



May 25, 2012

Gregory A. Franklin, Director of Administrative Services
City of Yucaipa
34272 Yucaipa Blvd.
Yucaipa, CA 92399

Dear Mr. Franklin:

Subject: Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Yucaipa submitted Recognized Obligation Payment Schedules (ROPS) to the California Department of Finance (Finance) on April 12, 2012 for the periods January to June 2012 and July to December 2012. The Agency also submitted a revised ROPS on May 10, 2012 for the period July to December 2012. Finance is assuming appropriate oversight board approval. Finance has completed its review of your ROPS, which may have included obtaining clarification for various items.

In Finance's letter dated April 27, 2012, we identified the following items as not qualifying as enforceable obligations (EO) for both ROPS periods:

- Page 1, Items 4 and 5, in the amount of \$1.8 million
- Page 2, Items 12, 14 and 16, in the amount of \$548,299
- Page 2, Item 8, in the amount of \$445,000
- Page 2, Item 11, in the amount \$187,460
- Page 2, Items 13, 15, 17 and 18, in the amount of \$598,960

Based on review of information provided by the Agency on May 17, 2012, all items questioned remain as reported on our April 27, 2012 letter:

- Page 1, Items 4 and 5: The Agency provided a staff report defining the estimated costs for the project, but no valid contract was provided.
- Page 2, items 11, 12, 14 and 16: No additional information was provided.
- Page 2, item 8: The Agency provided a purchase order dated August 10, 2011, which was after June 28, 2011.
- Page 2, items 15, 17 and 18: The Agency provided loan agreements dated May 14, 2012, which was after June 28, 2011 and not signed within the first two years of the date of the creation of RDA.
- Page 2, item 13: The Agency stated this item was inadvertently included on the ROPS and was intended to be funded with other City sources.

The revised ROPS listed the items previously questioned in Finance's letter dated April 27, 2012 on Form E. Because our results remain as reported, items 13 to 23 on Form E on the revised ROPS for July to December 2012 are not EOs.

Except for items disallowed in whole or in part as enforceable obligations noted above, Finance is approving the remaining items listed in your ROPS. This is our determination with respect to any items funded from the Redevelopment Property Tax Trust Fund (RPTTF) for the June 1, 2012 property tax allocations. If your oversight board disagrees with our determination with respect to any items not funded with property tax, any future resolution of the disputed issue may be accommodated by amending the ROPS for the appropriate time period. Items not questioned during this review are subject to a subsequent review, if they are included on a future ROPS. If an item included on a future ROPS is not an enforceable obligation, Finance reserves the right to remove that item from the future ROPS, even if it was not removed from the preceding ROPS.

Please refer to Exhibit 12 at http://www.dof.ca.gov/assembly_bills_26-27/view.php for the amount of RPTTF that was approved by Finance based on the schedule submitted.

As you are aware the amount of available RPTTF is the same as the property tax increment that was available prior to ABx1 26. This amount is not and never was an unlimited funding source. 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 in the RPTTF.

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

Sincerely,



MARK HILL
Program Budget Manager

cc: Ms. Vanessa Doyle, Property Tax Manager, San Bernardino County Auditor Controller
Ms. Linda Santiliano, Supervising Accountant, San Bernardino County Auditor Controller
Ms. Fanciliza Zyss, Accountant III, San Bernardino County Auditor Controller