



April 27, 2012

Jim Taubert, Executive Director  
Madera Redevelopment Agency  
428 East Yosemite Ave  
Madera, CA 93638

Dear Mr. Taubert:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Madera Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 13, 2012 for the period January through June, 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:

- Low Mod Housing Set Aside, page 2, in the amount of \$56.7 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.
- Handicap Ramp Project, Page 4, in the amount of \$31,000. HSC section 34171(d)(2) states that agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment agency and the former redevelopment agency are not enforceable obligations.
- Unallowed administrative costs, page 3, in the amount of \$41,020. HSC section 34171 (b) limits administrative costs five percent of property tax allocated or \$250,000, whichever is greater. In this case, the \$250,000 minimum applies. Therefore, \$41,020 of the claimed \$291,020 is not an EO. The following items are considered admin:
  - Property management - \$8,226
  - County of Madera - \$7,000
  - Herbicide Property Maintenance - \$3,000
  - Property Maintenance, 428 Yosemite and 120 N E St - \$41,000
  - Successor Agency Operations – totaling \$24,294
  - Successor Agency Employee Cost - \$207,500

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.

Mr. Taubert  
April 27, 2012  
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Please direct inquiries to Robert Scott, Supervisor or Jenny DeAngelis, Lead Analyst at (916) 322-2985.

Sincerely,

A handwritten signature in black ink that reads "Mark Hill". The signature is written in a cursive style with a large, prominent "H" and "I".

MARK HILL  
Program Budget Manager

cc: Marcia Hall, Auditor, County of Madera  
Jim Boyajian, Assistant Auditor Controller, County of Madera