



May 3, 2012

Bradley Ward, Finance Director
City of San Pablo
13831 San Pablo Avenue
San Pablo, CA 94806

Dear Mr. Ward:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of San Pablo Successor Agency submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 18, 2012 for the periods of 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 does not qualify as an EO for the July through December 2012 period:

- Administrative expenses totaling \$170,633. HSC section 34171 (b) limits the 2012-13 administrative cost allowance to three percent of the property tax allocated to the successor agency or \$250,000, whichever is greater. Three percent of the property tax allocated is \$198,278. Therefore, \$170,633 of the claimed \$420,633 is not an EO. The following items are administrative expenses:
 - Page 1, items 12, 17, 18, 19, and 20

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.

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

Sincerely,

MARK HILL
Program Budget Manager

cc: On following page

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cc: Mr. Bob Campbell, Auditor-Controller, Contra Costa County Auditor – Controller's Office
Mr. Jay Wilverding, Chief Accountant, Contra Costa County Auditor – Controller's Office