



April 10, 2018

Mr. Greg Franklin, Director of Administrative Services
City of Yucaipa
34272 Yucaipa Boulevard
Yucaipa, CA 92399

Dear Mr. Franklin:

Subject: 2018-19 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Yucaipa Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2018 through June 30, 2019 (ROPS 18-19) to the California Department of Finance (Finance) on January 30, 2018. Finance has completed its review of the ROPS 18-19.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item Nos. 44, 45, and 46 – Various Tax Allocation Bonds (TABs) debt service payments have been adjusted. The Agency requested a total of \$554,137 in error. According to the debt service schedule provided by the Agency, the amount requested should be \$551,675. Therefore, to accurately reflect the correct debt service payment, Finance made the following adjustments to the requested Redevelopment Property Tax Trust Fund (RPTTF) funding as follows:

Item No.	Item Name	Total Funding Requested	RPTTF Adjustment	RPTTF Approved
44	1998 TABs	\$ 40,865	\$ 3,785	\$ 44,650
45	2004 TABs	129,902	(6,947)	122,955
46	2010 TABs	383,370	700	384,070
			Total	\$551,675

- Item No. 64 – Housing Entity Administrative Costs Allowance; total outstanding amount of \$150,000, is not allowed. Finance continues to deny this item. Pursuant to HSC section 34171 (p), the housing successor administrative cost allowance is applicable only in cases in which the city, county, or city and county that authorized the creation of the Redevelopment Agency (RDA) elected to not assume the housing functions. The housing successor to the former RDA of the City of Yucaipa (City) is the City-formed Housing Authority and the Authority operates under the control of the City; therefore, the Authority is considered the City under dissolution law pursuant to HSC section 34167.10. Therefore, the \$150,000 housing entity administrative allowance requested is not an enforceable obligation and is ineligible for RPTTF.

- The administrative costs claimed are within the fiscal year administrative cap pursuant to HSC section 34171 (b) (3). However, the Oversight Board (OB) has approved an amount that appears excessive, given the number and nature of the other obligations listed on the ROPS. HSC section 34179 (i) requires the OB to exercise a fiduciary duty to the taxing entities. Therefore, Finance encourages the OB to apply adequate oversight when evaluating the administrative resources required to successfully wind-down the Agency.

Except for the items adjusted, Finance is not objecting to the remaining items listed on the ROPS 18-19. If the Agency disagrees with our determination with respect to any items on the ROPS 18-19, except items which are the subject of litigation disputing our previous or related determinations, the Agency 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 on our website:

[http://dof.ca.gov/Programs/Redevelopment/Meet And Confer/](http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/)

The Agency's maximum approved RPTTF distribution for the reporting period is \$774,119 as summarized in the Approved RPTTF Distribution table on Page 4 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1, 2018 through December 31, 2018 period (ROPS A period) and one distribution for the January 1, 2019 through June 30, 2019 period (ROPS B period) based on Finance's approved amounts. Since this determination is for the entire ROPS 18-19 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

On the ROPS 18-19 form, the Agency reported cash balances and activity for the period of July 1, 2015 through June 30, 2016. Finance reviews the Agency's self-reported cash balances on an ongoing basis. The Agency should be prepared to submit financial records and bridging documents to support the cash balances reported upon request. Finance's ROPS 18-19 cash balance review indicates the Agency has funds available to pay for enforceable obligations on the ROPS for the period of July 1, 2019 through June 30, 2020 (ROPS 19-20). HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF.

Pursuant to HSC section 34186 (c), beginning October 1, 2018, the Agency will be required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2016 through June 30, 2017 period (ROPS 16-17) to the County Auditor-Controller for review. The Agency will report actual payments for ROPS 16-17 on ROPS 19-20. A prior period adjustment may be applied to the Agency's ROPS 19-20 RPTTF distribution. Therefore, the Agency should retain any unexpended RPTTF from the ROPS 16-17 period.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 18-19. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be deemed denied until the matter is resolved.

The ROPS 18-19 form submitted by the Agency and this determination letter will be posted on our website:

<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

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This determination is effective for the ROPS 18-19 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Nichelle Jackson, Supervisor, or Cole Chev, Analyst, at (916) 322-2985.

Sincerely,



ERIKA LI
Program Budget Manager

cc: Mr. Dustin Gray, Accounting Manager, City of Yucaipa
Ms. Linda Santillano, Property Tax Manager, San Bernardino County

Attachment

Approved RPTTF Distribution			
For the period of July 2018 through June 2019			
	ROPS A Period	ROPS B Period	ROPS 18-19 Total
RPTTF Requested	\$ 442,568	\$ 269,569	\$ 712,137
Administrative RPTTF Requested	107,222	107,222	214,444
Total RPTTF Requested	549,790	376,791	926,581
RPTTF Requested	442,568	269,569	712,137
<u>Adjustments</u>			
Item No. 44	4,731	(946)	3,785
Item No. 45	(5,512)	(1,435)	(6,947)
Item No. 46	3,950	(3,250)	700
Item No. 64	(75,000)	(75,000)	(150,000)
	(71,831)	(80,631)	(152,462)
RPTTF Authorized	370,737	188,938	559,675
Administrative RPTTF Authorized	107,222	107,222	214,444
Total RPTTF Approved for Distribution	\$ 477,959	\$ 296,160	\$ 774,119