



May 30, 2012

Maribel G. Reyna, City Manager
City of Delano
1015 Eleventh Avenue
Post Office Box 3010
Delano, CA 93216-3010

Dear Ms. Reyna:

Subject: Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Delano Successor Agency submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on April 27, 2012 for the period January to June 2012 and May 15 for the period July to December 2012. Finance is assuming oversight board approval. Finance has completed its review of your ROPS which may have included obtaining clarification for various items.

HSC section 34171 (d) lists enforceable obligations characteristics. Based on our application of the law, the following is not an EO:

January through June 2012 ROPS

Except for items disallowed in whole or in part as EOs in Finance's letter dated May 11, 2012 and as listed below, Finance is approving the remaining items listed in your ROPS.

- Items 11, 12, 13 – Various notes to the City totaling \$285,678. HSC section 34171 (d) (2) states that loans between the entity that created the redevelopment agency (RDA) and the former RDA are only enforceable if made within the first two years of the RDA's existence.
- Item 20 – Set aside for the purpose of replacement housing in the amount of \$100,000. It is our understanding that no construction contracts have been executed for this project.
- Item 21 – Loan to Arredondo Ventures, Inc. in the amount of \$65,000. It is our understanding that this loan has been funded and does not represent a current EO.
- Administrative costs claimed exceed allowance by \$125,113. 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. Five percent of the property tax allocated is \$73,071. Therefore, the administrative cost allowance is \$250,000. Line items 4 through 8, 14 through 16, 18 and 19 are considered administrative costs.

July through December 2012 ROPS

Except for items disallowed in whole or in part as EOs noted below, Finance is approving the remaining items listed in your ROPS.

- Page 3, item 1 – January to June 2013 Administrative Advance of \$125,000. These amounts do not represent current obligations.

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. In addition, items not questioned during this review are subject to 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.

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 any inquiries to Evelyn Suess, Supervisor or Brian Dunham, Lead Analyst at (916) 322-2985.

Sincerely,



MARK HILL
Program Budget Manager

cc: Ms. Rosa Rios, Director of Finance, City of Delano
Ms. Ann K. Barnett, Auditor-Controller, Kern County