



May 11, 2012

Maribel G. Reyna, City Manager
City of Delano
1015 Eleventh Avenue
Post Office Box 3010
Delano, CA 93216-3010

Dear Ms. Maribel Reyna:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Delano Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 27, 2012 for the period January through June 2012. Finance staff recently contacted you for further clarification of items listed in the ROPS.

The ROPS submitted to Finance is incomplete, and therefore, not approved for making obligation payments. The ROPS submitted must include the total outstanding debt obligation amount for each obligation. See the example provided in Exhibit 6 of http://www.dof.ca.gov/assembly_bills_26-27/view.php. Please resubmit a revised board-approved ROPS for the period January through June 2012 and submit the revised ROPS to the following email address:

Redevelopment_Administration@dof.ca.gov

In addition to the above, Finance has determined certain line items included on the ROPS are not an enforceable obligation (EO). HSC section 34171 (d) lists enforceable obligations characteristics. Based on our application of the law, the following is not an EO:

- Items 11, 12, 13 – Various notes to the City totaling \$285,678. HSC section 34171 (d) (2) states that loans between the entity that created the redevelopment agency (RDA) and the former RDA are only enforceable if made within the first two years of the RDA's existence.
- Item 20 – Set aside for the purpose of replacement housing in the amount of \$100,000. It is our understanding that no construction contracts have been executed for this project.
- Item 21 – Loan to Arredondo Ventures, Inc. in the amount of \$65,000. It is our understanding that this loan has been funded and does not represent a current EO.

- Administrative costs claimed exceed allowance by \$125,113. HSC section 34171 (b) limits 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 allocated is \$73,071. Therefore, the administrative cost allowance is \$250,000. Line items 4 through 8, 14 through 16, 18 and 19 are considered administrative costs.

As authorized by HSC section 34179 (h), Finance is returning your ROPS for your reconsideration. This action will cause the ROPS to be ineffective until Finance approval.

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

Sincerely,



MARK HILL
Program Budget Manager

cc: Ms. Rosa Rios, Director of Finance, City of Delano
Ms. Ann K. Barnett, Auditor-Controller, Kern County