



October 12, 2012

Mr. Daniel Buffalo, Finance Director
City of Lakeport
225 Park Street
Lakeport, CA 95453

Dear Mr. Buffalo:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Lakeport Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 29, 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. 9 – Lakeport Main Street Improvement Project in the amount of \$2.8 million is an agreement between the City of Lakeport and the Lakeport Main Street Association. Since the former Redevelopment Agency is neither a party to the contract nor responsible for payment of the contract, this line item is not an enforceable obligation of the Agency. Upon receiving a Finding of Completion from Finance, these items may become eligible for bond funding pursuant to HSC section 34191.4 (c). Until then, they are not enforceable obligations and not authorized for payment.
- Administrative costs exceed the allowance by \$70,496. 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. As a result, the Agency is eligible for \$250,000 in administrative cost allowance for fiscal year 2012-13. The Auditor Controller's Office distributed \$126,518 of administrative costs for the July through December 2012 period, thus leaving a balance of \$123,482 available for the January through June 2013 period. Therefore, \$70,496 of the claimed \$193,978 is not allowed.

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: \$257,722 as summarized below:

Approved RPTTF Distribution Amount	
For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 134,240
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	123,482
Total RPTTF approved:	\$ 257,722
Administrative Cost Calculation	
Total RPTTF for the period July through December 2012	\$ 425,009
Total RPTTF for the period January through June 2013	134,240
Total RPTTF for fiscal year 2012-13:	\$ 559,249
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	126,518
Allowable RPTTF distribution for administrative cost for ROPS III:	\$ 123,482

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: Ms. Margaret Silveira, City Manager, City of Lakeport
Ms. Cathy Saderlund, Auditor-Controller, County of Lake