



May 3, 2012

Kevin D. Pregovisk, Assistant City Manager
City of La Mirada
13700 La Mirada Boulevard
La Mirada, California 90638

Dear Mr. Pregovisk:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of La Mirada submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 20, 2012 for the period 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:

- The administrative cost allowance exceeded limit by \$559,598. HSC section 34171 (b) limits the administrative cost to five percent of the property tax allocated or \$250,000, whichever is greater. Five percent of the allocation is \$291,130; therefore your allowance is limited to \$291,130 of the \$850,728 claimed for fiscal year 2011-12. Administrative costs are on page 1, items 12 through 23 and page 3, item 1.
- The administrative cost allowance exceeded limit by \$376,653. HSC section 34171 (b) limits the administrative cost to three percent of the property tax allocated or \$250,000, whichever is greater. Three percent of the allocation is \$128,491; therefore your allowance is limited to \$250,000 of the \$626,653 claimed for fiscal year 2012-13. Administrative costs are page 1, items 11 through 15, 18 through 20, and page 3, item 1.
- Page 1, line item 29 in the amount of \$117.5 million for the period January through December 2012. 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.
- Page 1, line item 30 totaling \$29.1 million for January through June 2012 and page 1, line item 26 totaling \$30.1 million for July through December 2012. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the redevelopment agency (RDA) and the former RDA are not enforceable.
- Page 3, line item 12 for January through June 2012 and Page 3, item 11 for July through December 2012 in the amount of \$9.8 million. HSC section 34163(b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. There are no contracts entered into between the RDA and third parties.

Mr. Pregovisk
May 3, 2012
Page 2

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 error in our conclusions, please provide further evidence the items questioned meet the definition of an EO and send to RedevelopmentAdministration@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.

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

Sincerely,



MARK HILL
Program Budget Manager

cc: Ms. Alison Moore, Community Development Manager, City of La Mirada
Ms. Judy Quiñonez, Accountant II, City of La Mirada
Ms. Kristina Burns, Program Specialist III, Los Angeles