



April 30, 2012

Will Kaholokula, Director of Finance and Admin Services  
City of Bell Gardens  
7100 S. Garfield Avenue  
Bell Gardens, CA 90201

Dear Mr. Kaholokula:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Bell Gardens (City) Community Development Commission Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 17, 2012 for the period January through June 2012. Finance staff recently contacted you for further clarification of items listed in the ROPS.

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

- Item No. 17 on page 1 for Central City Project Area – Tax Increment Administration Fee to County of Los Angeles in the amount of \$37,000. HSC section 34182 (e) states that county auditor-controller may charge the Redevelopment Property Tax Trust Fund for the cost of administering the provisions of this part. Therefore, the debt obligation is not an EO.
- Administrative expenses of \$6,832. The HSC section 34171 (b) limits the 2011-12 administrative cost allowance to five percent of the property tax allocated to the successor agency or \$250,000, whichever is greater. The City is allowed \$250,000 for administration costs. Therefore, \$6,832 of the claimed \$256,832 is not allowed. The following items are administrative expenses:
  - Item Nos. 6, 7, 8, 10, 11, 13, 15 and 16 on page 1 - Central City Project Area
  - Item Nos. 6, 7, 8, 12 and 15 on page 1 - Project Area 1

As authorized by HSC section 34179 (h), Finance is returning your ROPS for 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.

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.

Mr. Kaholokula  
April 30, 2012  
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Please direct any inquiries to Chikako Takagi-Galamba, Supervisor or Wendy Griffe, Lead Analyst at (916) 322-2985.

Sincerely,

A handwritten signature in cursive script that reads "Mark Hill".

MARK HILL  
Program Budget Manager

cc: Mr. Phil Wagner, City Manager, City of Bell Gardens  
Mr. John Oropeza, Assistant City Manager/Interim Director of Community Development,  
City of Bell Gardens  
Ms. Kristina Burns, Program Specialist III, Office of the Los Angeles County Auditor