



October 22, 2012

Ms. Lori Trevino, Economic Development Manager
City of El Cerrito
10890 San Pablo Avenue
El Cerrito, CA 94530

Dear Ms. Trevino:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of El Cerrito Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on September 7, 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. 11 – Eden Housing Loan Agreement in the amount of \$210,000. According to the loan agreement, the Agency shall not be obligated to disburse any amounts in excess of \$100,000 until a Disposition and Development Agreement (DDA) is entered into by the Agency. HSC 34163 (b) prohibits an agency from entering into any agreement after June 27, 2012. It is our understanding that a DDA has not yet been entered into by the Agency. Therefore, \$210,000 of the claimed \$310,000 is not considered an enforceable obligation and not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item No. 12 – Cooperative Agreement in the amount of \$105.2 million. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the redevelopment agency (RDA) and the former RDA are not enforceable. The El Cerrito Municipal Services Corporation (MSC) is considered part of the City per HSC section 34167.10 (a) (3). Therefore, this item is not an enforceable obligation and not eligible for RPTTF funding.
- Item No. 15 – Fiscal Year 2011-12 Administrative Allowance in the amount of \$250,000. HSC section 34177 (l) (3) states that the ROPS shall be forward looking to the next six months. Because this item represents a prior-period administrative cost, it is not an enforceable obligation and not eligible for RPTTF funding.

Although Item No. 13 was reclassified as an administrative cost, the administrative cost allowance has not been exceeded.

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 Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: \$2,749,899 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 2,959,899
Less: Six-month total for items denied or reclassified as administrative cost	
Item No. 11	210,000
Item No. 12*	0
Item No. 13**	250,000
Item No. 15*	0
Total approved RPTTF for enforceable obligations	\$ 2,499,899
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	250,000
Total RPTTF approved:	\$ 2,749,899

*No RPTTF funding requested for the reporting period

**Reclassified as administrative cost

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 Nichelle Thomas, Supervisor or Susana Medina Jackson, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Ms. Hilde Myall, Housing Program Manager, City of El Cerrito
Mr. Scott Hanin, City Manager, City of El Cerrito
Ms. Mary Dodge, Administrative Services Director, City of El Cerrito
Mr. Bob Campbell, Auditor-Controller, Contra Costa County