



May 18, 2012

Ken Lee, Economic Development Manager
City of Irwindale
5050 North Irwindale Avenue
Irwindale, CA 91706

Dear Ken:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Irwindale (City) Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on May 7, 2012 for the period of 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 ROPS:

- Industrial Project Area, page 4, line items 8-4 and page 5, line items 8-13 totaling \$1.6 million. These items are contracts that identify the City and a third-party and are therefore, not EOs of the Agency.
- Administrative cost claimed exceeds allowance by \$538,347 of the \$788,347 claimed. 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 \$67,655. Therefore, the administrative cost allowance for 2011-12 is \$250,000. However, we noted additional line items that should be counted towards the administrative cap allowance. The following line items are considered administrative costs:

Page	Item #	Project Name/Debt Obligation	Amount
2	4-1	Project Management of Enforceable Obligations - Housing Projects	\$1,948
2	4-2	Project Management of Enforceable Obligations - Capital Projects	54,654
2	4-3	Payroll & Benefits Allocation	330,699
4	8-1	Weed Abatement Services for Successor Agency Assets/Properties	20,000
4	8-2	Property Maintenance for Successor Agency Assets/Properties	12,000

Page	Item #	Project Name/Debt Obligation	Amount
3	8-3	Olive Pit Property Maintenance	2,450
5	8-14	Audit Services	14,572
5	8-17	Operational Overhead Costs	170,614
5	8-18	Legal Services for Successor Agency	105,000
5	8-19	Conferences / Successor Agency Training	1,439
5	8-20	Financial Consulting Services	6,000
5	8-21	Staffing and Consulting Services	68,971
		Total:	\$788,347

July through December 2012 ROPS:

- Industrial Project Area, page 3, line items 8-4 and page 4, line items 8-13 totaling \$1 million. These items are contracts that identify the City and a third-party and are therefore, not EOs of the Agency.
- Administrative cost claimed exceeds allowance by \$73,388 of the \$323,388 claimed. HSC section 34171 (b) limits fiscal year 2012-13 administrative cost allowance to three percent of the property tax allocated to the successor agency or \$250,000, whichever is greater. Three percent of the property tax allocated is \$194,449. Therefore, the administrative cost allowance for 2012-13 is \$250,000. However, we noted additional line items that should be counted towards the administrative cap allowance. The following line items should have been considered administrative costs:

Page	Item #	Project Name/Debt Obligation	Amount
2	4-1	Successor Agency Administrative/Operational Costs	\$208,500
2	4-2	Project Management of Enforceable Obligations - Housing Projects	14,285
2	4-3	Project Management of Enforceable Obligations - Capital Projects	39,013
3	8-1	Weed Abatement Services for Successor Agency Assets/Properties	30,600
3	8-2	Property Maintenance for Successor Agency Assets/Properties	12,240
3	8-3	Olive Pit Property Maintenance	6,000
4	8-14	Audit Services	12,750
		Total:	\$323,388

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

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until Finance approval. Furthermore, items listed on future ROPS will be subject to review and may be denied as EOs.

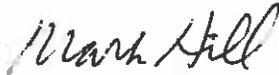
If you believe we have reached this conclusion in error, please provide further evidence that the items questioned above meet the definition of an EO and submit to the following email address:

Redevelopment_Administration@dof.ca.gov

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.

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

Sincerely,



MARK HILL
Program Budget Manager

cc: Ms. Kristina Burns, Program Specialist III, Los Angeles County Auditor Controller