



December 18, 2012

Mr. David E. Witt, City Manager  
City of La Mesa  
8130 Allison Avenue  
La Mesa, CA 91942

Dear Mr. Witt:

Subject: Recognized Obligation Payment Schedule

This letter supersedes Finance's Recognized Obligation Payment Schedule (ROPS) letter dated October 11, 2012. Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of La Mesa Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 28, 2012 for the period of January 1 through June 30, 2013. Finance issued its determination related to those enforceable obligations on October 11, 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 November 21, 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.

- Item 5 – Police Station Debt Service in the amount of \$5.3 million. Finance continues to deny this item. This is a purchase and sale agreement between the City of La Mesa and the former redevelopment agency. HSC section 34171 (d) (2) states that agreements between the City and the Agency are not enforceable.

In addition, per Finance's ROPS letter dated October 11, 2012, Item Nos. 14 and 15, although enforceable are considered administrative costs and continue to be reclassified as administrative costs. These items were not disputed by the Agency during the Meet and Confer.

The Agency's maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: \$335,321 as summarized below:

<b>Approved RPTTF Distribution Amount</b> <b>For the period of January through June 2013</b>	
Total RPTTF funding requested for obligations	\$ 1,085,321
Less: Six-month total for item(s) denied or reclassified as administrative cost	
Item No. 5	750,000
Item No. 14 *	48,585
Item No. 15 *	92,855
Total approved RPTTF for enforceable obligations	\$ 193,881
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	141,440
<b>Total RPTTF approved:</b>	<b>\$ 335,321</b>

\* Items 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.

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.

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. Sarah Waller-Bullock, Director of Finance, City of La Mesa  
Mr. Juan Perez, Senior Auditor and Controller Manager, San Diego County  
Ms. Nenita DeJesus, Senior Auditor and Controller Accountant, San Diego County  
California State Controller's Office