



May 11, 2012

Jeff Kiser, City Manager
City of Anderson
1887 Howard Street
Anderson, CA 96007

Dear Mr. Kiser:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Anderson Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on May 1, 2012 for the periods January through June 2012 and July through December 2012. Finance staff contacted you for clarification of items listed in the ROPS.

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:

- Repayment (loan) Agreements with the City of Anderson on line 1 and 2 totaling \$1,276,453 for the ROPS periods January through June and July through December 2012. HSC section 34171 (d) (2) states that loans between the entity that created the redevelopment agency (RDA) and the former RDA are not enforceable.
- Professional Services Agreement for \$20,000 on line 17 for ROPS periods January through June and July through December 2012. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2012
- Tax Allocation Bond payments on line 3 and 4, totaling \$189,947 for the period January through June 2012. The payments in the June 2012 column have been erroneously entered and are a duplicate of the February 2012 payment column, and should be removed.
- Tax Allocation Bond payments on line 3 and 4 totaling \$279,947 for the period July through December 2012. The payments in the December 2012 column have been erroneously entered and are a duplicate of the August 2012 payment column, and should be removed.
- For the ROPS period January through June 2012, HSC section 34171 (b) limits the 2011-12 administrative cost allowance to five percent of the property tax allocated or \$250,000, whichever is greater. Five percent of the property tax allocated to the Successor Agency in 2011-12 equated to \$11,836. \$250,000 is the maximum administrative cost allowance. The total administrative costs claimed between line 9, 10, and 16 totaled \$284,800, therefore \$34,800 is not allowed.

As authorized by HSC section 34179 (h), Finance is returning your ROPS for your reconsideration. This action will cause the specific ROPS items noted above to be ineffective

until Finance approval. Furthermore, items listed on future ROPS will be subject to review and may be denied as EOs.

Finance may continue to review items on the ROPS in addition to those mentioned above and identify additional issues. We will provide separate notice if we are requesting further modifications to the ROPS. It is our intent to provide an approval notice with regard to each ROPS prior to the June 1 property tax distribution date.

If you believe we have reached this conclusion in error, please provide further evidence that the items questioned above meet the definition of an EO and submit to the following email address:

Redevelopment_Administration@dof.ca.gov

Please direct inquiries to Robert Scott, Supervisor or Jenny DeAngelis, Lead Analyst at (916) 322-2985.

Sincerely,



MARK HILL
Program Budget Manager

cc: Ms. Liz Cottrell, Finance Director/Treasurer, City of Anderson
Ms. Connie Regnell, Auditor-Controller, Shasta County
Ms. Sherri Jenkins, Managing Accountant, Shasta County