

East Palo Alto

Struggling city still searching for loans

Prospects for East Palo Alto getting a \$600,000 loan from San Mateo County appeared nil last week after city officials renewed their appeal to the Board of Supervisors for a bailout.

East Palo Alto's city manager proposed three ways he said the loan could be made, including a complicated plan under which the city would sell back to the county for \$600,000 its lease on the county-owned building that the city rents as its municipal building.

Under the most feasible scenario, the county would, in effect, invest in East Palo Alto by buying notes issued with property taxes due in December as security.

But there are legal and financial problems that apparently preclude the county from making the loan.

Two of the proposals were variations on language in the Government Code that East Palo Alto contends would allow the county to invest surplus funds in notes issued by the city.

After listening to the problems with loaning county funds, Board of Supervisors President Tom Nolan emphasized his desire to help in other possible ways, including seeking special state legislation, if needed.

PTT 9/8/87

Bay Area Valley