



May 18, 2012

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

Dear Ms. Trevino:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of El Cerrito (City) Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on May 8, 2011 for the periods January through June 2012 and July through December 2012. Finance staff contacted you for clarification of items listed in the ROPS.

HSC section 34171 (d) lists enforceable obligation (EO) characteristics. Based on a sample of line items reviewed and application of the law, the following do not qualify as EOs:

January through June 2012 Revised ROPS

- Items No. 7 and 8 – Cooperation Agreements between the City and El Cerrito Municipal Services Corporation for \$156.9 million. HSC section 34171(d) (2) states that agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment agency (RDA) and the former RDA are not EOs. It is our understanding that the El Cerrito Municipal Services Corporation is a reporting unit of the City; therefore, these line items are not EOs.
- Items No. 11 and 12 – Loan Agreements Related to Affordable Housing Development for \$827,821. It is our understanding that the City has resolved to retain housing assets and functions of the former RDA. HSC section 34176 (a) states that if a city or county that authorized the creation of an RDA elects to retain the responsibility for performing housing functions, all rights, powers, duties, and obligations shall be transferred to the city or county. This is an obligation of the housing successor, not of the Successor Agency and, therefore, is not an EO.

July through December 2012 ROPS

- Items No. 3 and 4 – Cooperation Agreements between the City and El Cerrito Municipal Services Corporation for \$155.7 million. HSC section 34171(d) (2) states that agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment agency (RDA) and the former RDA are not EOs. It is our understanding that the El Cerrito Municipal Services Corporation is a reporting unit of the City; therefore, these line items are not EOs.

- Items No. 8 and 9 – Loan Agreements Related to Affordable Housing Development for \$787,821. It is our understanding that the City has resolved to retain housing assets and functions of the former RDA. HSC section 34176 (a) states that if a city or county that authorized the creation of an RDA elects to retain the responsibility for performing housing functions, all rights, powers, duties, and obligations shall be transferred to the city or county. This is an obligation of the housing successor, not of the Successor Agency and, therefore, is not an EO.
- Items No. 8 through 13 – “Unpaid Obligations from Prior ROPS” totaling \$1.9 million. HSC section 34177 (l) (3) states that the ROPS shall be forward looking to the next six months.

As authorized by HSC section 34179 (h), Finance is returning your ROPS for your reconsideration. This action will cause the specific ROPS items noted above to be ineffective until Finance approval. Furthermore, items listed on future ROPS will be subject to review and may be denied as EOs.

If you believe we have reached this conclusion in error, please provide further evidence that the items questioned above meet the definition of an EO and submit to the following email address:

Redevelopment_Administration@dof.ca.gov

Finance may continue to review items on the ROPS in addition to those mentioned above and identify additional issues. We will provide separate notice if we are requesting further modifications to the ROPS. It is our intent to provide an approval notice with regard to each ROPS prior to the June 1 property tax distribution date.

Please direct inquiries to Chikako Takagi-Galamba, Supervisor or Wendy Griffe, Lead Analyst at (916) 322-2985.

Sincerely,



MARK HILL
Program Budget Manager

cc: 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
Mr. Jay Wilverding, Chief Accountant, Contra Costa County