



April 20, 2012

Luke Watson, Management Analyst  
City of Temecula  
41000 Main Street  
Temecula, CA 92589-9033

Dear Mr. Watson:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Temecula (City) Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 11th, 2012. Finance staff contacted you for clarification of items listed in the ROPS.

The ROPS submitted to Finance is incomplete, and therefore, not approved for making obligation payments. For the following line items funded by multiple funding sources, the ROPS submitted must include a specific amount for each funding source:

- Page 1, items 5, 6, 7, 9, 11, and 12

Please use the template on the Finance's website at: [http://www.dof.ca.gov/assembly\\_bills\\_26-27/view.php](http://www.dof.ca.gov/assembly_bills_26-27/view.php) (Exhibit 6). Please revise and submit a board-approved ROPS for the period January through June 2012. You may submit the revised ROPS to the following email address:

[Redevelopment\\_Administration@dof.ca.gov](mailto:Redevelopment_Administration@dof.ca.gov)

In addition, Finance has determined several line items included on the ROPS are not enforceable obligations (EO). 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 EOs:

- Administrative expenses totaling \$176,529. HSC section 34171 (b) limits administrative expenses to five percent of property tax allocated to the successor agency or \$250,000, whichever is greater. Five percent of the property tax allocated is \$148,971, and the City's administrative costs allowance is \$250,000. Therefore, \$176,529 of the claimed \$426,529 is not an EO.

Furthermore, on April 12, 2012, the City identified items 4 and 28 on page 1 totaling \$2.7 million that are not EOs. The City has agreed to remove these items from future ROPS.

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.

Mr. Luke Watson  
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Please direct inquiries to Chikako Takagi-Galamba, Supervisor or Cindie Lor, Lead Analyst at (916) 322-2985.

Sincerely,



MARK HILL  
Program Budget Manager

cc: Ms. Pam Elias, Chief Accountant, Property Tax Division, Riverside County Auditor-Controller  
Ms. April Nash, Supervising Accountant, Riverside County Auditor-Controller  
Ms. Jennifer Baechel, Business Process Analyst II, Riverside County Auditor-Controller