



May 25, 2012

Rachel Hurst, Director of Community Development
City of Coronado
1825 Strand Way
Coronado, CA 92118

Dear Ms. Hurst:

Subject: Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Coronado (City) Successor Agency submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on April 12, 2012 for the period of January to June 2012 and April 27, 2012 for the period of 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.

January through June 2012 ROPS

In Finance's letter dated April 13, 2012, we questioned the following items:

- Page 1, Item Nos. 11 through 13 for contracts with the City totaling \$69.4 million.
- Page 2, Item No. 21 for contracts not yet executed in the amount of \$2.6 million.

July through December 2012

In Finance's letter dated May 11, 2012, we questioned the following items:

- Page 1, Item Nos. 11 and 12 and page 2, Item No. 33 for contracts with the City totaling \$69.4 million.
- Page 1, Item No. 20 for contracts not yet executed in the amount of \$2.6 million.
- Page 2, Item No. 22 for administrative expenses in excess of the 3 percent cap of \$24,950.

Finance is revising the amount disallowed for excess administrative costs claimed to \$12,388. See Attachment A for the administrative cost calculation.

Except 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 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 Chikako Takagi-Galamba, Supervisor or Wendy Griffe, Lead Analyst at (916) 322-2985.

Sincerely,



MARK HILL
Program Budget Manager

cc: Ms. Rhonda Huth, Senior Management Analyst, City of Coronado
Mr. Blair King, City Manager, City of Coronado
Ms. Janet Coon, Administrative Secretary, City of Coronado
Mr. Juan Perez, Senior Auditor and Controller Manager, San Diego County
Ms. Nenita DeJesus, Senior Auditor and Controller Accountant, San Diego County

Attachment A

Administrative Cost Calculation For the period July – December 2012

Allowable Administrative Costs for July – December 2012	
Total RPTTF Funding (per Form C)	\$11,931,301
Less: Administrative costs claimed (Item No. 22 on page 2)	321,000
Less: Items denied (Item No. 20 on page 1)	1,323,237
Total funded from RPTTF :	10,287,064
3% of Total funded from RPTTF:	308,612
Allowable Administrative Costs (Greater of 3% or \$250,000):	\$308,612

Item Qualifying as Administrative Costs			
Page	Item	Description	Amount claimed
2	22	Successor Agency Administrative Expenses	321,000
Total Administrative Costs Claimed:			321,000
Less Allowable Administrative Cap:			<u>308,612</u>
Administrative Amount Disallowed:			\$12,388