



May 25, 2012

David Loya, Community Development Deputy Director
City of Arcata
736 F Street
Arcata, CA 95521

Dear Mr. Loya:

Subject: Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Arcata Successor Agency (City) submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on May 14, 2012 for the periods of January through June 2012 and July through December 2012. Finance is assuming appropriate oversight board approval. Finance has completed its review of your ROPS, which may have included obtaining clarification for various items.

January through June 2012 ROPS:

- Administrative cost claimed exceeds allowance by \$125,000. HSC section 34171 (b) limits fiscal year 2011-12 administrative cost allowance to five percent of the property tax allocated to the successor agency or \$250,000, whichever is greater. Five percent of the property tax allocation for January to June 2012 is \$148,062. Therefore, the administrative cost allowance for fiscal year 2011-12 is \$250,000. The following line items are considered administrative costs:

Item	Page	Description	Amount
5	1	Admin- City Costs	\$230,715
6	1	Admin- Legal Consultation (Contract)	7,500
7	1	Admin - Tax Consulting Services (Contract)	5,010
8	1	Admin -Audit Services (Contract)	4,900
9	1	Admin - Oversight Board - Quarterly meetings	1,875
15	1	Estimated admin for Jul-Dec 2012	125,000
Total:			\$375,000

July through December 2012 ROPS:

- HSC section 34171 (b) limits fiscal year 2012-13 administrative cost allowance to three percent of the property tax allocated to the successor agency or \$250,000, whichever is greater. Three percent of the property tax allocation for July to December 2012 is

\$38,932. Therefore, the administrative cost allowance for fiscal year 2012-13 is \$250,000. The following line items are considered administrative costs:

Item	Page	Description	Amount
5	1	Admin- City Costs	\$107,700
6	1	Admin- Legal Consultation (Contract)	3,750
7	1	Admin - Tax Consulting Services (Contract)	4,800
8	1	Admin - Audit Services (Contract)	5,000
9	1	Admin - Oversight Board - Quarterly meetings	3,750
		TOTAL:	\$125,000

Except for items disallowed in whole or in part as enforceable obligations noted above, Finance is approving the remaining items listed in your ROPS for both periods. This is our determination with respect to any items funded from the Redevelopment Property Tax Trust Fund (RPTTF) for the June 1, 2012 property tax allocations. If your oversight board disagrees with our determination with respect to any items not funded with property tax, any future resolution of the disputed issue may be accommodated by amending the ROPS for the appropriate time period. Items not questioned during this review are subject to a subsequent review, if they are included on a future ROPS. If an item included on a future ROPS is not an enforceable obligation, Finance reserves the right to remove that item from the future ROPS, even if it was not removed from the preceding ROPS.

Please refer to Exhibit 12 at http://www.dof.ca.gov/assembly_bills_26-27/view.php for the amount of RPTTF that was approved by Finance based on the schedule submitted.

As you are aware the amount of available RPTTF is the same as the property tax increment that was available prior to ABx1 26. 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 in the RPTTF.

Please direct inquiries to Evelyn Suess, Supervisor or Michael Barr, Lead Analyst at (916) 322-2985.

Sincerely,



MARK HILL
Program Budget Manager

cc: Ms. Janet Luzzi, Finance Director, City of Arcata
Mr. Joe Mellett, Auditor-Controller, Humboldt County