



May 31, 2012

Heather Ippoliti, Finance Director  
City of Healdsburg  
401 Grove Street  
Healdsburg, CA 95448-4723

Dear Ms. Ippoliti:

Subject: Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Healdsburg Successor Agency submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on May 16, 2012 for the period January to June 2012 and on May 23, 2012 for the period July to 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.

HSC section 34171 (d) lists enforceable obligation (EO) characteristics. Based on a sample of line items reviewed and application of the law, the following do not qualify as EOs:

January to June 2012 ROPS:

- Items listed in the table below totaling \$19.3 million. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment agency (RDA) and the former RDA are not EOs.

Page	Item	Description	Amount
1	14	Foss Creek Pathway	\$879
1	15	Central Healdsburg Ave Special Study	1,779
1	16	Water Services Replacement	18,230
1	17	Facility Lease Agreement	800,000
2	3	Badger Substation Fence Replacement	6,784
2	7	North Street Utility Underground Project	22,026
2	11	Streetscape Improvements	967,992
2	13	Streetscape Improvements	29,706
2	19	Healdsburg Avenue Bridge	28,935
2	23	Healdsburg Avenue Bridge	434,571
2	25	Infrastructure Improvements	1,918,086
2	27	Recycled Water System Upgrade	20,226
2	31	Recycled Water System Upgrade	1,462,582
2	32	Healdsburg Ave 5-way Intersection Improvements	2,400,000

Page	Item	Description	Amount
2	34	Water /Sewer Capital Purchase Program	750,000
2	35	Water Distribution System Upgrade	450,000
2	36	Purity Property Improvements	1,197,500
2	37	Extend Water/Sewer Services to South of City	6,000,000
2	38	Façade Program	250,000
2	39	Grease Interceptor Rebate Program	250,000
2	40	Utility Underground Rebate Program	350,000
2	41	Low and Moderate Income Housing Program	1,720,000
2	42	Neighborhood Revitalization Program	98,154
2	43	Neighborhood Revitalization Program	157,846
<b>Total:</b>			<b>\$19,335,296</b>

- Items listed in the table below totaling \$8 million. These items are for contracts between the City and third parties and are therefore not EOs.

Page	Item	Description	Amount
2	1	Railroad Depot Project	\$550,000
2	2	Badger Substation Fence Replacement	553,636
2	4	Badger Substation Fence Replacement	8,322
2	5	Recreation Park Improvements	397,476
2	6	Recreation Park Improvements	928
2	8	North Street Utility Underground Project	41,499
2	9	North Street Utility Underground Project	1,323
2	10	North Street Utility Underground Project	35,153
2	12	Streetscape Improvements	325
2	16	Streetscape Improvements	100,551
2	17	Streetscape Improvements	14,981
2	18	Streetscape Improvements	80,239
2	20	Healdsburg Avenue Bridge	98,022
2	21	Healdsburg Avenue Bridge	974
2	24	Infrastructure Improvements	81,914
2	28	Recycled Water System Upgrade	31,818
2	30	Recycled Water System Upgrade	3,051
2	33	Foss Creek School Acquisition	6,000,000
<b>Total:</b>			<b>\$8,000,212</b>

- Page 2, line items 22 and 29 in the amount of \$2 million. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. It is our understanding that contracts for these line items have not yet been awarded or were awarded after June 27, 2011.
- Administrative cost claimed exceeds allowance by \$259,278. HSC section 34171 (b) limits the 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 allocated to the City of Healdsburg Successor Agency in January to June 2012 is approximately \$0. Therefore, the administrative cost allowance is \$250,000. The following line items are considered administrative costs:

Page	Item.	Project Name	Amount
3	1	Successor Agency Administrative Cost - Personnel	\$321,393
3	5	Audit Services	9,043
3	6	Legal Services	75,000
3	7	Legal Services	30,000
3	11	Area Property Management	4,933
3	14	Area Property Management	2,908
3	16	Area Property Management	66,001
<b>Total:</b>			<b>\$509,278</b>

July to December 2012 ROPS:

- Items listed in the table below totaling \$16.8 million. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment agency and the former redevelopment agency are not enforceable obligations.

Page	Item	Description	Amount
2	1	Streetscape Improvements	\$967,992
2	2	Healdsburg Avenue Bridge	11,998
2	5	Healdsburg Avenue Bridge	103,355
2	6	Infrastructure Improvements	1,918,087
2	7	Recycled Water System Upgrade	22,500
2	9	Recycled Water System Upgrade	1,350,081
2	10	Healdsburg Ave 5-way Intersection Improvements	2,400,000
2	11	Water /Sewer Capital Purchase Program	675,000
2	12	Water Distribution System Upgrade	450,000
2	13	Purity Property Improvements	1,197,500
2	14	Extend Water/Sewer Services to South of City	6,000,000
2	15	Façade Program	240,000
2	16	Grease Interceptor Rebate Program	210,000
2	17	Utility Underground Rebate Program	350,000
2	18	Low and Moderate Income Housing Program	720,000
2	19	Neighborhood Revitalization Program	157,846
<b>Total:</b>			<b>\$16,774,359</b>

- Items listed in the table below totaling \$409,218. These items are for contracts between the City and third parties and as such are not enforceable obligations.

Page	Item	Description	Amount
2	3	Healdsburg Avenue Bridge	\$319,218
2	8	Recycled Water System Upgrade	90,000
		<b>Total:</b>	<b>\$409,218</b>

- Page 2, line item 4 in the amount of \$1.9 million. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. It is our understanding that contracts for this line item has not yet been awarded or was awarded after June 27, 2011.

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](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: Mr. Erick Roeser, Property Tax Manager, Sonoma County