



April 20, 2012

Marc Fontes, Director  
Economic Development Department  
City of San Ramon  
2401 Crow Canyon Road  
San Ramon, CA 94583

Dear Mr. Fontes:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of San Ramon Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 12, 2012 for the period 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 do not qualify as EOs:

- Item No. 10, 13, 14, and 15 are administrative expenses totaling \$95,000 for the January through June 2012 period. HSC section 34171 (b) limits administrative expenses for fiscal year 2011-12 to five percent of property tax allocated to the successor agency or \$250,000, whichever is greater. The Agency's five-percent property tax allocation for fiscal year 2011-12 is \$194,369. Therefore, \$95,000 of the claimed \$345,000 in administrative expenses is not an EO. Items 10 and 13 through 15 were considered administrative costs.

For the period July through December 2012, the Agency claimed \$125,000 in administrative expenses in item 10, page 2 that is an EO. However, the Agency did not include the consulting and legal expenses identified in line items 13 and 14, page 2 totaling \$70,000 as administrative expenses. Pursuant to HSC section 34171 (b) these items would also be considered administrative expenses.

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 Evelyn Suess, Supervisor or Michael Barr, Lead Analyst at (916) 322-2985.

Sincerely,

MARK HILL  
Program Budget Manager

cc: Mr. Bob Campbell, Auditor Controller, Contra Costa County