



May 11, 2012

Glenn Heald, Management Analyst
Culver City
9770 Culver Blvd.
Culver City, CA 90232

Dear Mr. Heald:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the Culver City Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on May 3, 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:

January through June 2012 ROPS:

- Page 1, line item 15 - RDA Project Area All in the amount of \$33.9 million. The requirement to set aside 20 percent of RDA tax increment for low and moderate income housing purposes ended with the passing of the redevelopment dissolution legislation. HSC section 34177 (d) requires that all unencumbered balances in the Low and Moderate Income Housing Fund be remitted to the county auditor controller for distribution to the taxing entities.
- HSC section 34171 (b) limits fiscal year 2011-12 administrative cost allowance to five percent of the property tax allocated to the successor agency or \$250,000, whichever is greater. Administrative costs claimed from January to June 2012 totaled \$750,000. The following line items are considered administrative costs totaling \$791,375 and are within the administrative cost allowance.

Item #	Page	Project Name/Debt Obligation	Amount
25	1	Financial Audit Services – Pacific Theatres	\$14,000
26	1	Property Tax Admin Services	3,200
29	1	Obligation for unused employee General Leave earned and vested	24,175
1	3	SA Employee Costs	460,000
2	3	SA Other Admin Costs	290,000
		Total	\$791,375

July through December 2012 ROPS:

- Page 1, line item 15 - RDA Project Area All in the amount of \$35.2 million. The requirement to set aside 20 percent of RDA tax increment for low and moderate income housing purposes ended with the passing of the redevelopment dissolution legislation. HSC section 34177 (d) requires that all unencumbered balances in the Low and Moderate Income Housing Fund be remitted to the county auditor controller for distribution to the taxing entities.
- Administrative cost claimed exceeds allowance by \$323,648. HSC section 34171 (b) limits fiscal year 2012-13 administrative cost allowance to three percent of the property tax allocated to the successor agency or \$250,000, whichever is greater. Three percent of the property tax allocated is \$403,511. Therefore, \$323,648 out of \$727,159 of administrative costs claimed is not allowable. The following line items are considered administrative costs:

Page	Item #	Project Name/Debt Obligation	Amount
1	18	Obligation for unused employee General Leave earned and vested	\$29,010
1	20	Existing Litigation	102,000
1	21	Financial Audit	13,000
1	22	Existing Litigation	1,000
3	1	SA Employee Costs	372,021
3	2	SA Other Admin Costs	210,128
		Total	\$727,159

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 and submit to the following email address:

Redevelopment_Administration@dof.ca.gov

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

Mr. Heald
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Please direct inquiries to Evelyn Suess, Supervisor or Michael Barr, Lead Analyst at
(916) 322-2985.

Sincerely,

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

MARK HILL
Program Budget Manager

cc: Ms. Kristina Burns, Program Specialist III, Los Angeles County Auditor/Controller Office