



April 20, 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 Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 5, 2011. Finance staff contacted you for clarification of items listed in the ROPS.

The ROPS submitted to Finance is incomplete, and therefore, not approved for making obligation payments. The HSC section 34177 (l) (3) specifically states that the first ROPS shall be for the period of January 1, 2012 to June 30, 2012, inclusive. Please revise your ROPS to incorporate January obligations.

In addition to the above, Finance has determined several of the line items included on ROPS are not enforceable obligations (EO). HSC section 34171 (d) lists enforceable obligations characteristics. Based on our application of the law, the following items do not qualify as EOs:

- Item Nos. 7 and 8 - Cooperation Agreements between the former Redevelopment Agency and both the El Cerrito Municipal Services Corporation and the City of El Cerrito totaling \$156 million are not EOs. HSC section 34171(d) (2) states that agreements, contracts, or arrangements between the city, county, or city and county that created the redevelopment agency and the former redevelopment agency are not enforceable obligations. It is our understanding that the El Cerrito Municipal Services Corporation is a reporting unit of the City of El Cerrito. Therefore, these line items are not enforceable.

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 and may cause payment delays for valid obligations.

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.

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

Sincerely,

A handwritten signature in cursive script that reads "Mark Hill".

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