DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

September 28, 2012

Mr. David Christian, Finance Director
City of Yorba Linda
4845 Casa Loma Avenue
Yorba Linda, CA 92886

Dear Mr. Christian:

Subject: Recognized Obligation Payment Schedule Approval Letter

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Yorba Linda Successor Agency (Agency) submitted Recognized Obligation Payment Schedules (ROPS III) to the California Department of Finance (Finance) on August 14, 2012 for the period January to June 2013. Finance has completed its review of your ROPS III, which may have included clarification for various items.

HSC section 34171 (d) defines enforceable obligations. Based on a sample of line items reviewed and application of the law, the following do not qualify as enforceable obligations:

- Item Nos. 9 through 12, 19, and 20 – Various contracts, totaling 1.2 million. The following contracts between the City of Yorba Linda and various third parties, and not the former redevelopment agency (RDA), are not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding:
    - Item No. 9 - Town Center Maintenance
    - Item No. 10 - Town Center Maintenance
    - Item No. 11 - Town Center Maintenance
    - Item No. 12 - Town Center Maintenance
    - Item No. 19 - Savi Ranch Wayfinding Signs
    - Item No. 20 - Savi Ranch Wayfinding Signs
- Item No. 21 – Harris & Associates contract for $1.5 million of bond funding.
  HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. Because the contract with Harris and Associates was signed on June 5, 2012, this line item is not an enforceable obligation.
- Item Nos. 25 through 39 – Pass through payments, totaling $3.9 million. HSC section 34182 (c) (3) directs the county auditor-controller to prepare estimates of amounts of property tax to be allocated and distributed, and the amounts of pass through payments to be made, in the upcoming six-month period. Therefore, pass through payments are not eligible for RPTTF funding.

Furthermore, the following items were reclassified as administrative costs:

- Item Nos. 23 and 24 – Attorney and audit services, totaling $95,481. Although this reclassification increased administrative costs to $224,081, the administrative cost allowance has not been exceeded.

Except for items denied in whole or in part as enforceable obligations as noted above, Finance is approving the remaining items listed in your ROPS III. If you disagree with the determination with respect to any items on your ROPS III, 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 Redevelopment Property Tax Trust Fund (RPPTF) distribution for the reporting period is $6,044,620 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2013	
Total RPTTF funding requested for obligations	$ 11,021,270
Less: Six-month total for items denied or reclassified as administrative cost	
Item No. 9	10,800
Item No. 10	3,300
Item No. 11	1,752
Item No. 12	558
Item No. 19	1,036,377
Item No. 20	128,603
Item No. 23*	80,481
Item No. 24*	15,000
Item No. 25	162,242
Item No. 26	118,024
Item No. 27	152,689
Item No. 28	867,641
Item No. 29	14,426
Item No. 30	4,136
Item No. 31	704
Item No. 32	14,469
Item No. 33	47,887
Item No. 34	3,414
Item No. 35	191,456
Item No. 36	11,369
Item No. 37	275,000
Item No. 38	2,032,725
Item No. 39	27,678
Total approved RPTTF for enforceable obligations	$ 5,820,539
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	224,081
Total RPTTF approved:	$ 6,044,620

* Reclassified as an administrative cost.

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county auditor-controller to account for differences between actual payments and past estimated obligations. Additionally, these estimates and accounts are subject to audit by the county auditor-controller and the State Controller.

Please refer to the ROPS III schedule that was used to calculate the approved RPTTF amount:

http://www.dof.ca.gov/redevelopment/ROPS/ROPS III Forms by Successor Agency/.

All items listed on a future ROPS are subject to a subsequent review. An item included on a future ROPS may be denied even if it was not questioned from the preceding ROPS.

The amount available from the RPTTF is the same as the property tax increment that was available prior to enactment of ABx1 26 and AB 1484. 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 to the successor agency in the RPTTF.

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

Sincerely,

STEVE SZALAY
Local Government Consultant

cc: Ms. Pamela Stoker, Redevelopment & Housing Manager, City of Yorba Linda
Mr. Frank Davies, Administrative Manager, Orange County Auditor-Controller