

April 27, 2012

Ms. Mary Swink
 Deputy City Manager/Director of Development Services
 City of Alhambra
 111 South First Street
 Alhambra, CA 91801

Dear Ms. Swink:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Alhambra submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 16, 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.

January through June 2012 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:

- Administrative cost claimed exceeds allowance by \$92,030. HSC section 34171 (b) limits fiscal year 2011-12 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 is \$271,810. Therefore, \$92,030 of the claimed \$363,840 is not an EO. The following line items were considered administrative expenses:

Page	Item No.	Project Name	Amount
1	4	Contract for services	\$9,755
1	8	Contract for consulting services	\$7,660
1	9	Contract for consulting services	\$3,530
1	10	Contract for consulting services	\$6,633
1	11	Contract for consulting services	\$25,000
1	12	Contract for consulting services	\$7,014
1	13	Contract for consulting services	\$40,000
1	14	Contract for consulting services	\$100,000
1	15	Contract for consulting services	\$9,250
1	16	Contract for consulting services	\$0
2	13	Successor agency admin costs	\$124,998
2	14	Oversight board costs	\$30,000
		Total:	\$363,840

July through December 2012 ROPS:

The ROPS submitted to Finance is incomplete, and therefore, not approved for making obligation payments. Some line items did not specify dollar amounts. The HSC section 34177 (l) (1) specifically states to prepare the ROPS using the requirements stated within the section. Please resubmit your ROPS for the period July through December 2012. Please resubmit a revised board-approved ROPS for the period July through December 2012 to the following email address:

Redevelopment_Administration@dof.ca.gov

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 Michael Barr, Lead Analyst at (916) 322-2985.

Sincerely,



MARK HILL
Program Budget Manager

cc: Ms. Kristina Burns, Program Specialist III, Los Angeles County Auditor/Controller Office