



May 11, 2012

Mr. David Graham, Deputy Policy Director
RDA Oversight Board
Office of the Mayor
202 C Street, 11th Floor
San Diego, CA 92110

Dear Mr. Graham:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of San Diego Successor Agency (SA) submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on April 27, 2012 for the periods January through June 30, 2012, and July through December 31, 2012.

The two ROPSs submitted to Finance are not reasonable in total expenditures made or planned expenditures reported, and therefore, not approved for making obligation payments. For the last 5 years, the San Diego Redevelopment Agency reported on average \$180 million in annual expenditures over a twelve month period. On the January through June 2012 ROPS the SA is proposing \$207 million in expenditures for the six month period. On the July through December 2012 ROPS the SA is proposing only \$93 million in expenditures for the six month period. These large variations in expenditures suggest some items may be prepayments or payments that are related to expenditures not yet incurred by the SA.

Please see the example ROPS in Exhibit 6 of http://www.dof.ca.gov/assembly_bills_26-27/view.php. Use this example to revise both ROPS and ensure the contract date column is completed. Resubmit a revised board-approved ROPS for both period to the California Department of Finance at Redevelopment_Administration@dof.ca.gov.

As authorized by HSC section 34179 (h), Finance is returning your ROPS for revision. This action will cause the ROPS to be ineffective until Finance approval.

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 Jennifer Whitaker or Robert Scott at (916) 322-2985.

Sincerely,

MARK HILL
Program Budget Manager

cc: Ms. Tracy Sandoval, Assistant Chief Financial, County of San Diego
Mr. Juan Perez, Property Tax Services Manager, County of San Diego