



April 27, 2012

Jim Throop, Director of Administrative Services
City of Paso Robles
821 Pine Street, Suite A
Paso Robles, CA 93446

Dear Mr. Throop:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Paso Robles 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:

- Line items 4 and 8 – Various projects in the amount of \$2 million. Supporting documentation provided does not show that an EO has been established.
- Line item 12 – ADA Improvements per Settlement Agreement in the amount of \$3.4 million. HSC section 34163(b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. It is our understanding that contracts for this line item were awarded after June 27, 2011.
- Administrative cost claimed of \$150,000. Line items 9, 10, and 11 are considered to be administrative expenses. HSC section 34171 (b) limits administrative expenses for fiscal year 2011-12 to five percent of property tax allocated to the successor agency or \$250,000, whichever is greater. Five percent of the property tax allocated is \$31,699. Therefore, the administrative cost allowance is \$250,000.

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.

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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 black ink that reads "Mark Hill". The signature is written in a cursive, slightly slanted style.

MARK HILL
Program Budget Manager

cc: Mr. Ed Gallagher, Community Development Director, City of Paso Robles
Ms. Barbara Godwin, Property Tax Manager, San Luis Obispo County
Ms. Iris Yang, Attorney, Best Best & Krieger LLP