DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR

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October 14, 2012

Mr. Gilbert Rojas, Finance Director
City of Escondido
201 North Broadway
Escondido, CA 92025

Dear Mr. Rojas:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Escondido Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 30, 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. 6 and 7 – Loan repayments to the City of Escondido in the amount of $35.5 million. HSC section 34171 (d) (2) states that agreements, contracts, or arrangements between the city that created the RDA and the former RDA are not enforceable. In addition, the payment schedule in the settlement agreement identifies the final loan payment was due in fiscal year 2010-11. Therefore, these line items are not enforceable obligations.

- Item No. 11 through 23 – Pass-through payments in the amount of $4.3 million. HSC section 34183 (a) (1) states the county auditor-controller shall make pass-through payments. Therefore, pass-through payments should not appear on the Agency's ROPS.

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/

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: $3,168,773 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2013		
Total RPTTF funding requested for obligations	$	7,845,794
Less: Six-month total for item(s) denied or reclassified as administrative cost		
Item No. 6		500,000
Item No. 7		100,000
Item No. 11		27,806
Item No. 12		127,547
Item No. 13		29,138
Item No. 14		683,926
Item No. 15		1,749,919
Item No. 16		1,334,293
Item No. 17		141,841
Item No. 18		932
Item No. 19		218,217
Item No. 20		215
Item No. 21		359
Item No. 22		6,011
Item No. 23		6,817
Total approved RPTTF for enforceable obligations	$	2,918,773
Plus: Allowable RPTTF distribution for administrative cost for ROPS III		250,000
Total RPTTF approved:	$	3,168,773

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.

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

Sincerely,

STEVE SZALAY
Local Government Consultant

cc: Mr. Juan Perez, Senior Auditor and Controller Manager, San Diego County