



October 9, 2012

Revised

Ms. Victoria Danganan, Senior Accountant
City of El Cajon
200 Civic Center Way
El Cajon, CA

Dear Ms. Danganan:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of El Cajon Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 15, 2012 for the period of January through June 2013. Finance issued a letter detailing the results of our review on October 4, 2012. It has come to our attention that we made an error in calculating the administrative cost allowance. Therefore, we are no longer questioning \$157,470 in excess administrative costs. The table below reflects this adjustment.

HSC section 34171 (d) defines enforceable obligations. Based on a sample of line items reviewed and application of the law, we still maintain that the following do not qualify as enforceable obligations:

- Item 28 – ROPS II period unfunded obligations reimbursement request in the amount of 357,526. The San Diego County Auditor-Controller reports the Agency received a Redevelopment Property Tax Trust Fund (RPTTF) distribution equal to the amount Finance approved on ROPS II. Therefore, there can be no cash short fall in the Agency Redevelopment Obligation Retirement Fund (RORF). The RORF request is not supported and does not qualify as an enforceable obligation.
- Items No. 31, 33, 35 – Affordable Housing Monitoring and Administrative Costs of the Housing Successor Agency in the amount of \$124,934. HSC section 34176 (a) (2) states if a city, county, or city and county elects to retain the authority to perform housing functions previously performed by a RDA, all rights, powers, duties, obligations, and housing assets shall be transferred to the city, county, or city and county. Therefore, these items are not obligations of the Agency and not eligible for funding from the Low and Moderate Income Housing Fund.

Except for item(s) denied in whole or in part as enforceable obligation(s) as noted above, Finance is approving the remaining items listed in your ROPS III. If you disagree with the determination with respect to any items on your ROPS III, you may request a Meet and Confer

within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

[http://www.dof.ca.gov/redevelopment/meet and confer/](http://www.dof.ca.gov/redevelopment/meet_and_confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is: \$4,055,873 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 4,163,399
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Item 28	357,526
Total approved RPTTF for enforceable obligations	\$ 3,805,873
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	250,000
Total RPTTF approved:	\$ 4,055,873
Administrative Cost Calculation	
Total RPTTF for the period July through December 2012	\$ 4,227,882
Total RPTTF for the period January through June 2013	3,805,873
Total RPTTF for fiscal year 2012-13:	\$ 8,033,755
Allowable administrative cost for fiscal year 2012-13 (Greater of 3% or \$250,000)	250,000
Administrative allowance for the period of July through December 2012	0
Allowable RPTTF distribution for administrative cost for ROPS III:	\$ 250,000

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county auditor-controller to account for differences between actual payments and past estimated obligations. Additionally, these estimates and accounts are subject to audit by the county auditor-controller and the State Controller.

Please refer to the ROPS III schedule that was used to calculate the approved RPTTF amount:

[http://www.dof.ca.gov/redevelopment/ROPS/ROPS III Forms by Successor Agency/](http://www.dof.ca.gov/redevelopment/ROPS/ROPS%20III%20Forms%20by%20Successor%20Agency/).

All items listed on a future ROPS are subject to a subsequent review. An item included on a future ROPS may be denied even if it was not questioned from the preceding ROPS.

The amount available from the RPTTF is the same as the property tax increment that was available prior to enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the successor agency in the RPTTF.

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Please direct inquiries to Robert Scott, Supervisor or Derk Symons, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Ms. Tracy Sandoval, Assistant Chief Financial Officer, San Diego County