



October 19, 2012

Ms. Diem Do, Senior Project Coordinator
City of Chula Vista
276 Fourth Avenue
Chula Vista, CA 91910

Dear Ms. Do:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Chula Vista Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on September 4, 2012 for the period of January through June 2013. Finance has completed its review of your ROPS III, which may have included obtaining clarification for various items.

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

- Item No. 28 and 29 – Affordable Housing agreements totaling \$40,500. The contracts are between the City of Chula Vista and the third parties. The former redevelopment agency is neither a party to the contract nor responsible for the payment of the contract. Therefore, these items are not enforceable obligations and are not eligible for Redevelopment Property Tax Trust Fund (RPTTF) money.
- Item No. 41 – June 1, 2012 distribution shortfall in the amount of \$2.6 million does not meet the definition of an enforceable obligation. While Finance may have approved RPTTF funding that exceeded the amount available, the ability to fund items on the ROPS with property tax is limited to the amount of funding available to the successor agency in the RPTTF. HSC section 34173 (h) allows for a city to loan funds to a successor for administrative costs and enforceable obligations, and put the repayment of these loans on the subsequent ROPS. However, this does not appear to be the case for this item. Additionally, it is not evident that this item is tied to a specific enforceable obligation or obligations, but merely a plug to account for the difference between what was approved by Finance and what was actually received. Therefore, this item is not an enforceable obligation and not eligible for RPTTF money.
- Although enforceable, Item No. 31 through 37 and 39 are administrative costs and have been reclassified.

Except for items denied in whole or in part as enforceable obligations 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/

The Agency's maximum approved RPTTF distribution for the reporting period is: \$1,515,155 as summarized below:

Approved RPTTF Distribution Amount	
For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 3,935,885
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Item 28	5,000
Item 29	4,250
Item 31*	1,406
Item 32*	3,020
Item 33*	1,282
Item 34*	125
Item 35*	750
Item 36*	289
Item 37*	10,000
Item 39*	15,000
Item 41	2,558,757
Total approved RPTTF for enforceable obligations	\$ 1,336,006
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	179,149
Total RPTTF approved:	\$ 1,515,155

* Reclassified as administrative costs

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/>.

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 Robert Scott, Supervisor or Jenny DeAngelis, Lead Analyst at
(916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Mr. Eric Crockett, Assistant Director of Development Services, City of Chula Vista
Ms. Tracy Sandoval, Assistant Chief Financial, County of San Diego
Mr. Juan Perez, Senior Auditor and Controller Manager, County of San Diego
Ms. Nenita DeJesus, Senior Auditor and Controller Accountant, County of San Diego