



April 13, 2012

Andrea Carranza, Deputy City Clerk
City of Coachella
1515 Sixth Street
Coachella, CA 92236

Dear Ms. Carranza:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Coachella Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 12, 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 lint items reviewed and application of the law, the following items do not qualify as EOs:

- Page 1, line Items 14 through 16, 21 and 22 totaling \$2.1 million are for contracts signed after June 27, 2011. HSC section 34163 (b) prohibits a RDA from entering into contracts with any entity after June 27, 2011. Therefore, the above are not EOs.
- Page 1, line items 8, 12, 27, and 29 in the amount of \$199,458 for administrative costs are denied as an EO. HSC section 34171 (b) limits administrative cost allowance to five percent of the property tax allocated or \$250,000, whichever is greater. Five percent of the property tax allocated to the Agency is \$69,225. Therefore, \$199,458 of the \$449,458 claimed is not an EO, limiting the administrative cost allowance to \$250,000.

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

Sincerely,

MARK HILL
Program Budget Manager

cc: Mr. David Garcia, City Manager, City of Coachella
Ms. Pam Elias, Chief Accountant Property Tax Division, Riverside County