



April 26, 2012

Erin Briggs, Program Manager
County of Santa Barbara Redevelopment Agency
123 East Anapamu
Santa Barbara, CA 93101

Dear Mr. Briggs:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the County of Santa Barbara Redevelopment 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.

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:

- Page 1, item 1 and page 2, item 1 for \$24.9 million are contracts between the County and a third party not the former Redevelopment Agency.
- Unallowed administration cost totals \$78,062. HSC section 34171 (b) limits the administrative cost allowance to five percent of the property tax allocated or \$250,000, whichever is greater. The greater amount allowed is \$250,000. Therefore, \$78,062 of the claimed \$328,062 is not allowed. Administration costs is on page 3, item 1.

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 inquiries to Robert Scott or Jenny DeAngelis at (916) 322-2985.

Sincerely,

MARK HILL
Program Budget Manager

cc: Mr. Robert W. Geis, CPA, Auditor-Controller, County of Santa Barbara