



May 18, 2012

Gary Napper, City Manager  
City of Clayton  
6000 Heritage Trail  
Clayton, CA 94517

Dear Mr. Napper:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Clayton (City) Successor Agency submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on May 7, 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.

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:

January through June 2012 Period

- Item 4 through 6 are City loans totaling \$140,916. HSC section 34171 (d) (2) states loans between the City and the former redevelopment agency (RDA) are not EOs.
- Item 14 is a reserve with no signed contract for consulting services totaling \$4,565. HSC section 34163 (b) prohibits SA's from entering into new contracts after June 27, 2011.

July through December 2012 Period

- Item 4 and 22 are City loans totaling \$141,114. HSC section 34171 (d) (2) states loans between the City and the former redevelopment agency (RDA) are not EOs.
- Item 10 is a reserve with no signed contract for consulting services totaling \$87,350. HSC section 34163 (b) prohibits SA's from entering into new contracts after June 27, 2011.

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.

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.

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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](mailto:Redevelopment_Administration@dof.ca.gov)

Please direct inquiries to Robert Scott, Supervisor or Kylie Le, Lead Analyst at (916) 322-2985.

Sincerely,

A handwritten signature in cursive script that reads "Mark Hill".

MARK HILL  
Program Budget Manager

cc: Ms. Merry Pelletier, Finance Manager, City of Clayton  
Mr. Bob Campbell, Auditor-Controller, Contra Costa County  
Mr. Jay Wildering, Chief Accountant, Contra Costa County