DEPARTMENT OF FINANCE

EDMUND G. BROWN JR. • GOVERNOR

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October 15, 2012

Mr. Curtis Yakimow, Director of Administrative Services
Town of Yucca Valley
57090 29 Palma Hwy
Yucca Valley, CA 92284

Dear Mr. Yakimow:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the Town of Yucca Valley Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 31, 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 No. 2 – Southside Phase IA contract in the amount of $250,000 funded by bond proceeds. As the former Salinas Redevelopment Agency is neither a party to the contract nor responsible for payment of the contract, this item is not an enforceable obligation.

- Item Nos. 6 and 7– General Plan Update RDA Portion in the amount of $500,000 funded by bond proceeds and Low and Moderate Income Housing Fund (LMIHF). HSC section 34163 (b) prohibits a redevelopment agency from entering into a contract with any entity after June 27, 2011. Because the contract with Planning Center/DC&E was signed on September 15, 2011, and that the former Salinas Redevelopment Agency was not a party to the contract, this line item is not an enforceable obligation.

- Item No. 8 – Regional Wastewater Funding contract in the amount of $4.15 million funded by bond proceeds. It is our understanding that a contract does not exist for this item. Therefore this item does not qualify as an enforceable obligation. Upon receiving a Finding of Completion from Finance, HSC section 34191.4 (c) may cause these items to be enforceable in future ROPS periods.

- Item No. 10 – National CORE Low/Mod Housing Project in the amount of $500,000 funded by LMIHF. The Exclusive Negotiation Agreement (ENA) was executed on December, 21, 2010 and stated the parties had 365 days to enter into a Development and Disposition Agreements (DDA). The DDA provided was not executed until March 20, 2012, therefore voiding the ENA.

- Item No. 13 – National CORE Low/Mod Project Legal Cost in the amount of $40,000 funded by LMIHF. Because the National CORE Low/Mod Project is not an enforceable obligation (see Item No. 10 above), the associated legal cost is also not an enforceable obligation.

Furthermore, Item Nos. 5 and 12 were reclassified as administrative cost. Although this reclassification increased administrative costs to $137,500, 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: $631,572 as summarized below:

Approved RPTTF Distribution Amount For the period of January through June 2013		
Total RPTTF funding requested for obligations	$	506,572
Less: Six-month total for items reclassified as administrative cost		
Item 5		10,000
Item 12		2,500
Total approved RPTTF for enforceable obligations	$	494,072
Plus: Allowable RPTTF distribution for administrative cost for ROPS III		137,500
Total RPTTF approved:	$	631,572

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. Mark Nuaimi, Town Manager, Town of Yucca Valley
Ms. Vanessa Doyle, Property Tax Manager, San Bernardino County Auditor Controller