



April 13, 2012

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

Dear Ms. Hurst:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the Coronado (City) Community Development Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 12, 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:

- Line items 11 through 13, page 1, for \$69.4 million are contracts with the City. HSC section 34171 (d) (2) states contracts between the City and the Agency are not EOs.
- Line item 21, page 2, contains \$2.6 million for contracts not yet executed. HSC section 34163 (b) prohibits the Agency from executing contracts after June 27, 2011. Therefore, the \$2.6 million is not an EO.

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.

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.

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

Sincerely,

MARK HILL
Program Budget Manager

cc: Mr. Blair King, City Manager, City of Coronado
Ms. Rhonda Huth, Senior Management Analyst, 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