



May 7, 2012

Romualdo J. Medina, City Manager
City of Calipatria
125 North Park Avenue
Calipatria, CA 92233

Dear Mr. Medina:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the city of Calipatria Successor Agency submitted a revised Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 26, 2012, for the period January through June 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 does not qualify as an EO:

The administrative cost allowance exceeded limit by \$124,254. HSC section 34171 (b) limits the administrative cost to five percent of the property tax allocated or \$250,000, whichever is greater. Five percent of the allocation is \$11,037; therefore your allowance is limited to \$250,000 of the \$374,254 claimed for fiscal year. Administrative cost items include page 1, line 6, 7, 9, 13 and 14.

As authorized by HSC section 34179 (h), Finance is returning your ROPS for reconsideration. This action will cause the 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 reached this conclusion in error, please provide evidence the items questioned above meet the definition of an EO and send to Redevelopment_Administration@dof.ca.gov.

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

Sincerely,

MARK HILL
Program Budget Manager

cc: Mr. Douglas R. Newland, Auditor-Controller, Imperial County