Town of Apple Valley

Town of Apple Valley

14955 Dale Evans Parkway • Apple Valley, California 92307

July 9, 2012

Mr. Mark Hill
Program Budget Manager
California State Department of Finance
915 L Street
Sacramento, CA 95814-3706

Subject: Funding Sources Identified on Apple Valley Recognized Obligation Payment Schedule (ROPS 1), Page 1, Items # 1,2 and 9, Page 2, Items # 1,2 and 8.

Dear Mr. Hill,

Thank you for your time on Friday, June 6 to discuss our error in identification of the funding sources on the Town's Recognized Obligation Payment Schedule for the period of January thru June, 2012 (ROPS 1). As you suggested, the Town is re-submitting the revised ROPS 1 to correct the clerical error noted below in the identification of the funding sources.

In summary, the Town had previously requested that the Department of Finance approve the new funding sources for ROPS 2 changing the identified funding sources from "bond proceeds" to the Redevelopment Property Tax Trust Fund (RPTTF). This change was requested because Items #1, 2 and 9 on Page 1, and Items # 1, 2 and 8 on Page 2 of the ROPS erroneously identified the funding source as "bond proceeds." Please note that Items # 1, 2 on Page 1 and Items # 1, 2 on Page 2 are debt service payments on outstanding bonds. The funding source for the debt service payments should have been identified as "RPTTF." Also, Item # 9 on Page 1 and Item # 8 on Page 2 related to the 20% low income fund loan to the 80% fund for the required Education Revenue Augmentation Fund (ERAF) payment. The funding source for these two items should also have been identified as "RPTTF" rather than bond proceeds.

The Town had received approval for the change to the funding sources identified on ROPS 2 as it did not change any of the recognized obligations listed on the ROPS and did not change the amount of the distribution to be received on June 1 from the County Auditor, Treasurer, Tax Collector's Office. The Town was informed that the amount available for distribution was less than the amount of recognized obligations listed on ROPS 2.

As a result of the passage of AB 1484, the calculation of the "residual amount" based on July 1 thru January 31 collections necessitates that the Town request the Department of Finance's approval of the aforementioned correction to the funding sources that were misidentified on ROPS 1.

We believe that these are obvious clerical errors and would request that the Department of Finance approve the attached revised ROPS 1 which appropriately identifies the funding sources. The Town is submitting the attached corrected version of ROPS 1 for your consideration and requested approval of the change in funding sources from bond proceeds to the RPTTF.

Absent your approval of the change in the funding sources to correct this clerical error, the Town has been informed by the County of San Bernardino ATC that the Town will receive a demand for payment of as much as $2,000,000 as the Town's calculated "residual" amount due to this error. These are funds that the Town can ill-afford to pay. I have attached revised ROPS 1, and hope that a re-consideration of your initial review of the funding sources is warranted. If there are any questions or additional information needed, please feel free to contact me directly at (760) 240-7000, ext. 7700.

Thank you, again, for your consideration.

Sincerely,

Marc Puckett
Director of Finance
Town of Apple Valley

Cc: Frank Robinson, Town Manager
Dennis Cron, Assistant Town Manager, Municipal Services
Orlando Acevedo, Economic Development Manager

Attachments:

1) Recognized Obligation Payment Schedule for the period of January thru June, 2012 (ROPS 1)

Name of Redevelopment Agency: Victor Valley Economic Development Authority - Apple Valley
Project Area No. 1

RECOGNIZED OBLIGATION PAYMENT SCHEDULE
Per AB 26 - Section 34167 and 34169 (*)

	Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	Funding Source	Payments by Month						
							Jan	Feb	Mar	Apr	May	June	Total
1)	2005 Tax Allocation Bonds	US Bank	Fund capital improvements	12,266,478	508,095	RPTTF						341,548	341,548
2)	2007 Tax Allocation Bonds	US Bank	Fund RDA activities	15,234,158	550,583	RPTTF						355,291	355,291
3)	New Housing/RRLP/DAP	Various	Construction services	1,575,000	-	LMIHF							-
4)	Administration	Town of Apple Valley	Operating Transfer	471,435	471,435	RPTTF							-
5)	Contract for consulting services	McGregor Shott	Marketing Services	10,121	10,121	RPTTF	1,687	1,687	1,687	1,687	1,687	1,686	10,121
6)	Contract for consulting services	BB&K	Legal counsel	24,000	24,000	LMIHF	4,000	4,000	4,000	4,000	4,000	4,000	24,000
7)	Contract for consulting services	Keyser Marston	50-Unit Senior Project	19,000	19,000	LMIHF	3,167	3,167	3,167	3,167	3,167	3,165	19,000
8)	Loan Agreement/DDA	AMCAL	50-Unit Senior Project	2,100,000	100,000	Bonds	16,667	16,667	16,667	16,667	16,667	16,667	100,002
9)	Loan to 80% for ERAF	20% Low Income Fund	Loan to pay ERAF	401,767	-	RPTTF							-
10)	HELP Loan	Cal HFA	Loan for Down Payment Assistance	162,500	-	LMIHF							-
11)	RDA Dissolution Implementation	Emily Wong	Professional Services	15,000	15,000	RPTTF	2,500	2,500	2,500	2,500	2,500	2,500	15,000
12)	Employment agreement	former RDA Exec Dir	Separation agreement and release	50,453	27,167	LMIHF			6,792	6,792	6,792	6,792	27,168
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26)													
27)													
28)													
29)	5% Admin Allowance				$86,270								$87,628
30)	Subtotal				$1,725,401								
	Totals - This Page			$32,329,912	$1,811,671		$28,021	$28,021	$34,813	$34,813	$34,813	$731,649	$979,758

