



May 18, 2012

John E. Woodhead IV, Acting Executive Director
Community Development Department
City of Anaheim
201 Anaheim Blvd, 10th Floor
Anaheim, CA 92805

Dear Mr. Woodhead:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Anaheim (City) Successor Agency submitted a revised Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on May 7, 2012 for the periods January through June 2012 and July through December 2012. Finance staff contacted you for clarification of items listed in the ROPS.

HSC section 34171 (d) lists enforceable obligations (EO) characteristics. Based on a sample of items reviewed and application of the law, the following items do not qualify as (EO).

January through June 2012 ROPS

- Item No. 132, Page 4 – Co-op Agreement with the City for real property acquisition in the amount of \$10,972,000. To date, the City has not purchased the property. The HSC section 34163 (e) prohibits the purchase or acquisition of real property by any means, for any purpose. Therefore this item in the amount of \$10,972,000 is not allowed. City agreed to remove this item from the ROPS.
- Item No. 135, Page 4 – Administrative expenses of \$1,634,779. The HSC section 34171 (b) limits the 2011-12 administrative cost allowance to five percent of the property tax allocated to the successor agency or \$250,000, whichever is greater. The City is allowed \$1,192,464 for administration costs. Therefore, \$1,634,779 of the claimed \$2,827,243 is not allowed.

July through December 2012 ROPS

- Item No. 132, Page 4 – Co-op Agreement with the City for real property acquisition in the amount of \$10,972,000. To date, the City has not purchased the property. The HSC section 34163 (e) prohibits the purchase or acquisition of real property by any means, for any purpose. Therefore this item in the amount of \$10,972,000 is not allowed. City agreed to remove this item from the ROPS.
- Item Nos. 135 and 137, Page 4 – Administrative expenses of \$669,590. The HSC section 34171 (b) limits the 2012-13 administrative cost allowance to three percent of the property tax allocated to the successor agency or \$250,000, whichever is greater. The City is allowed \$443,991 for administration costs. Therefore, \$669,590 of the claimed \$1,113,581 is not allowed.

As authorized by HSC section 34179 (h), Finance is returning your ROPS for your 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.

Department of Finance may continue to review items on the ROPS in addition to those mentioned above and identify additional issues. We will provide separate notice if we are requesting further modifications to the ROPS. It is our intent to provide an approval notice with regard to each ROPS prior to the June 1 property tax distribution date.

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 and submit to the following email address:

Redevelopment_Administration@dof.ca.gov

Please direct any inquiries to Chikako Takagi-Galamba, Supervisor or Wendy Griffe, Lead Analyst at (916) 322-2985.

Sincerely,



MARK HILL
Program Budget Manager

cc: Mr. Brad Hobson, Deputy Director, City of Anaheim
Frank Davies, Administrative Manager, Orange County