



May 2, 2012

Dave Culver, Finance Director
City of San Mateo
330 West 20th Ave.
San Mateo, CA 94403

Dear Mr. Culver:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of San Mateo Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 20, 2012 for the period 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:

- Page 1, line 38 and 39 totals \$3.3 million for unencumbered bond proceeds. With no signed contracts in place and no authority to sign new contracts (HSC section 34163(b)) you must use the funds to defease the bond (HSC section 34177 (i)).
- Page 2, line 12 and 13 totals \$3.5 million for a Fire Station project. There are no signed expenditure contracts; therefore, an EO has not been established.
- The administrative cost allowance exceeded limit by \$34,675. HSC section 34171 (b) limits the administrative cost to three percent of the property tax allocated or \$250,000, whichever is greater. Three percent of the allocation is \$54,100; therefore your allowance is limited to \$250,000 of the \$284,675 claimed for fiscal year 2012-13.

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 reached this conclusion in error, please provide evidence the items questioned above meet the definition of an EO and send to RedevelopmentAdministration@dof.ca.gov.

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

Sincerely,

MARK HILL
Program Budget Manager

cc: Ms. Lisa Grote, Community Development Director, City of San Mateo
Ms. Sandy Russell, HED Specialist, City of San Mateo
Mr. Bob Adler, Auditor-Controller, San Mateo County