Name of Redevelopment Agen Apple Valley Redevelopment Agency
Project Area No. 2

RECOGNIZED OBLIGATION PAYMENT SCHEDULE
Per AB 26 - Section 34167 and 34169 (*)

	Project Name / Debt Obligatior	Payee	Description	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	Funding Source	Payments by Month						
							Jan	Feb	Mar	Apr	May	June	Total
1)	2007 Tax Allocation Bonds	US Bank	Fund (80%) RDA activities	54,539,395	2,092,111	RPTTF						1,324,701	1,324,701
2)	2007 Tax Allocation Bonds	US Bank	Fund (20%) Housing projects	7,437,190	293,589	RPTTF						215,649	215,649
3)	Yucca Loma Bridge Constructio	Various	Construction services	13,650,000	35,000	Bonds					17,500	17,500	35,000
4)	Loan Agreement/DDA	AMCAL	Senior Project Loan Agreement	2,643,730	100,000	Bonds	16,667	16,667	16,667	16,667	16,667	16,665	100,000
5)	Contract for consulting services	McGregor Shott	Marketing services	10,121	10,121	RPTTF	1,687	1,687	1,687	1,687	1,687	1,686	10,121
6)	Contract for consulting services	BB&K	Legal counsel	24,000	24,000	LMIHF	2,000	2,000	2,000	2,000	2,000	2,000	12,000
7)	New Housing/RRLP/DAP	Various	Construction services	1,575,000	-	LMIHF							-
8)	Loan to 80% for ERAF	PA2 - 20 Percent Low Income F	Loan to Pay ERAF	375,506	-	RPTTF							-
9)	Help Loan	Cal HFA	Loan for Down Payment Assistance	162,500	-	LMIHF							-
10)	Yucca Loma Bridge	Dokken Engineering	Professional Services	1,223,912	600,000	RPTTF							-
11)	RDA Dissolution Implementation	Emily Wong	Professional Services	15,000	15,000	RPTTF	2,500	2,500	2,500	2,500	2,500	2,500	15,000
12)	Administration	Town of Apple Valley	Operating Transfer	471,436	471,436	RPTTF							
13)	Employment agreement	former RDA Exec Dir	Separation agreement and release	50,453	27,167	RPTTF			6,792	6,792	6,792	6,792	27,168
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28)													
29)	5% Admin Allowance				$183,421								$183,421
30)	Subtotal				$3,668,424								
	Totals - This Page			$82,178,243	$3,851,845		$22,854	$22,854	$29,646	$29,646	$47,146	$1,587,493	$1,923,060

Name of Redevelopment Agen Victor Valley Economic Development Agency - Apple Valley
Project Area No. 1

OTHER OBLIGATION PAYMENT SCHEDULE
Per AB 26 - Section 34167 and 34169 (*)
TO BE SUBMITTED DIRECTLY FROM THE VICTOR VALLEY ECONOMIC DEVELOPMENT AGENCY

	Project Name / Debt Obligatior	Payee	Description	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	Payments by Month						
						Jan	Feb	Mar	Apr	May	June	Total
1)												$0
2)												$0
3)												$0
4)												$0
5)												$0
6)												$0
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	Totals - This Page			$0	$0	$0	$0	$0	$0		$0	$0

Name of Redevelopment Agency: Apple Valley Redevelopment Agency
Project Area No. 2

OTHER OBLIGATION PAYMENT SCHEDULE
Per AB 26 - Section 34167 and 34169 (*)

	Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	Payments by Month						
						Jan	Feb	Mar	Apr	May	June	Total
1)	Pass Through	AV Parks and Rec	Redevelopment Prop Tax Trust Fund		15,012							$0
2)	Pass Through	AV Fire Protection Dist	Redevelopment Prop Tax Trust Fund		33,935							$0
3)	Pass Through	AV Unified School Dist	Redevelopment Prop Tax Trust Fund		113,866							$0
4)	Pass Through	County Sup of Schools	Redevelopment Prop Tax Trust Fund		3,714							$0
5)	Pass Through	Victor Valley College	Redevelopment Prop Tax Trust Fund		24,401							$0
6)	Pass Through	County of San Bern	Redevelopment Prop Tax Trust Fund		68,745							$0
7)	Pass Through	CSA 60-Victorville	Redevelopment Prop Tax Trust Fund		3,769							$0
8)	Pass Through	MD Resource Conserv Dist	Redevelopment Prop Tax Trust Fund		18							$0
9)	Pass Through	Mojave Water Agency	Redevelopment Prop Tax Trust Fund		1,939							$0
10)	Pass Through	Town of AV	Redevelopment Prop Tax Trust Fund		17,193							$0
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	Totals - Other Obligations			$0	$282,592	$0	$0	$0	$0		$0	$0