 23-24, except items which are the subject of litigation disputing our previous or related determinations, the Agency may request a Meet and Confer within five business days from the date of this letter. The Agency must use the RAD App to complete and submit its Meet and Confer request form. The Meet and Confer process and guidelines are available on our website:

http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 23-24. This determination only applies to items when funding was requested for the 12-month period. If a determination by Finance in a previous ROPS is currently the subject of litigation, the item will continue to reflect the determination until the matter is resolved.

The ROPS 23-24 form submitted by the Agency and this determination letter will be posted on our website:

<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This determination is effective for the ROPS 23-24 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to Finance's review and may be adjusted even if not adjusted on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Zuber Tejani, Supervisor, or Veronica Zalvidea, Staff, at (916) 322-2985.

Sincerely,

Original signed by Cheryl L. McCormick for:

JENNIFER WHITAKER
Program Budget Manager

cc: Lana McBroom, Budget Analyst, City of Manteca
Jeffery Woltkamp, Assistant Auditor-Controller, San Joaquin County
Rachel DeBord, Countywide Oversight Board Representative

Approved RPTTF Distribution July 2023 through June 2024			
	ROPS A	ROPS B	Total
RPTTF Requested	\$ 5,627,120	\$ 1,266,480	\$ 6,893,600
Administrative RPTTF Requested	125,000	125,000	250,000
Total RPTTF Requested	5,752,120	1,391,480	7,143,600
RPTTF Requested	5,627,120	1,266,480	6,893,600
<u>Adjustment(s)</u>			
Item No. 20	(3,575)	(3,575)	(7,150)
Item No. 71	(1,206,800)	1,232,400	25,600
Item No. 73	(4,406,570)	4,405,328	(1,242)
	(5,616,945)	5,634,153	17,208
RPTTF Authorized	10,175	6,900,633	6,910,808
Administrative RPTTF Authorized	125,000	125,000	250,000
ROPS 20-21 Prior Period Adjustment (PPA)	(135,175)	(1,163,835)	(1,299,010)
Total RPTTF Approved for Distribution	\$ 0	\$ 5,861,798	\$ 5,861,798