



April 27, 2012

Cindy Scott, City Clerk
City of Rancho Mirage
69-825 Highway 111
Rancho Mirage, CA 92270

Dear Ms. Scott:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Rancho Mirage (City) Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 12, 2012 for the period January to 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:

- Form B, items 15 and 16 – Constructions contracts totaling \$1,746,567. These contracts are between the City and CVAG and therefore are not EOs of the Agency.
- Administrative expenses totaling \$247,446. HSC section 34171 (b) limits administrative expenses to five percent of property tax allocated to the successor agency or \$250,000, whichever is greater. Five percent of the property tax allocated for fiscal year 2011-12 is \$665,569. Therefore, \$247,446 of the claimed \$913,015 in administrative costs is not an EO. The following items are considered to be administrative expenses:
 - Form A – Items 1 through 10
 - Form B – Item 24
 - Form C – Items 1 through 11

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.

Please direct inquiries to Evelyn Suess, Supervisor or Mindy Patterson, Lead Analyst at (916) 322-2985.

Ms. Scott
April 27, 2012
Page 2

Sincerely,



MARK HILL
Program Budget Manager

cc: Mr. Randal K. Bynder, City Manager, City of Rancho Mirage
Mr. Sean Smith, Redevelopment Analyst, City of Rancho Mirage
Ms. Bess McGladrey, Deputy City Clerk, City of Rancho Mirage
Ms. Pam Elias, Chief Accountant Property Tax Division, Riverside County
Auditor-Controller
Ms. April Nash, Supervising Accountant, Riverside County Auditor-Controller
Ms. Jennifer Baechel, Business Process Analyst II, Riverside County Auditor-Controller