DEPARTMENT OF FINANCE

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Revised

October 18, 2012

Ms. Teri Baker, Assistant to the City Manager
City of San Bernardino
300 North D Street, 6th Floor
San Bernardino, CA 94218

Dear Ms. Baker:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of San Bernardino Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 30, 2012 for the period of January through June 2013. Finance has completed its review of your ROPS III, which may have included obtaining 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. 50 through 59, 61 through 62, and 81 – Miscellaneous Consultant Services in the amount of $1,724,500 from the Low and Moderate Income Housing Fund and Redevelopment Property tax Trust Fund. HSC section 34176 (a) (1) requires the housing entity to be responsible for the housing duties and obligations previously performed by the redevelopment agency. Therefore, these items are not enforceable obligations.

- Item Nos. 63 through 75 – Contracts with various third parties regarding the Theatre Square Project totaling $2,166,473 paid with "other" funds. As the former RDA is neither a party to the contract nor responsible for payment of the contract, these line items are not enforceable obligations.

- Item No. 77 – Contract with AECOM for Downtown Streetscape in the amount of $9,698 funded with "other" funds. As the former RDA is neither a party to the contract nor responsible for payment of the contract, these line items are not enforceable obligations.

- Item No. 79 – Contract with Braughton Construction, Inc. in the amount of $107,717 from "other" funds for stadium parking lot improvements. Documentation was not provided to adequately determine if the item is an enforceable obligation.

Furthermore, the following items were reclassified as administrative costs: Items Nos. 31, 37, and 38. Although this reclassification increased administrative costs to $505,683, 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 (RPTTF) distribution for the reporting period is: $13,255,133 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2013		
Total RPTTF funding requested for obligations	$	12,892,900
Less: Six-month total for items reclassified as administrative cost		
Item 31*		14,850
Item 37*		6,600
Item 38*		102,000
Item 54		5,000
Item 57		5,000
Item 58		10,000
Total approved RPTTF for enforceable obligations	$	12,749,450
Plus: Allowable RPTTF distribution for administrative cost for ROPS III		505,683
Total RPTTF approved:	$	13,255,133

*Reclassified as 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 Susana Medina Jackson, Lead Analyst at (916) 445-1546.

Sincerely,

STEVE SZALAY
Local Government Consultant

cc: Mr. Mike Trout, Project Manager, City of San Bernardino
Ms. Vanessa Doyle, Property Tax Manager, San Bernardino County