DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR

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September 28, 2012

Mr. John Duckett, Assistant City Manager
City of Shasta Lake
1650 Stanton Drive
Shasta Lake, CA 96019

Dear Mr. Duckett:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Shasta Lake (City) Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 15, 2012 for the period January through June 2013. Finance has completed its review of your ROPS III, which 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 costs funded by RPTTF exceed the allowance by $128,109. HSC section 34171 (b) limits fiscal year 2012-13 administrative costs to three percent of property tax allocated to the successor agency or $250,000, whichever is greater. The Agency is eligible for an administrative cost allowance cap of $250,000. The Shasta County Auditor-Controller distributed $68,109 of RPTTF to fund July through December 2012 administrative costs. Therefore, $181,891 remains to fund administrative costs for the January through June 2013 period. Item Nos. 7, 9, and 10 were reclassified as administrative costs bringing total claimed administrative costs to $310,000. As a result, $128,109 of excess administrative costs claimed is not allowed.

- Item No. 11 – Housing Monitoring Services in the amount of $46,290. HSC 34176 (a) states that the city, county, or city and county may elect to retain the authority to perform housing functions previously performed by the former redevelopment agency. On July 20, 2012 the City filed with Finance a Housing Assets List effectively assuming and accepting housing functions and responsibilities of the Agency. Further, the City did not list a $46,290 Low – Mod Encumbrance on Exhibit C to fund housing monitoring activity. Therefore, the Agency is not permitted to fund housing administration costs out of RPTTF.

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/

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: $909,126 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2013		
Total RPTTF funding requested for obligations	$	809,927
Less: Six-month total for item(s) denied or reclassified as administrative cost		
Item No. 7*		5,000
Item No. 9*		6,402
Item No. 10*		25,000
Item No. 11		46,290
Total approved RPTTF for enforceable obligations	$	727,235
Plus: Allowable RPTTF distribution for administrative cost for ROPS III		181,891
Total RPTTF approved:	**$**	**909,126**

* Reclassified as administrative cost

Administrative Cost Calculation		
Total RPTTF for the period July through December 2012	$	649,595
Total RPTTF for the period January through June 2013		727,235
Total RPTTF for fiscal year 2012-13:	**$**	**1,376,830**
Allowable administrative cost for fiscal year 2012-13 (Greater of 3% or $250,000)		250,000
Administrative allowance for the period of July through December 2012		68,109
Allowable RPTTF distribution for administrative cost for ROPS III:	**$**	**181,891**

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.

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

Sincerely,

STEVE SZALAY
Local Government Consultant

cc: Ms. Carol Martin, City Manager, City of Shasta Lake
Ms. Connie Regnell, Auditor-Controller, Shasta County
Ms. Sherri Jenkins, Managing Accountant, Shasta County
California State Controller's Office