



April 27, 2012

Nicholas Wells, Finance Manager
City of Holtville
121 West Fifth Street
Holtville, CA 95326

Dear Mr. Wells:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Holtville Successor Agency (City) submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 17, 2012 for the period January through December 2012 . Finance staff contacted you for clarification of items listed in the ROPS.

HSC section 34171 (d) lists enforceable obligations characteristics. Based on a sample of line items reviewed and application of the law, the following do not qualify as EOs:

- The Projects listed below have no contracts with the former RDA establishing an EO:

Item No	Page	Project Name	Amount
1	2	Low Mod Operating costs	\$ 5,417
2	2	Relocation of Water Line	33,289
4	5	Consultant Fees	6,532
TOTAL			\$ 45,238

- Administrative cost allowance exceeded limit by \$428,637. HSC section 34171 (b) limits administrative costs to five percent of property tax allocated or \$250,000, whichever is greater. Therefore, \$428,637 of the claimed \$678,637 in administrative costs is not an EO. The following are considered administrative costs: page 1, item 4; page 3, item 1; page 4; items 1, 2, 3, 4, 6, 7, and 8.

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.

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 any inquiries to Evelyn Suess or Douglas Evans at (916) 322-2985.

Sincerely,

MARK HILL
Program Budget Manager

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