



December 18, 2012

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

Dear Ms. Danganan:

Subject: Recognized Obligation Payment Schedule

This letter supersedes Finance's Revised Recognized Obligation Payment Schedule (ROPS) letter dated October 9, 2012. 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 1 through June 30, 2013. Finance issued its determination related to those enforceable obligations on October 9, 2012. Subsequently, the Agency requested a Meet and Confer session on one or more of the items denied by Finance. The Meet and Confer session was held on October 29, 2012.

Based on a review of additional information and documentation provided to Finance during the Meet and Confer process, Finance has completed its review of the specific item being disputed.

- Items No. 31, 33, 35 – Affordable Housing Monitoring and Administrative Costs of the Housing Successor Agency in the amount of \$124,934. Finance is no longer denying the Items. Finance originally denied the Item because 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. However, upon review of additional information provided by the Agency, Finance concurs that these Items are specific project related costs. The projects are currently under construction. Specific project costs are not subject to the administrative cost allowance and may be listed separately as an enforceable obligation.

In addition, per Finance's determination letter dated October 9, 2012, the following item is not being disputed by the Agency and continues to be denied:

- 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.

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

<b>Approved RPTTF Distribution Amount For the period of January through June 2013</b>	
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
<b>Total RPTTF approved:</b>	<b>\$ 4,055,873</b>
<b>Administrative Cost Calculation</b>	
Total RPTTF for the period July through December 2012	\$ 4,227,882
Total RPTTF for the period January through June 2013	3,805,873
<b>Total RPTTF for fiscal year 2012-13:</b>	<b>\$ 8,033,755</b>
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
<b>Allowable RPTTF distribution for administrative cost for ROPS III:</b>	<b>\$ 250,000</b>

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.

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.

Except for items disallowed as noted above, Finance is not objecting to the remaining items listed in your ROPS III. Obligations deemed not to be enforceable shall be removed from your ROPS. This is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2013. Finance's determination is effective for this time period only and should not be conclusively relied upon for future periods. All items listed on a future ROPS are subject to a subsequent review and may be denied even if it was or was not questioned on this ROPS or a preceding ROPS.

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Please direct inquiries to Evelyn Suess, Dispute Resolution Supervisor, or Danielle Brandon, Analyst, at (916) 445-1546.

Sincerely,



**STEVE SZALAY**  
Local Government Consultant

cc: Ms. Tracy Sandoval, Assistant Chief Financial Officer, San Diego County  
California State Controller's Office