



April 27, 2012

Brian Ponty, Finance Director
City of Redwood City
1017 Middlefield Road
Redwood City, CA 94063

Dear Mr. Ponty:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Redwood City (City) Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 13, 2012 for the period January through June 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:

- Page 1, item 6 and 7 for Capital Improvements totaling \$2.5 million. HSC section 34171(d)(2) states loan arrangements between the City and the former redevelopment agency not enforceable obligations. This item is to pay back bonds issued by the city.
- HSC section 34171 (b) limits administrative costs to five percent of property tax allocated or \$250,000, whichever is greater. Five percent of the property tax allocated is \$95,133. Therefore, \$848,427 of the claimed \$1,098,427 is not an EO. The following items are costs: Page 1 – Items 9, 10, 12, 35, 40, 41, 43, 46 and Page 3 – Item 1.

As authorized by HSC section 34179 (h), Finance is returning your ROPS for reconsideration. This action will cause the 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.

Please direct inquiries to Robert Scott, Supervisor or Jenny DeAngelis, Lead Analyst at (916) 322-2985.

Sincerely,

MARK HILL
Program Budget Manager

cc: Ms. Kristen Mees, Economic Development Secretary, Redwood City
Mr. Bob Adler, Auditor Controller, San Mateo County