



April 27, 2012

Ruby D. Walla, Finance Director
City of Brawley
400 Main Street
Brawley, CA 92227

Dear Ms. Walla:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Brawley Successor Agency 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. Finance staff recently contacted you for further clarification of items listed in the ROPS.

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

- The contracts for the following line items totaling \$91,000 were awarded after June 27, 2011. HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011.

Item	Page	Project Name	Amount
9	1	Emergency Operations Center	\$56,000
10	1	Chamber of Commerce	35,000
		Total	\$91,000

- Administrative cost claimed exceeds allowance by \$558,396. HSC section 34171 (b) limits the fiscal year 2011-12 administrative cost allowance to five percent of the property tax allocated to the successor agency or \$250,000, whichever is greater. Five percent of the property tax allocation is \$61,291. Therefore, the administrative cost allowance will be \$250,000. Items 4, 5, and 11 through 17 are considered administrative cost.

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.

Ms. Walla
April 27, 2012
Page 2

Please direct any inquiries to Evelyn Suess, Supervisor or Douglas Evans, Lead Analyst at (916) 322-2985.

Sincerely,

A handwritten signature in black ink that reads "Mark Hill". The signature is written in a cursive style with a large, prominent "M" and "H".

MARK HILL
Program Budget Manager

cc: Ms. Rosanna B. Moore, City Manager, City of Brawley
Mr. Douglas R. Newland, Auditor-Controller, Imperial County