



November 6, 2015

Mr. Al Savay, Community Development Director
City of San Carlos
600 Elm Street
San Carlos, CA 94070

Dear Mr. Savay:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m) (1) (A), the City of San Carlos Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period January 1 through June 30, 2016 (ROPS 15-16B) to the California Department of Finance (Finance) on September 30, 2015. Finance has completed its review of the ROPS 15-16B.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item No. 19 – Claimed administrative costs exceed the allowance by \$7,339. HSC section 34171 (b) (2) limits fiscal year 2015-16 administrative costs to three percent of Redevelopment Property Tax Trust Fund (RPTTF) allocated to the Agency or \$250,000, whichever is greater. As such, the Agency's fiscal year 2015-16 administrative costs cap is \$250,000.

The San Mateo County Auditor-Controller (CAC) distributed \$132,339 for July through December 2015 (ROPS 15-16A) administrative costs, leaving a balance of \$117,661 (\$250,000 - \$132,339) available for ROPS 15-16B administrative costs. Therefore, although the Agency requests \$125,000 for ROPS 15-16B administrative costs, only \$117,661 is available pursuant to the administrative cost cap. Consequently, the excess request of \$7,339 (\$125,000 - \$117,661) is not allowed.

- Item No. 21 – Housing Successor Entity Administrative Allowance in the amount of \$150,000 requested for ROPS 15-16B and total outstanding obligation of \$3,150,000 is not approved.

Pursuant to HSC section 34171 (p), the housing successor administrative cost allowance is only allowable when the city, county, or city and county that authorized the creation of the former redevelopment agency (RDA) elected not to assume the housing functions of the former RDA. The City of San Carlos (City) elected to retain the housing functions of the former City RDA. Therefore, Item No. 21 is not an enforceable obligation and not eligible for funding on ROPS.

Pursuant to HSC section 34186 (a) (1), the Agency was required to report on the ROPS 15-16B form the estimated obligations versus actual payments (prior period adjustment) associated with the January through June 2015 period (ROPS 14-15B). HSC section 34186 (a) (1) also specifies the prior period adjustment self-reported by the Agency is subject to review by the CAC. The amount of RPTTF approved in the table below includes the prior period adjustment resulting from the CAC's review of the Agency's self-reported prior period adjustment.

Except for the items denied in whole or in part, Finance is not objecting to the remaining items listed on your ROPS 15-16B. If you disagree with Finance's determination with respect to any items on your ROPS 15-16B, except for those items which are the subject of litigation disputing Finance's previous or related determinations, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

http://www.dof.ca.gov/redevelopment/meet_and_confer/

The Agency's maximum approved RPTTF distribution for the reporting period is \$586,327 as summarized in the Approved RPTTF Distribution table below:

Approved RPTTF Distribution	
For the period of January through June 2016	
Total RPTTF requested for non-administrative obligations	522,864
Total RPTTF requested for administrative obligations	275,000
Total RPTTF requested for obligations on ROPS 15-16B	\$ 797,864
Total RPTTF requested for non-administrative obligations	522,864
Total RPTTF authorized for non-administrative obligations	\$ 522,864
Total RPTTF requested for administrative obligations	275,000
<u>Denied Item</u>	
Item No. 21	(150,000)
Administrative costs in excess of the cap (see Admin Cost Cap table on the following page)	(7,339)
Total RPTTF authorized for administrative obligations	\$ 117,661
Total RPTTF authorized for obligations	\$ 640,525
ROPS 14-15B prior period adjustment	(54,198)
Total RPTTF approved for distribution	\$ 586,327

Administrative Cost Cap Calculation	
Total RPTTF for 15-16A (July through December 2015)	984,120
Total RPTTF for 15-16B (January through June 2016)	522,864
Total RPTTF for fiscal year 2015-2016	1,506,984
Administrative cost cap for fiscal year 2015-16 (Greater of 3% of Total RPTTF or \$250,000)	250,000
Administrative allowance for ROPS 15-16A (July through December 2015)	(132,339)
Remaining administrative cost cap for ROPS 15-16B	117,661
ROPS 15-16B administrative obligations after Finance adjustments	(125,000)
Administrative costs in excess of the cap	\$ (7,339)

On the ROPS 15-16B form, the Agency reported cash balances and activity for the period January 1 through December 31, 2015. Finance will perform a review of the Agency's self-reported cash balances on an ongoing basis. Please be prepared to submit financial records and bridging documents to support the cash balances reported upon request. If it is determined the Agency possesses cash balances that are available to pay approved obligations, HSC section 34177 (l) (1) (E) requires these balances be used prior to requesting RPTTF.

Please refer to the ROPS 15-16B schedule used to calculate the total RPTTF approved for distribution:

<http://www.dof.ca.gov/redevelopment/ROPS>

Absent a Meet and Confer, this is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2016. This determination only applies to items when funding was requested for the six-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution statutes. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Wendy Griffe, Supervisor, or Jonathan Cox, Lead Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Nell Selander, Economic Development Coordinator, City of San Carlos
Mr. Juan Raigoza, Auditor-Controller, San Mateo County